Standard Chartered

Annual Report 2014

Driving investment, trade and the creation of wealth in Ghana

sc.com | Here for good

About us

We are Ghana's premier bank, and a member of a leading international banking group, with over 1000 employees and a 119-year presence in the country. We bank the people and companies driving investment, trade and the creation of wealth in Ghana. 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).

For more information please visit sc.com/gh

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

Cover:

The historic General Post Office building on the Asafoatse Nettey Road in the central business district of Accra

Country overview

Operating and Financial review

Corporate Governance

Financial statements and notes

Supplementary information

Notice and Agenda

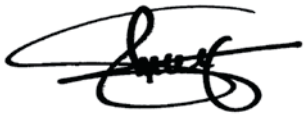
Notice is hereby given that the Annual General Meeting of Standard Chartered Bank Ghana Limited will be held at the National Theatre, opposite the Efua Sutherland Children's Park, Accra on Wednesday, 20th May, 2015 at 11.00am for the ordinary business of the Company.

Agenda

1. To receive and consider the reports of the directors and auditors, the statements of financial position as at 31st December, 2014 together with the statements of profit or loss and changes in equity for the year ended on that date.
2. To declare a dividend for the year ended December 31, 2014.
3. To re-elect a director.
4. To approve directors' remuneration.
5. To approve the remuneration of the auditors.

Dated the 12th day of February, 2015

BY ORDER OF THE BOARD



Angela Naa Sakua Okai

(Company Secretary)

Note:

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

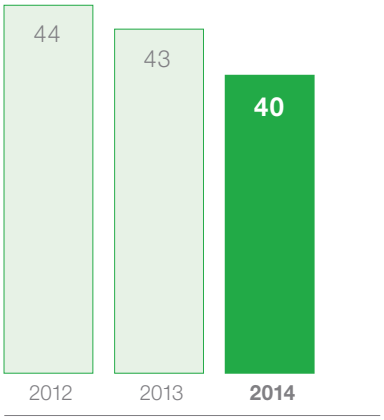
A form of proxy is attached.

Performance highlights

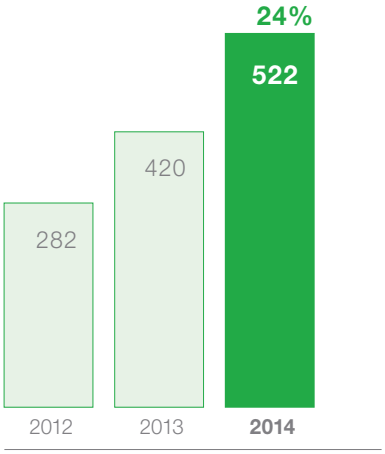
Executing our refreshed strategy

Financial highlights

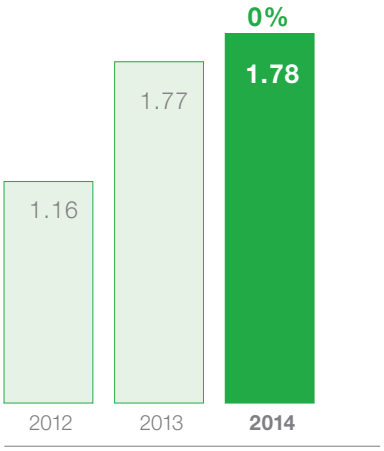
Return on equity %



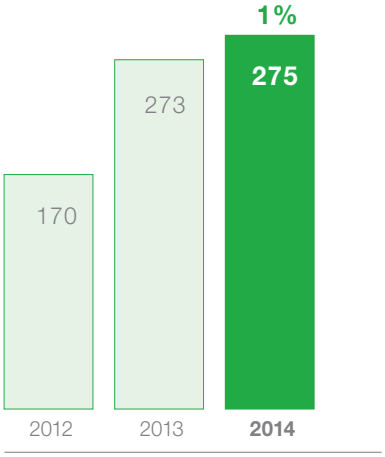
Operating income GH¢m



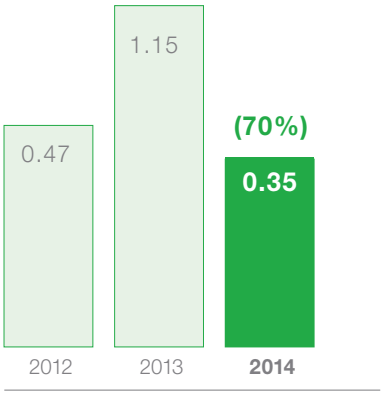
Basic earnings per share GH¢



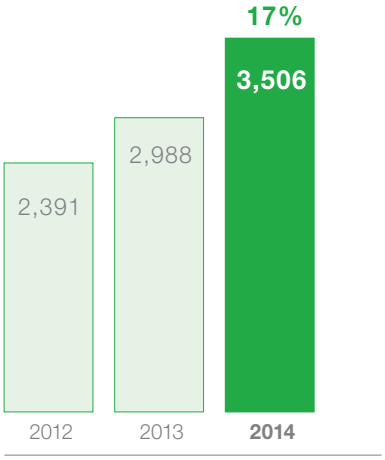
Profit before taxation GH¢m



Dividend per share GH¢m



Total assets GH¢m



Chairman's statement

Resolved to restore shareholder value

"2014 was a challenging year; with the tough market conditions providing considerable headwinds, but it was also a year when we took decisive action to refocus our strategy and to reposition for long term sustainable growth."

Ishmael Yamson
Chairman

- Operating income increased 24 per cent from GH¢420.1 million to GH¢521.7 million
- Total assets grew 17 per cent to GH¢3.5 billion
- Operating expenses increased 53 per cent to GH¢197.8 million
- Profit before tax increased marginally to GH¢274.8 million with profit after tax remaining flat at GH¢208.3 million.
- Earnings per share improved marginally to GH¢1.78, with return on avearge equity of 40 per cent

Basic earnings per share

GH¢1.78

2013: GH¢1.77

Dividend per share

GH¢0.35

2013: GH¢1.15

Distinguished shareholders, ladies and gentlemen, I have pleasure to report on the Bank's performance for 2014 to you with a more cautious sense of optimism. I have to acknowledge upfront that the tough market conditions in Ghana impacted heavily on all key variables that underlie the business of banking in the country. I am referring to market liquidity, capital, foreign exchange availability, business and consumer confidence and real economic growth. All these variables came under immense pressure in one form or the other during 2014 and these pressures, albeit less severe now, have continued into 2015 as well.

The volatile economic conditions of 2014 brought about uncertainties and challenges for most businesses and households. The environment was specifically defined by a severe macroeconomic disequilibrium characterized by a litany of unsustainable conditions; high fiscal and current account deficits, high inflation, rapid depreciation of the Ghana Cedi, high public debt-GDP ratio which was estimated to have crossed the 60 per cent threshold by some analysts (and concentrated at the shorter end of the money market), a crippling energy crisis and slowing real economic growth.

Accordingly, we observed rising energy and utility costs, a general rise in both the cost of doing business and the cost of living and a slowdown in business activities. Under such challenging circumstances, businesses and households were inevitably affected. Consequently, striking a careful balance between our growth objectives and protecting the franchise from material damage became paramount to the long term sustainability of the business.

The most direct impact of the tough operating environment experienced during 2014 was observed in two areas of our business; Operating Cost and Non

Performing Loans (NPLs). The Bank's Operating Cost rose by 53 per cent to GH¢197.8 million. This impacted our cost–income ratio which rose to 38 per cent compared to 31 per cent in 2013. The NPL ratio increased from 15.54 per cent in 2013 to 27 per cent in 2014, due to downgrades made in line with the Bank of Ghana's Prudential Guidelines. The increase in our NPLs is attributable to general lengthening of working capital cycles across many sectors as well exposure of some of our clients to payment delays from Government.

Furthermore, the Bank of Ghana in February 2015 advised all commercial banks to maintain a capital buffer of 3 per cent above the statutory minimum of 10 per cent. This directive, which was linked with dividend payment by Banks based on 2014 financial results, was intended to further improve the capital base of banks in the face of the growing market uncertainties and volatilities.

Under these circumstances, the Board is recommending a lower final dividend of GH¢0.35 per share, compared to the GH¢1.15 paid out last year. It is instructive to note that the impact of the requirement by the Central Bank for additional 3 per cent capital buffer above the statutory 10 per cent means a retention of a further GH¢63 million from our 2014 profits.

We must be realistic in acknowledging that it may be a bit premature to consider Ghana's economy to be out of the woods. Ghana's economy remains in the trough of the current economic cycle. Recovery remains incremental and constrained by extraneous factors such as weak oil and commodity prices and other global economic forces, as well as local structural bottlenecks including but not limited to severe energy crisis and high energy costs.

While the headwinds of 2014 appear to have dissipated to some extent, they have been replaced by a new set of challenges in 2015. The pace of fiscal reform that was communicated in the 2015 budget to address the macroeconomic disequilibrium in 2014 has on hindsight proved to be rather optimistic especially in the face of a sharp fall in the world crude oil prices and the crippling power crisis. Government would therefore have to revise its 2015 budget statement and possibly propose further tightening of expenditure.

The expected approval of an International Monetary Fund (IMF) Program for Ghana and the Government's own pronouncements and assurance to the market on its political will to implement home grown policies that will lead to a restoration of strong fiscal position and public debt sustainability are encouraging and crucial to returning Ghana's economy to a path of strong growth. Both the business and investor communities would welcome the attainment of this goal. Given the structure and stage of development of the Ghanaian economy, fiscal consolidation measures may lead to slower real GDP growth in the near term, until inflationary expectations and currency expectations become more anchored at lower and more tolerable levels. At the same time this will require a sustained period of policy credibility.

The Bank's performance outlook for 2015 remains positive. However, we will continue to maintain a cautious approach to growth in risks assets while we work on restoring stressed assets back into the regular portfolio within the shortest possible time. I remain very confident in the ability and commitment of the Board, Management and our staff to deliver a high standard of discipline, execution and conduct in 2015 in order to successfully sail through these turbulent times. We will continue to live up to our Here for good brand promise to all our stakeholders in Ghana.

I thank all of you, our shareholders and other stakeholders, for your continued support and confidence and especially our employees for their hard work and commitment to Standard Chartered Bank Ghana.

I wish all of you a successful 2015.

Ishmael Yamson

Chairman

12 February 2015

Chief Executive's review

Taking action to deliver sustainable, profitable growth and improved returns

"We are confident of the Bank's resilience to respond to the current economic challenges and to rebound when more benign market conditions return"

J. Kweku Bedu-Addo
Chief Executive and Managing Director

In 2014, we saw our business momentum severely blunted and overwhelmed by strong and adverse economic forces. The economic environment during 2014 was tougher and more hostile than the operating environment for 2013 that I described about a year ago. Towards the end of 2013, we correctly anticipated some business headwinds for 2014, but the timing and intensity of these headwinds took the market by surprise. You would recall that in prior years, I have consistently provided some context to investors and market analysts on our operating performance. We have consistently produced superior financial performance despite increasingly challenging market conditions in the last couple of years. However, placed within 2014's context and market realities, I would on hindsight describe prior years as relatively benign. Therefore 2014 was a not only a test of our resolve as a business but also very much a test of our resilience and the robustness of our operating model in the face of very daunting challenges.

Our overall performance in 2014 was muted relative to our record performance in 2013 and the earnings momentum the market has become accustomed to in the last five years. However with both households and businesses coming under some stress because of the difficult economic environment, our operating results for 2014 should not come as a surprise.

The drivers of economic growth in Ghana froze under a cloud of uncertainty leading to a slowdown in real GDP growth to 4.2 per cent in 2014. Burgeoning fiscal and current deficits from previous years heightened investor concerns and also sparked off speculative activities leading to a self fulfilling and viscous cycle of currency depreciation, rising inflation and high interest rates. The prolonged energy crisis further attenuated an operating environment ravaged by macroeconomic volatility by creating disruptions to productivity and escalating energy cost in the face of heavy reliance on off-grid power solutions. Under these conditions, working capital cycles across many sectors were severely disrupted, household spending decisions were inevitably affected by the rising cost of living and naturally business activity slowed down considerably through a shift in focus from growth to containment.

Against this operating environment, we had to balance a lot of moving variables to ensure that top line growth was achieved within the Bank's risk appetite and framework and local prudential guidelines while ultimately ensuring good return to investors. We had to remain very alert and frequently had to take evasive action against both predictable and unpredictable market events that presented real threats to maintaining sustainable capital and liquidity positions.

While earnings growth is below expectations, I am satisfied that given all the moving variables at play such as tighter regulations, more stringent compliance standards and conduct, internal risk models and ever increasing competition, we have delivered strong results even as we continue to manage the downside risks associated with an economic downturn, some of which are still crystallizing in 2015. Under such hostile operating conditions, protecting the franchise and running a sustainable business are equally as important as healthy year-on-year growth in top line and earnings.

Capital and liquidity

Even though 2014 was an exceptional year by all measures we remain liquid and strongly capitalized. The Bank's Capital Adequacy Ratio at the end of 2014 was 15.67 per cent well above the minimum prudential limit of 10 per cent plus the additional prudential buffer of 3 per cent recently advised by the Bank of Ghana. Structural liquidity was a key risk item for the Bank during

2014 and remains an important variable to achieve our performance target in 2015. During the first half of the year, there was considerable pressure on the US Dollar balance sheet in addition to constraints on US Dollar flows required to facilitate international trade business. We experienced almost symmetrical pressure on the Ghana Cedi balance sheet during the second half of the year. Through disciplined execution of a number of initiatives, the liquidity challenges were successfully managed. Our foreign exchange flow business also recorded significant year-on-year growth of 18 per cent.

Cost

Our objective to keep cost growth within tolerable limits was undermined by higher utility and higher energy costs associated with off-grid solutions. Under escalating cost of living conditions, upward adjustments had to be made to staff costs to remain competitive on the market and also to ensure talent retention. The reorganization of the Bank, announced in 2014 came with one-off staff rationalisation costs that were also charged to the 2014 cost. Overall cost therefore increased by 53 per cent to GH₵197.8 million compared to the same period in 2013 which culminated into a surge in the Bank's cost income ratio to 38 per cent compared to 31 per cent in the same period of 2013.

Asset quality

Loans and advances grew by 13 per cent to GH₵ 1,278 million from last year's position. Through a combination of the hostile economic reality during the year, the disruptions to working capital cycles and existing Prudential Guidelines to Banks on Loans Provisioning, there was a predictable increase in our assets classified under Non Performing Loans. This resulted in a rise of the Bank's Non-Performing Loans (NPLs) ratio from 15.54 per cent in 2013 to 27.36 per cent in 2014 in line with the Bank of Ghana (BOG) Prudential Guidelines to Banks operating in Ghana.

In addition to the disruption or lengthening of working capital cycles across sectors which led to cash flow timing issues and payment delays, the increase in NPLs can also be attributable to exposure of some of our clients to payment delays from the Government. Ultimately, we expect the outstanding issues to be resolved to enable our clients regularize their positions with the Bank. It is however important to note that classification of NPLs under BoG Prudential Guidelines is based on number of days past due, without consideration for value of non-near-cash security held and estimated future cash flows. This is a material departure from International Financial Reporting Standards (IFRS) and accounts for the difference in the computed ratios under both basis. On the basis of IFRS, NPLs ratio remained relatively flat, reducing slightly from 12.57 per cent in 2013 to 12.38 per cent in 2014.

Regular staff engagement has been critical to keeping us focused on our commitment to our stakeholders.

Income growth

The Bank delivered double digit revenue growth of 24 per cent, growing from GH₵420.1 million in previous year to close at GH₵521.7 million. The Bank enhanced core and cross-sell business and aggressively improved focused sales efforts in all products and segments. The Net Interest Income grew by 19 per cent to GH₵ 333.8 million on the back of loans and advances growth of 13 per cent. The Non Funded income grew by 34 per cent to GH₵187.8 million on the back of strong performance in foreign exchange, trade and wealth management during the second half of the year. Our strong top-line growth was achieved despite the liquidity squeeze experienced and foreign exchange supply disruptions experienced during the year.

Conduct

Our people, our internal culture and how we conduct ourselves will make a huge contribution to sustaining our success as a business. The Bank has therefore launched a comprehensive programme across all presence markets called Raising The Bar on Conduct. It encompasses conduct standards to which every employee within the Standard Chartered Group is held to. The objective is that good conduct will be an integral feature and influence in all actions and decisions we take as a Bank. To this end our performance process has been reconfigured to take into account how we conduct ourselves and how we manage operational risk and also comply with local regulations and internal policies and procedure. An important aspect of the Overall Conduct Agenda is Financial Crime Risk Mitigation. The Standard Chartered Bank Group is investing significant resources to beef up its systems and improve processes around financial crime risk.

Here for good

Within the year, our Group Office in Singapore delivered on a promise to the Ghana Government to facilitate the development of Ghana's Payment Strategy Roadmap in line with best practice and emerging trends around the world. The project was a positive response to a request from Ghana's authorities for international partnership to develop a strategic framework aimed at migrating Ghana's payment systems towards a cash-lite economy and one that facilitates greater financial inclusion. Key among the recommendations is the proposed formation of a Payment Council which would be a major stakeholder that would own and execute the agreed roadmap.

Education is one of the two pillars of the Bank's Community Investment approach which falls under its Sustainability agenda. To enrich our efforts in this regard, the Bank, in 2009, reactivated two inactive educational trust funds, the Standard Chartered Bank Kenneth Dadzie Memorial Education Trust Fund and the Standard Chartered Science Education Trust Fund, which were established in 1996 but had been dormant since 2004. The two Funds were set up by the Bank to support the education of brilliant but needy students to be selected from five public Universities in Ghana. I am pleased to announce that In 2015, the first set of 35 beneficiaries will receive funding from the Trust Funds.

Conclusion

Ghana's economy continues to experience some challenges linked intrinsically with the pace of local economic policy reforms to restore confidence and high real economic growth. The influence of extraneous factors such as international commodity prices, currency rates and interest rates can also not be ignored.

I am confident of the Bank's resilience to respond to the current economic challenges and to rebound when more benign market conditions return. The strategies and initiatives we have taken continue to bear fruit on the top line. What would be critical to our success would be to contain cost and to successfully reduce the level of impairment.

The underlying drivers of economic growth in this market - demographics, urbanisation and investment in infrastructure - remain immensely strong.

I want to assure you that our focus remains on diligent execution of various initiatives ranging from business growth, technology, Conduct and Culture in a balanced manner in order to place our Bank in prime position now and well into the future.

Thank you.

J. Kweku Bedu-Addo

Chief Executive and Managing Director

12 February 2015

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 across Ghana

Our brand promise

Here for good

Our aspirations

Relationships
Build trusted relationships with the people, companies and institutions shaping our market's 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 market

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

Our business model

How we create value

Banks play a crucial role in economies by facilitating payments and converting short-term deposits into long-term financing. Through these activities we take on and manage risk.

As a member of an international banking group focused on Asia, Africa and the Middle East, we serve a wide range of clients from individuals and small and mid-sized businesses to large companies and financial institutions, helping them to build, grow and protect their wealth. Read more about our business on pages 22 to 27.

We have a clear strategy and in 2014 reorganised our business to help us better support our clients and meet our aspirations. Read more about our strategy on page 12.

Our business model is focused on sustainable value creation

We build deep relationships with our clients

- **Retail Clients** – individuals and small businesses
- **Commercial Clients** – mid-sized companies
- **Corporate & Institutional Clients** – large companies and financial institutions

We add value for our clients by using our distinctive strengths

- **Brand** – we have a 119-year history in Ghana and our Here for good brand promise captures what we stand for
- **Capital** – we are strongly capitalised and highly liquid, allowing us to support our clients for the long term
- **Local depth** – we draw upon deep local knowledge and experience in the markets in which we operate
- **Network** – we collaborate to support clients across our client segments, product groups and geographies
- **People** – our diverse and inclusive workforce is committed to the highest standards of conduct and integrity

And provide solutions that meet their evolving needs

- **Retail Products** – deposits, savings, and personal loans, and other retail banking products
- **Wealth Management** – investment, portfolio management, and advice and planning services
- **Transaction Banking** – cash management, transactions, securities holdings and trade finance products
- **Corporate Finance** – financing, strategic advice, and equity and principal financing
- **Financial Markets** – investment, risk management and debt capital services

We ensure that the value is sustainable by focusing on three key priorities

- **Being a responsible company** – managing our operations to deliver long-term value for our stakeholders
- **Contributing to sustainable economic growth** – ensuring that our core business of banking supports sustainable growth and job creation
- **Investing in communities** – working with local communities to promote social and economic development

Through these activities, we generate income, profits and return on equity

- **Income** – net interest income, fee income and trading income
- **Profits** – income gained from providing our products and services minus expenses, impairment and taxes
- **Return on equity** – profit generated relative to the equity invested

And create long-term value for a broad range of stakeholders

- **Clients** – enabling individuals to grow and protect their wealth, and helping businesses to invest, trade and expand
- **Shareholders** – delivering long-term sustainable value for investors
- **Employees** – providing a great place to work
- **Society** – supporting growth and job creation, delivering financial innovation and helping to address the most pressing challenges facing the communities in which we work

People

Supporting the organisation through change

Our highlights in 2014

- Delivered the One Bank agenda, ensuring sustainability of the Bank's business while preserving the brand promise of Here for good
- Developed and implemented a robust Employee Relations (ER) agenda for consistency in application of ER policies, processes, stakeholder management and engagement while building on the relationship between the Bank and the Union to implement organisational changes and improve the Employee Value Proposition (EVP).
- Successfully launched My Voice employee engagement survey; aligned with our priorities for targeted deployment of engagement drivers.
- Transformed our approach to developing our top talent through centralised High Potential (HIPO) management, the Emerging Leaders Program (ELP) and the Country Talent Council
- Ensured strong focus on conduct by increasing individual accountability and the capability of our line managers.
- Restructured our top leadership team, enhanced the leadership capabilities of our executives and built succession planning for our senior managers, grooming agile and adaptive leaders to steer the bank and implement the change agenda
- Conducted a comprehensive review of medical benefits resulting in the deployment of enhanced value and wider range of services for staff

Becoming one bank

Following 10 years of the Standard Chartered Group's consistent growth and high performance, 2014 presented an opportunity to refresh the Group's strategy and reorganise for accelerated growth. As a member of the Group, Standard Chartered Bank Ghana Limited from 1 April 2014, took the critical step of reorganising our structure to drive efficiencies and strengthen collaboration in order to improve productivity and deepen employee engagement in line with the Group's direction.

Driven by the single global business, the new structure of the Ghana franchise will deliver the client-centric strategy and underline our commitment to operate as one Bank. Together with the reorganisation of the retail client operating structure, the Bank is best aligned to deliver our strategy of growth, underpinned by an ecosystem of a sharpened conduct agenda, refreshed values based behaviours, diversity and inclusivity as well as leadership. We have significantly shifted the dial on employee engagement.

The One Bank structure has therefore reinvigorated the momentum of growth and puts us back on the trajectory for success. Our brand promise of Here for good, our values and our priorities remain central to the way we do business and relate with our stakeholders. It is also a real differentiator from competitors. We bank the people and companies who are driving investment, trade and the creation of wealth.

People

We continue to pursue a strategic people agenda that supports the organisation through change in order to take advantage of the opportunities in our environment. Our dynamic workforce comprises 1,255 staff spanning three generations and representing 12 nationalities. Our headcount grew by 17.5 per cent mainly due to the revamp of the sales workforce in Retail Clients and further recruitment to support the delivery of the digitisation agenda. We have a fair gender balance of 53 per cent males and 47 per cent females with a gender distribution at the Executive level comprising 42 per cent females. There are 5 nationalities represented in our Executive Committee and this level of diversity has strengthened the robustness of discussions and decision making.

Employee engagement

In 2014 we launched My Voice, our new employee engagement survey aligned to our organisational aspirations. The survey replaces the Gallup employee engagement survey utilised from 2001 to 2012 and provides greater insight into our engagement drivers across the Bank.

The design of the survey enables the Bank to ascertain the gap between the engagement of employees and the importance they attribute to various engagement factors in order to determine opportunities to improve staff experience. Over 90 per cent of our employees participated in this survey and provided us with opportunities to understand what matters most to them as well as the areas that required attention. Our employees demonstrated through the survey that they understood the Bank's strategy, and identified with the Bank's priorities. High scores were registered on conduct indicating a high level of commitment on the part of employees.

Managers are working with their teams to improve engagement further through action planning as a key driver to taking cognisance of our areas of improvement

In its inaugural year, over 90 per cent of employees completed our new employee engagement survery, My Voice

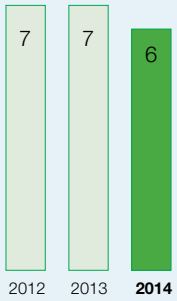
Learning and development

Growth in training spend
36.6%

Average spend on training per employee
GH¢672.50

Average training days per employee
5

International graduate recruitment (number of hires)



in order to position the Bank as best-in-class when it comes to employer brand in the industry.

Conduct

Operating within a highly regulated business environment, the Bank recognises the need to maintain a keen focus on the conduct of its staff. Understanding and aligning to the refreshed Code of Conduct is paramount to driving the behaviours of employees, each one of whom recommitted to the code in the last quarter of 2014.

Through our Fair Accountability principles, we have made a commitment to create a fair, consistent and transparent approach to the way we act and the way we make decisions across the Bank. The principles also guide the way we make decisions when things go wrong.

The rollout in Ghana kicked off with a live video broadcast by the Chief Executive Officer to employees across the Bank's locations. Line Managers have been trained on how these principles should be put into practise when managing their teams when situations arise.

Building our talent pipeline

Our International Graduate (IG) and Fast Track Graduate (FTG) programmes remain strong pillars of the Bank's talent strategy. The 2014 intake comprised three International Graduates and three Fast Track Graduates across the Bank. Graduate recruitment is a sustained part of our recruitment process which provides the Bank with a young, vibrant and bright talent pool. Following the restructure of the Bank we have merged the erstwhile Consumer Banking and Wholesale Banking programmes to align with our One Bank strategy.

The Human Resource (HR) function continues to support Line Managers to build competence to perform their duties as the first line, driving the delivery of the Bank's performance aspirations. Recognising the all important role Line Managers have to play, comprehensive training programmes were delivered in the areas of performance, disciplinary and grievance management as well as interview skills. Managers were engaged on the need to harness individual potential and strengths to build high performing teams.

Investing in leadership capabilities

We continue to invest in our next generation of leaders at all levels of the organisation through focused leadership development programs to help them grow in their careers. Our restructured Executive Committee (EXCO) was further strengthened with business skills benchmark training. Grooming adaptive leaders, able to keep pace, and lead in ambiguous circumstances, with the changing environment within which the Bank operates, is critical to achieving success in the next phase of the Bank's growth trajectory.

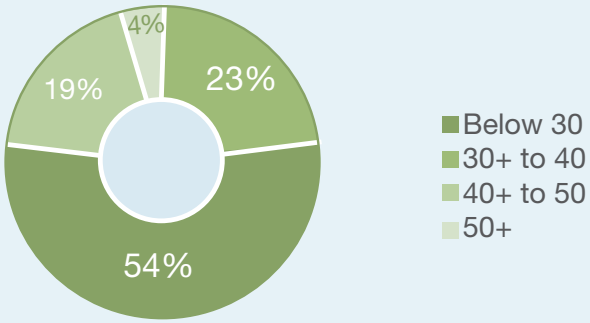
Our talent programme continues to deliver targeted development for our top performers. The talent pool has grown and we have been able to give opportunities for some of our talent to experience Short Term Assignments (STAs) within the Group and in some cases, step into stretch roles or move into bigger ones. The Emerging Leaders Program (ELP), championed by the Bank's Africa CEO, provides valuable leadership exposure for a select group of the Bank's top talent. The 2013 and 2014 cohort of participants benefitted from a well structured programme which has been proven to enhance their capabilities. Seven of our employees between Grades Five and Six, embarked on the ELP in 2014, two of them have since moved into more stretching roles outside Ghana whilst the rest of them have moved into more complex roles.

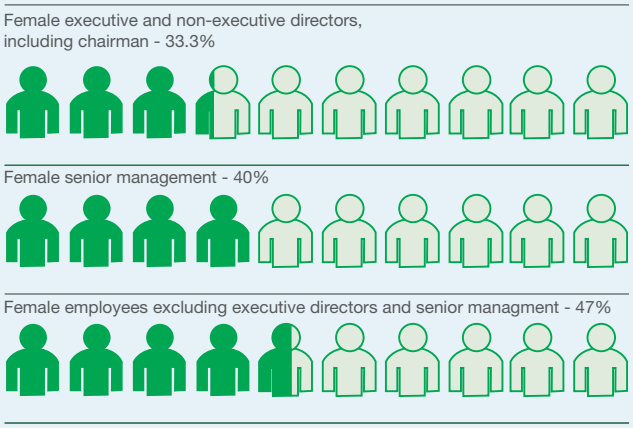
Delivering futuristic employee relations

We have always pursued a comprehensive employee relations strategy, built on transparency and trust, which has led to a fair environment for employee engagement and productivity. This collaborative relationship with the Unions and the Management of the Bank led to the

Diversity and inclusion

Staff breakdown by age bracket





successful restructure of the Group Shared Service Centre (GSSC) and Group Technology and Operations (GTO) to enhance the productivity and efficiency of the Bank. Standard Chartered in Ghana continues to enhance the wellbeing of employees, balancing the needs of our diverse workforce to achieve the best value for our people

Standard Chartered Bank Ghana Limited has made immense progress towards achieving a stable employee relations outlook. This has been attained on the backbone of reinforced governance structures, pursuit of a collaborative agenda and strengthening of the fundamentals of trust and responsiveness. Working together as partners to deliver on the Employee Relations agenda, the Bank and Union have been able to deliver on the Fit for Growth agenda while sustaining staff engagement and wellbeing. We will continue to work in partnership with organised labour within the mandate of the labour law and in line with Group policies and procedures to deliver a future focused ER strategy.

In 2014, employees had yet another opportunity to undergo a complete health check, the second since its implementation in 2013. The annual health screening was instituted to ensure employees stayed in optimum health and that health risks were proactively managed. We are committed to continually improving the medical benefit for employees through the comprehensive review of the medical care offered, thus contributing to a strong employee value proposition.

Our priorities in 2015

- Raise the bar on Conduct through creating an environment conducive to good conduct where employees can take personal accountability for their actions.
- Drive engagement and productivity through the management of talent and equipping employees with the skills to deliver and align their roles to the re-organised Bank.
- Develop the people management skills of Line Managers for improved employee experience
- Support the business to deliver on the refreshed strategy in order to embed a client centric approach
- Ensure strategic delivery of the Talent Acquisition function to build a sustainable pipeline for key roles
- Enhanced delivery of learning for individual growth aligned to the growth of the business.

Sustainability

Promoting sustainable economic and social development

Our highlights in 2014

- GH¢34.4 million of lending was provided to microfinance institutions (MFIs)
- 100 per cent of staff in Ghana recommitted to the Group Code of Conduct
- Ghana reduced energy and water intensity use by 23 per cent and 35 per cent respectively in 2014, emerging as the best example in Standard Chartered Africa
- Seven partner hospitals assisted with equipment and 54 Trainer-of-Trainers trained in primary eye care across 35 partner districts. Over 4,336 surgeries so far supported by the Seeing is Believing Phase Five project in Ghana in 2014
- A total of 1,730 Employee Volunteering (EV) days recorded in 2014, representing 150 per cent of the country target
- 40,000 lives were touched, in 2014, as a result of the Bank's Living with HIV (LwHIV) outreach activities
- Over 7,000 students from six secondary schools benefitted from our Financial Education programme in 2014
- We delivered 1,000 dual desks to 10 schools thereby providing sitting places for 2000 school children in 2014 under the Schools Desk Project
- Staff of the Bank planted about 2,000 seedlings in some rural communities in support of the Environment Ministry's programme to combat dessertification in the country.

Sustainability and our business

As one of the leading financial institution in the country, we have committed to promoting positive social and economic development in Ghana.

We see Sustainability not just as the savings we make in the use of energy, or raising money to support worthy causes, even though both activities count as gains for the Bank and our stakeholders, including clients. Sustainability is embedded in our brand promise, Here for good, and affects what we do: the way decisions are made, the contribution we make to the local economy and the impacts that we have made driving investment, trade and the creation of wealth in Ghana.

Our ambition is to be Ghana's best international bank. This means getting the basics right: being financially stable, continuously improving our governance and seizing the opportunities presented by our market to provide and promote sustainable economic growth.

Our approach continues to focus on three key priorities: Contributing to sustainable economic growth, being a responsible company and investing in communities.

Contributing to sustainable economic growth

We have used our core business of banking to facilitate economic activity in Ghana by helping businesses to grow, supporting clients with a full range of products to facilitate trade and investment.

We provided GH¢1,278 million in lending to our clients in 2014. The funding supported diversification and expansionary drives of the businesses involved and gave individuals the opportunity to invest and provide stability for future generations. By doing all of this responsibly and efficiently, we can have a positive effect on sustainable development in our market, contributing to economic growth in the long term and enabling communities, businesses and people to thrive

Access to financial services

As a Bank, we are committed to providing products and services to individuals and companies driving local, regional and global economic development and job creation. We support trade, infrastructure and other key sectors of the economy that create the foundation for long-term sustainable growth. We actively share our expertise with clients, governments, regulators and communities to help deepen financial markets and strengthen the financial sector.

Ghana continues to undergo change, creating new opportunities for economic growth. We are helping our local clients realise these opportunities by providing dedicated financial services to the local entrepreneurs and businesses that are leading innovation and employment generation. Our Commercial Clients (CC) business was set up in October 2014 to meet the specialised needs of the "missing middle" which is made up of the medium-sized companies in the mid-stage of their life-cycle sitting between the small and medium enterprises and the large corporate entities. Our funding to the CC segment at the end of 2014 stood at GH¢259 million (US$87.6 million) with an additional GH¢127 million (US$40 million) expected to be added by the close of 2015.

We allocate capital to key sectors in the economy including agriculture, trade and infrastructure. In 2014, we provided GH¢568.7 million (US$ 179 million) financing to the cocoa and other commodity traders and Agribusiness portfolio. Support for the Oil sector stood at GH¢1,223.1 million (US$385 million).

Stakeholder engagement

We maintain ongoing dialogue with stakeholders and draw upon their feedback to develop our business strategy, identify new opportunities and manage risks.

Clients: we engage with our clients to ensure that the products and services we offer meet their personal and business needs. We seek to provide the highest levels of service and actively work to identify and resolve complaints. In 2014, the Bank achieved an overall Net Promoter Score (NPS) score of 70, a 10-points improvement on our 2013 score of 60 and 5 points over our 2014 target of 65.

Employees: we have continual dialogue with our employees for feedback on our role as an employer. In 2014, we launched My Voice, our new employee engagement survey, with participation from over 90 per cent of employees.

Communities: we work with local and international non-governmental organisations and government institutions to understand the social, economic and environmental concerns of the communities where we operate and to deliver our community investment programmes.

Shareholders: we share our sustainability activities with our shareholders with a view to seeking their feedback in order to deliver a greater and a more differentiating impact on the country

Regulators, government and other corporate institutions and bodies: we engage regulators, governments and other corporate institutions in our efforts to address sustainability issues in our markets. In 2014, we engaged the Ministry of Health, other corporate institutions and international non-governmental organisations in seeking solutions to the challenges in the eye care delivery system in Ghana.

Many of our markets are hampered by unreliable infrastructure, which can impede economic growth. The Group has made a US$5 billion commitment to support Power Africa - a five-year multi-stakeholder partnership to help bolster investment in power generation across Sub-Saharan Africa – from 2013 to 2018. Power Africa proposes ambitious strategies for energy sector development, beginning in six focus countries: Ethiopia, Kenya, Tanzania, Liberia, Ghana, and Nigeria. The Group is providing advisory, financing, debt-structuring services and policy framework development. The Group's efforts in 2013 and 2014 are expected to culminate in the creation of over 900 megawatts of additional generation capacity in Africa. Currently, Ghana has 2,719 mega-watts (MW) of installed generation capacity to serve a population of 25 million. This is however inadequate and unreliable, and is a paramount constraint to the country's economic growth. To improve Ghana's situation, reforms need to be undertaken in order to continue to secure private-sector investment. To this end, Power Africa is undertaking a pressing, near-term action plan to improve the creditworthiness of Ghana's off-takers and distributors of electric power. Ghana is hoping to achieve 5000mw of generating capacity by the end of 2017. Standard Chartered's participation in the Power Africa Initiative is a typical story of how the Bank makes a significant difference in its markets, enabling GDP growth and enhancing the African region's opportunities all in line with its Here for good brand promise.

We provide financial products and tools to help our clients enjoy a more convenient banking relationship with us. In 2014, we rolled out capabilities to improve our digitization drive. Today, well over 70 per cent of our clients transact business with the bank online, thereby reducing their visits to the banking halls. This has helped decongest our banking halls and reduced significantly the turnaround time for clients. Additionally, we also provide the necessary support for our clients to reach individuals who lack access to banking services. In the year under review we provided GH¢34.4 million to microfinance institutions.

Environmental and social risk management

To achieve long-term sustainable development, we must responsibly manage environmental and social risks. The Group has well-established position statements that set out the standards we expect of clients and ourselves, including application of the Equator Principles.

In 2014, the Group revised its environmental and social risk assessment procedures and underlying templates. These procedures assess alignment with our Position Statements and are completed as part of our credit approval process for all clients and certain transactions. Potential issues are identified and referred to a specialist team for a more in-depth review. For all identified risks, we seek to develop effective mitigating measures. Where

this is not possible, transactions have been, and will continue to be, turned down.

Being a responsible company

Our commitment to sustainability is about more than the economic activity we finance for our clients. It is also about how we develop our people and manage our business to create long-term value for our stakeholders and deliver on our brand promise, Here for good. In 2014, we continued to strengthen our corporate governance framework, made a significant investment in our financial crime remediation programmes.

Governance

Robust governance is the foundation for establishing trust and promoting engagement between a company and its stakeholders. We see governance as critical to our commitment to being a responsible company and continuously look for ways to strengthen our approach. In 2014, the refreshed Sponsorship and Donations Policy has provided a robust framework within which to deliver the Community Investment aspect of our sustainability agenda. This ensures that all key stakeholders and relevant levels of authority are engaged ahead of the Bank committing to any community investment related activity.

People and values

As part of our one-bank approach, we continue to embed our culture and values throughout the Bank. We invest in our people through learning and development programmes with 86 per cent of employees receiving training in 2014. To further understand the views of our employees, in 2014 we launched a new employee engagement survey, My Voice, in which over 90 per cent of employees participated.

We respect human rights across our business. This includes our human resources policies and our procurement decisions as set out in our Supplier Charter. We 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.

Financial crime prevention

Financial crime hinders economic progress and harms individuals and communities. We strive to have the most effective financial crime compliance programmes in order to protect our clients, employees and the places where we do business. Our goal is to prove that we are leading the way in combating financial crime, while providing a quality service for our clients. Each year more than 1,000 employees complete training in order to be able to prevent bribery, corruption and money laundering. Our commitment to this work is absolute.

Responsible selling and marketing

Supporting the needs of our clients and delivering a high-quality client experience is a priority across the business. We focus on treating clients fairly. We have robust local and global policies and procedures in place to make sure that complaints are identified and resolved quickly. This has improved our service proposition and consequently our Net Promoter Score has seen a 10-point increase over the 60 points achieved in 2013.

Environment

We seek to minimise the impact of our operations on the environment. In a "charity begins at home" approach, we reduced our energy use by 23 per cent and our water use intensity by 35 per cent in 2014, putting Ghana ahead of all other Standard Chartered markets in Africa with respect to internal environmental practises. To manage energy and water use across our properties in 2014, we collaborated with landlords to make sure that 34 per cent of our new and renewed leases are green.

Suppliers

We made further progress in engaging our suppliers to meet leading environmental and social standards by joining the United Nations Global Compact (UNGC) Supply Chain Sustainability Workstream in 2014. In addition to adhering to our Supplier Charter established in 2012, we encourage our suppliers to adopt the 10 UNGC principles relating to issues such as human rights and labour.

Investing in communities

Promoting the social and economic development of communities is fundamental to our strategy supporting sustainable economic growth in our markets. In 2014, we invested GH₵357,000 in community programmes. Our programmes focus on environment, health and education, with youth as a target demographic. We also support emergency response efforts in our market.

Community programmes

The economic prosperity of a community depends on a healthy and productive population. Seeing is Believing (SiB), our flagship community programme, provides funding to address avoidable blindness and promote quality eye health. The Bank continued to work with its partner (Operation Eyesight Universal) on the SiB Phase Five project which covers 35 districts across the ten regions in Ghana.

The project is valued at US$1, 249 million out of which the Bank is contributing 80 per cent and Operation Eyesight Universal 20 per cent. Approximately 7.5 million out of Ghana's 25 million population will benefit from the project by the end of June 2016 through strengthening and integration of eye care into the primary health care system. Since 2011, SiB has so far supported a total of 11,030 surgeries, with 4,336 undertaken in 2014. In the course of the year under review, we have also assisted

seven partner hospitals with equipment, trained 54 Trainer-of-Trainers in primary eye care across the 35 partner districts, funded TV commercials on the need to seek appropriate eye health, started a national baseline survey on blindness and visual impairment in Ghana in partnership with the Ghana Health Service, Swiss Red Cross and the Ghana College of Physicians and Surgeons. From 2003 when SiB was launched to June 2016 when the Phase Five project would come to an end, it is estimated that the Bank would have invested about US$3 million in eye care in Ghana and delivered benefit to close to 14 million people, half of Ghana's population.

Our Living with HIV (LwHIV) programme marked 15 years of providing education on HIV and AIDS to our staff and communities in 2014. Throughout the year under review, we focused on 'Positive Living' initiatives, encouraging colleagues to get involved in reducing the fear and stigma associated with HIV and AIDS. Cumulatively, some 40,000 lives were touched, in 2014, as a result of the outreach activities through the efforts of our network of champions and other staff who volunteered their time. Target-beneficiaries for our programmes include students, market women, people in deprived communities and our staff and staff of our partners, Ghana AIDS Commission and the Ghana Business Coalition for Employee Wellbeing.

Education provides opportunities for individuals and communities. Delivering financial education to the youth in our communities is a key part of the Bank's community agenda. Through the efforts of our staff over 7,000 students from six secondary schools gained an improved insight and understanding of savings, wealth creation and management helping them acquire a key life skill for the future.

Our flagship education initiative, the Schools Desk Project, focuses on improving the classroom experience of young people by providing dual desks to deprived schools. In 2014 we delivered 1,000 dual desks to 10 schools thereby providing sitting places for 2000 school children. Since its inception in 2007, the Schools Desk Project has delivered a total of 14,800 dual desks to 148 deprived schools benefitting close to 60,000 school children across Ghana's 10 regions.

Employee volunteering

Our staff is highly engaged in employee volunteering (EV). Every employee is entitled to three days of paid volunteering leave annually. We integrate volunteering into our community programmes and encourage skills-based volunteering. In 2014, Ghana contributed 1,730 volunteering days, translating into 150 per cent of our target and thereby contributing significantly to the overall Africa region performance. The activities our staff engaged in covered Health, Education and Environment.

Our priorities in 2015

- Progress our Power Africa commitment to bolster investment in power generation
- Continue to train staff on our environmental and social risk procedures
- Continue to engage staff on our conduct agenda
- Promote our targets to improve energy efficiency across our properties
- Encourage skills-based volunteering to support the needs of our local communities.

Our business

Sharpening our focus and reshaping the business to better support our clients and deliver future growth

"Having reshaped the business we are unlocking the potential for growth and driving collaboration to benefit our customers"

Henry Baye
Head, Retail Clients

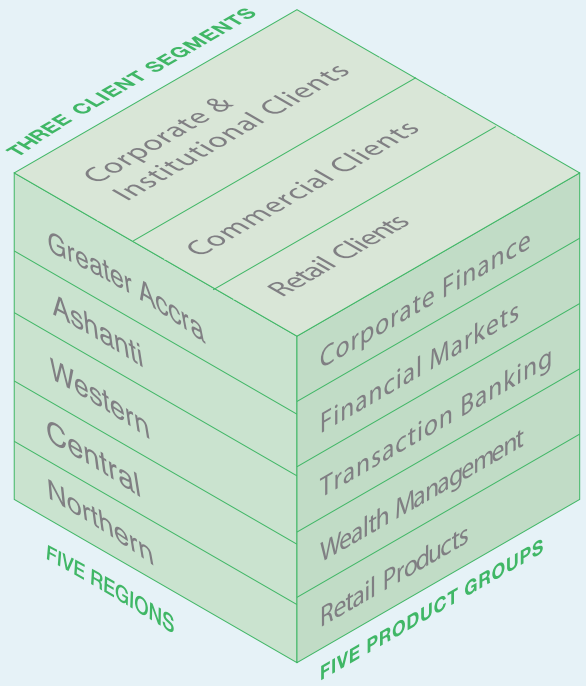
"Our clients' needs will continue to shape our approach and will be critical in determining how we deliver value"

Tejinder Singh
Head, Corporate and Institutional Clients

"This market offers huge opportunities for us to grow with businesses and to contribute sustainably to the economy"

Kwabena Boateng
Head, Commercial Clients

Our client segments, product groups and regions



Aligning to deliver our strategy

The Bank experienced tough market conditions in 2014, manifesting in rising energy and utility cost, rising inflation and labour cost and a depreciating currency. The banking sector in general was impacted by these challenges, resulting in a significant increase in the cost of doing business and of living. Our performance was impacted by this development as well as by a combination of our organisational restructuring and compliance to regulatory guidelines however it is reassuring to note that the Bank showed significant resilience by delivering a considerable increase of 24 per cent in revenue.

Operating profit rose by one per cent to GH¢275 million reflecting the challenging macroeconomic condition, increasing loan impairments and action taken to reshape and de-risk the business in line with the central bank's prudential guidelines. Significant investment was made across the business to ensure exemplary conduct, including training and development: recruitment processes and incentive and specific programmes focusing on combating financial crime and money laundering.

We are committed to taking further action to get back on a track of sustainable, profitable growth, and we continue to make progress in a number of areas.

We understand and are responding to the challenges we face, re-orienting to place greater emphasis on the areas of our business that represent greater opportunities. The first thing we did in 2014 was to reorganize ourselves to align completely with the Group's strategic intent: banking the people and companies driving investment, trade and the creation of wealth in Ghana. This is about client relationship, products and geographic focus, and it is the foundation of everything we do. We are now organised to have three clients segment, supported by five product groups. We are one bank with one business offering a differentiated service across 27 business locations including branches in Ghana.

The reorganisation also created greater alignment with the different areas of our business, allowing us to serve our clients better, grouping them logically and in line with their needs. It has also enabled us to streamline our support structure and realise a number of cost efficiencies.

Unlocking opportunities

We are well placed to capture the opportunities that exist within and between our client segments and product groups.

Across all clients segments our aim is to build sustainable, long-term and trusted relationships with our clients. With the creation of Commercial Clients , our segment for mid-sized corporate, we are now better able to deliver on this, serving clients across different segments to meet their changing needs as they diversify, grow and prosper.

This approach also enables us to drive referrals between segments- banking both the personal and business needs of our clients- and draw on the capabilities from across the breadth of the business to bank the employees and supply chains of our clients.

From a product perspective, we have from a model whereby product groups typically served either Consumer of Wholesale Banking, to one where each product group serves client needs across multiple segments. This allows greater sharing of our product and platforms capabilities.

Reshaping the business

In 2014, in order to align more closely to the Group's strategic intent, we sharpened our business focus, using five tests that we established in 2013.

The test involved asking questions such as: does this business bank the people, companies and institutions that shape our market's future? Does this business drive investment, trade and the creation of wealth? Is the business aligned with our commitment to be Here for good? Does the business strengthen our position in Ghana? And finally, does the business contribute to our earnings growth, returns and capital accretion trajectory, and is the business model sustainable?

Helping our clients seize Renminbi opportunities

RMB Internationalisation has led to changes which have opened various channels for more flexible cross-border fund movements under the Capital Account. Through these new channels, corporates are now able to bring a multitude of benefits to their business such as:

- optimizing their cash flows
- cheaper RMB funding
- reducing FX exposure
- better operating efficiency

Standard Chartered has helped many of our clients to adopt these regulatory changes to their competitive advantage.

Leveraging on these regulatory changes, we are offering a wide spectrum of bespoke solutions to our clients from Liquidity Management, Trade Finance, FX Hedging, as well as debt instruments including loans and bond issuance.

2015 will see increasing adoption of these new regulations and structures by our clients along with the birth of new free trade zones across the country. This will serve as a powerful marketing tool in illustrating the applicability of these new regulations and more importantly, Standard Chartered's unparalleled track record in advising and helping our clients in the successful implementation of these solutions.

Given Standard Chartered Bank Ghana's extensive network with all the major RMB centres in the world in the backdrop of a growing community of Chinese investors and businesses in Ghana, this clearly places us as the local nucleus of this business segment.

How we conduct ourselves and our business is an integral part of how we execute our strategy and how we live up to our brand promise to be Here for good. It is about doing what we should, not what we can.

In October 2014, we announced measures aimed at helping us become more efficient across our Retail Clients, Corporate and Institutional Clients and products support functions. In Retail Clients in particular, we are now executing the strategy at a much faster pace with greater focus on depth in key cities, digital and our affluent segments - Priority and Business Clients. We are focusing on creating greater efficiency, with increased centralisation and standardisation of systems and processes, and technology upgrades to drive an increase in straight-through processing and make better use of client data. We are also restructuring our brand network with a shift towards serving our clients when and where they need us through digital channels.

Growing with people and companies

Our goal is to deliver sustainable performance and grow with our clients. To help us achieve this, we revisited our clients segment strategies to reaffirm and refresh our client-led approach.

Corporate & Institutional Clients: Accounting for 60.9 per cent of our revenue and 66 per cent of client income, this segment serves our Financial Institution, and Global and Local Corporate Clients. Income for the segment as a whole grew by 37 per cent even in the face of strong headwinds resulting from the tough economic environment.

We consciously slowed down the asset growth in our business in 2014. This enabled us to focus on building a sustainable business while standing firmly by our existing clients to navigate the challenges that the economic environment created for them. This focus enabled us to increase client income by 24 per cent to GH₵318 million from GH₵257 million recorded in 2013.

In 2014, the ratio of products used per clients stood at 3.85. This demonstrates deepening client relationships and the product value add that we continue to bring to our clients. However, we recognise that there is still room to improve cross-sell ratios and embed our focused solutions with our client base.

We are also becoming the core bank to more of our clients. Income from our top 20 client groups rose by 8 per cent in 2014. Consequently we have 52 clients that generate more than GH₵1 million in income, compared to 50 in 2013. We maintained diversity across the three client segments. Global Corporates, Local Corporates and Financial Institutions contribute 29 per cent, 44 per cent and 27 per cent respectively of overall client income.

We provided two significant touch-points for our client-led approach which generated deeper engagement. As part of the Chinese New Year, "Year of the Horse", we organised a series of events including special dinner for select Chinese clients. In December we hosted our first Invitational Golf Tournament at the Achimota Golf Club. These events provided exciting opportunities for networking and engagement among our stakeholders including our clients.

Commercial Clients: This client segment was established in August 2014 as part of the Bank's reorganisation and is an amalgamation of the Medium Enterprise component of the erstwhile Small and Medium Enterprises (SME) from Consumer Banking and the Middle Market segment from Wholesale Banking. This has allowed us to focus on meeting the financial needs of these mid-sized companies at an early stage of their lifecycle by leveraging on our cross-border network capabilities and broad suite of financial solutions to support their growth aspirations.

Following the successful establishment of this segment, as well as the completion of processes to improve our risks and controls, Commercial Clients posted an income of GH₵45 million. This was derived from a balance sheet of GH₵259 million of Assets and GH₵176 million of Liabilities. This impressive result was achieved in the face of significant headwinds in the economic environment which dampened economic activity.

To ensure we sustain our growth trajectory through the tough market conditions, we will focus on growing our client base, enhancing our platforms through infrastructure integration, honing of frontline expertise and delivering value to our Clients through their usage of our digital platforms.

Retail Clients: Accounting for 29 per cent of the Bank's total revenue, the Retail Client segment offers full retail banking services to 190,000 individual and business clients both within and outside Ghana. Income from this segment increased by 39 per cent from GH₵102 million in 2013 to GH₵145 million in 2014.

In line with the Bank's reorganisation, Retail Clients accelerated the pace of executing the refreshed retail strategy. Following this we realigned our entire sales force to our new Client segments - Business, Priority and Personal. Our improved focus on Business and Priority Clients, enabled us to address their specific needs. This was achieved through effective collaboration across the teams in an efficient one bank system. Our employee banking proposition provides the platform to appreciate the strength of our one bank approach to do business. This is a strategy that puts our clients at the core of what we do, deepens relationships, harnesses potential and places us on the path to sustainable growth.

With technology now defining the direction and face of banking, our digital agenda remains an integral part of the Retail Clients strategy. We continue to invest in our online and mobile banking capabilities to bring convenience to our clients. The response from our clients to the self service options offered by our digital channels is increasing. In 2014, 65 per cent of retail banking transactions was carried out on digital banking channels. This figure represents 21 per cent increase over that for 2013. Following the investments in our digital platforms and the convenience it offers, Standard Chartered Bank Ghana Limited was named as the best consumer internet bank for 2 years running by the Global Finance Magazine.

Our Cheque Deposit Kiosks (CDK) initiative was very well received by customers, encouraging us to cover more of our business locations in 2015. We would enrich this with other customer-friendly initiatives, like the activation of the cash deposit functionality on our ATMs in 2015. We also provided safer, secure and convenient transactional capabilities to clients by migrating all clients from the magnetic strip cards to chip cards through the Europay MasterCard Visa (EMV) Project. A total of 40,479 cards were replaced at no charge to our customers. The use of the new chip cards will greatly curtail the incidence of losses associated with the activities of card fraudsters.

2015 will throw different challenges at us however we are clear on and committed to what we want to achieve. We are making changes to adapt to the new realities of banking. Alignment to the execution of our refreshed strategy will sharpen focus on client segment and enable us to expand and deepen relationships with our Business, Priority and Personal Clients. We will also leverage on our digital capabilities to remain efficient and productive in order to deliver profitable growth to the businessv.

Corporate Finance and Financial Markets: Income from Financial Market Sales and Corporate Finance grew by GH₵19 million to GH₵69 million primarily as a result of opportunities that arose in the market. We demonstrated our unparalleled risk management capabilities in 2014 by launching an FX forwards initiative and commodity hedges. Our FX Forwards initiative was targeted at clients who had foreign currency obligations as a hedge against any adverse movements. We launched this at the height of the turbulence in the FX market in the year under review. Our commodity hedges, executed throughout 2014, allowed our clients to manage the risk associated with fluctuating commodity prices. We further consolidated our position as the leading CNY solutions provider for our clients that trade along the Africa-China Trade Corridor. These measures brought about a level of certainty to our clients' businesses, in a rather uncertain

economic environment. USD and GHS liquidity tightened for the most of 2014. This restricted our ability to take advantage of the market opportunities for our trading business. Our bond portfolios were also impacted by interest rate hikes during the year. As a result, Own Account performance rose by 2 per cent to GH¢92 million from GH¢90 million in 2013.

Transaction Banking: offering cash management, trade finance and securities services. Transaction Banking posted a drop in revenue largely on account of market illiquidity curtailing our ability to support our clients' trade finance activities. Notwithstanding the difficult market conditions, cash management continued its strong contribution to the business through our winning of new client mandates as well as new-to-market product penetration. We supported the Bank's asset growth and are well placed to further strengthen our position as core Transaction Bank to our clients in 2015 through our bespoke solutions and superior product roll-outs. Our agenda also made very significant strides as we move towards 100 per cent digital banking.

Wealth Management: We have a resilient franchise underpinned by diversified income streams and strong capabilities. As a result, the wealth business has grown significantly in 2014 with an impressive overall year-on-year growth of 86 per cent across all product lines in Ghana. The market opportunity remains attractive and we will continue our institutionalised wealth advisory (consistent; relevant and broad based delivery) to our valued investors. We will continue to deliver on revenue within a strong compliance and governance framework and culture. The Wealth Management solutions suite offered by Standard Chartered Bank Ghana Limited includes investment services (offshore Mutual Funds, Bonds including Government of Ghana Bonds), Bancassurance (range of life and general insurance solutions) as well as Wealth Markets Product Sales (Foreign Exchange solutions and derivatives). Wealth Management continues to be a significant contributor to Retail revenue.

Retail Products: Retail Products is a key source of deposits for the country and, with 86 per cent of Retail deposits coming from Current Account and Savings Accounts (CASA), it is critical for deepening long standing client relationship. Income in Retail Products grew by 13 per cent due to strong focus on the growth of profitable local currency CASA portfolio and disciplined management of the fee income which grew by 30 per cent year on year. There is substantial opportunity to bank the growing middle class in our market by leveraging synergies with other product groups and segments.

We have invested considerable effort over the years into becoming "Digital by design" and this has paid off. We currently have a digital penetration of 75 per cent in our client base. Functionality to open additional cuurent or savings account online has been enabled for all existing-to-bank clients. Our newly introduced e-saver (online savings account) also offers client convenience and attractive interest rates. Standardising processes and products, to deliver effectively on our client needs will remain a focus for us into 2015 and beyond.

2015 – a year of execution

We have a heritage of over 119 years in Ghana and over 150 years across Asia, Africa and the Middle East. Our deep knowledge, trust and network of lasting relationships in Ghana, and globally, come from doing the right thing to provide opportunities for those we serve. We remain committed to helping our clients make greater contributions to the sustainability of economic growth in Ghana.

We recognise that we face pressures from external challenges and also from within our organisation and are taking action to address those that are within our control. The programme of change across the Bank carried out during 2014 will continue into 2015. We are executing our strategy, including reprioritising our investments, de-risking certain portfolios and reallocating capital. This restructuring of the underlying business will position us well for future growth.

Looking ahead to 2015 and to our medium-to-long-term plans, there are a number of areas on which we will focus to ensure we get back on to the right performance trajectory, delivering returns above our cost of capital. These include performance, client relationships, organisational effectiveness, efficiency, and people, culture and conduct.

Specifically, we will ensure that we deliver on our performance commitments: place greater emphasis on collaboration across client segments, product groups, functions and geographies to maximise the opportunity presented by our network; and increase profitability through our Retail transformation. We will continue to drive cost and capital efficiency, and invest our conduct agenda, doing what we should, not just what we can.

Ghana will continue to present huge opportunities for us. Our distinctive business model, superb client franchise and Here for good culture positions us well to take

Bolstering investment in power generation across sub-Saharan Africa

The Standard Chartered Group has made a US$5 billion commitment to support the Power Africa Initiative between the United States, six African governments and the private sector to help bolster investment in power generation and improve access to clean, reliable power across Sub-Saharan Africa from 2013 to 2018.

A pressing concern for social and economic development in Africa is the lack of access to a reliable and clean energy supply. The African subcontinent is underserved, accounting for only 4 per cent of the world's power supply with the bulk of this concentrated in South Africa and the North African region. This means that two out of three Sub-Saharan Africans – or nearly 600 million people – lack access to electricity.

As part of our Power Africa commitment, we are providing advisory, financing, debt-structuring services and policy framework development. Through our participation, we expect to have a substantial impact by helping to add up to 7,500 megawatt of generation capacity to Africa's power grid in an effort to deliver electricity to more than 20 million new households and companies by 2018.

To ensure continued economic growth in Africa, large-scale investments in power generation are required to sustain momentum while creating better lives for people. Without this infrastructure in place, it will negatively impact competitiveness and hold back economic potential.

Ghana has 2,719 mega-watts (MW) of installed generation capacity to serve a population of 25 million. However, electric power supplies are unreliable and inadequate, and this is a paramount constraint to economic growth as was very evident in 2014.

Reforms across the power sector will be necessary for Ghana to continue obtaining private-sector investment. As such, Power Africa and other partners are focused on driving the reforms. To this end, Power Africa is undertaking a pressing, near-term action plan to improve the creditworthiness of the Electricity Company of Ghana and of the Northern Electric Distribution Company, the nation's off-takers and distributors of electric power.

Our participation in the Power Africa Initiative is a powerful example of how we are making a material difference in the communities where we operate, supporting the next stage of Africa's growth, and helping to transform the region's prospects.

Power Africa is a U.S. Presidential initiative announced in June 2013 and designed to increase access to electricity in sub-Saharan Africa over the next five years. Power Africa proposes ambitious strategies for energy sector development, beginning in the following six focus countries: Ethiopia, Kenya, Tanzania, Liberia, Ghana, and Nigeria. Additionally, Power Africa will continue promoting responsible and transparent resource management in Uganda and Mozambique.

advantage of this. We have refreshed our strategy, and in 2014, took steps to ensure that we are organised to support it. In 2015, we will execute our strategy to regain a trajectory of growth and our ambition to become the Ghana's best international bank.

Standard Chartered Bank Ghana Limited in 2014

Accelerating management actions as a result of a challenging year

"The full year financial results indicate that underlying business performance remains strong, albeit short of some internal key performance metrics, despite the myriad of the economic challenges in 2014. We are taking action to address near-term performance challenges, prioritising organic capital accretion, increasing scrutiny on costs and returns and managing quality of credit portfolio. The Bank is in good shape, sufficiently capitalised and liquid."

Dayo Omolokun

Executive Director and Chief Financial Officer

Operational Highlights in 2014

- Constant monitoring of changes in macroeconomic variables, with assessment of their impact on key balance sheet and performance indices;
- Active management of customers with exposure to payment delays from the government;
- Cautious asset growth and change in balance sheet currency mix;
- Careful allocation of foreign currency liquidity;
- De-risking of Asset and Liability Management (ALM) and Fixed Income portfolios;
- Exploring new opportunities for income growth in 2015 without necessarily taking further balance sheet risks.
- Maintaining a strong balance sheet – diversified, very liquid, with good capital ratios.

Country Performance 2014

The country faced strong economic headwinds in 2014 with direct impact on the performance of the Bank. The combination of local currency depreciation and liquidity squeeze negatively impacted on trade volumes and commission income; increased number of credit downgrades with opportunity loss of interest income and significant impairment charges. Furthermore, rising inflation, higher utility charges and provision for re-organisation expenses pushed operating costs above expected levels.

Inspite of these challenges, the Bank's balance sheet remained resilient with sustained financial performance. The main highlights of the financial performance are as follows:

- Total assets grew 17 per cent to GH¢3.5 billion, with customer deposits and loans recording 24 per cent and 13 per cent growth respectively.
- Operating income increased 24 per cent from GH¢420.1 million to GH¢521.7 million.
- Impairment charges increased from GH¢17.4 million to GH¢49.1 million, a reflection of the stressed economic conditions.
- Operating expenses increased 53 per cent to GH¢198 million, largely on account of cost relating to reorganisation, impact of removal of subsidy on utility prices, as well as increase in staff cost.
- Shareholder value is sustained as earnings per share improved marginally to GH¢1.78, with return on average equity of 40 per cent.
- Liquidity and capital ratios are above the regulatory minimum.

Our financial education programmes reached out to over 7,000 students in six secondary schools helping them acquire a key life skill for the future

Corporate governance

Corporate information

Board of directors

Ishmael Yamson	– Chairman
J. Kweku Bedu-Addo	– Chief Executive and Managing Director
Herbert Morrison	– Independent Non- Executive Director
Felicia Gbesemete	– Independent Non-Executive Director
Anil Dua	– Non-Executive Director
Dr. E. Oteng Kumah	– Independent Non-Executive Director
Dayo Omolokun	– Executive Director
Mansa Nettey	– Executive Director

Company secretary

Angela Naa Sakua Okai
Standard Chartered Bank Building
6 John Evans Atta Mills High Street
P. O. Box 768
Accra

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

GCB Bank Limited
Share Registry 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

Ishmael Yamson
Chairman

J. Kweku Bedu-Addo
Chief Executive and Managing Director

Felicia Gbesemete
Independent Non-Executive Director

Dr. Emmanuel Oteng Kumah
Independent Non-Executive Director

Anil Dua
Non-Executive Director

Herbert Morrison
Independent Non-Executive Director

Mansa Nettey
Executive Director

Dayo Omolokun
Executive Director

Angela Naa Sakua Okai
Company Secretary

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.

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.

Dr. Emmanuel Oteng Kumah
Independent 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.

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.

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 of erstwhile Origination and Client Coverage (CIC) 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.

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 (now CIC) 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.

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.

Felicia Gbesemete
Independent 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.

Herbert Morrison
Independent 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.

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 the erstwhile Wholesale Banking business.

Senior management

Victor Yaw Asante
Managing Director, Transaction Banking, West Africa

Nii Okai Nunoo
Head, Corporate Affairs, West Africa

Joan Essel-Appiah
Head, Legal and Compliance, West Africa

Adalbert Rutaisire
Chief Information Officer

Simon Burutu
Country Chief Risk Officer

Setor Quashigah
Head, Wealth Management

***Harry Dankyi**
Head, Audit, West Africa

Kwabena Boateng
Head, Commercial Clients

Rosie Ebe-Arthur
Head, Human Resource, West Africa

Tejinder Singh
Head, Corporate and Institutional Clients

Henry Baye
Head, Retail Clients, West Africa (excl. Nigeria)

Asiedua Addae
Head, Brand and Marketing

Ankur Kapoor
Head, Corporate Real Estates Services

Lillian Abbew
Business Planning Manager

Dansoa Sam
Head, Retail Products

The senior management of Standard Chartered Bank Ghana Limited, as at 12 February 2015, comprises the Executive Directors, the Company Secretary and the members of the Extended Executive Committee above.

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 the Regional Sponsor of the Commodities Trade Agriculture (CTA) business segment. He was previously Director, Structured Trade Finance.

Simon Burutu

Simon is the Country Chief Risk Officer. He has been with the Bank for over 31 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).

Rosie Ebe-Arthur

Rosie joined the Bank in 2011. She has direct responsibility for implementing Human Resource (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 the Human Resource Shared Services Centre (HRSSC).

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.

Setor Quashigah

Setor is the Head of Wealth Management for Ghana.

She joined the Bank in 2000 and has direct responsibility for the wealth management product segment of the Bank.

She has held various positions in the Bank including a Relationship and Portfolio Manager, Head of Proximity & Remote Banking and a Branch Manager.

Tejinder Singh

Tejinder, is Head, Corporate and Institutional Clients. 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

Joan Essel-Appiah

Joan is the Head of Legal and Compliance, West Africa (excluding Nigeria). 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 24 years in the public and private sectors of the economy.

*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.

Henry Baye

Henry is Head of Retail Clients, West Africa (excl. Nigeria) and is responsible for the overall development, implementation and delivery of business strategy in the Retail Clients segment space to meet the business goals within regulatory framework and the Bank's policies and risk guidelines. He rejoined Standard Chartered in 2013.

Adalbert Rutaisire

Adalbert is the Chief Information Officer. He joined the Bank in 1992 and has responsibility for systems development, technology support and banking operations; ensuring delivery of scalable and productive operating infrastructure. He was previously the Head, Global Share Service Centre (GSSC) Accra and has held diverse roles including, Chief Information Officer, Uganda and Head of Consumer Banking Operations – GSSC Nairobi.

Kwabena Boateng

Kwabena is Head of Commercial Clients. He joined the Bank in 2006. The Commercial Clients segment of Standard Chartered Bank Ghana was established in October 2014, as an amalgamation of the Medium Enterprise component of the erstwhile Small and Medium Enterprises (SME) from Consumer Banking and the Middle Market segment from Wholesale Banking. Prior to his appointment he was Executive Principal & Head, Local Corporate. Prior to his appointment he was Executive Principal and Head of the Local Corporate segment of the Bank's Corporate banking business.

Asiedua Addae

Asiedua is the Head of Brand and Marketing. She joined Standard Chartered Bank in 2012 and is responsible for developing the strategic agenda for Brand and Marketing as well as the execution of a holistic marketing programme for Ghana.

She has a wealth of experience gained over a 14-year career in marketing strategy development, brand building and innovation. Prior to joining Standard Chartered Asiedua worked with Unilever and L'Oreal in Ghana and the United States of America building leading brands such as Omo, Snuggle and Sunlight.

Ankur Kapoor

Ankur is the Regional Head of Corporate Real Estate Services (CRES), Ghana and West Africa. He joined Standard Chartered Bank in 2005, and has overall responsibility for governance and management of the Bank's premises portfolio, occupational health and safety, business continuity framework, and physical security.

Prior to his current role, Ankur was the Regional Manager, CRES Operations, West & North India - SCB; Head Business Development – Korea Export Import Bank; and Manager Middle Market Marketing – American Express Bank Ltd. – TRS

Lillian Abbew

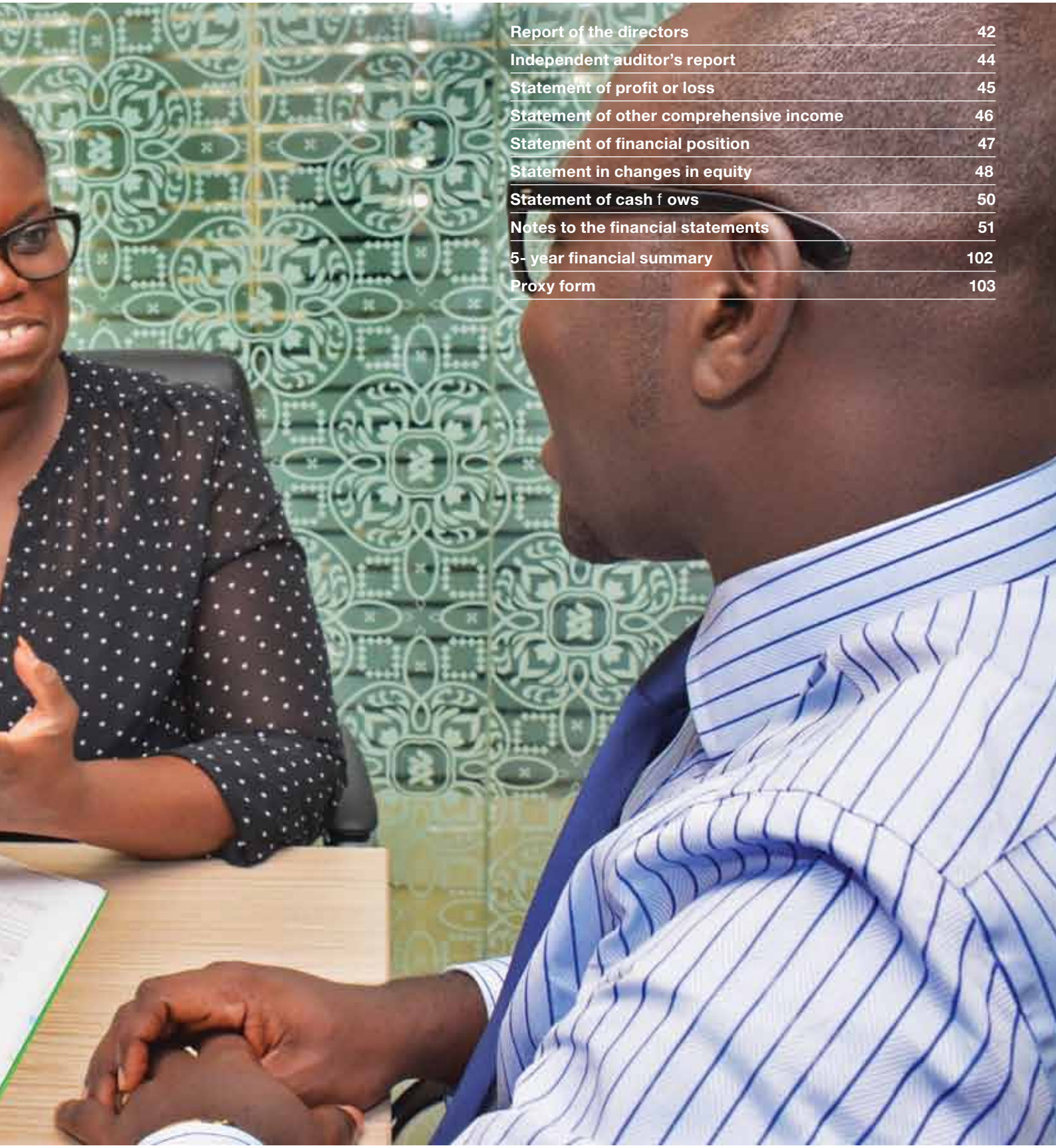
Lillian is the Business Planning Manager in the Chief Executive's office and supports in managing work load on strategic matters and assisting the day to day running and management of the CEO's office. She is also the secretary to the Executive Committee. Lillian joined the Bank in 1998 and has handled roles across Corporate and Retail Banking.

Dansoa Sam

Dansoa, currently Head of Retail Products & Segments, joined the Bank in 1998. She is responsible for executing Client Value Proposition to deliver sustainable growth across Priority, Personal and Business client segments and achieving balance sheet, revenue, cost and profit targets. Product development, launch and review to maximise market share within Retail Clients also falls under her purview.

Standard Chartered has been in Ghana for 119 years making it the country's oldest bank

Financial statements and notes



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 2014.

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. The financial statements and the notes thereon as stated from page 45 thereon provide the business performance for 2014.

Directors and their interest

The directors of the Bank at the date of this report are:

Mr. Ishmael Yamson (Chairman)

Mr. J. Kweku Bedu-Addo (Chief Executive Officer)

Mr. Herbert Morrison

Mrs. Felicia Gbesemete

Mr. Anil Dua

Dr. Emmanuel Oteng Kumah

Mr. Dayo Omolokun

Mrs. Mansa Nettey

The directors' beneficiary interest in the ordinary shares of the Bank as at 31 December 2014 are as shown per note 35 of the financial statement.

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.

Retained earnings summary

	GH¢'000
Profit for the year was	208,271
Less: Transfer to statutory reserve fund and other reserves of	(100,653)
Leaving a balance of	107,618
to which is added balance on retained earnings (income surplus account) brought forward (excluding balance on statutory reserve fund and other reserves) of	177,809
giving a cumulative amount available for distribution of	285,427
out of which was paid a final dividend for 2013 of GH¢1.15 per share for ordinary shares and GH¢0.0631 per share for March 2014 and GH¢0.0642 per share for September 2014 for preference shares amounting to	(135,108)
leaving a balance on the retained earnings (income surplus account) carried forward of	150,319

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¢175.2 million (2013: 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 net profit for the year.

Dividend

The directors are recommending a dividend of GH¢0.35 (2013: GH¢1.15) per share for ordinary shares amounting to GH¢40.5 million (2013: GH¢132.8 million.)

Parent company

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

Area of operation

The Bank comprises a network of 27 branches and 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. Therefore, the financial statements continue to be prepared on the going concern basis.

Reorganisation of the bank

In April 2014, the Standard Chartered Group announced its reorganisation and refreshed strategy. Following the commencement of the reorganisation journey the Retail Clients segment of the Bank's business also commenced a thorough review of its business strategy. This process has led to the Retail Clients business globally making some strategic choices.

In driving the implementation strategy of the group, Standard Chartered Bank Ghana made certain decisions which included reorganisation of the Retail Client business and branch optimization.

Approval of the reorganisation by the Board was given on 9th December 2014. Refer to note 12 for the provision made in the accounts with respect to this reorganisation.

Approval of the financial statements

The directors have taken all the necessary steps to make themselves and Deliotte aware of any information needed in performing the audit of the 2014 Annual Report and account and as far as each of the directors is aware, there is no relevant audit information of which Deliotte is unaware.

The financial statements of the Bank were approved by the Board of Directors and authorized for issue on 12th February 2015 and were signed on its 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 as set out on pages 45 to 98, which comprise the statement of profit or loss as at 31 December 2014, Statement of profit or loss, the Statements of other comprehensive income, Statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 2014, 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 Companies Code, 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 (statement of profit or loss) of the Bank are in agreement with the books of accounts.

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

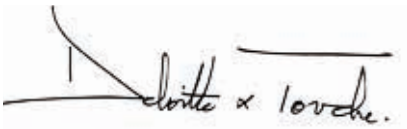
We hereby state that:

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's transactions are within their powers and

iv. The Bank has generally complied with the provisions of Banking Act, 2004 (Act 673) and the Banking (Amendment) Act of 2007, (Act 738).



Deloitte & Touche
Licence Number: ICAG/F/129
Chartered Accountants
Accra, Ghana

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

12 February, 2015

Statement of profit or loss

For the year ended 31 December 2014

	Note	2014 GH¢'000	2013 GH¢'000
Interest income	8	**422,136**	375,526
Interest expense	9	**(88,250)**	(95,046)
Net interest income		**333,886**	280,480
Fees and commission income	10	**91,048**	83,303
Other operating income	11	**96,801**	56,282
Non-interest income		**187,849**	139,585
Operating income		**521,735**	420,065
Operating expenses	12	**(197,774)**	(129,393)
Operating profit before impairment and taxation		**323,961**	290,672
Impairment loss	14	**(49,121)**	(17,429)
Profit before taxation		**274,840**	273,243
Corporate tax	16(i)	**(52,827)**	(58,861)
National fiscal stabilisation levy	16(ii)	**(13,742)**	(6,363)
Profit for the year		**208,271**	208,019
Basic earnings per share (Ghana Cedi per share)	36(ii)	**GH¢1.78**	GH¢1.77
Diluted earnings per share (Ghana Cedi per share)	36(ii)	**GH¢1.78**	GH¢1.77

The notes on pages 51 to 98 form an integral part of these financial statements.

Statement of other comprehensive income

For the year ended 31 December 2014

	2014 GH¢'000	2013 GH¢'000
Profit for the year	**208,271**	208,019
Other comprehensive income		
Items that may be reclassified subsequently to profit & loss:		
Net fair value gains on available for sale financial assets	**(31,220)**	24,253
Total comprehensive income for the year	**177,051**	232,272

The notes on pages 51 to 98 form an integral part of these financial statements.

Statement of financial position

At 31 December 2014

	Note	2014 GH¢'000	2013 GH¢'000
Assets			
Cash and balances with Bank of Ghana	18	**764,126**	610,618
Short –term government securities	19(i)	**455,559**	420,301
Due from other banks and financial institutions	20	**396,107**	36,389
Loans and advances	21	**1,278,362**	1,130,244
Other assets	24	**226,166**	168,039
Medium -term investments in other securities	19(ii)	**356,093**	589,027
Equity investment	19(iii)	**1**	1
Property and equipment	22	**25,270**	27,947
Intangible assets	23	**4,613**	5,792
Total assets		**3,506,297**	2,988,358
Liabilities			
Customer deposits	26	**2,198,585**	1,779,108
Due to other banks and financial institutions	27	**382,558**	406,195
Provisions	30	**65,811**	47,774
Borrowings	31	**113,104**	70,105
Interest payable and other liabilities	29	**195,785**	179,817
Taxation	16(ii)	**4,844**	2,641
Deferred taxation	17	**16,683**	15,734
Total liabilities		**2,977,370**	2,501,374
Shareholders' funds			
Share capital	32(i)	**61,631**	61,631
Retained earnings	32(ii)	**150,319**	177,809
Statutory reserve fund	32(iii)	**175,211**	149,177
Credit risk reserve	32(iv)	**137,934**	62,137
Other reserves	32(v)	**3,832**	36,230
Total shareholders' funds		**528,927**	486,984
Total liabilities and shareholders' funds		**3,506,297**	2,988,358
Net assets value per share (Ghana Cedi per share)	37(i)	**4.6**	4.2

These financial statements were approved by the Board of directors on 12 February 2015 and signed on its behalf by:

J. Kweku Bedu-Addo
Director

Dayo Omolokun
Director

The notes on pages 51 to 98 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2014

	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 2014	61,631	177,809	149,177	62,137	36,230	486,984
Profit for the year	-	208,271	-	-	-	208,271
Loss recognised directly in equity	-	-	-	-	(31,220)	(31,220)
Total comprehensive income for the year		208,271	-	-	(31,220)	177,051
Regulatory and other reserves						
Transfer to statutory reserve	-	(26,034)	26,034	-	-	-
Transfer to credit risk reserve	-	(75,797)	-	75,797	-	-
Transfer from other reserves	-	1,178	-	-	(1,178)	-
Total transfers to and from reserves	-	(100,653)	26,034	75,797	(1,178)	-
Dividends to shareholders	-	(135,108)	-	-	-	(135,108)
Balance at 31 December 2014	61,631	150,319	175,211	137,934	3,832	528,927

The notes on pages 51 to 98 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 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 51 to 98 form an integral part of these financial statements.

Statements of cash f ows

For the year ended 31 December 2014

	Note	2014 GH¢'000	2013 GH¢'000
Cash f ows from operating activities			
Profit before tax		**274,840**	273,243
Adjustments for:			
Depreciation	22	**5,300**	4,308
Profit on disposal		**(13,772)**	-
Amortisation of intangible assets	23	**1,178**	1,177
Impairment on financial assets	14	**49,121**	17,429
		316,667	296,157
Change in:			
Short term government securities		**(35,258)**	(139,626)
Medium term investment		**200,604**	(243,203)
Loans and advances		**(197,239)**	(188,076)
Other assets		**(53,466)**	(40,424)
Customer deposits		**419,477**	74,910
Amounts due to other banks		**(23,637)**	401,454
Interest payable, other liabilities		**15,968**	60,099
Provisions		**18,037**	(2,386)
Borrowings		**42,999**	(123,061)
Cash generated from operating activities		**704,152**	95,844
Income tax paid		**(62,307)**	(54,201)
Net cash from operating activities		**641,845**	41,643
Cash f ows from investing activities			
Proceeds from sale of property and equipment		**13,819**	-
Purchase of property and equipment		**(7,330)**	(8,940)
Net cash generated/(used) in investing activities		**6,489**	(8,940)
Cash f ows from financing activities			
Dividend paid		**(135,108)**	(56,637)
Net cash used in financing activities		**(135,108)**	(56,637)
Net increase/(decrease) in cash and cash equivalents		**513,226**	(23,934)
Cash and cash equivalents at 1 January		**647,007**	670,941
Cash and cash equivalents at 31 December	39	**1,160,233**	647,007
Operational cash f ows from interest			
Interest paid		**67,721**	92,158
Interest received		**413,573**	336,092

The notes on pages 51 to 98 form an integral part of these financial statements.

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 33 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 at No.6 John Evans Atta Mills High Street, Accra.

Refer to page 47 of financial statements authorization.

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 (GH₵) which is the Bank's functional and presentational currency. All values are rounded to the nearest thousand GH₵ except otherwise indicated. 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 3g (ix), 3g (xi), 3g (xii) and 15.

(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 profit or loss 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 profit or loss 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 profit or loss. Dividends are recognised in the statement of profit and loss when the Bank's right to receive payment is established.

(b) Interest income and expense

Interest income and expense is recognised in statement of profit or loss 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.

3. Significant accounting policies (cont'd)

(c) Interest Income and Expense (cont'd)

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 profit or loss in the period they arise.

(d) 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.

(e) 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.

(f) 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 profit or loss. 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 profit or loss or shareholders' funds as appropriate.

(g) 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 profit or loss 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 profit or loss on a straight-line basis unless another systematic basis is more representative.

h. 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.

3. Significant accounting policies (cont'd)

Financial assets and liabilities may be designated at fair value through profit or loss when the designation 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 advances

Loans and advances 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 profit or loss 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.

(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 thestatement of financial position statement of financial position.

3. Significant accounting policies (cont'd)

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 profit or loss 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 profit or loss profit or loss.

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 statement of financial position 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 statement of financial position 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 profit or loss. 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 cash flows from the realization of the collateral and other sources. 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

3. Significant accounting policies (cont'd)

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 profit or loss .

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 profit or loss. 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 profit or loss. 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 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.

i. 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 re-measured 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 profit or loss.

j. 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.

k. 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 statement of financial position at fair value.

l. Loans and advances

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

m. 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).

3. Significant accounting policies (cont'd)

(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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss 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 profit or loss as other income.

n. Intangible sssets

(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 profit or loss 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 four (4) years.

o. Taxation

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

p. 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 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.

q. Events after the reporting date

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

r. 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.

s. 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.

3. Significant accounting policies (cont'd)

t. 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.

u. 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).

v. Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

(ii) 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.

(iii) 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.

(iv) 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 profit or loss.

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.

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:

- **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) published by IASB on 31 October 2012.

3. Significant accounting policies (cont'd)

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

Amendments 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), 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).

- **IFRIC 21 "Levies"** (effective for annual periods beginning on or after 1 January 2014), 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 adoption of these amendments to the existing standards and interpretations has not led to any changes in the Entity's accounting policies.

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"** (effective for annual periods beginning on or after 1 January 2018), issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

  Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

  Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

  Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

  Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

3. Significant accounting policies (cont'd)

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), 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.

- **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 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 January 2014.

  This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2017), published by IASB on 28 May 2014.

  IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

- **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 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 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 IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016), published by IASB on 11 September 2014.

  The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations published by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

3. Significant accounting policies (cont'd)

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2014.

  Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016), published by IASB on 30 June 2014.

  The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), 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 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014.

  The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **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.

Revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope 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. (Amendments are to be applied for annual periods beginning on or after 1 July 2014),

Annual Improvements to IFRSs 2010 – 2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the company. They include:

IFRS 2 Share-based payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of

3. Significant accounting policies (cont'd)

operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the company. They include:

IFRS 3 Business Combinations

- The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Annual improvements 2012-2014 Cycle

These improvements which was done in September 2014 are effective beginning on or after 1 January 2016 and are not expected to have a material impact on the company. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

IFRS 7 Financial Instruments: Disclosures

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 19 Employee Benefits

Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid

IAS 34 Interim Financial Reporting

Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference

The Entity has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Entity in the period of initial application.

4. Regulatory disclosures

(i) Non–performing loans ratio

Percentage of gross non-performing loans ("substandard to loss") to total loans and advances portfolio (gross) BoG-27%, IFRS 12% (2013: BoG 16%, IFRS 13%).

(ii) Capital adequacy ratio

The capital adequacy ratio was calculated approximately at 15.67% (2013: 23.53%).

(iii) Regulatory breaches

There were 2 breaches recorded for the year relating to delayed submission of application for renewal of custodian license to the Securities & Exchange Commission (SEC) which led to an imposition of a fine of GH¢3,000 and inaccurate submission to the Bank of Ghana leading to a GH¢54,000 penalty. (2013: GH¢14,000 was imposed for one breach on non-compliance with outsourcing without Bank of Ghana's prior approval).

5. Contingent liabilities and commitments

	2014 GH¢'000	2013 GH¢'000
(i) Contingent Liabilities		
*Pending Legal Suits	**2,038**	451

* There are a number of legal proceedings outstanding against the Bank as at 31st December 2014. Provisions have been recognised for those cases where the Bank is able to reliably estimate the probable loss.

(ii) Commitments for capital expenditure

There was no commitment for capital expenditure at the statement of financial position date (2013; Nil)

(iii) Unsecured contingent liabilities and commitments

	2014 GH¢'000	2013 GH¢'000
This relates to commitments for trade letters of credit and guarantees.	**368,172**	164,843

6. Social responsibility cost

An amount of GH¢357,000 (2013: GH¢277,787) was spent under the Bank's social responsibility program.

7. Segmental reporting

The Bank was re-segmented during the year 2014. The Bank is organised into three main client segments: Retail Clients, Commercial clients, and Corporate & Institutional Clients.

Retail Clients

Retail Clients segment serves the banking needs of Personal, Priority and International and Business clients, offering a full suite of innovative products and services to meet their borrowing, wealth management and transacting needs.

A client-focused approach enables a deeper understanding of clients' evolving needs and provision of customised financial solutions

Commercial Clients

Commercial Clients segment focuses on helping mid-sized local companies grow, especially as they expand across borders. This client-group is already a key contributor to trade and investment in the bank's footprint markets today and presents a large and growing opportunity.

Corporate and Institutional Clients

This segment focuses on driving origination by building core banking relationships with clients across the full range of their product needs. The SCB network is fundamental to our strategy, structured to provide clients with Global expertise delivered through local support.

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 2014.

No operating segments have been aggregated in arriving at the reportable segment of the Bank.

7. Segmental reporting (cont'd)

2014

Class of business	Retail Clients GH¢'000	Commercial Clients GH¢'000	Corporate & Institutional Clients GH¢'000	Unallocated GH¢'000	Total GH¢'000
Net interest income	105,978	24,279	203,629	-	333,886
Non-interest income	39,295	20,631	114,151	13,772	187,849
Operating income	145,273	44,910	317,780	13,772	521,735
Operating expenses	(99,956)	(25,596)	(72,222)	-	(197,774)
Operating profit before impairment losses and taxation	45,317	19,314	245,558	13,772	323,961
Impairment loss	(8,787)	(4,473)	(35,861)	-	(49,121)
Profit before tax	36,530	14,841	209,697	13,772	274,840
Total assets	339,331	259,252	1,901,000	1,006,714	3,506,297
Total liabilities	1,112,852	176,286	1,262,000	426,232	2,977,370

Segment revenue above represents revenue generated from external customers. There were no inter – segments sales in the current year (2013: nil)

The accounting policies of the reportable segements are the same as the Bank's accounting policies .

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than other financial assets and current and deferred tax assets and
- All liabilities are allocated to reportable segments other than borrowing, other financial liabilities and current and deferred tax liabilities.

7. Segmental Reporting (cont'd)

2013

Class of business	Retail Clients GH¢'000	Commercial Clients GH¢'000	Corporate & Institutional Clients GH¢'000	Unallocated GH¢'000	Total GH¢'000
Net interest income	81,660	44,297	154,523	-	280,480
Non-interest income	20,745	16,393	102,447	-	139,585
Operating income	102,405	60,690	256,970	-	420,065
Operating expenses	(72,116)	(16,894)	(40,383)	-	(129,393)
Operating profit before impairment loss and taxation	30,289	43,796	216,587	-	290,672
Impairment loss	(5,517)	-	(11,912)	-	(17,429)
Profit before taxation	24,772	43,796	204,675	-	273,243
Total assets	368,665	133,000	1,642,416	854,277	2,988,358
Total liabilities	925,299	316,000	848,579	411,496	2,501,374

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

	2014 GH¢'000	2013 GH¢'000
Mortgages and Auto	**-**	122
Personal Loans	**22,820**	15,645
High Value Small Business Clients	**36,471**	51,106
Consumer Transactional Banking & Wealth Management	**125,938**	86,140
Lending and Portfolio Management	**41,253**	19,687
Transaction Banking	**150,980**	104,466
FM Sales	**68,785**	52,242
Financial Markets (excluding Asset & Liability Management)	**11,400**	20,693
Asset & Liability Management (ALM)	**64,088**	69,964
	521,735	420,065

8. Interest income

(i) Classification

	2014 GH¢'000	2013 GH¢'000
Placements, special deposits	**10,907**	7,416
Investment securities	**182,022**	192,207
Loans and advances	**229,207**	175,903
	422,136	375,526

(ii) Categorisation

Held for trading	**-**	33,193
Available for sale instruments	**182,021**	165,500
Loans and advances	**240,115**	176,833
	422,136	375,526

Included in interest income on loans and receivable is a total amount of GH¢ Nil (2013: GH¢ Nil) accrued on impaired financial assets.

9. Interest expense

	2014 GH¢'000	2013 GH¢'000
Current accounts	**14,454**	4,471
Time and other deposits	**45,991**	15,241
Overnight and call accounts	**14,178**	21,661
Borrowings	**13,627**	53,673
	88,250	95,046

10. Non-interest income

Fees and commission income [Note 10(i)]	**94,383**	85,613
Fees and commission expense	**(3,335)**	(2,310)
Non-interest income	**91,048**	83,303

10. Non-interest income (cont'd)

(i) Fees and commission income

	2014 GH¢'000	2013 GH¢'000
Customer account servicing fees	**10,680**	8,290
Letters of credit issued	**10,039**	11,358
Others	**73,664**	65,965
	94,383	85,613

11. Other operating income

	2014 GH¢'000	2013 GH¢'000
Gains on foreign exchange	**83,029**	56,282
Profit on disposal of fixed asset	**13,772**	-
	96,801	56,282

12. Operating expenses

	2014 GH¢'000	2013 GH¢'000
Staff cost (Note 13)	**122,283**	84,431
Redundancy cost (Note 12a)	**14,585**	-
Advertising and marketing	**3,206**	2,681
Administrative	**23,752**	19,395
Training	**844**	617
Depreciation	**5,300**	4,308
Amortisation of intangible assets	**1,178**	1,177
Directors' emolument (Note 12b)	**4,860**	3,367
Auditors' remuneration	**300**	250
Donations and sponsorship	**357**	278
Others	**21,109**	12,889
	197,774	129,393

12a. Redundancy cost

Following the approval of a redundancy and voluntary retirement program by the Board of Directors on the 9th of December 2014, organised union and workers representatives were duly engaged and informed in December 2014.

The approved collective separation program would affect up to 95 employees in Retail Client, Risk Management and Technology and Operations at the Head Office and 3 branches. Relevant regulatory authorities have been notified of the approved programme. The Bank has recognised the cost of the plan based on the estimates approved.

12b. Particulars of directors' emoluments

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

	2014 GH¢'000	2013 GH¢'000
Salaries, allowances and benefits in kind	**2,120**	2,157
Pension contributions	**310**	108
Bonuses paid or receivable	**2,215**	988
Share-based payments	**215**	114
	4,860	3,367

13. Staff costs

	2014 GH¢'000	2013 GH¢'000
Wages, salaries, bonus and allowances	**102,505**	73,498
Social security costs	**7,364**	5,857
Pension and retirement benefits	**4,061**	3,347
Other staff costs	**8,353**	1,729
	122,283	84,431

The average number of persons employed by the Bank during the year was 1,196 (2013: 1,048).

14. Impairment loss

	2014 GH¢'000	2013 GH¢'000
Individual impairment provision	**43,074**	5,428
Portfolio impairment provision	**2,240**	3,638
Charge off	**3,807**	8363
	49,121	17,429

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.

15a. 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, 2014						
Cash and balances with Bank of Ghana	18	-	-	764,126	764,126	764,126
Government securities	19	47,637	764,015	-	811,652	811,652
Due from other banks and financial institutions	20	-	-	396,107	396,107	396,107
Loans and advances	21	-	-	1,278,362	1,278,362	1,278,362
Equity investment	19	-	1	-	1	1
Other assets	24	-	-	226,166	226,166	226,166
		47,637	764,016	2,664,761	3,476,414	3,476,414
Financial assets, 2013						
Cash and balances 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	24	-	-	168,039	168,039	168,039
		123,028	886,301	1,945,290	2,954,619	2,954,619

15. Financial instruments classification summary (cont'd)

	Note	Held at fair value through profit or Loss (Trading) GH¢'000	Financial Liablilties measured at Amortised Cost GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Financial liabilities, 2014					
Customer deposits	26	-	2,198,585	2,198,585	2,198,585
Due to other banks and financial institutions	27	-	382,558	382,558	382,558
Other liabilities	29		195,785	195,785	195,785
Borrowings	31	-	113,104	113,104	113,104
		-	2,890,032	2,890,032	2,890,032

	Note	Held at fair value through profit or Loss (Trading) GH¢'000	Financial Liablilties measured at Amortised Cost GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Financial liabilities, 2013					
Customer deposits	26	-	1,779,108	1,779,108	1,779,108
Due from 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
		-	2,435,225	2,435,225	2,435,225

15b. 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 is 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 does 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.

15. Financial instruments classification summary (cont'd)

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.

Fair value hierarchy as defined under Note 3(g-(x)) analysis with respect to Financial Assets and Financial Liabilities measured on a recurring basis.

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	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
2014					
Government securities	19	**-**	**811,652**	**-**	**811,652**
		-	**811,652**	**-**	**811,652**
2013					
Government securities	19	-	1,009,328	-	1,009,328
		-	1,009,328	-	1,009,328

The level 2 financial assets securities have been valued using the discounted cashflow, discounted at the market rate of a similar instrument on the market.

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:

	2014 GH¢'000	2013 GH¢'000
Fair value amount recognised in profit and loss		
Financial assets:-		
Government securities	**1,435**	7,658
Financial liabilities:-		
Derivatives	**(1,394)**	(9,031)

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.

16. Taxation

(i) Tax expense

	Note	2014 GH¢'000	2013 GH¢'000
Corporate tax	16(ii)	**50,768**	48,590
Deferred tax	17	**2,059**	10,271
		52,827	58,861
National fiscal stabilisation levy	16(ii)	**13,742**	6,363
		66,569	65,224

(ii) Taxation Payable

	Balance at 1/1/14 GH¢'000	Paym'ts during the year GH¢'000	Charge for the year GH¢'000	Balance at 31/12/14 GH¢'000
Income tax	**2,142**	**(46,908)**	**50,768**	**6,002**
National fiscal stabilisation levy	**499**	**(15,399)**	**13,742**	**(1,158)**
	2,641	**(62,307)**	**64,510**	**4,844**

(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:

	2014 GH¢'000	2013 GH¢'000
Current tax on income for the year	**50,768**	48,590
Total current tax	**50,768**	48,590
Deferred tax:		
Charged of temporary differences	**2,059**	10,271
Tax on profits on ordinary activities	**52,827**	58,861
Effective tax rate	**19.22%**	21.54%
The differences are explained below:		
Profit before tax	**274,840**	273,243
Tax at 25% (2013: 25%)	**68,710**	68,311
Non-deductible expenses	**21,947**	8,969
Capital allowances	**(1,308)**	(1,322)
Deferred Tax	**2,059**	10,271
Capital gains tax	**2,053**	-
Other deductions	**(39,706)**	(26,528)
Tax rebates	**(928)**	(840)
Current tax charge	**52,827**	58,861

Tax liabilities up to 2012 have been agreed with the Ghana Revenue Authority. The 2013 and 2014 liabilities are 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

	2014 GH¢'000	2013 GH¢'000
Balance at 1 January	**15,734**	5,463
Charge to profit and loss	**2,059**	5,039
Charge to equity	**(1,110)**	5,232
Balance at 31 December	**16,683**	15,734

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2014 Assets GH¢'000	2014 Liabilities GH¢'000	2014 Net GH¢'000	2013 Assets GH¢'000	2013 Liabilities GH¢'000	2013 Net GH¢'000
Property and equipment	**-**	**1,849**	**1,849**	-	2,268	2,268
Impairment provision	**-**	**18,949**	**18,949**	-	-	-
Unrealised losses on trading investments	**(3,854)**	**-**	**(3,854)**	(607)	-	(607)
FX revaluation gain	**-**	**-**	**-**	-	13,223	13,223
Available for sale assets	**(261)**	**-**	**(261)**	(1,383)	2,233	850
Net tax (assets)/liabilities	**(4,115)**	**20,798**	**16,683**	(1,990)	17,724	15,734

18. Cash and balances with Bank of Ghana

	2014 GH¢'000	2013 GH¢'000
Cash on hand	**81,145**	65,571
Bank of Ghana operating accounts	**635,247**	390,526
Bank of Ghana mandatory deposit (Vostro)	**47,734**	154,521
	764,126	610,618

19. Investments

(i) Short-term government securities

	2014 GH¢'000	2013 GH¢'000
Treasury bills held for trading	**47,458**	123,808
Treasury bills available for sale	**408,101**	296,493
	455,559	420,301

(ii) Government securities

	2014 GH¢'000	2013 GH¢'000
Debt securities available for sale	**356,093**	589,027
	356,093	589,027

These are fixed and floating Government of Ghana Bonds maturing between 2014 and 2017. The floating rate instruments are bench marked against the 91 day Treasury Bill rate plus a markup.

(iii) Equity investment

	2014 GH¢'000	2013 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.

	2014 GH¢'000	2013 GH¢'000
The total assets under the company's management which wholly relates to investments in Ghana is	**7,341,128**	7,798,910

20. Due from other banks and financial institutions

	2014 GH¢'000	2013 GH¢'000
Balances from financial entities within Ghana	**36,678**	35,086
Balances to financial entities outside Ghana-Group	**358,893**	1,185
Balances to financial entities outside Ghana-Non Group	**536**	118
	396,107	36,389

21. Loans and advances

(i) Analysis by type

	2014 GH¢'000	2013 GH¢'000
Overdrafts	**339,962**	292,666
Term loans	**1,028,501**	884,777
Gross loans and advances	**1,368,463**	1,177,443
Impairment allowance	**(90,101)**	(47,199)
Net loans and advances	**1,278,362**	1,130,244

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

(ii) Impairment Allowance

	2014 GH¢'000	2013 GH¢'000
Individual impairment	**76,541**	35,879
Portfolio impairment	**13,560**	11,320
	90,101	47,199

(iii) A reconciliation of the allowance for impairment losses for loans and advances is as follows:

	2014 GH¢'000	2013 GH¢'000
At 1 January	**35,879**	30,451
Provision charged in the year (Note 14)	**43,074**	5,428
Previous provision written off	**(2,412)**	-
At 31 December	**76,541**	35,879

Portfolio impairment

	2014 GH¢'000	2013 GH¢'000
At 1 January	**11,320**	7,682
Provision charged in the year (Note 14)	**2,240**	3,638
At 31 December	**13,560**	11,320

(iii) Individual impairment provision written off

	2014 GH¢'000	2013 GH¢'000
Gross loan written off	**15,043**	-
Interest in suspense	**(12,631)**	-
Individual impairment provision	**(2,412)**	-
	-	-

21. Loans and advances (cont'd)

(iv) Key ratios on loans and advances

a. Loan loss provision ratio was 7.0% (2013: 5.0%).

b. Gross non-performing loan ratio with respect to Bank of Ghana Prudential Guidelines was 27.36% (2013: 15.54%).

c. Gross non-performing loan ratio with respect to IFRS was 12.38% (2013: 12.57%).

d. Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures was 37% (2013: 55%).

e. Loan deposit ratio 65% (2013: 63%)

(v) Analysis by business segments

	2014 GH¢'000	2013 GH¢'000
Agriculture, forestry and fishing	**4,629**	4,628
Mining and quarrying	**-**	3,655
Manufacturing	**215,896**	83,102
Construction	**-**	2,304
Electricity, gas and water	**10,202**	2,971
Commerce and finance	**718,217**	633,485
Transport, storage and communication	**16,162**	9,476
Services	**13,179**	43,055
Miscellaneous	**62,166**	59,000
Individuals	**328,012**	335,767
Gross Loans and advances	**1,368,463**	1,177,443
Impairment allowance	**(90,101)**	(47,199)
Net loans and advances	**1,278,362**	1,130,244

(vi) Analysis by type of customer

	2014 GH¢'000	2013 GH¢'000
Individuals	**390,179**	335,767
Private enterprises	**899,101**	753,496
Public institutions	**17,017**	29,180
Staff	**62,166**	59,000
Gross loans and advances	**1,368,463**	1,177,443
Impairment allowance	**(90,101)**	(47,199)
Net loans and advances	**1,278,362**	1,130,244

21. Loans and advances (cont'd)

(vii) Assets held as collateral

This comprises the following:

	2014 GH¢'000	2013 G H¢'000
Against impaired assets	599,323	136,679
Against past due but not impaired assets	103,676	122,693
Good assets	1,923,915	1,853,247
	2,626,914	2,112,619

The 2013 numbers have been restated resulting from fresh information received.

22. Property and equipment

	Land and Building GH¢'000	Furniture and Equipment GH¢'000	Computers GH¢'000	Motor Vehicle GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross Value						
At 1 January 2014	23,995	9,411	4,755	425	4,423	43,009
Additions	2,837	2,310	2,183	-	-	7,330
Disposal	(129)	-	-	-	-	(129)
Transfers/ Reclassication	-	(239)	-	1	(4,423)	(4,661)
At 31 December 2014	26,703	11,482	6,938	426	-	45,549

	Land and Building GH¢'000	Furniture and Equipment GH¢'000	Computers GH¢'000	Motor Vehicle GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Depreciation						
At 1 January 2014	7,665	4,588	2,573	236	-	15,062
Changes for the year	2,024	1,927	1,277	72	-	5,300
Disposal	(82)	-	-	-	-	(82)
Transfers	-	-	-	-	-	-
At 31 December 2014	9,607	6,515	3,850	308	-	20,280
Net Book Value	17,096	4,967	3,088	119	-	25,270

22. Property and equipment (cont'd)

Disposal schedule land and buildings

	2014 GH¢'000	2013 GH¢'000
Gross sales proceeds	14,260	
Cost of sale	(441)	-
Gain	13,819	-
Book cost of asset	129	-
Accumulated depreciation	(82)	-
Net book value	47	-
Profit on disposal	13,772	-

	Land and Building GH¢'000	Furniture and Equipment GH¢'000	Computers GH¢'000	Motor Vehicle GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Gross value						
At 1 January 2013	19,073	7,329	3,732	214	3,721	34,069
Additions	4,922	2,082	836	211	889	8,940
Disposal	-	-	-	-	-	-
Transfers	-	-	187	-	(187)	-
At 31 December 2013	23,995	9,411	4,755	425	4,423	43,009

	Land and Building GH¢'000	Furniture and Equipment GH¢'000	Computers GH¢'000	Motor Vehicle GH¢'000	Capital Work in Progress GH¢'000	Total GH¢'000
Depreciation						
At 1 January 2013	6,132	3,059	1,355	208	-	10,754
Charge for the year	1,533	1,529	1,218	28	-	4,308
At 31 December 2013	7,665	4,588	2,573	236	-	15,062
Net book value	16,330	4,823	2,182	189	-	27,947

22. Property and equipment (cont'd)

(i) Operating leases in respect of property and equipment

Non-cancellable operating lease rentals are payable as follows:

	2014 GH¢'000	2013 GH¢'000
Less than one year	**2,431**	1,361
Between one and 5 years	**1,399**	4,040
	3,830	5,401

23. Intangible asset

Custody business

	2014 GH¢'000	2013 GH¢'000
At Cost		
Balance at 1 January	**5,792**	6,969
Amount written off	**(1,178)**	(1,177)
	4,613	5,792

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.

There is a reserve in place as directed by Bank of Ghana to cater for impairment.

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 four–year period. The following rates are used by the Bank:

	2014	2013
Discount rate	**17.5%**	16%
Amount written off	**11%**	11%

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.

23. Intangible asset (cont'd)

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

	2014 GH¢'000	2013 GH¢'000
Accounts receivable and prepayments	**47,546**	29,274
LC acceptance *	**126,037**	94,421
Accrued interest receivable	**47,543**	39,462
Impersonal accounts	**5,040**	4,882
	226,166	168,039

*Letters of Credit Acceptance - Acceptances and endorsements counter signed by the Bank is recognised on the Statement of financial position, 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.

			2014				2013	
Derivatives held for trading	**Assets 2014**	**Liabilities 2014**	**Net Amount 2014**	**Notional Amount 2014**	Assets 2013	Liabilities 2013	Net Amount 2013	Notional Amount 2013
Interest rate swaps	**1,713**	**(1,713)**	**-**	**US$31,408**	2,831	(2,831)	-	US$33,733
Currency swaps	**22,385**	**(22,385)**	**-**	**GH¢23,100**	20,078	(19,438)	640	GB£2,100 US$5,692
Currency swaps	**24,297**	**(24,297)**	**-**	**GH¢23,100**				GH¢4,721
Forex swaps	**-**	**-**	**-**		34,822	(37,279)	(2,457)	US$16,113 GH¢38,050
	48,395	**(48,395)**	**-**		57,731	(59,548)	(1,817)	

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

25. Derivative financial instruments (cont'd)

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 to daily 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

Analysis by type and product:

	2014 GH¢'000	2013 GH¢'000
Current accounts	**1,245,391**	848,510
Time deposit	**184,324**	109,088
Savings deposit	**482,818**	409,598
Call deposit	**286,052**	411,912
	2,198,585	1,779,108

i. Analysis by type of depositors

	2014 GH¢'000	2013 GH¢'000
Individuals and other private enterprises	**2,197,203**	1,777,592
Public enterprises	**1,382**	1,516
Net loans and advances	**2,198,585**	1,779,108

Ratio of twenty largest depositors to total deposit is 32% (2013: 29%).

27. Due to other banks and financial institutions

	2014 GH¢'000	2013 GH¢'000
Balances to financial entities within Ghana	**80,077**	154,512
Balances to financial entities outside Ghana-Group	**302,481**	251,683
	382,558	406,195

28. Dividend

	2014 GH¢'000	2013 GH¢'000
Ordinary dividend	**132,863**	54,288
Preference dividend	**2,245**	2,349
	135,108	56,637
Payments during the year	**(135,108)**	(56,637)
Balance at 31 December	**-**	-

The amount in the table above reflects the actual dividend per share declared and paid in 2014 and 2013. 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¢0.35 per share for ordinary shares (2013: GH¢1.15 per share) amounting to GH¢40.5 million (2013: GH¢132.8 million) for 2014 financial year, payable in 2015. 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 2014 and 2013. 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

	2014 GH¢'000	2013 GH¢'000
Accrued interest payable	**7,481**	2,888
Other creditors and accruals	**62,267**	82,508
LC acceptance (Note 24)	**126,037**	94,421
	195,785	179,817

30. Provisions

	Staff related GH¢'000	Others GH¢'000	Total GH¢'000
Balance at 1 January	12,591	35,183	47,774
Charged to Profit or loss	31,153	26,725	57,878
	43,744	61,908	105,652
Utilised during the year	(12,055)	(27,786)	(39,841)
Balance at 31 December	31,689	34,122	65,811

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 2015.

31. Borrowing

	2014 GH¢'000	2013 GH¢'000
Long-term loan	-	54,040
Short-term loan	113,104	16,065
	113,104	70,105

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%

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2014 or 2013.

32. Capital and reserves

(i) Share capital (stated capital)

	2014		2013	
	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
		61,631		61,631

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)

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 2014 GH¢175.2million (2013: 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.

(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 mainly of the available for sale fair value movements.

	2014 GH¢'000	2013 GH¢'000
Marked-to-market gains on available for sale securities (net of tax)	**(781)**	30,438
Amount relating to intangible assets	**4,613**	5,792
	3,832	36,230

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

	2014 GH¢'000	2013 GH¢'000
Salaries, allowances and benefits in kind	**5,292**	3,470
Pension contributions	**1,007**	403
Bonuses paid or receivable	**1,789**	1,474
Share based payments	**215**	114
	8,303	5,461

(iii) Transactions with directors, officers and other employees

The following are loan balances due from related parties:

	2014 GH¢'000	2013 GH¢'000
Directors	**393**	237
Officers and other employees	**61,773**	58,763
	62,166	59,000

Interest rates charged 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 secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees 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:

	2014 GH¢'000	2013 GH¢'000
Nostro account balances	**6,458**	1,185
Due from group entities	**352,435**	-
	358,893	1,185

33. Related party transactions (cont'd)

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

	2014 GH¢'000	2013 GH¢'000
Short-term borrowing	7,269	-
Long-term borrowing	-	54,040
Vostro account balances	2,833	110,163
Due to group entities	302,481	-
	312,583	164,203

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 Ghana Investment Promotion Council.

(vi) Share based payments

Included in staff cost is an amount of GH¢2,431,545 (2013: GH¢2,670,000) 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 2014, 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

34. Financial risk management (cont'd)

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, CIC and CC), and Credit Approval Committee.

ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to statement of financial position 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.

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.

34. Financial risk management (cont'd)

Problem credit management and provisioning

Corporate & Institutional Clients

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 statement of financial position under Credit Risk Reserve.

Retail Clients

In Retail Client, 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 Retail Client 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 Retail Clients 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 Retail Clients. Up to that point the inherent impairment is captured in portfolio impairment provision (PIP).

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

34. Financial Risk Management (cont'd)

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

	2014 GH¢'000	2013 GH¢'000
Impaired loans		
Individually impaired	**169,326**	147,925
Allowance for impairment	**(76,541)**	(35,878)
Impaired loans, net of individual provisions	**92,785**	112,047
Loans past due but not impaired		
Past due up to 30 days	**37,187**	40,090
Past due 31-60 days	**6,347**	8,557
Past due 61-90 days	**3,613**	3,728
Past due 91-120 days	**-**	2,209
Past due 121-150 days	**-**	1,399
Past due more than 150 days	**-**	10,969
	47,147	66,952
Loans neither past due nor impaired		
Credit grading 1-12 or equivalent	**1,151,990**	962,566
Less: Portfolio impairment provision	**(13,560)**	(11,321)
	1,185,577	1,018,197
Total net loans	**1,278,362**	1,130,244

Analysis of credit concentration risk

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

Maximum credit exposure

At 31 December 2014, the maximum credit risk 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' statement of financial position carrying amount or, for non-derivative off-statement of financial position transactions, their contractual nominal amounts.

34. Financial Risk Management (cont'd)

	2014 GH¢'000	2013 GH¢'000
Placements with other Banks	**37,214**	-
Loans and Advances	**1,278,362**	1,130,244
Unsecured Contingent Liabilities and Commitments	**368,172**	164,843
	1,683,748	1,295,087

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

	2014 GH¢'000	2013 GH¢'000
Against impaired assets	**599,323**	29,177
Against past due but not impaired assets	**103,676**	289,120
	702,999	318,297

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.

	2014 GH¢'000	2013 GH¢'000
Guarantees	**280,123**	71,623
Letters of credit	**109,733**	93,220
	389,856	164,843
Security	**(21,684)**	-
	368,172	164,843

(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.

34. Financial Risk Management (cont'd)

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(iv) 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	2014 GH¢'000	2013 GH¢'000
Assets						
Cash and balances with Bank of Ghana	764,126	-	-	-	**764,126**	610,618
Short-term government securities	310,086	145,328	145	-	**455,559**	420,301
Due from other banks and financial institutions	396,107	-	-	-	**396,107**	36,389
Loans and advances	221,782	161,253	145,167	750,160	**1,278,362**	1,130,244
Equity investment	-	-	-	1	**1**	1
Other assets	-	226,166	-	-	**226,166**	168,039
Government bonds medium term securities	165,617	46,285	87,291	56,901	**356,093**	589,027
Property, and equipment	-	-	-	25,270	**25,270**	27,947
Intangible assets	-	-	-	4,613	**4,613**	5,792
	1,857,718	579,032	232,603	836,945	**3,506,297**	2,988,358
Liabilities						
Non derivative:						
Customer deposits	2,151,377	10,702	36,506	-	**2,198,585**	1,779,108
Due to other banks and Financial institutions	80,077	302,481	-	-	**382,558**	406,195
Interest payables and other liabilities	-	195,785	-	-	**195,785**	179,817
Taxation	-	-	4,844	-	**4,844**	2,641
Deferred tax	16,683	-	-	-	**16,683**	15,734
Borrowings	113,104	-	-	-	**113,104**	70,105
Provisions	-	65,811	-	-	**65,811**	47,774
Total liabilities	2,361,241	574,779	41,350	-	**2,977,370**	2,501,374
Net liquidity gap						
Total assets	1,857,718	579,032	232,603	836,945	**3,506,297**	2,988,358
Total liabilities	2,361,241	574,779	41,350	-	**2,977,370**	2,501,374
Net liquidity gap	(503,523)	(4,253)	191,253	836,945	**528,927**	486,984

34. Financial risk management (cont'd)

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.

2014	On demand GH¢'000	Less than 3 months GH¢'000	3-12 months GH¢'000	Over12 months GH¢'000	Total GH¢'000
Financial guarantees	-	77,613	188,797	13,713	280,123
Letters of credit	12,467	72,010	25,256	-	109,733
Other commitments and guarantees	-	-	-	-	-
	12,467	188,488	214,053	13,713	389,856

2013	On demand GH¢'000	Less than 3 months GH¢'000	3-12 months GH¢'000	Over12 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
	-	164,843	-	-	164,843

(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

34. Financial Risk Management (cont'd)

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 statement of financial position items are disclosed below:

	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Others GH¢'000	2014 GH¢000	2013 GH¢'000
Assets						
Cash and balances with Bank of Ghana	**11,509**	**6,298**	**5,460**	**-**	**23,267**	195,233
Due from other banks and financial institutions	**703,538**	**41,473**	**30,575**	**101**	**775,687**	2,065
Loans and advances	**396,005**	**487**	**37,888**	**-**	**434,380**	496,923
Other assets	**130,553**	**20**	**12,870**	**-**	**143,444**	102,629
Total assets	**1,241,605**	**48,278**	**86,793**	**101**	**1,376,778**	796,839
Liabilities						
Customer deposits	**667,398**	**46,850**	**58,077**	**81**	**772,405**	583,323
Due to other banks and financial institutions	**381,520**	**-**	**11,644**	**-**	**393,164**	59,521
Interest payable and other liabilities	**131,794**	**1,407**	**17,788**	**132**	**151,121**	185,677
Total liabilities	**1,180,712**	**48,257**	**87,509**	**213**	**1,316,690**	828,521
Net-on statement of financial position	**60,893**	**22**	**(716)**	**(112)**	**60,088**	(31,682)
Off-statement of financial position Credit and Commitments	**356,634**	**1,641**	**15,262**	**-**	**374**	(172,393)

Sensitivity Analysis

A 5% strengthening of the Cedi against the following currencies at 31 December 2014 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 2013.

34. Financial Risk Management (cont'd)

Sensitivity analysis

Effect in cedis

31 December 2014	Profit or loss GH¢'000
USD	3,045
GBP	1
EUR	(36)
Others	(36)

31 December 2013	Profit or loss GH¢'000
USD	(636)
GBP	(2)
EUR	24
Others	8

A best case scenario 5% weakening of the Ghana cedi against the above currencies at 31 December 2014 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 2014		
Interest income impact	21,697	(21,697)
Interest expense impact	(22,875)	22,875
Net impact	(1,196)	1,196

	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

34. Financial risk management (cont'd)

(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 Group (CORG) has been established to supervise and direct the management of operational risks across the Bank. (CORG) 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 CORC 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 Corporate & Institutional Clients and Retail Clients 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-statement of financial position 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 change in the Bank's management of capital during the year.

35. Directors' shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2014:

Ordinary Shares

	2014	2013
Ishmael Yamson	**5,000**	5,000

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 (2013: 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 2014 was based on the profit attributable to ordinary shareholders after adjustments for preference dividends of GH¢2,225,978 (2013: GH¢2,050,190) and 115,507,284 (2013: 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 2014 distributed as follows:

(i) Ordinary shares

Range of shares	Number of Shareholders	Holding	Percentage
1 - 1,000	3,514	1,114,757	0.97
1,001 - 5,000	1,690	3,692,539	3.20
5,001 - 10,000	202	1,378,808	1.19
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 - 5,000	144	324,273	1.85
5,001 - 10,000	23	185,611	1.06
Over 10,000	27	16,687,699	95.44
	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 1% to be shared equally between the employer and the employee. The Bank now pays 13% (instead of the current 12.5%) and the employee now pays 5.5% (instead of the current 5%), making a total contribution of 18.5% (instead of the 17.5%).

Out of a total contribution of 18.5%, the Bank remits 13.5% to a restructured Social Security and National Insurance Trust towards the first tier pension scheme, out of which 2.5% is a levy for the National Health Insurance scheme. The bank remits the remaining 5% 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 7% of staff basic salary.

(ii) 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 was accounted for as a defined benefit plan, but the Bank has taken an insurance policy to cover the scheme and hence no actual liability has been made in respect of this scheme.

39. Cash and cash equivalents in the statement of cashf ow

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.

	2014 GH¢'000	2013 GH¢'000
Cash and balances with Bank of Ghana	**764,126**	610,618
Due from other banks and financial institutions	**396,107**	36,389
	1,160,233	647,007

40. Details of shareholders at 31 December 2014

(i) Details of 20 Largest Ordinary Shareholders

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	**90.24**

40. Details of shareholders at 31 December 2014 (cont'd)

(ii) Details of 20 Largest Preference Shareholders

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	**94.98**

41. 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.

Standard Chartered continues to play a leading role in securing pre-shipment finance for Ghana's cocoa

Supplementary information

5-year financial summary

	2010 GH¢'000	2011 GH¢'000	2012 GH¢'000	2013 GH¢'000	2014 GH¢'000
Interest income	213,941	195,775	222,725	375,526	422,136
Interest expense	(61,193)	(45,372)	(52,982)	(95,046)	(88,250)
Net Interest income	**152,748**	**150,403**	**169,743**	**280,480**	**333,886**
Fees and commission income	42,360	32,103	74,075	83,303	91,048
Other operatingincome	22,917	34,833	38,452	56,282	96,801
Non - interest income	65,277	66,936	112,527	139,585	187,849
Operating income	**218,025**	**217,339**	**282,270**	**420,065**	**521,735**
Operating expenses	(102,936)	(93,454)	(105,059)	(129,393)	(197,774)
Impairment loss	(13,576)	(9,847)	(6,720)	(17,429)	(49,121)
Operating profit	**101,513**	**114,038**	**170,491**	**273,243**	**274,840**
Taxation	(29,305)	(36,362)	(34,203)	(65,224)	(66,569)
Profit after tax	**72,208**	**77,676**	**136,288**	**208,019**	**208,271**
Transfer to statutory and other reserve fund	(47,668)	(17,288)	(80,369)	(36,054)	(100,653)
Retained profit	**24,540**	**60,388**	**55,919**	**171,965**	**107,618**
Networth	195,981	232,576	311,349	486,984	528,927
Net own funds	139,610	183,830	247,287	388,617	387,161
Total assets	1,667,882	1,971,062	2,390,684	2,988,358	3,506,297
Total deposits	1,092,442	1,479,687	1,704,198	1,779,108	2,198,585
Loans & advances	467,152	596,724	959,597	1,130,244	1,278,362
Earnings per share	0.63	0.67	1.16	1.77	1.78
Proposed final dividend per share	1.27	3.05	0.47	1.15	0.35
Return on assets (PAT/Total assets)	4%	4%	6%	7%	6%
Return on equity (PAT/Equity)	37%	33%	44%	43%	40%
Capital adequacy ratio	16%	17%	17%	23%	15.67%
Cost/income ratio	47%	43%	37%	31%	38%

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 20th day of May, 2015 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 a Director **- ANIL DUA**		
3. Approving Directors' Remuneration		
4. Approving the Remuneration of the Auditor		

Signed…….. day of …… 2015 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 Secretary
Standard Chartered Bank, Ghana Limited
6 John Evans Atta Mills High Street
P. O. Box 768, Accra

THIRD FOLD HERE

CUT HERE

CUT HERE

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

Personal notes

Standard Chartered