Standard Chartered
Here for good

Driving investment, trade and the creation of wealth in Ghana

About Us

We are a member of a leading international banking group, with more than 1000 employees and a 118-year history in Ghana's dynamic market.

We bank the people and companies driving investment, trade and the creation of wealth in Ghana and are also committed to upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity.

Our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered Ghana Limited is listed on the Ghana Stock Exchange (GSE).

Online

For more information please visit
www.sc.com/gh

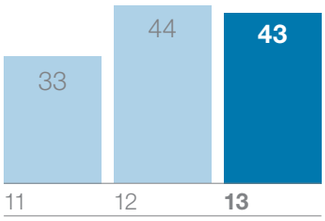
What's inside this report

Unless otherwise stated, 'the Group' or 'Group' used in this document refers to Standard Chartered PLC.

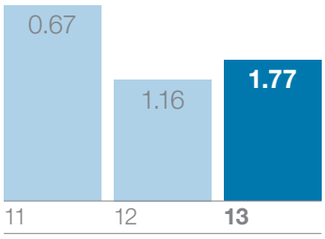
Performance highlights
Resilient performance

Financial highlights

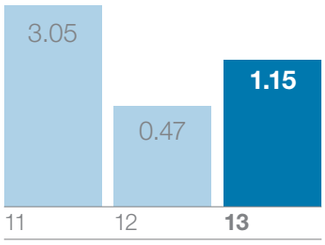
Return on equity
%



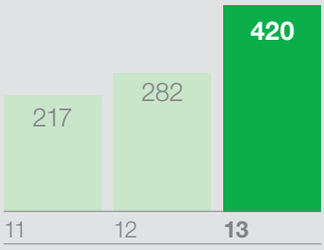
Normalised earnings per share
GH¢



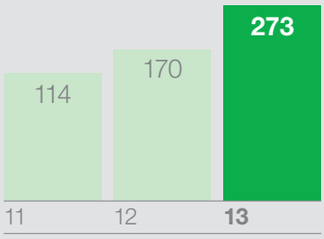
Dividend per share
GH¢



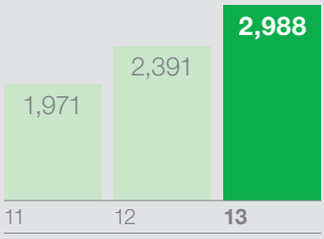
Operating income
GH¢m



Profit before taxation
GH¢m



Total Assets
GH¢m



Operational overview
Strong foundations

Operational highlights in 2013

- Another year of record profit growth with disciplined execution of our strategy
- Broad-based performance with operating income up 49 per cent to GH¢420 million
- Consumer and Wholesale Banking businesses recorded strong performances of 63 per cent and 51 per cent growth respectively at an Operating Profit level
- The balance sheet grew by 25 per cent to GH¢2.99 billion
- The Bank continues to be strongly capitalised, highly liquid and well diversified

Non-financial highlights

Employees

1070

2012: 1047 **2011:** 942

Nationalities

14

2012: 10 **2011:** 10

Branches

24

2012: 23 **2011:** 21

Notice and Agenda

Notice is hereby given that the Annual General Meeting of Standard Chartered Bank Ghana Limited will be held at the National Theatre, opposite the Efua Sutherland Children's Park, Accra on Wednesday, 28th May, 2014 at 11am for the ordinary business of the Company.

Agenda

1. To receive the reports of the directors and auditors, the balance sheet as of 31st December, 2013 together with the profit and loss and income surplus accounts for the year ended on that date.
2. To declare a dividend.
3. To elect directors
4. To approve directors' remuneration.
5. To approve the remuneration of the auditors.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member.

A form of proxy is attached. (Please see page 108 of the report)

Dated the 20th day of February, 2014

BY ORDER OF THE BOARD

Angela Naa Sakua Okai

(Company Secretary)

5-year Financial Summary

	2009 GH₵'000	2010 GH₵'000	2011 GH₵'000	2012 GH₵'000	2013 GH₵'000
Interest Income	155,492	213,941	195,775	222,725	375,526
Interest Expense	(36,073)	(61,193)	(45,372)	(52,982)	(95,046)
Net interest income	**119,419**	**152,748**	**150,403**	**169,743**	**280,480**
Commissions and Fees	37,192	42,360	32,103	74,075	83,303
Other Operating Income	25,889	22,917	34,833	38,452	56,282
Operating Income	**182,500**	**218,025**	**217,339**	**282,270**	**420,065**
Total Operating Expenses	(83,712)	(102,936)	(93,454)	(105,059)	(129,393)
Impairment Loss	(15,074)	(13,576)	(9,847)	(6,720)	(17,429)
Operating Profit	**83,714**	**101,513**	**114,038**	**170,491**	**273,243**
Taxation	(26,217)	(29,305)	(36,362)	(34,203)	(65,224)
Profit after taxation	**57,497**	**72,208**	**77,676**	**136,288**	**208,019**
Transfer to Statutory and Other Reserve Fund	(14,231)	(47,668)	(17,288)	(80,369)	(36,054)
Retained Profit	**43,266**	**24,540**	**60,388**	**55,919**	**171,965**
Networth	**159,578**	**195,981**	**232,576**	**311,349**	**486,984**
Net Own Funds	**155,874**	**139,610**	**183,830**	**247,287**	**388,617**
Total Assets	**1,404,213**	**1,667,882**	**1,971,062**	**2,390,684**	**2,988,358**
Total Deposits	**833,084**	**1,092,442**	**1,479,687**	**1,704,198**	**1,779,108**
Loans & Advances	**408,538**	**467,152**	**596,724**	**959,597**	**1,130,244**
	GH₵	**GH₵**	**GH₵**	**GH₵**	**GH₵**
*Earnings per share (restated)	0.50	0.63	0.67	1.16	1.77
Proposed/Final Dividend per share	2.47	1.27	3.05	0.47	1.15
Return on Assets (PAT/Total Assets)	4%	4%	4%	6%	7%
Return on Equity (PAT/Equity)	36%	37%	33%	44%	43%
Capital Adequacy ratio	22%	16%	17%	17%	23%
Cost/Income Ratio	46%	47%	43%	37%	31%

*Earnings per share for 2009, 2010, and 2011 have been restated following the increase in number of shares arising from bonus shares issued in 2012.

Chairman's statement

Well positioned to drive further value for shareholders

Ishmael Yamson
Chairman

"The business has grown substantially over the last decade and we continue to view Standard Chartered as an exciting growth story. We will continue to support the growth of trade and wealth in Ghana and drive value for our stakeholders"

Key highlights

Normalised earnings per share

GH₵1.77

2012: GH₵1.16

Dividend per share

GH₵1.15

2012: GH₵0.47

I am pleased to report that 2013 was yet another milestone year of record profits underpinned by a sterling financial performance by the Bank. Our strong performance continues to reflect that we have the right strategy in place for this market and we have been able to consistently demonstrate our ability to balance growth of the business with prudent risk management and attention to controls.

- Profit before tax rose 60 per cent to GH₵273 million
- Total income increased 49 per cent to GH₵420 million
- Total balance sheet grew by 25 per cent to GH₵2.99 billion
- Basic earnings per share increased by 53 per cent to GH₵1.77

I feel immensely proud to be the Chairman of this performance oriented institution that has delivered shareholder value consistently for almost three decades since it became a listed company on the Ghana Stock Exchange.

On the back of this performance and with a strong positive outlook in 2014, the Board is recommending a final dividend of GH₵1.15 per share, compared to the GH₵0.47 paid out last year. The Bank's continuous commitment to maximising shareholder value remains central to all decisions we make concerning our strategy. This outcome vindicates the decision taken by the Board and Management to retain part of the 2012 profits to boost the Bank's capital base in anticipation of solid growth potential for the Bank.

The capital base of the Bank is a measure of the ability of the Bank to withstand various market volatilities including significant and unusual market events. The capital base also creates capacity for the business to grow further and to take on more calculated risks on emerging opportunities. It is for this reason that the Board and Management have once again decided to retain GH₵36 million from the 2013 profits to further strengthen the capital base of the Bank in anticipation of future growth. It is a prudent and cautious step to plough some of the record profits back into the business.

The return to shareholders must be viewed in its entirety

by way of both dividend and capital appreciation. Post the bonus share offer in November 2012, shares of Standard Chartered Bank Ghana Limited have appreciated by over 100 per cent over an 18 month period. This is a clear vote of confidence from the local and foreign investor community in Standard Chartered Bank Ghana Limited. A 53 per cent growth in earnings per share relative to 2012 represents a very strong and impressive performance by the Bank during 2013 and I commend Management and Staff for this sterling performance.

This confidence was affirmed during 2013, by the Group, which owns about 70 per cent of Standard Chartered Bank Ghana Limited, when the entire Group Board and Senior Management Team led by its Chairman, Sir John Peace chose Ghana as the destination for the Group's Strategy Board Meeting. They saw at firsthand, the partnership we have with the government, regulators, community and clients in promoting strong growth and consistently good results in Ghana.

Social and economic impact

In 2013, we commissioned an independent study to measure the role of Standard Chartered in generating trade, growth and jobs across Africa and to find out ways we can do better.

By measuring ripple effects through the economy, the study, which was based on the Bank's activities during the 2012 financial year, showed that our operations and financing support 1.2 per cent of GDP and some 1.9 million jobs, or 0.6 per cent of the total workforce, in 13 of the 15 markets where we operate in sub-Saharan Africa.

The study also highlights how we help to remove barriers to growth and job creation, by using our footprint as an international bank focused on Asia, Africa and the Middle East to mobilise offshore capital for crucial infrastructure investment, train local talent, introduce innovation and help to develop local financial markets.

In Ghana, which was one of the four countries the report focused on; it was revealed that we contribute GH₵3.03 billion (US$1.4 billion) of value to the economy, an equivalent of 3.4 per cent of the country's GDP with 283,000 jobs in the country related to our activities; making up 2.7 per cent of Ghana's labour force. The Bank's own operations, it was also revealed, support GH₵201.4 million (US$93 million) in value added through direct salary, taxes and local profits.

The study was undertaken by Professor Ethan Kapstein, a visiting fellow at the Center for Global Development in Washington DC and Dr. Rene Kim, founding partner at Steward Redqueen; and is the fourth and most comprehensive impact study to date, following country-specific reports on Ghana, Indonesia and Bangladesh.

Board changes

There have been three new Board appointments made since the last Annual General Meeting. I want to use this opportunity to thank Andrew Okai and Sanjay Rughani, two of our Executive Directors, who were reassigned to new responsibilities within the Group. Dawn Zaney, the long standing Company Secretary of the Bank, retired in December 2013.

I am delighted to introduce Dr. Emmanuel Oteng Kumah as the new independent Non-Executive Director of the Bank. Dr. Kumah is currently an Economic Consultant and has also served in various high profile roles across the globe, for the International Monetary Fund (IMF) where he recently retired as Division Chief at the Resource Management Division.

I am equally delighted to introduce Mr. Dayo Omolokun as an Executive Director of the Bank. He replaced Sanjay Rughani as our new Chief Financial Officer. He is an experienced international resource within the Bank, having served in various capacities in Nigeria, United Kingdom and Botswana prior to his appointment in Ghana.

Finally it is with great pleasure that I introduce Mrs. Mansa Nettey as the first female Executive Director in the Bank's 118 year history in Ghana. She has been with the Bank since 1998 and is currently the Head of Global Markets in Ghana. She is also the first female employee to rise through the ranks in Ghana to join the Management Team.

Join me in welcoming Dr. Kumah, Mr. Omolokun and Mrs Nettey to the Board of the Bank and in congratulating them on their appointment. I am confident that their inclusion will further strengthen our Board.

Outlook for 2014

Developed markets are no longer in the dire situation witnessed since 2008. As developed markets send strong signals of recovery, we are beginning to see some wobbling in emerging economies. Emerging market

Chairman's Statement continued

currencies have taken a tumble since the announcement in mid 2013 by the US Federal Reserve Bank to taper quantitative easing i.e. reversing the stimulus package that was introduced to bolster the US economy. While there may be divergent views by economists on when to commence the roll back of the stimulus, there is consensus that the overall direction of the developed economies is towards pre-crisis levels of growth.

In Ghana, the need for Government to reduce its deficit: GDP ratio has meant drastic cuts in public expenditure to complement removal of subsidies on fuel and energy tariffs. This fiscal adjustment translates into some temporary slowdown in growth and inflation as a result of the price hikes. The rapid depreciation of the Ghanaian Cedi further fuels inflation due to the heavy reliance on imports in Ghana.

While the long term view on Ghana remains positive and upbeat, the current difficulties expose the vulnerability of Ghana's current economic structure to global volatility and domestic inefficiencies. We should therefore expect a bumpy ride at this stage of the business cycle, while Government tries to address Balance of Payment challenges, energy shortfalls and an unsustainable fiscal deficit. This situation can obviously affect the performance of most businesses including Standard Chartered Bank.

However I remain very confident that the Board and Management will exercise the right judgment under such tough circumstances to deliver shareholder value. The current situation should be a wake up call to Government, Financial Institutions, Employers, Organised Labour and other stakeholders to adopt strategies that ensure optimal allocation of scare resources. There is the need for deeper dialogue and reflection by all stakeholders on how to put Ghana's economy on a better and more sustainable footing for long term growth which will also reverse the growing income inequality.

I wish all of you a fruitful 2014. I thank you for your attention.

Ishmael Yamson
Chairman

26 February 2014

Standard Chartered
Here for good

SME Banking

It's good when your bank helps finance your growth ambitions

Seize business expansion opportunities with our host of lending solutions Our SME Banking services can help you get the things you need to meet increasing demand. We provide a host of speedy services and lending solutions to fund your growth.

Term Loans
Finance specific transactions or assets over the short, medium or long term with this structured form of borrowing.

Asset financing
Finance equipment, or other specific fixed assets required for the expansion and execution of your business.

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Chief Executive's review

Well positioned in an exciting market

J. Kweku Bedu-Addo
Chief Executive and Managing Director

"Our overall performance in 2013 is an achievement we are very proud of as a Bank because it demonstrates that we are building a sustainable business with a healthy balance between the pursuit of profits and ensuring a robust risk management and compliance culture."

The upward trajectory of Standard Chartered Bank Ghana Limited's operating results continued during 2013 with a record performance inspite of the many challenges in the market within the year. The market experienced a dollar liquidity squeeze and its attendant 17 per cent year-on-year depreciation of the Ghanaian Cedi against the US dollar and an energy crisis during the first half of 2013 which resulted in a cost escalation across the economy. The market volatility and uncertainty arising out of these challenges elicited the adoption of a much more cautious or restrained posture to growth and additional investments by businesses and investors.

Against these daunting market conditions, 2013 marked another year of record performance by the Bank on the back of strong business momentum from 2012. Our achievement in 2013 extends beyond record profits and is better described as record performance. This is because in a very competitive environment coupled with heightened regulatory oversight, Standard Chartered Bank Ghana Limited delivered not only record operating results but achieved this with minimal slippages in risk management, controls and compliance standards.

Summary of 2013 performance

Through a disciplined execution of our strategy, the Bank delivered another year of record income and profit growth supported by higher net margins, better operating efficiency and a well capitalized and liquid balance sheet.

Here are some highlights of our performance in 2013:

- We recorded a 49 per cent growth in income to GH¢420 million and a 60 per cent growth in profits before corporate tax and the National Stabilization Levy, to GH¢273 million.
- Wholesale Banking income grew by 59 per cent to GH¢267 million while its operating profit before tax grew by 60 per cent to GH¢203 million.
- Consumer Banking income grew by 34 per cent to GH¢153 million while its profit before tax grew by 63 per cent to GH¢70 million.
- Earnings per share (EPS) grew by 52 per cent to GH¢1.77
- Return on Equity (ROE) was 43 per cent.

- The Cost-to-Income Ratio was 31 per cent.
- Standard Chartered Bank Ghana Limited's Technology and Operations Team was named as the best among all 15 countries in Standard Chartered Bank Africa.

On the basis of this strong performance and operational efficiency gains, the Bank invested in four new branches, Takoradi, Esiama, Tema Habour and Ayanfuri, taking its branch network to 28. We have also continued with our refurbishment programme to refresh some of our existing branches to current branch standards.

Our overall performance in 2013 is an achievement we are very proud of as a Bank because it demonstrates that we are building a sustainable business with a healthy balance between the pursuit of profits and ensuring a robust risk management and compliance culture. The over 100 per cent rise in our share price on the Ghana Stock Exchange, since the bonus offer in late 2012, reflects positive market sentiments and recognition of our consistent track record over the years

Opportunities in the market

As the 7th largest economy in sub-Saharan Africa with a GDP of US$39 billion in 2012, the narrative on Ghana much like other fast growing emerging economies remains the same.

Ghana is a fast growing and attractive market full of investment opportunities within sub-Saharan Africa but is currently constrained by some structural bottlenecks that require urgent attention in order to optimize the opportunities. Its middle class is growing rapidly and their consumption is expected to further fuel future economic growth.

In recent years, Ghana's economy has become less reliant on agriculture and manufacturing, with the services sector driving growth. In this regard, we urge the economic managers to take another look at the incentive framework and the policy interventions required to rebalance the economy towards sectors that also address the acute unemployment situation in Ghana. While Oil & Gas will over time play an important role in Ghana's economy, current revenues from the sector are yet to reach the level needed to make a meaningful impact on infrastructure development in the absence of some structured financial solutions.

As a local subsidiary of a Global Bank, one of our key roles is to facilitate trade and capital flows and act as GDP enablers. We are ready to support key productive sectors of the Ghananian economy, however, our effectiveness in achieving this is determined to a large extent by the local context, the legal environment and how effectively markets are organised. While we always stand ready to put our capital behind people and their ideas to drive economic growth, we also have a fiduciary responsibility to deploy capital in an optimal and sustainable manner.

Challenges in the market

The promising economic prospects and potential for Ghana, not withstanding there are considerable headwinds in the market presently. We entered 2014 anticipating headwinds to the domestic business environment from four main sources: currency depreciation, inflation, energy cost and rising wage demands. The reality is that these conditions have crystallized earlier than we anticipated and with more intensity than we envisaged.

The macroeconomic situation has seen a sharp fall in the value of the Ghanaian Cedi and a hike in interest rates. In addition, the Bank of Ghana has introduced contractionary monetary policy guidelines aimed at mopping up excess liquidity and restricting certain foreign exchange transactions. The conjunction of high interest rates, a weakening currency, rising energy costs and inflation places a dampener on business confidence. Such conditions do not auger well for the credit cycle and could precipitate financial distress on individuals and companies. Predictably this could lead to a rise in non-performing loans across the banking industry and therefore there is the need to exercise some caution in pursuing our business objectives.

Broader challenges

The headwinds experienced in Ghana are not fully representative of the gamut of challenges confronting the market. The larger and more influential economies of the world are currently in various stages of transition between business cycles, be they recovery towards pre-crisis levels in the West or some slowdown in the emerging economies, especially China and Brazil and emerging geo-political hotspots in Russia and Ukraine.

Events in major economies have a huge impact on global market volatility and uncertainty which is then transmitted through currencies, interest rates and commodity prices. Depending on the magnitude of this volatility, small open economies such as Ghana's can be adversely impacted in a huge way. For this reason, we must always keep a close eye on external events and their short to medium

Chief Executive's review continued

term ramifications even as we manage domestic threats and challenges to our business.

Perhaps a positive angle to this is that under such volatile and hostile market conditions, the robustness of our operating model is tested to its fullest limit and also provides an opportunity for further improvement and fine tuning.

The US Federal Reserve Bank is sending signals of its intention to taper Quantitative Easing (QE) with growing frequency as the US economy recovers from a deep recession and slowly crawls towards pre-crisis levels of growth and employment. The QE tapering will lead to more attractive yield on US Treasury instruments which could impact US dollar liquidity in frontier markets such as Ghana. It is anticipated that there could be liquidity flight away from emerging and frontier markets that benefited from portfolio investor flows into domestic bond markets in markets like Ghana, Nigeria and Zambia. This presents a real threat to US Dollar market liquidity on the horizon and we are following events and trends very closely.

The QE tapering exercise also presents risks on interest rates and US Dollar debt servicing costs. As yields rise in the US, financing cost on all floating rate facilities will go up. This may impose real costs to economies like Ghana's as it has the potential to worsen the fiscal position. For this reason, we trust the authorities are taking a serious look at liabilities management to mitigate the interest rate impact of QE tapering, within the broader objective of bringing the burgeoning twin deficits of the current account and fiscal under control.

The full magnitude of the QE tapering and tightening of external conditions has the potential of further attenuating an already fragile macroeconomic situation in Ghana, given the headwinds described as well as the existing twin deficits i.e. fiscal and the current account. A full unmitigated play out of the scenarios just presented would represent our worst fears for our operating environment in Ghana and could significantly delay the much anticipated economic takeoff and transformation in Ghana.

While we as a Bank acknowledge Ghana's medium term prospects, the reality is that there are serious short term challenges that Government needs to confront with great urgency and stakeholder consensus. With each passing day, the policy choices become limited and the required adjustment even more painful to bear for the economy as a whole and deepen the uncertainty for the business community.

My assurance to investors is that the Management of the Bank, with Board oversight is fully focused on evolving events and will identify opportunities as they emerge with the same discipline and intensity as we will also identify and mitigate emerging risks. We need to remain very vigilant and cautious not to damage shareholder value through sub optimal decisions in the midst of significant uncertainty and volatility

Executive team changes

A number of changes were made to our Executive team during 2013. Tejinder Singh, an Indian national, was appointed Head of Client Coverage (our Corporate Banking business) to replace Ahmad Pirzada who has assumed a new role in Dubai. Tejinder was previously the Head of Financial Institutions, in Standard Chartered Bank Malaysia.

Dayo Omolokun was appointed as Chief Financial Officer (CFO) to replace Sanjay Rughani who has since taken up a Regional role in Kenya. Dayo was previously CFO in Botswana. Dawn Zaney, Area Head of Legal, West Africa and Company Secretary retired from the Bank in December 2013 after over 20 years service. The Legal and Compliance Functions which were managed separately have now been combined and Joan Essel-Appiah is the new Head of Legal & Compliance for Ghana and West Africa (excluding Nigeria). Angela Okai will be the new Company Secretary for the Bank.

Andrew Okai previously an Executive Director and Head of Consumer Banking was appointed Chief Executive of our Zambia subsidiary during the last quarter of 2013. Consequently, Henry Baye, a former employee of the Bank, was appointed Head of Consumer Banking to replace Andrew Okai. Henry was the former Cluster Head of Wealth Management for Standard Chartered Bank Ghana before moving to Barclays Bank Ghana Limited. His last position before rejoining Standard Chartered Bank was as head of the Consumer Banking business at Merchant Bank Ghana Limited.

We thank Ahmad, Dawn and Andrew for their commitment to the growth of the Bank and wish them success in their future endeavours and also extend our congratulations and welcome to Angela, Joan, Tejinder, Dayo and Henry into their new roles.

Sharpening our strategic focus

Standard Chartered Bank PLC (the Group or Group) has recently announced changes to its global business operating model. This is the outcome of a comprehensive review of a global strategy that has worked well for the Bank and its subsidiaries and branches over the past decade. However it is also important to recognise emerging and sometimes new realities that create both opportunities and threats to our markets. The recent global financial crisis has precipitated a tighter regulatory ecosystem around the world and closer scrutiny of financial institutions in general. This action by the Regulatory Community is to ensure that financial stability in their respective markets is not compromised in any material manner. Within the current market reality and regulatory environment, the way the Bank allocates capital for growth and for investment across branches and subsidiaries is being carefully prioritised.

Our global strategic intent has seen a revision which may appear minor in its re-statement but very profound in its potential impact to deliver shareholder value within the current realities. The focus is on banking people and companies who are integral in driving trade, investment and wealth creation in our markets including Ghana. A new framework that redefines the way the Bank is run and how performance and strategy can be aligned better has come into effect from April 1, 2014. Under this new framework, we are paying a lot of attention to our client relationships. What was previously known to the market as Wholesale Banking and Consumer Banking have now been merged into a single business comprising three client segments supported by five product groups. We will leverage our network strength and full product capability to develop and deepen our client relationships across the three business segments i.e. Corporates & Institutions, Retail Clients and Commercial Banking.

Going forward, we will be putting a lot of emphasis on supporting the growth of the new Commercial Banking segment which will comprise SMEs and midsized Corporates in Ghana in an integrated approach. As we support this very crucial segment, we expect to see stronger growth over time and smooth transitioning or hand off into the Corporates & Institutions Segment ultimately as our clients grow.

2014 Priorities

Our 2014 priorities are fivefold: deliver business performance, consolidate organizational restructuring, improve operating efficiency, to raise the bar on conduct and develop the next generation of leaders in the Bank more aggressively.

We remain focused on delivering strong profits and returns to our investors in 2014, the current headwinds in the economy notwithstanding. The business momentum that we carried into 2013 from the preceding year is to some extent abated this year as the economy deals with effects of twin deficits on the fiscal and current account.

We have experienced a slowdown in business activity and there are more market and liquidity risk issues to deal with. Our pursuit of growth under tough market conditions needs to be balanced by equal attention to emerging risks and threats to our business for effective management and mitigation. We also need to ensure that cost growth is managed optimally in line with the revenue momentum.

We will also be focusing a lot of attention on the re-organisation currently underway to ensure minimal disruption if not seamless transition from the client experience point of view. We recognise that the main purpose of this project is to enhance and deepen the relationship we have with our clients through the quality of our engagement as well as the products and solutions we offer.

The reorganisation also offers us an opportunity to improve our operating efficiency by removing duplication of certain key functions and investing continuously in scalable technology. We will digitise where possible while we simplify, streamline or align some local processes better with the rest of the Standard Chartered Group. This effort is already work-in-progress of which the resulting efficiency gains enhances our investment capacity and ultimately translates into improved shareholder return.

There is a general heightened sensitivity, globally, to the way businesses including banks conduct themselves. Business ethics, regulatory compliance and creating work places standards that respect diversity and inclusion are increasingly coming to the forefront of board

Chief Executive's review continued

room discussions across many industries. We accept this challenge and do recognise the long term benefit to the organisation, its stakeholders and the sustainable creation of shareholder value. We will therefore focus a lot of attention on conduct within the organsation in the coming years.

Finally, we believe it is important to constantly deepen the leadership pool from our talent base. In Ghana, the creation of a leadership culture has been one of the key pillars underpinning our growth these past four years. We will therefore be focusing a lot of attention on preparing the next generation of leaders who can take this Bank to the next level.

Outlook

In many ways, 2013 was a spectacular year for the Bank in Ghana. The strong business performance was underpinned by an equally robust risk management and audit performance while our Operations Team emerged as the best in Standard Chartered Bank Africa.

Due to headwinds facing the Ghanaian economy in 2014, we expect a more muted growth in comparison to 2013. The current challenges notwithstanding, the medium term prospects for Ghana's economy remain strong. The immediate priority for us is to navigate the market turbulence and uncertainty that 2014 presents and in this regard, we will stay committed and focused to deliver both income and profit growth in 2014. We are sufficiently capitalised and are keeping a keen eye on critical risk parameters and market events that could undermine our performance.

I would like to take this opportunity to acknowledge the oversight from the Bank's Board of Directors led by Mr. Ishmael Yamson especially during some of the more challenging phases in the recent past.

I also want to express huge appreciation to all my colleagues on the Executive Committee and all employees of the Bank for their hard work, professionalism and dedication during 2013. The road ahead will not be any easier. In fact the bar has been raised even higher and more is expected of us going forward, but I have confidence in your ability to deliver.

Finally my sincere thanks to all investors of Standard Chartered Bank Ghana Ltd., i.e. both local and non-resident investors for the steadfast loyalty and confidence in our business, our values and our performance. I am aware of the keen interest investors have in our Bank including opportunity to engage with the Executive Team. I encourage all interested investors to take advantage of our 'Facts behind the Figures sessions' at the Ghana Stock Exchange.

Our ambition to be Ghana's best international bank remains intact. There will be challenges along the way but through focus and disciplined execution of priorities within the overall strategic framework, we will stay on course to achieve our long term vision for the Bank.

J. Kweku Bedu-Addo
Chief Executive and Managing Director

26 February 2014

Standard Chartered
Here for good

It's good to prepare for your child's ambition today

Give your children a head start in life with EduCare.

With the costs of education rising rapidly, there's never been a better time than now to secure your children's future education.

EduCare Insurance Plan, underwritten by Enterprise Life Assurance Limited (ELAC) is a simple and affordable way to do just that.

The EduCare Insurance plan pays out a lump sum for your children's education, and ensures that your dream for their bright future will be realised whether you are present or not.

Additional benefits include flexible monthly payments, options to increase annual premiums as well as options for term dates.

enterprise LIFE
Your Advantage

0302 740100
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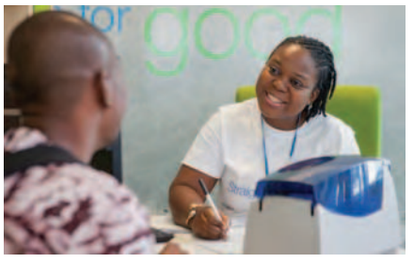
Our strategy
What guides us



Our ambition

Ghana's best international bank

Our strategy

We bank the people and companies driving investment, trade and the creation of wealth in Ghana

Our brand promise

Here for good

Our aspirations

Relationships
Build trusted relationships with the people, companies and institutions shaping our markets' future

Investment
Play a leading role in facilitating investment and deepening financial markets

Trade
Become the undisputed leader in commercial payments and financing for and in Ghana

Wealth
Be recognised as a leader in growing and protecting our clients' wealth

Relevant scale
Establish sufficient scale and balance sheet and franchise strength to be relevant and influential in our key markets

Our values

Courageous
We take measured risks and stand up for what is right

Responsive
We deliver relevant, timely solutions for clients and customers

International
We value diversity and collaborate across the network

Creative
We innovate and adapt, continuously improving the way we work

Trustworthy
We are reliable, open and honest

Our commitments

Colleagues
A great place to work, enabling individuals to grow and teams to win

Society
A force for good, promoting sustainable economic and social development

Investors
A distinctive investment, delivering consistently superior performance via disciplined growth

Regulators
A responsible partner with exemplary governance and ethics

People

Reinforcing the importance of conduct within our culture

Our highlights in 2013

- Raised the bar on conduct through a country wide commitment to the refreshed Code of Conduct thus improving personal accountability and good judgment.
- Embedded accountability and responsibility of our line managers to ensure greater focus on performance, productivity and engagement of our staff.
- Achieved marked improvement in the leadership capabilities of the bank through consistent delivery of leadership forums and Executive Committee (ExCo) engagement sessions with High Potential (HIPO) population through the Country Talent Council.
- Delivered an agreed Employee Relations (ER) strategy to build on a fair and collaborative ER outlook in 2013. Comprehensive review of the Collective Agreement, revision of the local disciplinary procedure, the socialisation of Fair Accountability principles and revised Performance Improvement Process concluded.
- Streamlined pay increments to the Performance Pay Potential (P3) cycle achieved for the first time this year giving staff sterling experience of the Bank's P3 process.
- Stronger employee value proposition through an improved reward mix with the introduction of clothing and car allowances based on staff categories, the roll out of sabbatical leave and the introduction of annual medical checkup for all staff.

Our priorities 2014

- Embed the new One Bank structure in order to benefit from the reorganisation and drive a more agile and productive workforce with the customer at the centre of our business.
- Continue to raise the bar on conduct through the roll out of Fair Accountability Principles and its impact on our policies, processes, thus moving from a prescriptive to a more judgement-based approach on how we manage our people.
- Maintain momentum towards building line manager capability and accountability to drive the execution culture within the increasingly complex regulatory environment we operate in.
- Employ the use of people analytics to provide value added business partnering and the identification and management of compliance and risk issues
- Grow a sustainable business with a rigorous Employee Relations Strategy and proactive Union Management while strengthening our relationship with our regulators and key stakeholders
- Enhance the Diversity and Inclusivity potential of the Bank through continued innovative interventions making this evident in the way we build teams, our relationships and business delivery.

Our Here for good brand promise continues to differentiate us in the market we operate in and continues to represent what we stand for through our actions and high standards of conduct and integrity. We remain a strong brand in Ghana with a track record of customer care and business delivery based on our values. This has led to a very strong culture exhibited in the behaviours of our 1000 plus staff.

In 2013, we focused on raising the bar on conduct through a refreshed Code of Conduct which required personal commitment from each of our people in the way we engage with each other and our clients. At the end of 2013, 95 per cent of our people had completed the mandatory training. This, together with the requisite annual recommitment to the Code will ensure a consistent improvement in conduct, risk awareness and compliance. The introduction of Fair Accountability and its six principles guide the way we treat our people when things go wrong, with a fundamental shift to a fairer, more judgment based approach. 2014 will see further work to embed the principles in our guides on values and behaviours and the review of our policies and procedures especially with regard to disciplinary and grievances.

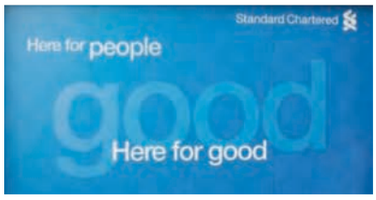
Conduct and behaviour continue to be reinforced in our performance and reward principles which form an integral part of our culture and brand. The 'how' of our business delivery remains a differentiator in the way we conduct business and is critical to our Here for good brand promise

Building capability

Much work has been done to build Line Manager capability through innovative workshops featuring role plays and case studies to improve managers confidence in discharging their roles and engaging their teams for success. 2013 saw the acceleration in the agenda of promoting leadership at all levels in the organisation through a series of themed engagement sessions led by Management, which brought together staff in similar grades to raise their understanding of the Bank and the parameters for success. Other initiatives that have been introduced and are run successfully are:

- The 'Mindset Shift for Personal Success' programme which was especially designed for Ghana, kicked off in February and ended in August with 91 per cent of staff experiencing this powerful engagement piece.
- The Women In Leadership Progamme was run in Ghana for the first time in West Africa. It gave opportunity to nine of our potential women leaders to participate in the program out of a total of 19 participants. This programme was very successful and its impact has been amplified with the participants

We have invested in technology to make better use of our core global HR platforms.



Our brand promise, unifies us to act with conviction and to uphold the highest standards of conduct and integrity

mentoring two women each from our high potential population; and the alumni continue to organise events to support each other.

- The Emerging Leaders Programme was introduced to continue to build local capability across Africa and retain the talent pool in a growing competitive market. Eight Ghanaians were nominated to participate out of a total of 78 participants from across Africa.
- Country management moved into future mode by engaging Millennials in a bid to understand their view of a bank of the future and what it would take for them to work with such an institution. This gave great insight into some initiatives which we will deploy in 2014 to attract and bank the younger generation.
- Ghana participated in the One Young World Summit when one of our own was selected to attend this Summit in South Africa.

The Country Talent Council has spearheaded the development of our high potentials through a series of interventions including facilitating opportunities for international as well as local job rotations, moves, role changes, mentoring and coaching. The level of engagement driven through the Talent Council has been instrumental in identifying Ghanaian talent in the diaspora and has led to the return home of three of our staff to help us drive sharper business delivery.

Getting fitter and more flexible

2013 saw the revamp of our succession plans with a focus on developmental plans for all the key roles in the Bank and the next level down in order to ensure a strong pipeline of talent to deliver on our strategic agenda. We pursued the implementation of the development plans for identified successors and saw the growth of our leadership population by 4.8 per cent. The revamp of the succession plans has delivered a higher hit rate for succession and remains an active part of staff retention and performance management.

The Consumer Banking business embarked on substantial work in the span of control of managers, simplifying structures and making the business more agile and responsive. This work will continue in other parts of the business through 2014 by optimising the sales and back office ratios among others in order to drive productivity.

We continue to drive people analytics and improve administrative processes by further embedding AskHR and other online processes including the migration of administrative letters to Peoplesoft. The recruitment processes have been streamlined through the introduction of the Internship Guideline to ensure transparency and good conduct in the screening of interns. The Group Staff Screening Policy has also been enhanced to minimise the reputational risk associated with the recruitment of inappropriate persons.

Enabling Diversity and Inclusion

We continue to pursue a diverse and inclusive environment with a workforce comprising of 14 nationalities and an Executive Committee (ExCo) made up of a well balanced mix of nationals who bring the very best of skills to the table from across the Group. We engage the best talent in the market and are committed to ensuring that individual uniqueness thrives within an environment that supports collaboration and inclusiveness. We encourage our people to work together and foster an environment that values different ideas, backgrounds and perspectives in teamwork and in the daily engagement with colleagues and clients.

There is an even spread in gender with women making up 49 per cent of staff population and 25 per cent of the ExCo. In October, we demonstrated once again, our commitment to helping build sustainable careers for Persons with Disabilities (PWDs) by holding a workshop for PWDs in partnership with Sightsavers and the Ghana Federation of the Disabled (GFD).

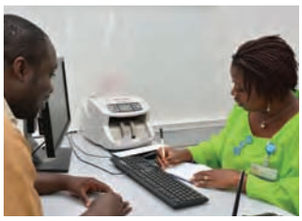
To accelerate leadership at the lower levels of the Bank's population, the Diversity & Inclusion (D&I) Council formally launched the first staff network in Ghana dubbed the "Future Leaders Network" (FLN) on 30th July 2013. The membership of the FLN is drawn from Grades 10 to 7 and they drive a leadership agenda, asking for support where necessary. The FLN provides a platform to connect peers across the different businesses, functions and locations to share leadership ideas, learn from leaders across the industry, contribute to decision making in the Bank through constructive feedback and drive projects in the Bank in order to build greater engagement.

Employee Relations

In the last few years we have built on our relationship with the unions in order to encourage a cordial and stable Employee Relations (ER) outlook. The ER strategy has moved on to strengthen the governance structure and build a second line of successors for management engagement in the industrial relations space.

We continue to lead the way with our futuristic ER approach working collaboratively with organised labour within the confines of the labour laws and in line with Group processes. We have socialised the Fair Accountability principles with the unions and will work to further embed this in 2014. The introduction of an annual medical check for all staff in 2013 will further enhance our employee value proposition and ensure that we proactively work with staff to manage their health. We

People continued



We strive to create an inclusive environment for all our employees, 47 per cent of whom are women

Re-inforcing the importance of conduct within our culture has been a key focus.

have been guided by the general principles of doing what is right for our staff and stakeholders, demonstrating responsiveness to our industry stakeholders as well as compliance to all regulatory requirements.

Summary

During the year under review, Standard Chartered Bank Ghana had the privilege of hosting the Africa Leadership Team in February and the Group Board in July. This opportunity raised the country profile and showcased Ghana and our staff to our key stakeholders. We built on this opportunity by giving our high potentials the rare opportunity of tapping into the knowledge and experience of the top leadership of the global bank. 2013 marked a year of success where robust engagement strategies contributed to productivity and positioned the Bank firmly for an impressive financial performance and recognition across the region and globally. We do not take our distinctive culture for granted and by continuing to raise the bar on conduct we will create clearer responsibilities for our people, making them more accountable in a continuing complex and highly regulated environment. We will continue to challenge our talent to play to their strengths in a high performance environment whilst ensuring that we treat all our staff fairly when things go wrong to enable them remain creative and courageous in the way they interact internally and externally with clients and stakeholders. The focus on anticipating risks and managing issues will continue to support our distinctive culture and people strategy to drive a successful Bank in Ghana.

Sustainability
Our social and economic contribution

Our highlights in 2013

- GH₵78.96 million of financing provided to small and medium-sized enterprises (SMEs) in 2013, up from GH₵63.471 million in 2012, representing YoY growth of 24 per cent.
- Updated our Position Statements to align with leading international environmental and social standards
- Achieved 1,153 Employee Volunteering days, exceeding 2013 target by 116 per cent.
- 'Seeing is Believing' (SiB) Phase 'V' launched to deliver GH₵2.71 million (US$1.25 million) support to eye care in Ghana.
- Over 300 Coaches and Physical Education teachers empowered through GOAL in 2013.
- Retail Net Promoter Score moved from 37 in 2012 to 60 in 2013.
- Maintained our position as a top tier Universal bank

Our priorities in 2014

- Strengthen the application of our refreshed Group Code of Conduct in line with the Bank's reorganisation
- Expand our community outreach across Ghana through the delivery of 'Phase V' of our Seeing is Believing initiative.
- Strengthen our financial crime intelligence capabilities and training resources
- Develop future leaders by providing additional engagement opportunities through the Future Leaders Network and the Toastmasters Club.
- Exceed our employee volunteering for 2013 by 25 per cent.
- Continue to improve our value proposition for our Small and Medium-sized customers, offering additional products and training.
- Deliver financial education to more than 5000 youth.

Sustainability and our business

Sustainability is integrated into how we do business. It guides everything we do, from the service we provide to our clients and customers, to the way we run our bank and support the local communities in which we live and work. Our approach to sustainability is captured in our brand promise, Here for good.

Our business strategy focuses on banking the people and companies driving investment, trade and creation of wealth across Ghana. Across the globe, our core markets are continuing to see strong economic growth, with rising incomes and increasing demand for financial services. This represents a massive opportunity for our business and, with it, the opportunity to promote sustainable, balanced and inclusive growth in our markets.

As a major international financial institution, our commitment to society goes beyond creating value for our shareholders. We seek to ensure that the financing we provide is sustainable and supports economic and social development for all shareholders. Our approach focuses on the three key priorities: contributing to sustainable economic growth, being a responsible company and investing in communities.

Contributing to sustainable economic growth

Through our business of banking, we fuel economic activity and job creation in our markets. From 2012 to 2013, we increased our lending from GH₵960million to GH₵1.1billion whiles our corporate tax contribution increased from GH₵27,132m in 2012 to GH₵54m in 2013, making a substantial contribution to Ghana's economy.

The credit and other financial services we provide help businesses to set up, trade and expand, and save and protect their wealth for the future. We believe that by providing these services efficiently and responsibly, we can make a real impact on sustainable development in Ghana, contributing to economic growth for the long term.

Access to financial services

Through our network of 23 branches and 51 ATMs across Ghana, we provide access to high quality financial services to over 200,000 customers.

Through our business of banking, we fuel economic activity and job creation in our markets.

Our community investment activities focus on health and education, with youth as a target demographic.

The lending we provide to people and businesses helps to support job creation and economic development across the country. We are also committed to extending access to finance for individuals and small businesses that have traditionally been underserved by financial institutions.

Small and medium-sized enterprises (SMEs) play a crucial role in generating jobs and economic growth in this market. In 2013, we continued to demonstrate our support for SMEs, assisting them to develop their capacity to manage their businesses successfully. By partnering with PriceWaterHouseCoopers (PwC), we provided cutting edge training for over 70 SME clients on key business skills, including marketing and accounting since 2012.

As an international bank, we share our expertise to help countries deepen their financial systems and attract investment. In 2013, the Standard Chartered network offered more than 30 workshops to central banks and ministries of finance on topics such as the internationalisation of the renminbi, Islamic finance, debt capital markets and use of derivatives to manage financial risks. In Ghana, led by the Compliance team, we instituted comprehensive training programmes for staff on Sanctions, Customer Due Diligence, Gifts & Entertainment, fraud awareness and the UK Anti Bribery Act throughout the year under review. We are committed to extending finance to people who are un-served, or under-served, by financial institutions. In 2013, we grew our financing to SMEs to GH₵79 million from GH₵63 million in 2012. This is in line with the pledge by Standard Chartered PLC to the Clinton Global initiative (CGI) to increase our financing to SMEs by 45 per cent to US$30 billion by 2018.

Sustainable finance

We recognise that managing and protecting limited natural resources is essential to maintaining economic growth over the long term. Our Position Statements set out the environmental and social standards that we expect of ourselves and encourage from our Wholesale Banking (WB) clients and SME Banking customers. In 2013, at the Group level, we refreshed our existing Position statements and added new statements covering renewable energy, infrastructure, agribusiness, fisheries and chemicals and manufacturing, bringing our total number of statements to 20. While our preference is to engage with clients and customers to meet our standards, we remain committed to turning down transactions where certain environmental and/or social risks and impacts cannot be successfully mitigated.

Our social and economic impact in Africa

Having opened our first branch in Africa 150 years ago, we continue to invest for the long term, supporting the people and businesses driving trade, investment and the creation of wealth across the continent. We believe that banks, working with governments, regulators and local communities, can and should help to drive real social and economic development in the markets where we work.

In 2013 we commissioned an independent study to measure the role of Standard Chartered, and banking more broadly, in generating trade, growth and jobs across Africa – one of the fastest growing regions of the world-and to find out what we can do better.

By measuring ripple effects through the economy, the study shows that our operations and financing support 1.2 per cent of GDP and some 1.9million jobs, or 0.6 per cent of the total workforce, in 13 of the 15 markets where we operate in Sub-Saharan Africa. As well as looking at Standard Chartered's overall impact in Africa, the study – called ***'Banking on Africa'*** – takes a closer look at the social and economic impact of its operations in Ghana, Kenya, Nigeria and Zambia.

In **Ghana**, the findings show that the Bank directly and indirectly contributes 3.4 per cent of Ghana's GDP and that the Bank's activities supports 283,000 jobs representing 2.7 per cent of Ghana's labour force. The study also highlights how we help to remove barriers to growth and job creation, by using our footprint as an international bank focused on Asia, Africa and Middle East to mobilize offshore capital for crucial infrastructure investment, train local talent, introduce innovation and help to develop local financial markets.

The study on Africa, led by Professor Ethan Kapstein, is our fourth and most comprehensive impact study to date, following country-specific reports on Ghana, Indonesia and Bangladesh.

Read the full study on www.sc.com/ImpactAfrica

Sustainability continued

Being a responsible company

Our commitment to sustainability is not just about the economic activity we finance, but also about how we run our business. Our focus is on effective corporate governance, underpinned by strong processes and the right values and culture. By creating a great place to work for our people, selling our products and services responsibly, tackling financial crime and mitigating the environmental impact of our operations, we believe that we can make a greater positive contribution to the communities in which we operate within Ghana and also across our global footprints.

Governance

Strong governance is the foundation for establishing trust and promoting engagement between a company and its stakeholders. The right culture, values and behaviour must be adopted by the Board and actively promoted by the Chief Executive and managers at all levels. The Board continues to have oversight of sustainability, including environmental and social governance.

People and values

We are focused on building a culture that is based on responsibility and accountability and aligned with our values. Our diverse and collaborative workforce and deep commitment to doing the right thing is what makes our culture stand out. Our brand promise, Here for good, helps our people to act with conviction, nurture relationships with our clients and customers and uphold the highest standards of conduct and integrity. For more than 10 years, our performance reviews have taken into account the extent to which our employees demonstrate our values through their everyday actions.

As set out in our Human Rights statement, we respect human rights in our operations and adhere to all relevant, international and local, legal obligations in Ghana and all other countries where we operate. Human rights are taken into account in our procurement decisions, as set out in our Supplier Charter. We also consider human rights in our financing decisions, guided by our Position Statements, which address the rights of children, workers and communities in relation to specific industry- sector risks.

Celebrating 10 years of Seeing is Believing

In 2003, Standard Chartered founded Seeing is Believing (SiB), as a global initiative, with a simple mission: to help people see. 10 years later, we have reached more than 45 million people.

An estimated 39 million people across the world are blind, and a further 246 million people are visually impaired. SiB has helped tackled this issue by providing quality eye-care for people who have little or no access to health services.

Set up in response to call from our employees to help local communities, SiB is a collaboration between Standard Chartered, the International Agency for the Prevention of Blindness and leading eye-care organisations.

Making an impact

So far the Standard Chartered network has raised more than US$463million, with the Group matching all contributions dollar for dollar. Our employees contribute greatly to the program by donating, fundraising and volunteering their time at local eye-care projects. Through a total of 84 projects in 25 countries, SiB has helped fund over 2.91 million cataract operations and surgical interventions, protected 3.9 million people from Vitamin A deficiency and river blindness, distributed 494,000 pairs of spectacles and trained more than 100,000 community health workers. We are committed to raising US$100 million by 2020, through donations and matching by the Group. In 2013, we further extended our support for eye health by pledging US$20 million to support the work of The Queen Elizabeth Diamond Jubilee Trust in helping to eliminate avoidable blindness.

The Ghana story

SiB has delivered benefit to millions of people in Ghana since it was introduced in 2003. Now in its fifth phase in the country, this avoidable blindness prevention initiative has covered all the 10 regions, providing treatment, equipment, infrastructure and training through the various projects rolled-out over the years in partnership with the Eye Care Division of the Ghana Health Service, Operation Eyesight Universal and Sightsavers. Between 2003 and 2012, SiB invested GH¢3,953,664 (US$1,830,400) in Ghana, impacting 6.3 million lives in the country. With the launch of the Phase V project, dubbed “Quality Eye Health for all”, in 2013, which will end in 2016 at a total cost of GH¢3,262,500 (US$1,250,000), SiB would impact an additional 7.5million people across the 35 selected districts in the 10 regions.

For more information see www.seeingisbelieving.org

Sustainability continued

We seek to minimise the environmental impact of our operations.

We are focused on building a culture that is based on responsiblity and accountability and aligned with our values.

Financial crime prevention

Financial crime impedes economic progress. We strive to limit the risk of financial crime within our business by having strong policies and procedures. These are underpinned by important programmes to continually enhance our systems and controls and to raise awareness of the critical role of employees in combating financial crime. In 2013, we shared our refreshed Group Code of Conduct (the Code) which sets out the standards we expect of our employees with all members of staff. 100 per cent of staff completed a mandatory e-learning course in order to understand how the Code applies to their day-to-day activities. Most of them also participated in team training sessions related to the Code.

Responsible selling and marketing

Delivering appropriate products and services to our clients and customers is fundamental to our business. In 2013, we continued to assess our WB policies and procedures against the impact of regulatory changes to ensure that we meet our clients' needs and adhere to regulatory guidelines. In Consumer Banking, our Customer Charter outlines our commitment to treat customers fairly, and on a regular basis, we convene Customer Experience Councils to identify areas in which we can improve. We increased our Net Promoter Score from 37 in 2012 to 60 in 2013, a strong indication that our customers were generally satisfied with our services.

Environment

We seek to minimise the environmental impact of our operations, and have targets in place to reduce the rate of our energy, water and paper consumption. While our energy use intensity remains at similar levels, we consider the environmental challenges across the communities where we operate and proactively manage the direct impact of our operations. In partnership with the Ministry of Environment 2013, we joined the country in celebrating the World Environment Day across the country under the theme: "Think, Eat and Save the Environment'.

We lowered our water intensity by 20 per cent between 2008 and 2013. We have also reduced our office paper use per full-time employee (FTE) from 50kg per FTE in 2008 to 20.4kg in 2013.

Suppliers

We support businesses in Ghana by working hand-in-hand with our network of local suppliers to deliver on our needs. We continue to embed our Supplier Charter, launched in 2012, which sets out the standards and values we expect of our suppliers. In 2013, we adopted the Group's refreshed procurement management policies and practices to strengthen risk awareness and transparency around our supplier expenditure.

Investing in communities

Promoting the social and economic well-being of communities is a critical component of our strategy to support sustainable development in Ghana. Our community investment activities focus on health and education, with youth as a target demographic. In 2013, we invested GH₵2,98 million, including GH₵2.7 million (US$1.25 million) contributed by the Group for the Seeing is Believing Phase V project in communities and also including both direct investment and volunteering by our employees.

Community programmes

The economic prosperity of a community is closely linked to the health of its population. Our health programmes address avoidable blindness and HIV and AIDS. In 2013 Seeing is Believing, our flagship community investment programme, celebrated its 10th anniversary. Over the last decade, we have invested more than GH₵10 million (US$3.8 million) to help eliminate avoidable blindness, reaching more than 5 million people in Ghana. In 2013, we were given approval by the Group to undertake a Phase V project under the initiative, which is expected to run till 2016 at a cost of GH₵2.71 million (US$1.250 million).

The goal of the project is to improve the eye health of Ghanaians through integration of primary eye care into primary health care in all ten regions in the country.

The project covers 35 districts across 10 regions and will build on the success of the Phase IV project. Over 7.5 million people across the 10 regions of Ghana will benefit from and will be impacted by this project by December 2016 when it ends.

Our living with HIV programme provides education on HIV and AIDS to our staff and the communities in Ghana. Between 2010 and 2013, we have raised awareness among more than 100,416 people through the untiring efforts of our network of Champions. Standard Chartered Ghana has remained an influential member of the Ghana Business Coalition against HIV/AIDS which is now the Ghana Business Coalition on Employee Wellbeing (GBCEW). We participated in almost all of GBCEW's programmes for the year 2013; offering valuable leadership and support in advancing the agenda to fighting the HIV menace and the institution of Employee Wellbeing Programs.

Sustainability continued

We also collaborated with the GBCEW to organise the Bank's annual HIV/AIDS awareness walk – the 'Red Ribbon Race' and was also the sole representative of the GBCEW to the Greater Accra Regional Coordinating Council organising committee for the Regional World AIDS Day celebration for the year 2013.

Education builds skilled and productive communities and improves livelihoods. Our education initiatives focus on improving the classroom experience of young people through the Schools Desk Project and using Goal to develop their life skills including their financial capability in order for them to be able to take advantage of most of the opportunities offered by economic growth.

Through the Schools Desk Project we delivered 2,200 dual desks to 22 deprived schools in 2013, ensuring seating places for 4,400 school children.

Goal, our education programme which combines football training with life skills, financial education and work force development to empower adolescent boys and girls has reached more than 1500 boys and girls in 2012.

In 2013, we enhanced our commitment to this initiative by training more than 300 Physical Education teachers and coaches across three regions – Greater Accra, Central and Ashanti. The training they received from our partners, Coaches across Continents, will subsequently be used to train over a thousand children across the three regions.

In 2013, the Group created a global financial education curriculum for young people and piloted the programme in five markets. The Group also developed an Education for Entrepreneurs curriculum to provide financial education to small business owners across the Bank's markets. The curriculum will be rolled out in Ghana in 2014 as part of the Group's pledge to the Clinton Global Initiative to provide training to 5,000 small businesses between 2013 and 2018.

Employee volunteering

We support our local communities by volunteering our time and skills, and seek to maximise our impact by encouraging skills-based volunteering. All of our employees are entitled to three days of paid volunteering leave annually. In 2013 we registered a record number of 1,336.5 volunteering days, exceeding a target of 1,153 days by 116 per cent. Within 2013, our staff engaged in activities in the communities covering health, education and environment. These include financial education for various second-cycle institutions, beach cleaning activities and environmental cleanliness.

Standard Chartered
Here for good

Working Capital

SME Banking

It's good when smooth cashflow is assured every month

Our SME Banking services make managing your cashflow simpler, helping you to identify and remedy any upcoming shortfalls with greater ease, convenience and speed.

Straight2Bank – Global online banking platform
Our integrated working capital platform, specifically designed for SMEs, serves all your transactions, information and hedging needs.

Business Overdrafts
We offer customised overdraft facilities to meet your working capital and short term funding needs.

Business Current Accounts
Our transaction account, designed specifically for businesses, offers complete solutions for all your day-to-day banking needs.

Trade and Working Capital Loans
Meet your funding needs for working capital and seasonal growth in receivables and client orders.

Export and Import Finance
We provide Bill Discounting, Letters of Credit and Purchase Order Finance.

To know more, visit www.standardchartered.com/gh/sme-banking,
email sme.serviceghana@sc.com or call 0307011709

Standard Chartered Ghana Limited in 2013

Strong balance sheet, resilient performance

Dayo Omolokun
Executive Director and Chief Financial Officer

"It is the Bank's objective to create a high performance organisation, denoted by customer oriented products and sustained rewards for shareholders and staff. The 2013 results have clearly demonstrated commitment to this objective with success stories in capital and liquidity positions, revenue growth, cost efficiency, trading profits; and shareholder returns."

Key performance

Operating Income

GH¢420m

2012: GH¢282m

Profit before taxation

GH¢273m

2012: GH¢170m

Our highlights and achievements in 2013

- 2013 was an outstanding year for the Bank with upper double digit growth recorded in financial performance, with noted improvement in key performance metrics, including enhanced shareholder value
- Operating income increased by GH¢138 million, or 49 per cent, to GH¢420 million. Profit before tax rose 60 per cent to GH¢273 million. Profit, after corporate tax and national fiscal stabilisation levy have been provided for, is GH¢208 million, constituting an increase of GH¢72 million (58 per cent) over GH¢136 million made in 2012. The cost to income ratio decreased to 31 per cent from 37 per cent in 2012, as growth in revenue continue to outpace expenses, creating capacity for further investment in the business. The relative contribution of the two business segments to profit before tax remained consistent at roughly 75 per cent to Wholesale Banking (WB) and 25 per cent to Consumer Banking (CB).
- The quality of the Banks asset book remains good, as the ratio of gross impaired loans to total gross advances, based on International Financial Reporting Standards, remained at 12 per cent, despite an 18 per cent increase in net loans and advances from GH¢960 million to GH¢1.13 billion during the year. The growth in risk assets has been funded primarily through 4 per cent increase in customer deposits from GH¢1.7 billion in 2012 to GH¢1.8 billion in 2013, with noted slight shift in composition from foreign currency to local currency balances.
- Shareholder value improved as earnings per share (EPS) grew 52 per cent to GH¢1.77, with return on equity increasing from 44 per cent in 2012 to 57 per cent in 2013. Proposed dividend payable in 2014, subject to approval of shareholders, equate to almost two and half times what was paid in 2013.
- The Bank is in good shape, sufficiently capitalised and liquid. We continue to focus on the basics of banking, whilst maintaining strong risk management practices. We are close to customers and clients, and maintain cordial relationship with the regulators.

Our priorities in 2014

- We will continue to focus on the basics of banking and maintain our capital and liquidity strength.
- We will be disciplined in the deployment of resources, aspiring to strong growth while focusing on sustainable returns.
- We will continue to build strong relationships with our clients and customers, leveraging on the reorganisation of our business to put sharper focus on key strategic initiatives.

Consumer Banking

Sharpening our focus and execution to build competitive advantage

Henry Baye
Head, Consumer Banking

"Our commitment to be Here for good has been instrumental in our focused strategy and disciplined alignment of our product and sales processes to our customers' needs"

2013 marked yet another milestone performance by the Consumer Banking business; recording an impressive Operating profit of GH₵70 million. While the year has been challenging, the business has seen a resilient performance reflecting the strength of its underlying fundamentals. Income grew by 34 per cent from GH₵114m to GH₵153m and profit increased by 34 per cent from GH₵43 to GH₵70m. The business remains well positioned for the next stage of its journey and is in good stead to continue on its growth trajectory focus.

Our balance sheet drive was key to ensure that growth in business fundamentals was strong. Assets grew by 25 per cent from GH₵296 million to GH₵368.7 million. Growth in Assets was mainly driven by retail lending. Liabilities increased marginally by 4 per cent from GH₵889.2 million to GH₵925.3 million. Liability growth within the past year has been an industry challenge due to the increase in activities of non-bank financial institutions and high government borrowing. This would be a key focus area in 2014. We will maintain discipline in the control environment and ensure value for money spends.

The business ended the year on an exciting note having delivered superior financial performance and good improvement in all key metrics. Net Promoter Score (NPS) increased from 37 in 2012 to 60 in 2013.

Key Highlights

Operating Income

GH₵153m

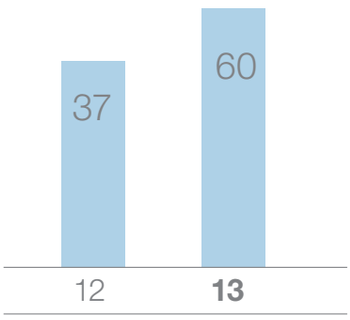
2012: GH₵114m

Year-on-Year growth in Profit before tax

GH₵70m

2012: GH₵43m

Net Promoter Score



Innovating and Digitising

The rise of technology in facilitating payments and providing convenience to customers is gaining grounds in the financial services industry. In line with this trend, Standard Chartered Bank Ghana Limited commenced the pursuit of its digital agenda by strengthening capabilities on its online banking platforms. This is consistent with our strategy of being at the forefront of innovating to meet changing customer needs. Keeping with this strategy and the pursuit of our digital agenda, Consumer Banking launched Breeze mobile banking. Breeze is a mobile banking application that enables customers to do basic banking transactions on their mobile phones with the ease of their finger tips. It allows customers to transfer funds from one account to another, view their statement and current exchange rates, request for cheque books, make airtime purchases and also pay bills on the go. A state-of-the-art Pop-up booth was also installed at the Marina Mall to further embed our technology drive. These are the latest additions to our digital channels in line with our quest to become the digital main bank in Ghana.

Our digital agenda remains key as we continue to drive lower service cost and increase efficiency. Through the pursuit of this initiative, self service ratio has increased from an average of 60 per cent last year to an average of 85 per cent. E-statement penetration is at 100 per cent.

Our Performance in 2013

The business recorded double digit growth in both revenue and operating profit. The growth in revenue was mainly driven by Net Interest Income (NII) which increased by 51 per cent from GH₵75.6 million to GH₵111.8million. The growth in NII was mainly driven by impact of margins on volume growth in the balance sheet. Growth in costs is attributable to flowthrough costs of new investments and legal costs. Sound credit discipline and improved recoveries reduced Loan impairments from GH₵6.1 million in 2012 to GH₵5.5 million in 2013. Growth in balance sheet was driven by assets which grew 25 per cent Year-on-Year.

Our performance in 2013 was underpinned by initiatives in line with our top 5 priorities which translated into double digit growth in the Consumer Transaction Banking (CTB), Wealth Management and SME businesses.

Digitising banking

Digitization is taking banking back to basics - meeting consumers' needs in an integrated and seamless way.

We are digitising our business to improve how we serve our clients and customers, and to make our operations more efficient. We are integrating our IT systems and simplifying and automating our processes to increase productivity, ensure a robust control environment and free up our frontline staff. This enables them to spend more time with our clients and customers.

With the launch of the Group's award-winning mobile banking app, 'Breeze', we responded to a shift in consumer behaviour, allowing our clients and customers to bank where and when they wanted. We coined the phrase 'Digital Main Bank' to capture our aspiration and have been making steady progress each year. Since then, we have been focusing on improving and bringing consistency to every part of our business.

The introduction of Breeze reinforces Standard Chartered Bank Ghana's strategy to drive innovation in banking and gives our Consumer business a real competitive advantage in the country. Breeze will transform the digital space in the country's financial services industry.

Currently the sophistication and increased expectation of the average Ghanaian banking customer has influenced banks to adopt a new way of thinking; a thinking that is defined by how to drive a cohesive relationship with the customer. Our internal research has revealed that customers now wish for simpler and faster banking; be it at the branch, on phones or via mobile networks. The Breeze Mobile Banking app was borne out of a desire to make banking simpler by creating an intuitive, plain-speaking smartphone interface. Digitisation has also allowed us, as a Bank, to simplify our application and documentation processes, making it easier and faster for new customers to open an account with us.

Concerns around security are often a barrier to digital banking. We understand this and maintaining the highest levels of security and protection is our priority. We have seen a significant shift to digital in terms of customer usage, number of transactions and products applied for through digital channels.

The feedback from our clients and customers remain very positive and our online Net Promoter Score improved significantly this year to 60 from 37 in 2012.

Consumer Banking continued

Income from our CTB business grew by 51 per cent driven by upside of margins on volume growth in liabilities. Deposit mobilization was a challenge for CTB as depositors were attracted by higher yielding government securities and the impact of increased activity of microfinance institutions. Deposit growth continues to be a key focus area and strategies have been finalized to curtail attrition and drive healthy growth in this business. The cards business remains a significant contributor to fee income and this area presents a good potential for growth.

Whiles the margins presented an upside to our liability business; it also posed a potential threat to our retail lending business which was impacted by slowdown in appetite for loans during the last quarter. A healthy mix of the balance sheet and renewed focus on fee income to be a significant contributor to revenue will help cushion the business against the anticipated threat of margin compression.

Wealth management income grew by 65 per cent on the back of the immediate returns realised from the launch of investment services in 2012 and the launch of fixed income in 2013.

Our focus on High Value Segments (HVS), Small & Medium Enterprises (SMEs), Wealth Management (WM) and Personal and International Banking (PiB) yielded positive results in driving fee income. Retail and SME treasury saw uplift in revenue, growing by 25 per cent. The uplift was due to increased transactional volumes from the SME front.

SME continues to remain a central part of our HVS agenda. Income from this segment grew by 25 per cent from GH₵40 million to GH₵51 million driven mainly by the impact of growth in the balance sheet. We continue to deploy initiatives aimed at increasing deposit mobilisation in this segment as well as assets

Looking Ahead

Overall, the Consumer Banking business performed very strongly. We expect the trend to continue in 2014. We remain focused on our customer-led strategy as we continue to make gains and create opportunities to deliver superior financial performance. In 2014, we will continue to focus on our strategic agenda but sharpen our drive on frontline productivity and balance sheet growth. We will leverage on our digital capabilities to optimize efficiency and deliver value to our customers.

Breeze Mobile Banking

Standard Chartered
Here for good

2 = 104

hours a week banking the usual way

hours a year

With **Breeze Mobile Banking**, you could use that time to go on vacation

It's good when a little change lets you do what really matters

Do your banking from your phone while you're on the go
Breeze Mobile Banking. Move money, pay bills, top up airtime and transactions. A little change now lets you do what you'd rather be

Register and transact now.
Download through iTunes or the App Stores

Get it at BlackBerry App World | Available on the App Store | Google play

ONLINE MOBILE eSTATEMENTS ALERTS

Download the app and sign up today
standardchartered.com.gh

Wholesale Banking

Strengthening our business to better support our clients

Mansa Nettey
Executive Director and Head, Global Markets

"In the next stage of our journey, working as one bank with discipline execution, we will sharpen our focus and help our people collaborate closely across teams to better meet the needs of our clients and customers".

Tejinder Singh
Head, Client Coverage

"Through listening closely to the needs and expectations of our clients, we understand the importance of being a force for good and society and look to continuously raise the bar on our conduct".

Key highlights

Operating Income

GH¢267m

2012: GH¢168m

Profit before taxation

GH¢203m

2012: GH¢127m

Total Assets

GH¢1,775m

2012: GH¢1,367m

Clients at the centre of everything we do

In a challenging economic environment, Wholesale Banking (WB) delivered another record performance. The year was marked by an accelerated depreciation of the Cedi, increase in interest and inflation, limited foreign currency liquidity, and uncertainty as businesses and investors waited for the outcome of the 2012 general election dispute. WB's performance reflected the relevance of our relationship-focused strategy and the strength of our underlying business with clients.

Core to our approach is our focus on building sustainable, long-term relationships with our clients and being their trusted adviser, supporting their different needs with our superior capabilities. As a result, income from clients increased significantly by 41 per cent, and accounted for 66 per cent of total

income. Operating profit rose by 61 per cent to GH₵205 million on the back of total WB income of GH₵267 million, which grew by 59 per cent.

Generally, 2013 saw increased risks to financial stability in emerging markets on account of tighter external financial conditions and weaker domestic economic fundamentals. During the year, the financial environment of emerging market economies continued to be volatile, hurting the confidence of investors and Ghana was no exception.

Limited availability of foreign currency to meet client demand in 2013 continued to be a key challenge to us and our clients. This was on the back of the Cedi trending downwards against all the major trading currencies, partly a result of seasonal trends and the country's heavy reliance on imports. Our focus on broadening our client base to include foreign currency rich names served us well in surmounting this challenge.

Continued focus on embedding our strategy

We have made significant progress in embedding our client-led strategy since the formation of the WB business in 2002. We did this by focusing on building deep relationships with our clients – anticipating their needs and building the relevant product capability to support them. Now, our clients trust us with their growth plans and when faced with challenges, look to us for advice and solutions. This trust is reflected in the consistent growth in our client income.

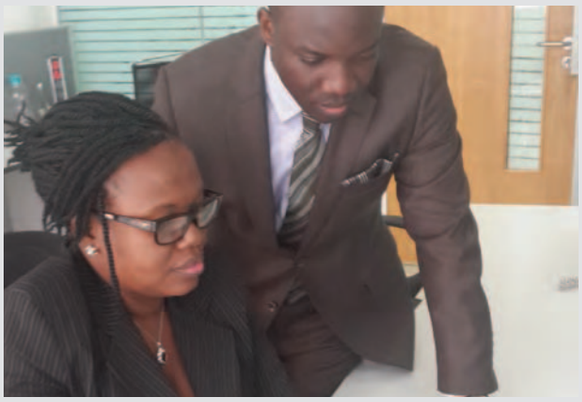
In 2013, we placed greater emphasis on the conduct of our business, and further embedded what it means to live our Here for good brand promise in our daily work, with the refresh of our Group Code of Conduct. We recognise that we have to focus on delivering the right outcome for the long-term interests of our clients, our business and society and we ensure we do this through the decisions we make and through the business activities we support.

As a business committed to being a partner to our clients, Wholesale Banking continues to increase the breadth of our capabilities as we anticipate and provide product-led solutions to meet our clients' evolving needs. We closed our first Specialised Equipment Finance deal in 2013, arranging US$30 million for the financing of new mobile mining equipments.

We also introduced Standard Chartered Africa's first fully-electronic supplier finance solution, Vendor PrePay (VPP), which has strengthened our position as a leading supply-chain finance provider in Ghana. Being the first implementation of its kind by any bank within the Group's Africa franchise, this remarkable feat also offers us additional collateral to engage clients more actively and replicate the solution throughout the rest of the continent.

International network, Local scale

Bridging the gap between Large Corporates and small businesses with innovative product.



With more than 150 years of experience driving investment, trade and the creation of wealth across our footprint, we provide our clients with an unmatched international network across Asia, Africa and the Middle East, coupled with on-the-ground expertise to support their cross-border and in-country needs.

In Ghana, beverage company, Guinness Ghana Breweries Ltd (GGBL), is the first client to partner with Standard Chartered's 'Vendor PrePay' product in Africa – a product innovation developed to support the growth of Africa's economies by promoting effective business partnerships between large corporates and their suppliers, who are typically Middle Market companies and SME's.

Many small-scale companies in Africa struggle to supply and maintain effective business relationships with large businesses due to the longer payment terms large corporates offer. Given their scale, liquidity and external funding mechanisms are limited and expensive, making careful cash flow management a challenging imperative. Typically, credit facilities are based on the amount of collateral a company can provide to their bank, which is understandably limited in the case of a smaller enterprise. Medium to small-scale companies simply cannot afford to wait one to three months for payment, often putting contracts from larger corporates out of reach. From the perspective of larger corporates, companies are increasingly looking to source from local companies to support local economic development, and comply with any local empowerment guidelines.

Standard Chartered's 'Vendor PrePay' is specifically structured to address these challenges, and thus bridges the payment gap between large corporates and their suppliers by providing finance that ensures quick settlement of invoices, while leveraging the Bank's digital capabilities.

Through this product, a large corporate can finance a portion or the entire supplier base, facilitating immediate settlement of specified small and medium suppliers via Standard Chartered's online banking platform, Straight2Bank.

Key benefits of this product include access to reliable and affordable financing, alleviating cash flow concerns, and efficient, automated processing of invoices. This product enables local smaller-scale enterprises to participate in large projects, increasing their income potential and opportunity for additional business.

Wholesale Banking continued

We consolidated our position on cross border capabilities by establishing a 'China Desk' in 2013 with a dedicated Chinese relationship team. We have leveraged this to grow our share of business on the burgeoning Ghana-China trade corridor.

We further launched Onsite Cheque Printing (OCP) – an enhancement to our secure electronic banking channel, Straight2Bank - which enables clients to remotely print cheques at locations of their choice across Ghana. Additionally, we organised a series of industry fora, in partnership with the Central Bank, to develop a seven-year payment strategy paper aimed at promoting a cash-lite economy and improving financial inclusion.

In September 2013, WB successfully hosted our second Africa Summit. The event was moderated by the late Komla Dumor and the key note speakers included the Vice President of the Republic of Ghana, the Minister of Finance and Economic Planning and the Governor of the Bank of Ghana. The panelists came from a wide cross section of industry and international organisations, partners and key clients. The event itself was a success and feedback has been positive from both our clients and the participants.

Performance in 2013

Operating income rose by GH₵ 99 million, or 59 per cent, to GH₵267 million while operating profit increased by GH₵78 million, or 61 per cent, to GH₵203 million.

Income from our clients continues to be the key driver of our business performance, accounting for 66 per cent of total Wholesale Banking income in 2013. As in prior years, Commercial Banking, comprising Trade Finance, Cash Management, Custody services, Lending and flow foreign exchange business, contributed the majority of our client income.

The macro economic challenges faced in the year served as an opportunity for the Bank to leverage its risk management capabilities to deliver a robust Own Account income growth of 109 per cent to GH₵91 million. This is testament to our strong standing in the local currency bond and money markets.

Net interest income was up by GH₵72 million, or 77 per cent, to GH₵167 million, with non-funded income also rising GH₵26 million to GH₵100 million.

Our 2011 acquisition of the Security Services business continues to bear fruits. Assets under custody grew GH₵1.5 billion, or 25 per cent, to GH₵7.8 billion. This is mainly on the back of the pension fund reforms which saw contributions being credited directly to custodians from the latter part of 2012.

Lending income rose by GH₵6 million, or 47 per cent, to GH₵20 million due to improved margins and higher average balances.

Transaction Banking income rose by GH₵25 million, or 31 per cent, to GH₵104 million. Trade income fell four per cent mainly due to lower volumes resulting from the limited foreign exchange liquidity experienced in the second half of the year. Cash Management and Custody income grew 68 per cent on the back of higher margins and increases in deposit balances and assets under custody.

Income from Financial Markets rose by GH₵66 million to GH₵122 million, with strong performances from Sales and Asset and Liability Management (ALM). Sales income rose 146 per cent buoyed mainly by increase in Structured Solutions and Foreign Exchange (FX) sales volumes, whilst ALM rose 164 per cent driven mainly by higher yields from restructuring of the balance sheet. Corporate Finance income grew strongly, up 13 per cent, supported by growth across our financing businesses.

Operating expenses increased by GH₵12 million, or 30 per cent, to GH₵52 million. This is a reflection of our commitment to invest in our people, systems and infrastructure to better support our clients and deliver sustained growth. Loan impairment increased by GH₵9 million to GH₵10 million due to specific provisions on a small number of clients. WB's portfolio remains predominantly short tenor with 67 per cent of loans and advances maturing in less than one year. Credit quality continues to be very good.

Becoming Ghana's leading international bank

We understand and believe in the growth potential of Ghana, and we trust in our strategy to realise the benefits of this potential. In the next stage of our journey, working as one bank with disciplined execution, we will sharpen our focus and help our people collaborate closely across teams to better meet the needs of our clients and customers. We want to grow together with them, banking the people and companies driving investment, trade and the creation of wealth in Ghana.

For our shareholders, we remain committed to our growth story and we believe that we have the right long-term strategy and near term priorities to sustain our growth rate into the near future. We will also continue to support and standby our people, communities and other stakeholders to demonstrate our commitment to our Here for good brand promise.

Corporate Information

BOARD OF DIRECTORS

Ishmael Yamson	– Chairman
J. Kweku Bedu-Addo	– Chief Executive and Managing Director
Dayo Omolokun	– Executive Director (Appointed 15th Nov. 2013)
Mansa Nettey	– Executive Director (Appointed 20th Feb, 2014)
Anil Dua	– Non-Executive Director
Felicia Gbesemete	– Independent Non-Executive Director
Herbert Morrison	– Independent Non- Executive Director
Dr. E. Oteng Kumah	– Independent Non-Executive Director (Appointed 31st Oct. 2013)
Ahmad Bilal Pirzada	– Executive Director (Resigned - 10th Jun, 2013)
Sanjay Rughani	– Executive Director (Resigned - 19th Jul, 2013)
Andrew F. Okai	– Executive Director (Resigned - 2nd Dec. 2013)

COMPANY SECRETARY

Angela Naa Sakua Okai

AUDITORS

Deloitte & Touche
Chartered Accountants
Ibex Court, 4 Liberation Road
Ako Adjei Interchange
P.O. Box GP 453
Accra - Ghana

SOLICITORS

Bentsi-Enchill Letsa & Ankomah
1st Floor Teachers' Hall Complex
Education Loop (Off Barnes Road)
Adabraka, Accra
P O Box GP 1632
Accra – Ghana

REGISTRARS

Ghana Commercial Bank Limited
Registrar's Department, Head Office
Thorpe Road
P.O. Box 134
Accra - Ghana

REGISTERED OFFICE

Standard Chartered Bank Building
6 John Evans Atta Mills High Street
P O Box 768
Accra

Board of directors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The board is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively. It provides leadership through oversight, review and by providing guidance whilst setting the strategic direction.

1. Ishmael Yamson
Chairman

Appointed to the Board on 1 February, 2005. He is a former Chief Executive and current Chairman of Unilever Ghana Limited. He is also Chairman of MTN Ghana, Mantrac Ghana Limited and Benso Oil Palm Plantation Ghana Limited. He is a Director of Ghacem Ghana Limited.

2. J. Kweku Bedu-Addo
Chief Executive and Managing Director

Appointed to the Board on 1 December, 2010. Before his appointment as CEO/Managing Director, he was the Executive Director for Origination and Client Coverage in Standard Chartered Bank Ghana Limited. He was a Programme Director at the Origination and Client Coverage Group Office in Singapore. He has also been an Executive Director (Wholesale Banking) at the Standard Chartered Bank Zambia PLC

3. Herbert Morrison
Non-Executive Director

Appointed to the Board on 4 May, 2009. He is Managing Partner of Morrison and Associates, a firm of Chartered Accountants, Tax and Management Consultants. Current President of the Canadian Chamber of Commerce and Board Member of Challenge Enterprises Ghana Limited.

4. Anil Dua
Non-Executive Director

Appointed to the Board on 19 March, 2012. He is also the Chief Executive Officer, Standard Chartered, West Africa. Prior to this, he was Regional Head of Client Coverage, Africa and before that, Global Head, Project & Export Finance & Structured Trade Finance. He has also worked on a number of assignments across India, UK, USA and Botswana. He holds a director position at Afrexim Bank.

5. Felicia Gbesemete
Non-Executive Director

Appointed to the Board on 4 May, 2009. She is a lawyer and a founding Partner and Director of Lexconsult & Co. She has also served as a Vice President of the Ghana Bar Association and served as Chairperson of the Governing Board of the Ghana Broadcasting Corporation from May 2011 to May 2013. She currently serves on the Council of the Bible Society of Ghana.

6. Dr. Emmanuel Oteng Kumah
Non-Executive Director

Appointed to the Board on 31 October, 2013. He is an International Economic Consultant and Advisor and has served in various high profile roles in many organisations including the International Monetary Fund (IMF), where he served for 25 years as Division Chief, IMF Resident Representative in Djibouti and Deputy Division Chief at the Balance of Payments and External Debt Division.

7. Dayo Omolokun
Executive Director

Appointed to the Board in 15 November, 2013. He is also the Chief Financial Officer and is responsible for contributing to the overall strategic management of the bank through sound financial practice. He was formerly the Chief Financial Officer of Standard Chartered Botswana.

8. Mansa Nettey
Executive Director

Appointed to the Board on 20 February, 2014. She is currently the Head of Financial Markets, following the reorganisation of the global Standard Chartered business, which took effect on April 1, 2014. She was formerly the Head of Global Markets. Prior to her appointment as Head of Global Markets, she held previous roles in Financial Market Sales and Corporate Banking.

9. Angela Naa Sakua Okai
Company Secretary

Appointed by the Board on 1 April, 2014. She has served in various roles in the Bank including Branch Manager, Country Compliance officer and Legal Counsel for Wholesale Banking.

Senior management

The Executive Committee of Standard Chartered Bank Ghana Limited, as at 26 February 2014, comprises the Executive Directors, the Company Secretary and the following senior executives:


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1. Simon Burutu

Simon is the Country Chief Risk Officer. He has been with the Bank for over 30 years. He was appointed Chief Risk Officer and Senior Credit Officer in 2011. He has held various positions in the Bank including Senior Credit Officer (Zambia and Zimbabwe) and Senior

Credit Officer (Kenya, Tanzania and Uganda).

5. Victor Yaw Asante

Victor is Managing Director, Transaction Banking, West Africa. He joined the Bank in 2005 and is responsible for delivering Standard Chartered's Trade Finance, Cash Management,

Custodial and Structured Commodity Finance across West Africa. Victor is also Regional Sponsor, CTA segment business. He was previously Director, Structured Trade Finance.

9.Tejinder Singh

Tejinder, formerly the Head of Client Coverage, has now been appointed Head, Corporate and Institutional Clients, following the reorganisation of the global Standard Chartered business which took effect on April 1, 2014. He joined the Bank in 2003 and is responsible for managing the Bank's corporate and institutional clients in Ghana as well as supporting and implementing the Group standards of risk and control. He was previously the Head of Financial Institutions, Standard Chartered Malaysia

2. Adalbert Rutaisire

Adalbert is the Head, Global Shared Service Centre (GSSC), Accra. He joined the Bank in 1992 and has a responsibility for coordinating and managing strategies to ensure GSSC, Accra delivers world class processing whiles meeting agreed productivity standards. He has held diverse roles within the Bank including Chief Information Officer, Uganda and Head of Consumer Banking Operations.

6. Joan Essel-Appiah

Joan, formerly the Head of Compliance, West Africa, has now been appointed the Head of Legal and Compliance, Ghana (with an acting capacity for West Africa excluding Nigeria) as a result of the reorganisation of the global Standard Chartered business which took effect on April 1, 2014.

She joined the Bank in 2011 and is directly responsible for strengthening the Bank's legal, compliance and regulatory framework across West Africa. She has a combined work experience of over 20 years in the public and private sectors of the economy.

3. Shiekh Jobe

Sheikh is the Chief Information Officer (CIO), West Africa. He joined the Bank in 1994 and has a direct responsibility for systems development, technology support and banking operations: ensuring delivery of scalable and productive operating infrastructure. He has held various positions within the Bank, including Global Head of Lending and CIO and Country Head of Security for Nigeria.

7. Rosie Ebe-Arthur

Rosie joined the Bank in 2011. She has direct responsibility for implementing HR strategies to support the delivery of the country's business agenda. She is accountable for the implementation of HR policies and procedures in line with local laws and Group guidelines. Rosie also manages efficient delivery of HR processing activities through HRSSC.

10. Henry Baye

Henry, formerly Head of Consumer Banking, has now been appointed Head of Retail Clients, following the reorganisation of the global Standard Chartered business which took effect on April 1, 2014.

He joined the Bank in 2013 and is responsible for managing and supervising the retail clients business in Ghana.

4. Nii Okai Nunoo

Nii is the Area Head of Corporate Affairs, West Africa and has direct responsibility across West Africa for developing and protecting the Bank's reputation. Additionally, Nii is also the Regional Head of Sustainability, Africa, responsible for the Bank's sustainability agenda across the continent. He joined the Bank in 2006

8. *Harry Dankyi

Harry is the Head of Audit, West Africa. He joined the Bank in 2002 and is responsible for all audit related issues across Ghana and West Africa.

Prior to joining Standard Chartered, Harry worked as a Financial Accountant and Treasury Officer at the Volta River Authority (VRA).

* Harry is a standing invitee on the Executive Committee and reports directly to the Audit Committee of the Bank.

Ghana

Standard Chartered Bank has been in Ghana since 1896 and has been a key source of sustained and increasing investment in the country.


Standard
Chartered
be for good

Report of the Directors
To the Members of Standard Chartered Bank Ghana Limited

The directors have pleasure in submitting their report and the financial statements of the Bank for the year ended 31 December 2013.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Code, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738); and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Financial Statement and Dividend

	GH¢'000
Profit for the year was	208,019
Less: Transfer to Statutory Reserve Fund and Other Reserves of	(36,054)
leaving a balance of	171,965
to which is added balance on Retained Earnings (Income Surplus Account) brought forward (excluding balance on Statutory Reserve Fund and Other Reserves) of	62,481
giving a cumulative amount available for distribution of	234,446
out of which was paid a final dividend for 2012 of GH¢0.47 per share for ordinary shares and GH¢0.0672 per share for March 2013 and GH¢0.0671 per share for September 2013 for preference shares amounting to	(56,637)
leaving a balance on the Retained Earnings (Income Surplus Account) carried forward of	177,809

The Directors are recommending a dividend of GH¢1.15 per share for ordinary shares amounting to GH¢132.8million.

Statutory Reserve Fund

In accordance with Section 29(c) of the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738), a cumulative amount of GH¢149.2 million has been set aside in a Statutory Reserve Fund from the Retained Earnings (Income Surplus Account). The cumulative balance includes an amount set aside from the retained earnings during the year.

Nature of Business

The Bank is licensed to carry out Universal Banking business in Ghana. There was no change in the nature of the Bank's business during the year.

Parent Company

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V., a company incorporated in The Netherlands.

Areas Of Operation

Our Bank comprises a network of 24 branches and a head office.

Subsidiary

The Bank maintains a special purpose legal entity, Standard Chartered Nominee Company Limited, to warehouse assets held in trust on behalf of customers in the conduct of its fiduciary activities. The assets and income due to customers arising thereon are not the bonafide property of the Bank and therefore not consolidated with these financial statements.

Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

Report of the Directors to the Members of Standard Chartered Bank Ghana Limited
(continued)

Therefore, the financial statements continue to be prepared on the going concern basis.

Directors' Interest

The directors' beneficiary interest in the ordinary shares of the Bank as at 31 December 2013 are as shown per note 35 of the financial statement.

Election of Directors

At our AGM to be held on Wednesday 28 May 2014, Dayo Omolokun (Mr), Emmanuel Oteng Kumah (Dr.) and Mansa Nettey (Mrs) will be confirmed as directors.

Approval of the Financial Statements

The financial statements of the Bank, as indicated above, were approved by the Board of Directors on 20 February 2014 and were signed on their behalf by:

J. Kweku Bedu-Addo
Director

Dayo Omolokun
Director

Independent Auditor's Report

To the Members of Standard Chartered Bank Ghana Limited

Report on the Financial Statements

We have audited the financial statements of Standard Chartered Bank Ghana Limited which comprise the statement of financial position as at 31 December 2013, income statement, the statements of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 47 to 107.

Directors' Responsibility for the Financial Statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Code, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738); and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 management, 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 give a true and fair view of the financial position of Standard Chartered Bank Ghana Limited at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738).

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work 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 accounts have been kept by the Bank, so far as appears from our examination of those books, and

iii. The Balance Sheet [Statement of Financial Position] and Profit & Loss [Income Statement] of the Bank are in agreement with the books of accounts.

The Banking Act 2004 (Act 673), section 78 (2), required that we state certain matters in our report

We hereby state that:

i. The accounts give a true and fair view of the state of affairs of the Bank and its results for the period under review.

ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.

iii. The Bank transactions are within their powers and

iv. The Bank has generally complied with the provisions of Act 673 and the Banking (Amendment) Act of 2007.

Deloitte & Touche
Licence Number: ICAG/F/129
Chartered Accountants
26th February, 2014

Felix Nana Sackey
Practising Certificate licence No.: ICAG/P/1131

Income Statement
For the year ended 31 December 2013

	Note	2013 GH₵'000	2012 GH₵'000
Interest Income	8	**375,526**	222,725
Interest Expense	9	**(95,046)**	(52,982)
Net Interest Income		**280,480**	169,743
Fees and Commission Income	10	**83,303**	74,075
Other Operating Income	11	**56,282**	38,452
Non – Interest Income		**139,585**	112,527
Operating Income		**420,065**	282,270
Operating Expenses	12	**(129,393)**	(105,059)
Operating Profit before Impairment Loss and Taxation		**290,672**	177,211
Impairment Loss	14	**(17,429)**	(6,720)
Profit before Taxation		**273,243**	170,491
Income Tax Expense	16(i)	**(58,861)**	(34,203)
National Fiscal Stabilisation Levy	16(ii)	**(6,363)**	-
Profit for the year		**208,019**	136,288
Basic earnings per share	37(ii)	**GH₵1.77**	GH₵1.16
Diluted earnings per share	37(ii)	**GH₵1.77**	GH₵1.16

Statement of Comprehensive Income
For the year ended 31 December 2013

	2013	2012
	GH¢'000	GH¢'000
Profit for the year	**208,019**	136,288
Other Comprehensive Income		
Items that may be reclassified subsequently to profit & loss:		
Net fair value gains on available for sale financial assets	**24,253**	4,573
Reclassification adjustments relating to available for sale financial assets disposed of	**-**	(2,090)
Other Comprehensive Income	**24,253**	2,483
Total Comprehensive Income for the year	**232,272**	138,771

The notes on pages 56 to 107 form an integral part of these financial statements.

Statement Of Financial Position
At 31 December 2013

Assets	Note	2013 GH¢'000	2012 GH¢'000
Cash and Balances with Bank of Ghana	18	**610,618**	515,468
Short –Term Government Securities	19(i)	**420,301**	177,098
Due from Other Banks and Financial Institutions	20	**36,389**	155,473
Loans and Advances	21	**1,130,244**	959,597
Other Assets	24	**168,039**	127,615
Medium -Term Investments in Other Securities	19(ii)	**589,027**	425,148
Equity Investment	19(iii)	**1**	1
Property and Equipment	22	**27,947**	23,315
Intangible Assets	23	**5,792**	6,969
Total Assets		**2,988,358**	2,390,684
Liabilities			
Customer Deposits	26	**1,779,108**	1,704,198
Due to Other Banks and Financial Institutions	27	**406,195**	4,741
Provisions	30	**47,774**	50,160
Borrowings	31	**70,105**	193,166
Interest Payable and Other Liabilities	29	**179,817**	119,718
Taxation	16(ii)	**2,641**	1,889
Deferred Taxation	17	**15,734**	5,463
Total Liabilities		**2,501,374**	2,079,335
Shareholders' Funds			
Share Capital	32(i)	**61,631**	61,631
Retained Earnings	32(ii)	**177,809**	62,481
Statutory Reserve Fund	32(iii)	**149,177**	123,175
Credit Risk Reserve	32(iv)	**62,137**	50,908
Other Reserves	32(v)	**36,230**	13,154
Total Shareholders' Funds		**486,984**	311,349
Total Liabilities and Shareholders' Funds		**2,988,358**	2,390,684
Net Assets Value per Share	37(i)	**GH¢4.2**	GH¢2.7

These financial statements were approved by the Board of Directors on 20 February 2014 and signed on its behalf by:

J. Kweku Bedu-Addo
Director

Dayo Omolokun
Director

The notes on pages 56 to 107 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2013

	Share Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Credit Risk Reserve GH¢'000	Other Reserves GH¢'000	Total Shareholders Fund GH¢'000
Balance at 1 January 2013	61,631	62,481	123,175	50,908	13,154	311,349
Profit for the year	-	208,019	-	-	-	208,019
Gains recognised directly in equity	-	-	-	-	24,253	24,253
Total other comprehensive income	-	208,019	-	-	24,253	232,272
Total comprehensive income for the year	-	208,019	-	-	24,253	232,272
Regulatory and other reserves						
Transfer to statutory reserve	-	(26,002)	26,002	-	-	-
Transfer to credit risk reserve	-	(11,229)	-	11,229	-	-
Transfer from other reserves	-	1,177	-	-	(1,177)	-
Total transfers to and from reserves	-	(36,054)	26,002	11,229	(1,177)	-
Dividends to shareholders	-	(56,637)	-	-	-	(56,637)
Balance at 31 December 2013	**61,631**	**177,809**	**149,177**	**62,137**	**36,230**	**486,984**

The notes on pages 56 to 107 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2012

	Share Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Credit Risk Reserve GH¢'000	Other Reserves GH¢'000	Total Shareholders Fund GH¢'000
Balance at 1 January 2012	61,131	66,560	56,139	36,898	11,848	232,576
Profit for the year	-	136,288	-	-	-	136,288
Gains recognised directly in equity	-	-	-	-	2,483	2,483
Total other comprehensive income	-	-	-	-	2,483	2,483
Total comprehensive income for the year	-	136,288	-	-	2,483	138,771
Regulatory and other reserves						
Transfer to statutory reserve	-	(67,036)	67,036	-	-	-
Transfer to credit risk reserve	-	(14,010)	-	14,010	-	-
Transfer to share capital	500	(500)	-	-	-	-
Transfer from other reserves	-	1,177	-	-	(1,177)	-
Total transfers to and from reserves	500	(80,369)	67,036	14,010	(1,177)	-
Dividends to shareholders	-	(59,998)	-	-	-	(59,998)
Balance at 31 December 2012	**61,631**	**62,481**	**123,175**	**50,908**	**13,154**	**311,349**

The notes on pages 56 to 107 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2013

	Note	2013 GH¢'000	2012 GH¢'000
Cash flows from operating activities			
Profit before tax		**273,243**	170,491
Adjustments for:			
Depreciation	22	**4,308**	2,948
Amortisation of intangible assets	23	**1,177**	1,177
Impairment on financial assets	14	**17,429**	6,720
		296,157	181,336
Change in:			
Investment other than those held for the purpose of trading		**(139,626)**	48,890
Investments held for trading		**(243,203)**	(6,994)
Loans and advances		**(188,076)**	(369,593)
Other assets		**(40,424)**	(58,767)
Customer deposits		**74,910**	224,511
Amounts due to other banks		**401,454**	(5,520)
Interest payable, other liabilities		**60,099**	9,650
Provisions		**(2,386)**	9,332
Borrowings		**(123,061)**	102,190
Cash generated from operating activities		**95,844**	135,035
Income tax paid		**(54,201)**	(28,674)
Tax adjustments		**-**	(6,666)
Net cash from operating activities		**41,643**	99,695
Cash flows from investing activities			
Equity Investments liquidated		**-**	99
Purchase of property and equipment	22	**(8,940)**	(7,972)
Net cash used in investing activities		**(8,940)**	(7,873)
Cash flows from financing activities			
Dividend paid		**(56,637)**	(59,998)
Net cash used in financing activities		**(56,637)**	(59,998)
Net increase in cash and cash equivalents		**(23,934)**	31,824
Cash and cash equivalents at 1 January		**670,941**	639,117
Cash and cash equivalents at 31 December	39	**647,007**	670,941
Operational cash flows from interest and dividends			
Interest paid		92,158	51,064
Interest received		336,092	209,201

The notes on pages 56 to 107 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2013

1. Reporting Entity

Standard Chartered Bank Ghana Limited is a Bank incorporated in Ghana. The address and registered office of the Bank can be found on page 40 of the annual report. The Bank operates with a Universal Banking license that allows it to undertake Banking and related activities. Its registered office is at Standard Chartered Bank Building situated on the John Evans Atta Mills High Street, Accra.

Refer to page 52 for date of financial statements authorisation.

2. Basis Of Preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

The financial statements are presented in Ghana cedis which is the Bank's functional currency. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are described in notes 3h (ix), 3h (xi), 3h (xii) and 42.

d. Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trustees and other institution. The assets and income arising thereon are excluded from this financial statement as they are not assets and income of the Bank.

All the investments made on behalf of third parties are done within the Bank's operating jurisdiction.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Bank.

a. Revenue Recognition

Interest income and expense on available-for-sale assets and financial assets and liabilities held at amortised cost, are recognized in the statement of comprehensive income using the effective interest method.

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss is included in the statement of comprehensive income in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. Dividends are recognised in the statement of comprehensive income when the Bank's right to receive payment is established.

Notes to the financial statements continued

For the year ended 31 December 2013

b. Interest Income and Expense

Interest income and expense is recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently when calculating the effective interest rate; the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transactions costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the statement of comprehensive income in the period they arise.

c. Fees and Commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

d. Other Operating Income

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities, derecognised available for sale financial assets, and foreign exchange differences.

e. Foreign Currency – Reference Rate

The transaction rates used are the average of the buying and selling of the underlying inter-bank foreign exchange rate as quoted by the Ghana Bankers Association. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date the fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in the statement of comprehensive income or shareholders' equity as appropriate.

f. Leases

(i) Where the Bank is the lessee

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Where the Bank is a lessee under finance leases, the leased assets are capitalized and included in property and equipment with a corresponding liability to the lessor recognized in other liabilities. Finance charges payable are recognized over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

(ii) Where the Bank is the lessor

When assets are leased to customers under finance leases, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

Assets leased to customers under operating leases are included within property and equipment and depreciated over their useful lives. Rental income on these leased assets is recognised in the income statement on a straight-line basis unless another systematic basis is more representative.

g. Financial Assets and Liabilities

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Categorisation of financial assets and liabilities

The Bank classifies its financial assets in the following categories: financial assets held at fair value through profit or loss; loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. Management determines the categorisation of its financial assets and liabilities at initial recognition.

(iii) Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(v) Available for sale financial assets

Available-for-sale assets are those non-derivative financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivable and held to maturity.

(vi) Financial liabilities measured at amortised cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

(vii) Initial recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, available for sale financial assets and liabilities are recognised on trade-date (the date the Bank commits to purchase or sell the asset). Loans and receivables are recognised when cash is advanced to customers or borrowers.

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are classified as fair value through profit or loss.

(viii) Subsequent measurement

Available for sale financial assets are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on available for sale financial assets are recycled to the statement of comprehensive income when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in income.

Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method, less impairment loss.

Notes to the financial statements continued

For the year ended 31 December 2013

(ix). Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

(x) Fair value measurement

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Bank establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the balance sheet.

Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

Reclassification of financial assets

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the Effective Interest Rate (EIR) Method.

Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the income statement.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

(xi) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(xii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(xiii) Identification and measurement of impairment

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

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrower.

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

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process which considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for group of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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

Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the statement of comprehensive income. When a subsequent event causes the impairment loss on an available for sale financial asset to decrease, the impairment loss is reversed through the statement of

Notes to the financial statements continued
For the year ended 31 December 2013

comprehensive income. However, any subsequent recovery in the fair value of an impaired available for sale financial asset is recognised directly in equity.

(xiv) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership.

The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a 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 EIR. When the counterparty has the right to sell or repledge 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 recognised in the statement of financial position. The consideration paid, including accrued interest, 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.

(xv) 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.

h. Derivative Financial Instruments

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value changes in the derivative are recognised in the income statement.

i. 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.

j. Investment Securities

This comprises investments in short-term Government securities and medium term investments in Government and other securities such as treasury bills and bonds. Investment securities are categorized as available-for-sale or trading financial assets and carried in the balance sheet at fair value.

k. Loans and Receivables

This is mainly made up of loans and advances to customers. Loans and receivables are carried in the balance sheet at amortised cost, i.e. gross receivable less impairment allowance.

l. Property and Equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use." Purchased software that is integral to the functionality of

the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over their useful lives. Land is not depreciated.

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

Buildings	-	50 years
Leasehold improvements	-	life of lease up to 50 years
IT equipment and vehicles	-	3 - 5 years
Fixtures and fittings	-	5 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the income statement as other income.

m. Intangible Assets

(i) Software

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

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

(ii) Other Intangible Assets

Other intangible assets that are acquired by the Bank and have finite useful lives are recognised at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses excluding expenses on internally generated goodwill and brands is recognised in profit and loss as incurred.

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit and loss on a straight line basis over the lifespan of the asset. The estimated remaining useful life is five (5) years.

n. Taxation

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

o. Deferred Taxation

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they

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reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p. Events after the reporting date

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

q. Dividend

Dividend income is recognised when the right to receive income is established. Dividend payable is recognised as a liability in the period in which they are declared.

r. Deposits, Amounts due to Banks and Borrowings

This is mainly made up of customer deposit accounts, overnight placements by Banks and other financial institutions and medium term borrowings. They are categorised as other financial liabilities and carried in the balance sheet at amortised cost.

s. Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

t. Financial Guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

u. Employee Benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

(ii) Defined benefit plans

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The discount rate is the yield at the reporting date on a long-dated instrument on the Ghana market. The calculation is performed using the projected unit credit method. Changes in the fair value of the plan liabilities are recognised in the income statement.

Actuarial gains and losses on the plan are recognised in the other comprehensive income.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation

to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

v. Impairment on Non-financial Assets

The carrying amount of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the income statement.

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

w. Share Capital

(i) Ordinary share capital

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital of the Bank is classified as equity. The preference shares are non-redeemable and redeemable only at the Bank's option, and any dividends are discretionary.

x. Earnings per Share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank after adjustments for preference dividends by the weighted average number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

y. Share Based Payment Transactions

Employees of the Bank participate in share based payment transactions with the Bank's parent company. The parent allocates cost to the Bank representing the fair value of the share based payments attributable to the employees of the Bank. The allocated cost is recognised as an expense in each period.

z (i). Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period.

- **IFRS 10 "Consolidated Financial Statements"** published by IASB on 12 May 2011. IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

- **IFRS 11 "Joint Arrangements"** published by IASB on 12 May 2011. IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

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For the year ended 31 December 2013

• **IFRS 12 "Disclosures of Interests in Other Entities"** published by IASB on 12 May 2011. IFRS 12 will require enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

• **IFRS 13 "Fair Value Measurement"** published by IASB on 12 May 2011. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

• **IAS 27 "Separate Financial Statements" (revised in 2011**) published by IASB on 12 May 2011. The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

• **IAS 28 "Investments in Associates and Joint Ventures" (revised in 2011)** published by IASB on 12 May 2011. IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

• **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters published by IASB on 20 December 2010. The first amendment replaces references to a fixed date of "1 January 2004" with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

• **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Government Loans published by IASB on 13 March 2012. This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. It also adds an exception to the retrospective e application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" in 2008.

• **Amendments to IFRS 7 "Financial Instruments: Disclosures"** – Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. The amendments require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32.

• **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance** published by IASB on 28 June 2012. The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

• **Amendments to IAS 1 "Presentation of financial statements" – Presentation of Items of Other Comprehensive Income** published by IASB on 16 June 2011. The amendments require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

• **Amendments to IAS 19 "Employee Benefits" – Improvements to the Accounting for Post-employment Benefits** published by IASB on 16 June 2011. The amendments make important improvements by: (1) eliminating an option to defer the recognition of gains and losses, known as the "corridor method", improving comparability and faithfulness of presentation; (2) streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including

requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations; (3) enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

• **Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)"** published by IASB on 17 May 2012. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) Repeated application of IFRS 1, (ii) Borrowing costs under IFRS 1, (iii) Clarification of the requirements for comparative information, (iv) classification of servicing equipment, (v) tax effect of distribution to holders of equity instruments, (vi) Interim financial reporting and segment information for total assets and liabilities.

• **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"** published by IASB on 19 October 2011. The interpretation states that costs associated with a "stripping activity" should be accounted for as an addition to, or an enhancement of, an existing asset, and that this component should be amortised over the expected useful life of the of the identified component of the ore body that becomes more accessible as a result of the stripping activity (using the units of production method unless another method is more appropriate).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Entity's accounting policies.

z (ii). Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective:

• **IFRS 9 "Financial Instruments" and subsequent amendments (effective date was not yet determined), IFRS 9 "Financial Instruments"** published by IASB on 12 November 2009. On 28 October 2010 IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. On 19 November 2013 IASB issued another package of amendments to the accounting requirements for financial instruments. Standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. The new requirements on accounting for financial liabilities address the problem of volatility in profit or loss arising from an issuer choosing to measure its own debt at fair value. The IASB decided to maintain the existing amortised cost measurement for most liabilities, limiting change to that required to address the own credit problem. With the new requirements, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within profit or loss. The amendments from November 2013 bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. It allows the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments. It also removes the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

• **Amendments to IFRS 9 "Financial Instruments"** and IFRS 7 "Financial Instruments: Disclosures" - Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief

Notes to the financial statements continued

For the year ended 31 December 2013

was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

• **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** – Investment Entities (effective for annual periods beginning on or after 1 January 2014), **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities** published by IASB on 31 October 2012. The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

• **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions published by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendments to IAS 32 "Financial instruments: presentation"– Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014),

Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities published by IASB on 16 December 2011. Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

• **Amendments to IAS 36 "Impairment of assets"** - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014), Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets published by IASB on 29 May 2013. These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

• A**mendments to IAS 39 "Financial Instruments: Recognition and Measurement"**– Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting published by IASB on 27 June 2013. The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

• **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most

important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) measuring short-term receivables and payables; (v) proportionate restatement of accumulated depreciation application in revaluation method and (vi) clarification on key management personnel.

• **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" published by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding:
(i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of of paragraph 52 if IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

• **IFRIC 21 "Levies"** (effective for annual periods beginning on or after 1 January 2014).

IFRIC 21 "Levies" published by IASB on 20 May 2013. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The Entity has elected not to adopt these standards, revisions and interpretations in advance of their effective dates.

4. Regulatory Disclosures

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) 16% (2012: 1%).

(ii) Capital Adequacy Ratio

The capital adequacy ratio at the end of December 2013 was calculated at approximately 23.53% (2012: 17.4%).

(iii) Regulatory Breaches

There was one breach with respect to non-compliance with outsourcing. A penalty of GH₵14,000 was imposed. (2012: GH₵24,000 was imposed for two breaches on over-exposure and outsourcing without Bank of Ghana prior approval).

Notes to the financial statements continued

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5. Contingent Liabilities And Commitments

	2013	2012
	GH¢'000	GH¢'000
(i) **Contingent Liabilities**		
Pending Legal Suits	**451**	281

(ii) Commitments for Capital Expenditure

There was no commitment for capital expenditure at the balance sheet date and as at 31 December 2012.

(iii) Unsecured Contingent Liabilities and Commitments

	2013	2012
	GH¢'000	GH¢'000
This relates to commitments for trade letters of credit and guarantees.	**164,843**	125,889

6. Social Responsibility Cost

An amount of GH¢277,787 (2012: GH¢303,199) was spent under the Bank's social responsibility program.

7. Segmental Reporting

Segmental information is presented in respect of the Bank's business segments. The Bank is organised into two main business segments: Wholesale Banking and Consumer Banking.

Some of the Bank's corporate costs are managed centrally and standardised basis are used to allocate these costs to the business segments on a reasonable basis.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2013 or 2012.

Notes to the financial statements continued
For the year ended 31 December 2013

7. Segmental Reporting continued

2013

Class of Business	Consumer Banking GH¢'000	Wholesale Banking GH¢'000	Unallocated GH¢'000	Total GH¢'000
Net Interest Income	113,846	166,634	-	280,480
Non-Interest Income	39,167	100,418	-	139,585
Operating Income	153,013	267,052	-	420,065
Operating Expenses	(77,623)	(51,770)	-	(129,393)
Operating profit before Impairment Losses and Taxation	75,390	215,282	-	290,672
Impairment Loss	(5,517)	(11,912)	-	(17,429)
Profit before taxation	69,873	203,370	-	273,243
Total Assets	368,665	1,775,416	854,277	2,988,358
Total Liabilities	925,299	1,164,579	411,496	2,501,374

2012

Class of Business	Consumer Banking GH¢'000	Wholesale Banking GH¢'000	Unallocated GH¢'000	Total GH¢'000
Net Interest Income	75,601	94,142	-	169,743
Non-Interest Income	38,530	73,997	-	112,527
Operating Income	114,131	168,139	-	282,270
Operating Expenses	(65,054)	(40,005)	-	(105,059)
Operating profit before Impairment Losses and Taxation	49,077	128,134	-	177,211
Impairment Loss	(6,123)	(597)	-	(6,720)
Profit before taxation	42,954	127,537	-	170,491
Total Assets	296,143	1,367,123	727,418	2,390,684
Total Liabilities	889,193	864,996	325,146	2,079,335

Notes to the financial statements continued

For the year ended 31 December 2013

The following table details entity-wide operating income by product:

Consumer Banking	**2013**	2012
	GH¢'000	GH¢'000
Mortgages and Auto	**122**	36
Personal Loans	**15,645**	17,815
Small & Medium Enterprises (SME)	**51,106**	39,781
CTB & Wealth Management	**86,140**	56,499
	153,013	114,131

Wholesale Banking	**2013**	2012
	GH¢'000	GH¢'000
Lending and Portfolio Management	**19,687**	13,410
Transaction Banking	**104,466**	79,577
FM Sales	**52,242**	31,882
Financial Markets (excluding ALM)	**20,693**	16,756
Asset & Liability Management (ALM)	**69,964**	26,514
	267,052	168,139

8. Interest Income

(i) Classification	**2013**	2012
	GH¢'000	GH¢'000
Placements, Special Deposits	**7,416**	6,674
Investment Securities	**192,207**	99,907
Loans and Advances	**175,903**	116,144
	375,526	222,725

(ii) Categorization		
Financial assets held at fair value through Profit and Loss:		
Held for Trading	**33,193**	8,778
Available for Sale Instruments	**165,500**	91,129
Loans and Receivables	**176,833**	122,818
	375,526	222,725

Included in interest income on loans and receivable is a total amount of GH¢Nil (2012: GH¢Nil) accrued on impaired financial assets.

Notes to the financial statements continued
For the year ended 31 December 2013

9. Interest expense

	2013 GH¢'000	2012 GH¢'000
Current Accounts	**4,471**	2,618
Time and other Deposits	**15,241**	18,897
Overnight and Call Accounts	**21,661**	1,554
Borrowings	**53,673**	29,913
	95,046	52,982

Total interest expense on financial liabilities held at amortised cost was GH¢95,046,000 (2012: GH¢52,982,000).

10. Net Fees And Commission Income

	2013 GH¢'000	2012 GH¢'000
Fees and Commission Income [Note 10(i)]	**85,613**	75,828
Fees and Commission Expense [Note 10(ii)]	**(2,310)**	(1,753
Net Fees and Commission Income	**83,303**	74,075

(i) Fees and commission income

	2013 GH¢'000	2012 GH¢'000
Customer account servicing fees	**8,290**	11,869
Letters of credit issued	**11,358**	12,269
Others	**65,965**	51,690
Total fees and commission income	**85,613**	75,828

(ii) Fees and commission expense

Direct Sales representative fees	**(2,310)**	(1,753)

The reported credit related fees and commissions are those which are not regarded as part of the EIR on loans.

11. Other Operating Income

	2013 GH¢'000	2012 GH¢'000
Gains on foreign exchange	**56,282**	38,452

Notes to the financial statements continued

For the year ended 31 December 2013

12. Operating Expenses

	2013 GH¢'000	2012 GH¢'000
Staff cost (Note 13)	**84,431**	76,710
Advertising and marketing	**2,681**	1,807
Administrative	**19,395**	17,276
Training	**617**	675
Depreciation	**4,308**	2,948
Amortisation of intangible assets	**1,177**	1,177
Directors' emolument	**3,367**	2,168
Auditors' remuneration	**445**	152
Donations and sponsorship	**278**	303
Others	**12,694**	1,843
	129,393	105,059

12 a. Particulars of directors emoluments

In line with section (128) of the Companies Code, 1963 (Act 179), the following are the aggregate of the directors emoluments:

	2013 GH¢'000	2012 GH¢'000
Salaries, allowances and benefits in kind	**2,157**	1,714
Pension contributions	**108**	96
Bonuses paid or receivable	**988**	266
Share-based payments	**114**	92
	3,367	2,168

13. Staff Costs

	2013 GH¢'000	2012 GH¢'000
Wages, Salaries, Bonus and Allowances	**73,498**	63,025
Social Security Costs	**5,857**	4,055
Pension and Retirement Benefits	**3,347**	2,181
Other Staff Costs	**1,714**	1,464
Severance pay	**15**	5,985
	84,431	76,710

The average number of persons employed by the Bank during the year was 1,048 (2012: 942). Included in this figure is staff of 206 (2012: 209) who work at the Shared Service Centre for processing transactions of six (6) countries in West Africa including Ghana. For the purpose of analysis, about 53 per cent of transactions processed are for the Ghana office.

Notes to the financial statements continued
For the year ended 31 December 2013

14. Impairment Loss

	2013 GH¢'000	2012 GH¢'000
Individual impairment charge	**13,790**	4,715
Portfolio impairment charge	**3,639**	2,005
	17,429	6,720

15. Financial Instruments Classification Summary

Financial instruments are classified along four recognition principles: held at fair value through profit or loss (comprising trading and designated), available-for-sale, held-to-maturity and loans and receivables. These categories of financial instruments have been combined for presentation on the face of the statement of financial position.

15 a The Bank's classification of its principal financial assets and liabilities are summarised below:

	Note	Held at fair value through profit or Loss (Trading) GH¢'000	Available for Sale GH¢'000	Loans & Receivables GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Financial Assets						
Cash and balances with with Bank of Ghana	18	-	-	610,618	610,618	610,618
Government Securities	19	123,028	886,300	-	1,009,328	1,009,328
Due from other Banks and financial institutions	20	-	-	36,389	36,389	36,389
Loans and Advances	21	-	-	1,130,244	1,130,244	1,130,244
Equity Investment	19	-	1	-	1	1
Other Assets		-	-	168,039	168,039	168,039
Total at 31/12/13		123,028	886,301	1,945,290	2,954,619	2,954,619
Cash and balances with Bank of Ghana	18	-	-	515,468	515,468	515,468
Government Securities	19	62,619	539,627	-	602,246	602,246
Due from other Banks and financial institutions	20	-	-	155,473	155,473	155,473
Loans and Advances	21	-	-	959,597	959,597	959,597
Equity Investment	19	-	1	-	1	1
Other Assets	24	-	-	127,615	127,615	127,615
Total at 31/12/12		62,619	539,628	1,758,153	2,360,400	2,360,400

Notes to the financial statements continued

For the year ended 31 December 2013

15. Financial Instruments Classification Summary continued

	Note	Held at fair value through profit or Loss (Trading) GH¢'000	Financial Liabilities Measured at Amortised Cost GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Financial Liabilities					
Customer Deposits	26	-	1,779,108	1,779,108	1,779,108
Due to other Banks and Financial Institutions	27	-	406,195	406,195	406,195
Other Liabilities	29	-	179,817	179,817	179,817
Borrowings	31	-	70,105	70,105	70,105
Total at 31/12/13		-	2,435,225	2,435,225	2,435,225
Financial Liabilities					
Customer Deposits	26	-	1,704,198	1,704,198	1,704,198
Due to other Banks and Financial Institutions	27	-	4,741	4,741	4,741
Other Liabilities	29	603	-	603	603
Borrowings	31	-	193,166	193,166	193,166
Total at 31/12/12		603	1,902,105	1,902,708	1,902,708

15 b Fair Value Of Financial Instruments

Financial instruments recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Derivatives

Derivative products valued using a valuation technique with market-observable inputs are mainly interest rate swaps and currency swaps contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The bank do not have any over the counter derivative instruments.

Financial Investments – Available-For-Sale

Available-for-sale financial assets valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities. These assets are valued using models that use both observable and unobservable data. The unobservable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Other trading assets

Other trading assets valued using a valuation technique consists of certain debt securities and asset–backed securities. The Bank values the securities using discounted cash flow valuation models which incorporate observable and unobservable data. Observable inputs include assumptions regarding current rates of interest and broker statements. Unobservable inputs include assumptions regarding expected future default rates, prepayment rates and market liquidity discounts.

Notes to the financial statements continued
For the year ended 31 December 2013

15. Financial Instruments Classification Summary continued

Fair value hierarchy as defined under Note 3(g-(ix)) analysis

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

	Note	Level1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
2013					
Government Securities	19	-	1,009,328	-	1,009,328
Total at 31/12/13		-	1,009,328	-	1,009,328
2012					
Government Securities	19	-	602,246	-	602,246
Total at 31/12/12		-	602,246		602,247
2013					
Other Liabilities	29	-	1,816	-	1,816
2012					
Other Liabilities	29	-	603	-	603

The following table shows total gains and losses recognised in profit or loss during the year relating to assets and liabilities held at the year end:

	2013 GH¢'000	2012 GH¢'000
Fair value amount recognised in profit and loss		
Financial assets:		
Government Securities	**7,658**	2,725
Financial liabilities:		
Derivatives	**(9,031)**	(1,294)

There are no transfers between the fair value levels during the year.

Day 1 profit

When financial instruments were initially recognised, valuation techniques used for the fair valuing took into consideration all observable market data and hence there is no Day 1 profit or loss.

Reclassification of financial assets

No financial assets have been reclassified

Notes to the financial statements continued

For the year ended 31 December 2013

16. Taxation

(i) Income tax expense

	Note	2013 GH¢'000	2012 GH¢'000
Current Tax	16 (iii)	**48,590**	30,563
Deferred Tax	17	**10,271**	3,640
		58,861	34,203

(ii) Taxation Payable

	Balance at 1/1/13 GH¢'000	Payments during the year GH¢'000	Charge for the year GH¢'000	Balance at 31/12/13 GH¢'000
Income tax	1,889	(48,337)	48,590	**2,142**
National Fiscal Stabilisation Levy	-	(5,864)	6,363	**499**
	1,889	54,201	54,953	**2,641**

(iii) Reconciliation of Effective Tax Rate

Analysis of tax charge in the year:

The charge for taxation based upon the profit for the year comprises:

	2013 GH¢'000	2012 GH¢'000
Current tax on income for the year	**48,590**	30,563
Total current tax	**48,590**	30,563
Deferred tax:		
Charged of temporary differences	**10,271**	3,640
Tax on profits on ordinary activities	**58,861**	34,203
Effective tax rate	**21.54%**	20.05%

The differences are explained below:

Profit before tax	**273,243**	170,491
Tax at 25% (2012: 25%)	**68,311**	42,623
Non-deductible expenses	**8,969**	5,243
Capital allowances	**(1,322)**	(948)
Deferred tax	**10,271**	3,640
Other deduction	**(26,528)**	(16,115)
Tax rebates	**(840)**	(240)
Current tax charge	**58,861**	34,203

Tax liabilities up to 2012 have been agreed with the Ghana Revenue Authority. The 2013 liability is subject to agreement with the Ghana Revenue Authority.

National Fiscal Stabilisation Levy is a levy introduced by the Government as a charge on profit before tax effective July 2013.

17. Deferred Taxation

	2013	2012
	GH¢'000	GH¢'000
Balance at 1 January	**5,463**	(410)
Charge to profit and loss	**10,271**	3,640
Charge to equity	**-**	2,233
Balance at 31 December	**15,734**	5,463

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	**Liabilities**	**2013 Net**	**Assets**	**Liabilities**	**2012 Net**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Property and equipment	-	2,268	**2,268**	-	1,645	1,645
Unrealised losses on trading investments	(607)	-	(607)	-	2,086	2,086
FX revaluation gain	-	13,223	13,223	-	-	-
Available for sale assets	-	2,233	**2,233**	-	2,233	2,233
Provisions	-	-	**-**	(501)	-	(501)
Net tax (assets)/liabilities	(1,990)	17,724	**15,734**	(501)	5,964	5,463

Included in deferred taxes are amounts of GH¢2,233,000 (2012: GH¢2,233,000) recognised directly in equity in respect of mark-to-market valuation on available for sale financial assets.

18. Cash And Balances With Bank Of Ghana

	2013	2012
	GH¢'000	GH¢'000
Cash on hand	**65,571**	52,449
Balances with Bank of Ghana	**545,047**	463,019
	610,618	515,468

Included in the Balance with Bank of Ghana is an amount of GH¢154,512,073 which represent vostro balances which are not available for use in the Bank's day–to–day operations per Bank of Ghana's directive.

Notes to the financial statements continued

19. Investments

(i) Short-Term Government Securities

	2013	2012
	GH¢'000	GH¢'000
Short-Term Investments	**420,301**	177,098

Short-term Government Securities comprises of Ghana Government fixed and floating rate instruments. The floating rate instruments are benchmarked against the 91 day Treasury Bill rate plus a markup.

(ii) Government Securities

	2013	2012
	GH¢'000	GH¢'000
Government Bonds	**589,027**	425,148

These are fixed and floating Government of Ghana Bonds maturing between 2013 and 2017. The floating rate instruments are bench marked against the 91 day Treasury Bill rate plus a markup.

(iii) Equity Investment

	2013	2012
	GH¢'000	GH¢'000
Investment in Subsidiaries	**1**	1

Investment in subsidiaries represents the Bank's equity interest in Standard Chartered Ghana Nominees Limited, which is a wholly owned subsidiary specifically set-up to warehouse fiduciary assets under management.

(iv) Fiduciary Activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and other institutions. The assets under management are excluded from these financial statements as they are not assets of the Bank.

These instruments are held in trust on behalf of customers and are therefore not treated as assets of the Bank and accordingly have not been included in the financial statements.

	2013	2012
	GH¢'000	GH¢'000
The total assets under the company's management which wholly relates to investment in Ghana	**7,798,910**	6,234,892

20 . Due From Other Banks And Financial Institutions

	2013 GH¢'000	2012 GH¢'000
Nostro Account Balances	**1,303**	557
Items in course of Collection	**35,086**	23,007
Placement with other Banks	**-**	131,909
	36,389	155,473

Items in course of collection are cheques or similar instruments drawn on banks and other financial institutions which are yet to be cleared.

21. Loans And Advances

i. Analysis by Type

	2013 GH¢'000	2012 GH¢'000
Overdrafts	**292,666**	205,272
Term Loans	**884,777**	792,458
Gross Loans and Advances	**1,177,443**	997,730
Impairment Allowance	**(47,199)**	(38,133)
Net Loans and Advances	**1,130,244**	959,597

The above constitutes loans and advances (including credit bills negotiated) to customers and staff.

ii. Impairment Allowance

	2013 GH¢'000	2012 GH¢'000
Individual impairment	**35,879**	30,451
Portfolio impairment	**11,320**	7,682
	47,199	38,133

iii. Key ratios on Loans and Advances

a. Loan loss provision ratio was 5% (2012: 4%).
b. Gross non-performing loan ratio with respect to Bank of Ghana Prudential Guidelines and IFRS was 16% and 12% respectively (2012: BOG: 10%, IFRS: 12%).
c. Ratio of fifty (50) largest exposure (gross funded and non-funded) to total exposures was 55% (2012: 60%).
d. Loan deposit ratio 63% (2012:56%)

Notes to the financial statements continued

21. Loans And Advances continued

iv. Analysis by Business Segments

	2013	2012
	GH¢'000	GH¢'000
Agriculture, Forestry and Fishing	**4,628**	4,699
Mining and Quarrying	**3,655**	2,643
Manufacturing	**83,102**	114,365
Construction	**2,304**	-
Electricity, Gas and Water	**2,971**	6,534
Commerce and Finance	**633,485**	603,356
Transport, Storage and Communication	**9,476**	7,741
Services	**43,055**	48,010
Miscellaneous	**59,000**	48,986
Individuals	**335,767**	161,396
Gross Loans and Advances	**1,177,443**	997,730
Impairment Allowance	**(47,199)**	(38,133)
Net Loans and Advances	**1,130,244**	959,597

v. Analysis by Type of Customer

	2013	2012
	GH¢'000	GH¢'000
Individuals	**335,767**	161,396
Private Enterprises	**753,496**	751,342
Public Institutions	**29,180**	36,006
Staff	**59,000**	48,986
Gross Loans and Advances	**1,177,433**	997,730
Impairment Allowance	**(47,199)**	(38,133)
Net Loans and Advances	**1,130,244**	959,597

vi. A reconciliation of the allowance for impairment losses for loans and advances is as follows:

	2013	2012
	GH¢'000	GH¢'000
At 1 January	**38,133**	31,413
Charge for the year	**9,066**	6,720
At 31 December	**47,199**	38,133

21. Loans And Advances continued

vii. Assets held as collateral

This comprises the following:

	2013 GH¢'000	2012 GH¢'000
Against impaired assets	**29,177**	17,381
Against past due but not impaired assets	**289,120**	101,218
Good Assets	**4,674,963**	2,365,146
	4,993,260	**2,483,745**

The fair value of the collateral held approximate to their carrying amount.

22. Property And Equipment

Cost / Valuation	At 01/01/13 GH¢'000	Additions GH¢'000	Transfers GH¢,000	At 31/12/13 GH¢'000
Asset in course of construction	3,721	889	(187)	**4,423**
Land and buildings	19,073	4,922	-	**23,995**
Computers	3,732	836	187	**4,755**
Furniture & equipments	7,329	1,843	-	**9,411**
Motor Vehicle	214	211	-	**425**
	34,069	8,940	-	**43,009**

Depreciation	At 01/01/13 GH¢'000	Charge for the year GH¢'000	At 31/12/13 GH¢'000
Land and buildings	6,132	1,533	**7,665**
Computers	1,355	1,218	**2,573**
Furniture & equipments	3,059	1,529	**4,588**
Motor Vehicle	208	28	**236**
	10,754	4,308	**15,062**

Net Book Value	
At 31 December, 2013	**27,947**
At 31 December, 2012	23,315

Notes to the financial statements continued

Cost / Valuation	At 01/01/12 GH¢'000	Additions GH¢'000	Disposal/ Write-off GH¢,000	Transfers GH¢'000	At 31/12/12 GH¢'000
Asset in course of construction	308	5,493	-	(2,080)	**3,721**
Land and buildings	18,341	-	(316)	1,048	**19,073**
Computers	12,712	1,095	(11,353)	1,032	**3,732**
Furniture & equipment	9,224	1,384	(3,040)	-	**7,329**
Motor Vehicle	404	**-**	(190)	-	**214**
	40,996	7,972	(14,899)	-	**34,069**

Depreciation	At 01/01/12 GH¢'000	Additions GH¢'000	Disposal/ Write-off GH¢,000	At 31/12/12 GH¢'000
Land and buildings	5,343	1,105	(316)	**6,132**
Computers	12,135	573	(11,353)	**1,355**
Furniture & equipment	4,898	1,201	(3,040)	**3,059**
Motor Vehicle	329	69	(190)	**208**
	22,705	2,948	(14,899)	**10,754**
Net Book Value				
At 31 December, 2012				**23,315**
At 31 December, 2011				18,291

(i) Operating leases in respect of Property and Equipment

Non-cancellable operating lease rentals are payable as follows:

	2013 GH¢'000	2012 GH¢'000
Less than one year	**1,361**	44
Between one and 5 years	**4,040**	2,251
More than 5 years	-	500
	5,401	**2,795**

23. Intangible Asset

Custody Business

At Cost	**2013 GH¢'000**	2012 GH¢'000
Balance at 1 January	**6,969**	8,146
Amount written off	**(1,177)**	(1,177)
Carrying Amount	**5,792**	6,969

The intangible asset comprise of those assets recognised as part of the acquisition of the Custody Business from Barclays Bank Ghana Limited in 2010, with the approval from the Bank of Ghana. It is being written off over eight years. The amount therein is the carrying value for the respective years.

An annual assessment is made as to whether the carrying value of the intangible asset is impaired. For the purpose of impairment, testing the intangible asset is allocated at the date of the acquisition to a Cash Generating Unit (CGU). The intangible is considered to be impaired if the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU was measured based on value in use. The calculation of value in use is based on cash flows over the unexpired period as approved by the Bank of Ghana.

Impairment testing of custody business

For the impairment testing, the custody unit was used as a cash generating unit.

Key assumptions used in value in use calculations

The recoverable amount of the custody unit have been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by senior management covering a five–year period. The following rates are used by the Bank:

	2013	2012
Discount rate	**16%**	15%
Amount written off	**11%**	10%

Discount rates

Discount rates reflect the current market assessment of the risk specific to each CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the Banking industry, determined on a pre-tax basis. This rate was further adjusted to reflect the market assessment of any risks specific to the cash generating unit for which future estimates of cash flows have not been adjusted.

Projected growth rates

Assumptions are based on published industry research

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amount.

24. Other Assets

	2013 GH¢'000	2012 GH¢'000
Accounts Receivable and Prepayments	**29,274**	13,524
LC Acceptance *	**94,421**	75,278
Accrued Interest Receivable	**39,462**	35,575
Impersonal Accounts	**4,882**	6,238
	168,039	127,615

Notes to the financial statements continued

For the year ended 31 December 2013

*Letters of Credit Acceptance - Acceptances and endorsements counter signed by the Bank is recognised on the Balance Sheet, with an equal amount recognised in assets representing the customer's obligation to repay amounts disbursed by the Bank.

25. Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

Derivatives held for trading	**Assets 2013**	**Liabilities 2013**	**2013 Net Amount 2013**	**Notional Amount 2013**	Assets 2012	Liabilities 2012	2012 Net Amount 2012	Notional Amount 2012
Interest rate swaps	**2,831**	**(2,831)**	**-**	**US$33,733**	4,853	(5,802)	(949)	US$132,589
Currency swaps	**20,078**	**(19,438)**	**640**	**GBP2,100** **US$5,692** GH¢4,721	489	(143)	346	GBP300,000 US$12,443 GH¢9,443
Forex swaps	**34,822**	**(37,279)**	**(2,456)**	US$16,113 GH¢38,050	-	-	-	-
	57,732	**(59,547)**	**(1,816)**		5,342	(5,945)	(603)	

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile.

A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

Over–the–counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

The Bank's exposure under derivative contracts is closely monitored as part of the overall management of its market risk

Forwards and futures

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject todaily cash margin requirements.

The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts that are settled on a net basis. Both types of contracts result in market risk exposure.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross–settled.

Derivative financial instruments held or issued for trading purposes

Most of the Bank's derivative trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates or indices.

26. Customer Deposits And Current Accounts

	2013	2012
	GH₵'000	GH₵'000
Current Accounts	**848,510**	976,484
Time Deposit	**109,088**	74,098
Savings Deposit	**409,598**	403,101
Call Deposit	**411,912**	250,515
	1,779,108	1,704,198

i. Analysis by Type of Depositors

	2013	2012
	GH₵'000	GH₵'000
Individuals and other Private Enterprises	**1,777,592**	1,703,183
Public Enterprises	**1,516**	1,015
	1,779,108	1,704,198

Ratio of twenty largest depositors to total deposit is 29 per cent (2012: 25 per cent).

27. Due To Other Banks And Financial Institutions

	2013	2012
	GH₵'000	GH₵'000
Vostro Account Balances	**406,195**	4,741

Included in the Vostro balance is an amount of GH₵154,512,000 which relates to accounts that the Bank holds in local currency on behalf of nonresident financial institutions because it acts as custodian or managers of the account. Also known as a loro account. This classification is in line with Bank of Ghana directive which came into effect in 2013.

Notes to the financial statements continued

For the year ended 31 December 2013

28. Dividends

	2013 GH¢'000	2012 GH¢'000
Ordinary Dividend	**54,288**	58,716
Preference Dividend	**2,349**	1,282
	56,637	59,998
Payments during the year	**(56,637)**	(59,998)
Balance at 31 December	**-**	-

The amount in the table above reflects the actual dividend per share declared and paid in 2013 and 2012. Dividends are recorded in the period in which they are declared and after it has been approved by the shareholders. Accordingly the final dividend set our above relate to the respective prior years.

The Directors are recommending a dividend of GH¢1.15 per share for ordinary shares (2012: GH¢0.47 per share) amounting to GH¢132.8 million (2012: GH¢54.3 million) for 2013 financial year, payable in 2014. This amount has not been recognised as liabilities as it is yet to be declared.

The amount in the table above reflects the actual dividend per share declared and paid in 2013 and 2012. Dividends are recorded in the period in which they are declared and after it has been approved by the shareholders. Accordingly the final dividend set our above relate to the respective prior years.

29. Interest Payable And Other Liabilities

	2013 GH¢'000	2012 GH¢'000
Accrued Interest Payable	**2,888**	1,918
Other Creditors and Accruals	**80,692**	41,919
LC Acceptance (Note 24)	**94,421**	75,278
Others (Note 25)	**1,816**	603
	179,817	119,718

30. Provisions

	Staff related GH¢'000	**Others GH¢'000**	**Total GH¢'000**
Balance at 1 January	13,233	36,927	**50,160**
Charged to Income Statement	638	1,770	**2,408**
	13,871	38,697	**52,568**
Utilised during the year	(1,280)	(3,514)	**(4,794)**
Balance at 31 December	12,591	35,183	**47,774**

Notes to the financial statements continued

For the year ended 31 December 2013

30. Provisions continued

Staff related

This relates to provisions made for staff related obligations that exist at the year end.

Others

This comprises provisions made for various operational obligations during the year. These are expected to be utilised during 2014.

31. Borrowing

	2013	2012
	GH¢'000	GH¢'000
Long term loan	**54,040**	143,160
Short-term 1oan	**16,065**	50,006
	70,105	193,166

The short-term loan represents borrowing on the local market. The applicable interest rates are bench marked against the 91-day Treasury Bill rate.

The long term loans are borrowings with related parties with a tenor of more than one year and having an average interest rate of 0.24 per cent.

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2013 or 2012.

Notes to the financial statements continued

For the year ended 31 December 2013

32. Capital And Reserves

(i) Share Capital (Stated Capital)

	2013		2012	
	No of Shares '000	**Proceeds GH¢'000**	No of Shares '000	Proceeds GH¢'000
(a). Ordinary Shares				
Authorised				
No. of Ordinary Shares of no par value	**250,000**		250,000	
Issued and Fully Paid				
Issued for Cash Consideration	**5,655**	**48,001**	5,655	48,001
Transferred from Income Surplus Account	**109,852**	**4,540**	109,852	4,540
	115,507	**52,541**	115,507	52,541
(b). Preference Shares				
Issued and Fully Paid				
No. of Preference Shares	**17,486**	**9,090**	17,486	9,090
Total Share Capital		**61,631**		61,131

There is no share in treasury and no call or installment unpaid on any share.

The preference shares are irredeemable and non-cumulative with respect to dividend payments.

(ii) Retained Earnings (Income Surplus Account)

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

(iii) Statutory Reserve

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with section 29 of the Banking Act, 2004 (Act 673) and guidelines from the Central Bank. A cumulative amount of GH¢149.2 million has been set aside in a Statutory Reserve Fund from the Retained Earnings (Income Surplus Account). The cumulative balance includes an amount set aside from the retained earnings during the year.

32. Capital And Reserves continued

(iv) Credit risk Reserve

This represents amounts set aside from the retained earnings account to meet the minimum requirements of statutory impairment allowance for non-performing loans and advances, separately from the requirement under the International Financial Reporting Standards.

(v) Other Reserves

This comprises the following:

	2013	2012
	GH¢'000	GH¢'000
Marked-to- market gains on available for sale securities (Net of Tax)	**30,438**	6,185
Amount relating to intangible asset	**5,792**	6,969
	36,230	13,154

33. Related Party Transactions

(i) Parent and ultimate controlling party

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V and its ultimate parent company is Standard Chartered PLC.

(ii) Key management compensation

IAS 24 "Related party disclosures" requires the following information for key management compensation. Key management comprises members of the Executive Management, which includes all executive directors

	2013	2012
	GH¢'000	GH¢'000
Salaries, allowances and benefits in kind	**3,470**	2,237
Pension contributions	**403**	350
Bonuses paid or receivable	**1,474**	1,090
Share based payments	**114**	92
	5,461	3,769

(iii) Transactions with Directors, Officers and other Employees

Notes to the financial statements continued

For the year ended 31 December 2013

The following are loan balances due from related parties:

	2013	2012
	GH¢'000	GH¢'000
Directors	**237**	572
Officers and other Employees	**58,763**	48,414
	59,000	48,986

Interest rates charges on balances outstanding from related parties are lower than the Bank's base rate which is in compliance with Bank of Ghana notice number BG/GOV/SEC/2012/02. This is due to the risk inherent in these products. Mortgages and sucured loans granted are secured over property of the respective borrowers. Other balances are not secured and no gaurantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period from directors, officers and employees, and no specific allowance has been made for impairment losses on balances due from these persons at the period end.

(iv). Associated Companies

Amounts due from associated companies at the balance date sheet were as follows:

	2013	2012
	GH¢'000	GH¢'000
Nostro account balances	**1,185**	230
Inter Bank advances	**-**	39,909
	1,185	40,139

Amounts due to associated companies at the balance sheet date were as follows:

Long -term borrowing	**54,040**	143,160
Vostro account balances	**110,163**	123,186
	164,203	266,346

All transactions with related parties were carried out at arm's length.

v. Management and Technical Services Fees

The Bank has two (2) agreements with the SCB Group under the Technology Transfer Regulation (LI 1547) which have been approved by GIPC. No provision has been made for agreements yet to be approved by GIPC.

vi. Share based Payments

Included in staff cost is an amount of GH¢2,670,000 (2012: GH¢2,730,999) payable to the Holding company in respect of value of equity settled share based payments allocated to employees of the Bank on a group arrangement basis.

34. Financial Risk Management

(i) Introduction and Overview

Standard Chartered has a defined risk appetite, approved by the Board, which is an expression of the amount of risk we are prepared to take and plays a central role in the development of our strategic plans and policies. Our overall risk appetite has not changed. We regularly assess our aggregate risk profile, conduct stress tests and monitor concentrations to ensure that we are operating within our approved risk appetite.

We review and adjust our underwriting standards and limits in response to observed and anticipated changes within our environment and the evolving expectations of our stakeholders. In 2013, we maintained our cautious stance overall whilst continuing to support our core clients.

The management of risk lies at the heart of Standard Chartered's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as country cross-border, market, liquidity, operational, pension, reputational and other risks that are inherent to our strategy and product range.

Risk Management Framework

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board.

Acting within an authority delegated by the Board, the Board Risk Committee (BRC), whose membership is comprised exclusively of non-executive directors of the Board, has responsibility for oversight and review of prudential risks including but not limited to credit, market, liquidity, operational and reputational. It reviews the country's overall risk appetite and makes recommendations thereon to the Board. Its responsibilities also include reviewing the appropriateness and effectiveness of the country's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on monitoring the activities of the Country Risk Committee (RiskCO) and Asset and Liability Committee (ALCO).

The BRC receives quarterly reports on risk management, including portfolio trends, policies and standards, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Risk Committee (RiskCo) is responsible for the management of all risks other than ALCO and the Pensions Executive Committee (PEC). RiskCo is responsible for the establishment of, and compliance with, policies relating to credit risk, market risk, operational risk, and reputational risk. The RiskCo also defines our overall risk management framework. RiskCO oversees committee such as Country Operational Risk Committee, Group Special Asset Management, Early Alert (SME & WB), and Credit Approval Committee.

ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to balance sheet management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate risk.

The PEC is responsible for the management of pension risk.

The committee governance structure ensures that risk-taking authority and risk management policies are cascaded down through to the appropriate functional, divisional and country-level committees. Information regarding material risk issues and compliance with policies and standards is communicated to the functional committees and country-level sub-committees.

Notes to the financial statements continued
For the year ended 31 December 2013

Roles and responsibilities for risk management are defined under a Three Lines of Defence model. Each line of defence describes a specific set of responsibilities for risk management and control.

The first line of defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities. Business and function governance heads are accountable for risk management in their respective businesses and functions.

The second line of defence comprises the Risk Control Owners, supported by their respective control functions. Risk Control Owners are responsible for ensuring that the risks within the scope of their responsibilities remain within appetite. The scope of a Risk Control Owner's responsibilities is defined by a given Risk Type and the risk management processes that relate to that Risk Type. These responsibilities cut across and are not constrained by functional and business boundaries.

The third line of defence is the independent assurance provided by the Country's Internal Audit function. Its role is defined and overseen by the Audit Committee. The findings from the country audits are reported to management and governance bodies – accountable line managers, relevant oversight function or committee and committees of the Board. The country's internal audit provides independent assurance of the effectiveness of management's control of its own business activities (the first line) and of the processes maintained by the Risk Control Functions (the second line). As a result, Internal Audit provides assurance that the overall system of control effectiveness is working as required within the Risk Management Framework.

• Credit Risk

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the bank in accordance with agreed terms. Credit exposures may arise from both the banking and trading books. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

• Credit monitoring

We regularly monitor credit exposures, portfolio performance, and external trends that may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; and Internal Risk Based (IRB) portfolio metrics including credit grade migration.

• Credit mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types.

• Traded products

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions. The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

Problem credit management and provisioning

Wholesale Banking

A non-performing loan is any loan that is more than 90 days past due or is otherwise individually impaired (which represents those loans against which individual impairment provisions have been raised) and excludes:

- Loans renegotiated before 90 days past due and on which no default in interest payments or loss of principal is expected
- Loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected

The loan loss provisions are established to recognize incurred impairment losses either on specific loan assets or within a portfolio of loans and receivables. Individually impaired loans are those loans against which individual impairment provisions have been raised.

Estimating the amount and timing of future recoveries involves significant judgment, and considers the level of arrears as well as the assessment of matters such as future economic conditions, court processes and the value of collateral, for which there may not be a readily accessible market.

The total amount of the bank's impairment allowances is inherently uncertain being sensitive to changes in economic and credit conditions. It is possible that actual events over the next year differ from the assumptions built into the model resulting in material adjustments to the carrying amount of loans and advances

Impairment losses identified in our books are prepared in tandem with GAAP principles/Bank of Ghana regulations which was until very recently replaced by IAS provisioning used in this report. Any difference which is the outcome of using the two principles above is reported in our balance sheet under Credit Risk Reserve.

Consumer Banking

In Consumer Banking, where there are large numbers of small value loans, a primary indicator of potential impairment is delinquency. A loan is considered delinquent (past due) when the counterparty has failed to make a principal or interest payment when contractually due. However, not all delinquent loans (particularly those in the early stage of delinquency) will be impaired. For delinquency reporting purposes we follow

industry standards, measuring delinquency as of 1, 30, 60, 90, 120 and 150 days past due. Accounts that are overdue by more than 30 days are more closely monitored and subject to specific collections processes.

Provisioning within Consumer Banking reflects the fact that the product portfolios consist of a large number of comparatively small exposures.

For the main unsecured products and loans secured, the entire outstanding amount is generally written off at 150 days past due. Unsecured consumer finance loans are written off at 90 days past due. For secured loans individual impairment provisions (IIPs) are generally raised at either 150 days (Mortgages) or 90 days (Wealth Management) past due.

The provisions are based on the estimated present values of future cash flows, in particular those resulting from the realisation of security. Following such realisation any remaining loan will be written off. The days past due used to trigger write-offs and IIPs are broadly driven by past experience, which shows that once an account reaches the relevant number of days past due, the probability of recovery (other than by realising security where appropriate) is low. For all products there are certain situations where the individual impairment provisioning or write-off process is accelerated, such as in cases involving bankruptcy, customer fraud and death. Write-off and IIPs are accelerated for all restructured accounts to 90 days past due (unsecured and automobile finance) and 120 days past due (secured) respectively.

Individually impaired loans for Consumer Banking will therefore not equate to those reported as non-performing, because non-performing loans include all those over 90 days past due. This difference reflects the fact that, while experience shows that an element of delinquent loans is impaired it is not possible to identify which individual loans the impairment relates to until the delinquency is sufficiently prolonged that loss is almost certain, which, in the bank's experience, is generally around 150 days in Consumer Banking. Up to that point the inherent impairment is captured in portfolio impairment provision (PIP).

Notes to the financial statements continued

For the year ended 31 December 2013

The PIP methodology provides for accounts for which an individual impairment provision has not been raised, either individually or collectively. PIP is raised on a portfolio basis for all products, and is set using expected loss rates, based on past experience supplemented by an assessment of specific factors affecting the relevant portfolio. These include an assessment of the impact of economic conditions, regulatory changes and portfolio characteristics such as delinquency trends and early alert trends. The methodology applies a larger provision against accounts that are delinquent but not yet considered impaired.

Set out below is an analysis of various credit exposures.

Analysis by credit grade of loans and advances

Loans and receivables

	2013	2012
	GH¢'000	GH¢'000
Impaired loans		
Individually impaired	**147,925**	121,922
Allowance for impairment	**(35,878)**	(30,451)
Impaired loans, net of individual provisions	**112,047**	91,471
Loans past due but not impaired		
Past due up to 30 days	**40,090**	35,296
Past due 31-60 days	**8,557**	5,547
Past due 61-90 days	**3,728**	3,705
Past due 91-120 days	**2,209**	2,678
Past due 121-150 days	**1,399**	1,240
Past due more than 150 days	**10,969**	7,634
	66,952	56,100
Loans neither past due nor impaired		
Credit grading 1-12 or equivalent	**962,566**	819,708
Less: Portfolio impairment provision	**(11,321)**	(7,682)
	1,018,197	868,126
Total net loans	**1,130,244**	959,597

Analysis of credit concentration risk

The concentration of loans and advances by business segment and customer types are disclosed in Note 21(iv) and 21(v) respectively. Investment securities are held largely in Government instruments.

Maximum credit exposure

At 31 December 2013, the maximum credit rik exposure of the Bank in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' balance sheet carrying amount or, for non-derivative off-balance sheet transactions, their contractual nominal amounts.

Notes to the financial statements continued
For the year ended 31 December 2013

	2013	2012
	GH¢'000	GH¢'000
Placements with other Banks	**-**	131,909
Loans and Advances	**1,130,244**	959,597
Unsecured Contingent Liabilities and Commitments	**164,843**	125,889
	1,295,087	1,217,395

Fair value of collateral held

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Loans and receivables

	2013	2012
	GH¢'000	GH¢'000
Against impaired assets	**29,177**	17,381
Against past due but not impaired assets	**289,120**	101,218
	318,297	118,599

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	2013	2012
	GH¢'000	GH¢'000
Financial guarantees	**600**	15,541
Letters of credit	**93,220**	67,078
Other commitments and guarantees	**71,023**	43,270
	164,843	125,889

Notes to the financial statements continued
For the year ended 31 December 2013

(iii) Liquidity Risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times, and for all currencies. Hence the Bank aims to be in a position to meet all obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitments.

Liquidity risk management is governed by the Bank's Asset and Liability Management Committee (ALCO), which is chaired by the Chief Executive Officer. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures.

ALCO has primary responsibility for compliance with regulations and Bank policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

ALCO oversees the structural foreign exchange and interest rate exposures that arise within the Bank. These responsibilities are managed through the provision of authorities, policies and procedures that are co-ordinated by ALCO. Compliance with Bank ratios is also monitored by ALCO.

Refer to Note 21 for key ratios of the bank.

An analysis of various maturities of the Bank's assets and liabilities is provided below.

Maturities of assets and liabilities

	0-3 months GH¢'000	3-6 months GH¢'000	6-12 months GH¢'000	over 1 year GH¢'000	2013 GH¢'000	2012 GH¢'000
Assets						
Cash and Balances with Bank of Ghana	610,618	-	-	-	610,618	515,468
Short-Term Government Securities	363,861	56,285	155	-	420,301	177,098
Due from other Banks and Financial Institutions	36,389	-	-	-	36,389	155,473
Loans and Advances	773,215	24,494	38,478	294,057	1,130,244	959,597
Investment in Subsidiaries	-	-	-	1	1	1
Other Assets	-	168,039	-	-	168,039	127,615
Government Bonds Medium Term Securities	97,884	96,810	144,039	250,294	589,027	425,148
Property, and Equipment	-	-	-	27,947	27,947	23,315
Intangible Assets	-	-	-	5,792	5,792	6,969
	1,881,967	345,628	182,672	578,091	2,988,358	2,390,684

Notes to the financial statements continued

For the year ended 31 December 2013

	0-3 months GH¢'000	3-6 months GH¢'000	6-12 months GH¢'000	over 1 year GH¢'000	2013 GH¢'000	2012 GH¢'000
Liabilities						
Non Derivative:						
Customer Deposits	1,778,813	221	74	-	1,779,108	1,704,198
Due to other Banks and Financial Institutions	384,579	-	-	21,616	406,195	4,741
Interest Payables and other Liabilities	83,565	94,437	-	-	179,002	119,115
Taxation	-	-	2,641	-	2,641	1,889
Deferred Tax	-	-	15,734	-	15,734	5,463
Borrowings	-	70,105	-	-	70,105	193,166
Provisions	-	47,774	-	-	47,774	50,160
Derivative	-	-	1,815	-	1,815	603
Total Liabilities	2,246,957	212,537	20,264	21,616	2,501,374	2,079,335
Net liquidity Gap						
Total Assets	1,881,967	345,628	182,672	578,091	2,988,358	2,390,684
Total Liabilities	2,246,957	212,537	20,264	21,616	2,501,374	2,079,335
Net Liquidity Gap	(364,990)	133,091	162,408	556,475	486,984	311,349

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

2013	On demand GH¢'000	Less than 3 months GH¢'000	3 to 12 Months GH¢'000	Over 12 months GH¢'000	Total GH¢'000
Financial guarantees	-	600	-	-	600
Letters of credit	-	93,200	-	-	93,200
Other commitments and guarantees	-	71,023	-	-	71,023
Total	-	164,843	-	-	164,843

2012	On demand GH¢'000	Less than 3 months GH¢'000	3 to 12 Months GH¢'000	Over 12 months GH¢'000	Total GH¢'000
Financial guarantees	-	15,541	-	-	15,541
Letters of credit	-	67,078	-	-	67,078
Other commitments and guarantees	-	43,270	-	-	43,270
Total	-	125,889	-	-	125,889

Notes to the financial statements continued

For the year ended 31 December 2013

(iv) Market Risks

Management of Market Risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's Market Risk unit which is supervised by ALCO, and which agrees policies, procedures and levels of risk appetite in terms of Value at Risk ("VaR"). The unit provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Bank. The non-trading book is defined as the Banking book. Limits are proposed by the businesses within the terms of agreed policy.

The unit also approves the limits within delegated authorities and monitors exposures against these limits.

Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools.

VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained.

The Bank's Market Risk unit complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risks that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Ad hoc scenarios are also prepared reflecting specific market conditions. A consistent stress testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The unit has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. It also considers stress testing results as part of its supervision of risk appetite. The stress test methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs. Contingency plans are in place and can be relied on in place of any liquidity crisis.

The Bank also has a liquidity crisis management committee which also monitors the application of its policies.

The Bank has not identified any limitations of the VaR methodology.

Foreign Exchange Exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions. Concentration of Ghana cedi equivalent of foreign currency denominated assets and liabilities and off balance sheet items are disclosed below:

	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Others GH¢'000	2013 GH¢'000	2012 GH¢'000
Assets						
Cash and Balances with Bank of Ghana	161,323	8,125	25,774	-	195,233	208,564
Due from other Banks and Financial Institutions	2,031	34	-	-	2,065	40,274
Loans and Advances	460,275	3,764	32,883	-	496,923	395,049
Other Assets	96,225	1,052	5,053	299	102,629	96,680
Total Assets	719,854	12,976	63,710	299	796,839	740,567

Notes to the financial statements continued
For the year ended 31 December 2013

Liabilities	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Others GH¢'000	2013 GH¢'000	2012 GH¢'000
Customer Deposits	494,801	31,073	57,420	29	583,323	516,093
Due to other Banks and **Financial Institutions**	59,521	-	-	-	59,521	144,286
Interest Payable and other Liabilities	170,797	9,006	5,759	114	185,677	227,608
Total Liabilities	725,119	40,080	63,179	143	828,521	887,987
Net-on Balance Sheet Position	(5,265)	(27,104)	531	156	(31,682)	(147,420)
Off-balance Sheet Credit and Commitments	(164,121)	(699)	(7,573)	-	(172,393)	(100,273)

Sensitivity Analysis

A 5 per cent strengthening of the cedi against the following currencies at 31 December 2013 would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

Sensitivity analysis

Effect in Cedis

31 December 2013

	Profit or loss GH¢'000
USD	**(636)**
GBP	**(2)**
EUR	**24**
Others	**8**

31 December 2012

	Profit or loss GH¢'000
USD	261
GBP	(5)
EUR	10
Others	22

Notes to the financial statements continued
For the year ended 31 December 2013

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

Interest Rate Exposure

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

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in market interest rates.

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	100 bp Increase GH¢'000	100 bp Decrease GH¢'000
31 December 2013		
Interest income impact	**25,710**	**(25,710)**
Interest expense impact	**(28,282)**	**28,282**
Net impact	**(2,572)**	**2,572**

	100 bp Increase GH¢'000	100 bp Decrease GH¢'000
31 December 2012		
Interest income impact	**15,225**	**(15,225)**
Interest expense impact	**(16,937)**	**16,937**
Net impact	**(1,712)**	**1,712**

(v) Operational Risks

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify assess, monitor, control and report such risks.

The Bank's Country Operational Risk Committee (CORC) has been established to supervise and direct the management of operational risks across the Bank. CORC is also responsible for ensuring adequate and appropriate policies, and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The CORG is responsible for establishing and maintaining the overall operational risk framework and for monitoring the Bank's key operational risk exposures. This unit is supported by Wholesale Banking and Consumer Banking Operational Risk units. These units are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures, and the provisions of guidance to the respective business areas on operational risk.

(vi) Compliance and Regulatory Risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Bank's compliance and Regulatory Risk function is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

(vii) Capital Management

The Central Bank sets and monitors capital requirements for the Bank. Under the guidelines of the Central Bank, the Bank is required to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's capital is analysed into two tiers:

Tier 1 capital, which includes ordinary paid up share capital, permanent preference shares and disclosed reserves, after deducting certain assets such as investments in capital of other Banks and financial institutions.

Tier 2 capital, which includes some reserves such as the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base, and other assets are given various classifications such as claims on government, claims on the Central Bank and contingent liabilities and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

The Bank has complied with all externally imposed capital requirements throughout the year.

There has been no material changes in the Bank's management of capital during the year.

Notes to the financial statements continued

For the year ended 31 December 2013

35. Directors' Shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2013:

Ordinary Shares

	2013	2012
Ishmael Yamson	**5,000**	9,000

36. Number Of Shares In Issue

(i) Dividend and net assets per share

Dividend and net assets per share are based on 115,507,284 (2012: 115,507,284) ordinary shares in issue during the year.

(ii) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders after adjustments for preference dividends of GH₵205,019,000 (2012: GH₵134,157,000) and 115,507,284 (2012: 115,507,284)) weighted average shares in issue.

37. Number Of Shareholders

The company had 5,606 ordinary and 972 preference shareholders at 31 December 2013 distributed as follows:

(i) Ordinary Shares

Range of shares	Number of Shareholders	Holding	Percentage
1 - 1,000	3,514	1,114,757	0.96
1,001 - 5,000	1,690	3,692,539	3.20
5,001 - 10,000	202	1,378,808	1.16
Over 10,000	200	109,321,180	94.64
	5,606	115,507,284	100

(ii)Preference Shares

1 - 1,000	778	288,682	1.65
1,001 - 5,000W	144	324,273	1.85
5,001 - 10,000	23	185,611	1.98
Over 10,000	27	16,697,899	94.52
	972	17,486,265	100

38. Employee Benefits

(i) Defined Contribution Plans

The Bank now operates the new three-tier pension scheme as directed by the National Pension Authority. This requires an additional contribution rate of one per cent to be shared equally between the employer and the employee. The Bank now pays 13 per cent (instead of the current 12.5 per cent) and the employee now pays 5.5 per cent (instead of the current five per cent), making a total contribution of 18.5 per cent (instead of the 17.5 per cent).

Out of a total contribution of 18.5 per cent, the bank remits 13.5 per cent to a restructured Social Security and National Insurance Trust towards the first tier pension scheme, out of which 2.5 per cent is a levy for the National Health Insurance scheme. The Bank remits the remaining five per cent to a privately managed and mandatory second tier for lump sum benefit.

The third tier is a voluntary provident fund and personal pension scheme which the bank contributes seven per cent of staff basic salary.

(ii) Defined Benefit Scheme

Retired Staff Medical Plan

The Bank has a scheme to pay the medical cost of some retired staff and their spouses from the date of retirement till death. Under the scheme, the Bank pays the medical cost of eligible persons with a cost cap of GH₵5000 per person. The scheme is accounted for as a defined benefit plan. The total provision carried in the balance sheet in respect of this scheme was GH₵Nil (2012: GH₵Nil). The Bank has taken an insurance policy to cover the scheme. The plan assets covered fully the obligation at the year end.

39. Cash And Cash Equivalents In The Statement Of Cashflow

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	2013 **GH₵'000**	2012 GH₵'000
Cash and balances with Bank of Ghana	**610,618**	515,468
Nostro account balances	**1,303**	557
Items in course of collection	**35,086**	23,007
Placement with other Banks	-	131,909
	647,007	670,941

Notes to the financial statements continued
For the year ended 31 December 2013

40. Details Of Shareholders At 31 December 2013

(i) Details of 20 Largest Ordinary Shareholders at 31 December 2013

Name of Shareholder	Number of shares held	(%) holding
Standard Chartered Holdings (Africa) BV	80,181,096	69.42
Social Security & National Insurance Trust	16,566,612	14.34
SCBN/SSB TST X71 AX71 6169E	2,270,514	1.97
SCBN/SCB Mauritius Re SCB Singapore Branch S/A HL	990,000	0.86
Teachers Fund	544,092	0.47
Ghana Union Assurance Company Limited	434,784	0.38
SCBN/EPACK Investment Fund Limited	395,208	0.34
Council for University of Ghana. Endowment	362,340	0.31
SCBN/ELAC Policyholders Fund	325,026	0.28
STD Noms TVL PTY/Credit Suisse Sec (USA) LLC	315,366	0.27
Anim-Addo Kojo	246,570	0.21
SSNIT SOS Fund	236,130	0.20
SCBN/SSB Eaton Vance Tax-Managed Emerging Market	207,600	0.18
STD Noms Tvl Pty/Bnym/Frontier Market Select Fund II, LP	207,354	0.18
SCBU/Unilever Ghana Managers Pension Fund	191,532	0.17
SSNIT Informal Sector Fund	171,504	0.15
University of Science & Technology	148,500	0.13
SCBN/SSB Eaton Vance Structured Emerging Market Fund	148,200	0.13
Enterprise Group Limited	145,494	0.13
SCBN/State Street Lond C/o SSB Bost RE Russell	138,000	0.12
	104,225,922	**90.23**

Notes to the financial statements continued
For the year ended 31 December 2013

(ii) Details of 20 Largest Preference Shareholders at 31 December 2013

Name of Shareholder	Number of shares held	(%) holding
Standard Chartered Holdings (Africa) BV	15,220,598	87.04
Barton Kwaku Glymin Jnr	422,019	2.41
SSNIT SOS Fund	307,692	1.76
Anim-Addo Kojo	106,806	0.61
Ghana Union Assurance Company Limited	99,351	0.57
Kudjawu Norbert Kwasivi Mr.	68,775	0.39
Akosah-Bempah F. Ophelia	54,150	0.31
Afedo Moses Kwasi	56,412	0.32
Akosah-Bempah Kwaku Jnr	40,654	0.23
STD Noms TVL PTY/credit Suisse Sec (USA) LLC/ Africa Opportunity Fund	29,366	0.17
Aryee Clifford Edward	25,000	0.14
Boye Ebenezer Magnus	25,000	0.14
EBA Holdings Company Ltd	20,661	0.12
Minkah Anthony Mr.	20,268	0.12
Nyarko John Percival Awuku Mr.	20,000	0.11
Safo Kwakye Eddie Mr.	20,000	0.11
Yankson Edem	20,000	0.11
SIC Life Trading Company Limited	19,231	0.11
NTHC Trading Account	19,231	0.11
Pensions RE. Securities Fidelity	19,231	0.11
	16,614,445	**94.99**

Notes to the financial statements continued

For the year ended 31 December 2013

41. Comparative Information

The comparative financial information, where considered necessary, have been reclassified to achieve consistency with presentation of current year figures.

42. Fair Value Of Financial Assets And Liabilities

The following sets out the Bank's basis of establishing fair values of financial instruments disclosed under note 15.

Cash and balances held at Central Bank

The fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using the prevailing money-market rates for debts with a similar credit risk and remaining maturity.

Loans and advances to customers

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

Investment securities

Investment securities with observable market prices, including debt are fair valued using that information. Equity instruments held that do not have observable market data to reliably estimate their fair values are presented at cost. Debt securities that do not have observable market data are fair valued by either discounting cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity or using quoted market prices for securities with similar credit, maturity and yield characteristics.

Deposits and borrowings

The estimated fair value of deposits with no stated maturity is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar credit risk and remaining maturity.

Debt securities in issue subordinated liabilities and other borrowed funds

The aggregate fair values are calculated based on quoted market prices. For those notes were quoted market prices are not available, a discounted cash flow model is used based on a current market related yield curve appropriate for the remaining term of maturity.

Derivatives

The fair value of derivatives is based on discounted cash flows of using observable market quotes of similar credit risk and maturity.

Form of Proxy

I……

(Block Capitals Please)

Of

……

Being Member/Members of STANDARD CHARTERED BANK GHANA LIMITED hereby appoint

……

Of

……

or failing him the duly appointed Chairman of the Meeting, as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Wednesday 28th day of May, 2014 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. Declaring a Dividend		
2.Re-electing the following Directors **- DAYO OMOLOKUN**		
- DR. EMMANUEL OTENG KUMAH		
- MANSA NETTEY		
3. Approving Directors' Remuneration		
4. Approving the Remuneration of the Auditors		

Signed…….. day of …… 2014 Signature …….. ……...

cut here **cut here**

IMPORTANT: Before posting the Form of Proxy above, please tear off this part and retain it – see over. If you wish to insert in the blank space on the form the name of any person, whether a Member of the company or not, who will attend the meeting and vote on your behalf, you may do so; if you do not insert a name, the Chairman of the Meeting will vote on your behalf. If this Form is returned without any indication as to how the person appointed a proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting. To be valid, this Form must be completed and must reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting.

This Form is only to be completed if you will NOT attend the Meeting

FIRST FOLD HERE

SECOND FOLD HERE

PLEASE
AFFIX
STAMP
HERE

The Company Secretary
Standard Chartered Bank Ghana Limited
Head Office
P. O. Box 768
Accra

THIRD FOLD HERE

CUT HERE

CUT HERE

IMPORTANT: A person attending the meeting should not produce this form

Standard Chartered
Here for good