GHANA
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PRESS RELEASE

PR. No 040/2009

STANDARD CHARTERED BANK GHANA LIMITED (SCB) -
2009 YEAR END FINANCIAL STATEMENTS

SCB has released its Financial Statements for the year ended December 31, 2009 as per the extracts attached.

Issued in Accra, this 26th
day of February, 2010.

- E N D -

Att'd.

Distribution:
1. All LDMs
2. General Public
3. Company Secretary, SCB
4. NTHC Registrars, (Registrars for SCB shares)
5. GSE Securities Depository
6. SEC
7. GSE Council Members
8. GSE Notice Board

For enquiries, contact:
General Manager/Head of Listings, GSE on 669908, 669914, 669935
*JEB

09.02.10

STANDARD CHARTERED BANK GHANA LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

STANDARD CHARTERED BANK GHANA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

I N D E X

STANDARD CHARTERED BANK GHANA LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Ishmael Yamson (Chairman) Hemen Shah (Chief Executive Officer) Samuel Daisie Sanjay Rughani Francis Mills-Robertson Kweku Bedu-Addo Frederick William Lee Herbert Morrison (Appointed 4th May 2009) Felicia Gbesemete (Appointed 4th May 2009)
SECRETARY	Dawn Kwesi Zaney
AUDITORS	KPMG Chartered Accountants Marlin House 13 Yiyiwa Drive P.O.Box GP242 Accra
SOLICITORS	Kudjawu & Co. Texaco House Derby Avenue P. O. Box 294 Accra
REGISTRARS	NTHC Limited Martco House P. O. Box 9563 Airport - Accra
REGISTERED OFFICE	Standard Chartered Bank Building High Street P. O. Box 768 Accra

STANDARD CHARTERED BANK GHANA LIMITED

REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders their report and financial statements of the Bank for the year ended 31 December 2009 report as follows:

Directors' Responsibility Statement

The Bank's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Code, 1963 (Act 179) of Ghana and the Banking Act, 2004 (Act 673), of Ghana as amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Financial Statement and Dividend

	GH¢'000
Profit for the year ended 31 December 2009 before taxation is	83,714
from which is deducted taxation of	(26,217)
giving a profit for the year after taxation of	57,497
Less: Transfer to Statutory Reserve Fund and Other Reserves of	(7,187)
leaving a balance of	50,310
to which is added balance on Income Surplus Account brought forward (excluding balance on Statutory Reserve Fund and Other Reserves) of	43,162
giving a cumulative amount available for distribution of	93,472
from which is transferred to other reserves an amount of	(7,044)
	86,428
out of which a final dividend for 2008 of GH¢1.50 per share for ordinary shares and GH¢0.0751 per share for March 2009 and GH¢0.0790 per share for September 2009 for preference shares amounting to	(29,089)
was paid leaving a balance on Income Surplus Account carried forward of	57,339

STANDARD CHARTERED BANK GHANA LIMITED

REPORT OF THE DIRECTORS (CONT'D)

The Directors are recommending a dividend of GH¢2.47 per share for ordinary shares amounting to GH¢47.6 million.

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¢37,404 has been set aside to a Statutory Reserve Fund from the Retained Earnings Account.

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.

Holding company

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

Subsidiary

The Bank incorporated a subsidiary, SCB Investment Services Limited, in 2005. The subsidiary did not carry out operational activities during the year. The subsidiary's financial statements have not been consolidated with that of the parent as the directors are of the opinion that it is insignificant and would present no real value to members.

Approval of the Financial Statements

The financial statements of the Bank, as indicated above, were approved by the board of directors on 28 January 2010 and are signed on their behalf by:

…….. ……

Hemen Shah *Sanjay Rughani*

Director 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 (SCB) Ghana Limited which comprise the statement of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 7-58.

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) of Ghana and the Banking Act, 2004 (Act 673) of Ghana as amended by the Banking (Amendment) Act, 2007 (Act 738). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2009, 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) of Ghana and the Banking Act, 2004 (Act 673) of Ghana as amended by the Banking (Amendment) Act, 2007 (Act 738).

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

STANDARD CHARTERED BANK GHANA LIMITED (CONT'D)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 *(Act 179) of Ghana and Section 78 of the Banking Act, 2004 (Act 673) of Ghana as amended by the Banking (Amendment) Act, 2007 (Act 738)*

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, and the statement of financial position, statement of comprehensive income, and the income surplus accounts are in agreement with the books of account.

The Bank's transactions were within its powers, and the Bank complied with the relevant provisions of the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738).

……

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE
ABELEMKPE
P. O. BOX GP242
ACCRA

……. **2010**

STANDARD CHARTERED BANK GHANA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 GH¢'000	2008 GH¢'000
Interest Income	8	155,492	110,402
Interest Expense	9	(36,073)	(34,134)
Net Interest Income		119,419	76,268
Net Fees and Commissions Income	10	37,192	22,765
Other Operating Income	12	25,889	18,082
Operating Income		182,500	117,115
Operating Expenses	13	(83,712)	(71,568)
Operating profit before impairment loss and taxation		98,788	45,547
Impairment loss	15	(15,074)	(1,707)
Profit before taxation		83,714	43,840
Taxation - Corporate Tax	17(i)	(24,124)	(10,653)
National Fiscal Stabilisation Levy	17(ii)	(2,093)	-
Profit for the year		57,497	33,187
Other Comprehensive income			
Net change in fair value of available for sale financial assets:			
Gains/(Losses) recognised directly in equity		10,183	(9,335)
Net amount transferred to the income statement		(5,091)	3,984
Other comprehensive income net of income tax		5,092	(5,351)
Total comprehensive income for the year		62,589	27,836
Basic earnings per share (Ghana Cedi per share)	38	GH¢2.99	GH¢1.89
Diluted earnings per share (Ghana Cedi per share)	38	GH¢2.99	GH¢1.89

STANDARD CHARTERED BANK GHANA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Other Reserves GH¢'000	Total Equity GH¢'000
Balance at 1 January 2009	13,131	43,162	30,217	2,951	89,461
Total comprehensive income for the year					
Profit for the year	-	57,497	-	-	57,497
Other comprehensive income net of income tax					
(Losses)/Gains recognised directly in equity	-	-	-	10,183	10,183
Net amount transferred to the income statement	-	-	-	(5,091)	(5,091)
Total other comprehensive income	-	-	-	5,092	5,092
Total comprehensive income for the year	-	57,497	-	5,092	62,589
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Additions to share capital	48,000	-	-	-	48,000
Dividends to equity holders	-	(29,089)	-	-	(29,089)
Total contributions by and distributions to owners	48,000	(29,089)	-	-	18,911
Other regulatory reserves					
Transfer (from)/to statutory reserve	-	(7,187)	7,187	-	-
Transfer to other reserves		(7,044)	-	7,044	-
Reclassifications from other reserves	-	-	-	(11,383)	(11,383)
Total transfers to and from reserves	-	(14,231)	7,187	(4,339)	(11,383)
Balance at 31 December 2009	61,131	57,339	37,404	3,704	159,578

STANDARD CHARTERED BANK GHANA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital GH¢'000	Retained Earnings GH¢'000	Statutory Reserve GH¢'000	Other Reserves GH¢'000	Total Equity GH¢'000
Balance at 1 January 2008	13,131	41,157	26,069	8,037	88,394
Total comprehensive income for the year					
Profit for the year	-	33,187	-	-	33,187
Other comprehensive income net of income tax					
(Losses)/Gains recognised directly in equity	-	-	-	(9,335)	(9,335)
Net amount transferred to the income statement	-	-	-	3,984	3,984
Total other comprehensive income	-	-	-	(5,351)	(5,351)
Total comprehensive income for the year	-	33,187	-	(5,351)	27,836
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	-	(26,769)	-	-	(26,769)
Total contributions by and distributions to owners	-	(26,769)	-	-	(26,769)
Other regulatory reserves					
Transfer (from)/to statutory reserve	-	(4,148)	4,148	-	-
Transfer to other reserves		(265)	-	265	-
Total transfers to and from reserves	-	(4,413)	4,148	265	-
Balance at 31 December 2008	13,131	43,162	30,217	2,951	89,461

STANDARD CHARTERED BANK GHANA LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009

	Note	2009 GH¢'000	2008 GH¢'000
Assets			
Cash and Balances with Bank of Ghana	19	281,509	146,843
Short – Term Government Securities	20(i)	165,307	36,808
Due from other Banks and Financial Institutions	21	130,189	117,447
Loans and Advances	22	408,538	460,338
Other Assets	25	84,791	93,532
		---	---
		1,070,334	854,968
Medium-Term Investments in other securities	20(ii)	315,206	115,633
Equity Investment	20(iii)	100	1,335
Property and equipment	23	15,590	12,988
Intangible assets	24	-	20
Deferred Taxation	18	2,983	-
		---	---
Total Assets		1,404,213	984,944
		=======	=====
Liabilities			
Customer Deposits	27	833,084	742,290
Due to other Banks and Financial Institutions	28	11,435	10,018
Interest Payable and other Liabilities	30	109,202	107,240
Borrowing	32	275,516	28,651
Provisions	31	8,782	6,028
Taxation	17(ii)	6,616	358
		---	---
		1,244,635	894,585
Deferred Taxation	18	-	898
		---	---
Total Liabilities		1,244,635	895,483
		---	---
Equity			
Share Capital	33(i)	61,131	13,131
Retained Earnings	33(ii)	57,339	43,162
Statutory Reserve Fund	33(iii)	37,404	30,217
Other Reserves	33(iv)	3,704	2,951
		---	---
Total shareholders' funds		159,578	89,461
		---	---
Total liabilities and shareholders' equity		1,404,213	984,944
		=======	=====
Net Assets Value per Share (Ghana Cedis per share)		8.3	5.1
		==	==

These financial statements were approved by the Board of Directors on …… 2010 and signed on its behalf by:

…….	……..
Hemen Shah	Sanjay Rughani
Director	Director

STANDARD CHARTERED BANK GHANA LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	**2008**
	GH¢'000	**GH¢'000**
Profit before tax for the period	83,714	43,840
Adjustments for:		
Depreciation and amortisation	1,543	1,595
Net interest Income	(119,419)	(76,268)
Impairment on financial assets	15,074	1,707
Gain on sale of investment	(370)	-
	---	---
	(19,458)	(29,126)
Change in investment other than those held for the purpose of trading	(246,709)	55,074
Change in investments held for trading	(84,502)	41,041
Change in loans and advances	36,726	(174,976)
Change in other assets	8,741	(52,817)
Change in customer deposits	90,794	207,450
Change in amounts due to other banks	1,417	(33,893)
Change in interest payable, other liabilities	1,962	59,513
Change in provisions	2,754	14,393
Change in borrowing	246,865	(35,092)
Interest income	155,492	110,402
Interest expense	(36,073)	(34,134)
	---	---
	158,009	127,835
Income tax paid	(25,075)	(13,206)
	---	---
Net cash used in operating activities	**132,934**	**114,629**
	---	---
Cash flows from investing activities		
Purchase of property and equipment	(6,042)	(2,848)
Proceeds from sale of property and equipment	-	-
Proceeds from sale of investment	1,605	1,040
	---	---
Net cash used in investing activities	**(4,437)**	**(1,808)**
	---	---
Cash flows from financing activities		
Dividends paid	(29,089)	(26,769)
Proceeds from rights issue	48,000	-
	---	---
Net cash used in financing activities	**18,911**	**(26,769)**
	---	---
Net increase in cash and cash equivalents	**147,408**	**86,052**
	=====	=====
Analysis of changes in cash and cash equivalents during the year		
Cash and cash equivalents at 1 January	264,290	178,238
Net increase in cash and cash equivalents	147,408	86,052
	---	---
Cash and cash equivalents at 31 December	411,698	264,290
	======	=====
Analysis of cash and cash equivalents during the year		
Cash and balances with Bank of Ghana	281,509	146,843
Nostro account balances	2,475	19,090
Items in course of collection	27,423	27,054
Placement with other Banks	100,291	71,303
	---	---
	411,698	264,290
	======	=====

STANDARD CHARTERED BANK GHANA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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 2 of the annual report. The Bank operates with a universal Banking license that allows it to undertake all Banking and related activities.

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 measurement

The financial statements are presented in Ghana cedis which is the Bank's functional currency, rounded to the nearest thousand. 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 that are fair value through profit or loss and financial instruments classified as available-for-sale.

c. Use of estimates and judgement

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 the amount recognised in the financial statements are described in notes 3h (ix), 3h (xi), 3h (xii) 35 and 43.

d. Changes in accounting policies

(i) Overview

Effective 1 January 2009 the bank has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements

d. **Changes in accounting policies (cont'd)**

(ii) Determination and presentation of operating segments

As of 1 January 2009 the bank determines and presents operating segments based on the information that internally is provided to the bank's board of directors, which is the bank's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of this standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.'

An operating segment is a component of the bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the bank's other components, whose operating results are reviewed regularly by the bank's board of directors to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the bank's board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets.

(iii) Presentation of financial statements

The bank applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the bank presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

e. **Other accounting developments**

The bank has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

e. **Other accounting developments (cont'd)**

Revised disclosures in respect of fair values of financial instruments are included in note 16

Further, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called.

Revised disclosures in respect of liquidity risk are included in note 35(iii).

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. **Basis of Consolidation**

(i) Subsidiaries

Subsidiaries are all entities including special purpose entities over which the Bank has the power to directly or indirectly govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which the bank effectively obtains control. They are de-consolidated from the date that control ceases. Subsidiaries that are considered insignificant are not consolidated and the Bank's interests in those subsidiaries are classified as long term investments.

(ii) Investments in subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and Joint Ventures are held at cost less impairment and dividends from pre-acquisition profits received, if any.

b. **Revenue Recognition**

In the separate financial statements of the Bank, interest income and expense on available-for-sale assets and financial assets and liabilities held at amortised cost, are recognised in the income statement 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, as well as any interest receivable or payable, is included in the income statement 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 income statement. Dividends are recognised in the income statement when the Bank's right to receive payment is established.

c. **Interest income and Expense**

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

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

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the income statement 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**

Foreign currency transactions are translated into the Bank's functional currency using the exchange rates prevailing at the dates of the transactions. 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 income statement. 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 income statement or shareholders' equity as appropriate.

g. **Leases**

(i) Classification

Leases that the Bank assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

h. **Financial Assets and Liabilities**

(i) 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.

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

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

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

(iii) Loans and receivables

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

h. **Financial Assets and Liabilities (cont'd)**

(iv) 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.

(v) Financial liabilities measured at amortised cost

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

(vi) 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 classified as at fair value through profit or loss.

(vii) 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 income statement when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as at fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in the income.

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

(viii). 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 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.

(ix) 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.

(ix) Fair value measurement (cont'd)

- 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 or unlisted securities, 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 usually are developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

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

(x) Offsetting

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

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

(xi) 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.

(xii) Identification and measurement of impairment.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial assets 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 the 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 borrowers.

(xii) Identification and measurement of impairment (cont'd)

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 recognized in the income statement. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

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

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 income statement. When a subsequent event causes the impairment loss on an available for sale financial asset to decrease, the impairment loss is reversed through the income statement. However, any subsequent recovery in the fair value of an impaired available for sale financial asset is recognised directly in equity.

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

j. **Cash and Cash Equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with maturities less than three months. Cash and cash equivalents are carried at amortised cost in the balance sheet.

k. **Investments in Securities**

This comprises investments in short-term Government securities and medium term investments in Government and other securities such as treasury bills and bonds. Investments in securities are categorised as available-for-sale financial assets and carried in the balance sheet at fair values.

l. **Loans and Receivables**

This is mainly made up of placements and overnight deposits with Banks and other financial institutions and loans and advances to customers. Loans and receivables are carried in the balance sheet at amortised cost, i.e. gross receivable less impairment allowance.

m. **Property, Plant 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, plant and equipment have different useful lives, they are accounted for as separate items (major components)"

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and 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

(iv) Depreciation (cont'd)

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

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

n. **Intangible Assets**

(i) Software

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

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

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

o. **Taxation**

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

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 the tax rates that are expected to be applied to the temporary differences when they reverse, based on the 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. **Post Balance Sheet Events**

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

r. **Dividend**

Dividend income is recognised when the right to receive income is established. Dividend payable is recognized 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 carried in the balance sheet at amortised cost.

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 income statement when they are due.

(ii) Defined benefit plans

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

v. **Employee Benefits (cont'd)**

(iii) Termination benefits

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

(iv) Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the 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.

x. **Preference and Ordinary Share Capital**

(i) Preference share capital

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The Bank's preference shares are irredeemable and non-cumulative with respect to dividend payments. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

y. **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 by the 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.

z. **Segment Reporting.**

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format for segment reporting is based on business segments.

aa. **Share based Payment Transactions**

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

ab. **New Standards and Interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these financial statements. These are disclosed as follows:

i. IFRS 3 - Business Combinations for financial statements annual periods commencing on or after 1 July 2009. This new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. This standard is not expected to have any impact on the Bank's financial statements;

ii. IAS 27 amendment - Consolidated and Separate Financial Statements for financial statements annual periods commencing on or after 1 July 2009. This requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. It is not expected to have any impact on the financial statements;

iii. IAS 39 amendment - Eligible hedged items for financial statements annual periods commencing on or after 1 July 2009. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. This change will have no impact on the Bank's financial statements.

iv. IFRS 5 amendment - Improvements to IFRSs 2008 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations for financial statements annual periods commencing on or after 1 July 2009. This change will have no impact on the Bank's financial statements;

ab. **New Standards and Interpretations not yet adopted (cont'd)**

v. IFRIC 17 - Distributions of Non-cash Assets to Owners for financial statements annual periods commencing on or after 1 July 2009. This applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. It is not expected to have any impact on the financial statements;

vi. Various - Improvements to IFRSs (SA GAAP) 2009: IFRS 2 Share-based Payment; IAS 38 Intangible Assets - Additional consequential amendments arising from revised IFRS 3; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 16 Hedges of a Net Investment in a Foreign Operation for financial statements annual periods commencing on or after 1 July 2009. It is not expected to have any impact on the financial statements;

vii. Various - Improvements to IFRSs (SA GAAP) 2009 (excluding IFRS 2) Share-based Payment; IAS 38 Intangible Assets - Additional consequential amendments arising from revised IFRS 3; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 16 Hedges of a Net Investment in a Foreign Operation) for financial statements annual periods commencing on or after 1 January 2010. These changes will have no impact on the Bank's financial statements.

viii. IFRS 2 amendment - Group Cash-settled Share-based Payment Transactions (withdrawal of IFRIC 8 and IFRIC 11) for financial statements annual periods commencing on or after 1 January 2010. The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled. This change will have no impact on the Bank's financial statements;

ix. IAS 32 amendment - IAS 32 Financial Instruments: Presentation - Classification of Rights Issues for financial statements annual periods commencing on or after 1 February 2010. The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. This change will have no impact on the Bank's financial statements;

x. IAS 24 amendment - Related Party Disclosures Revised 2009 - for financial statements beginning on or after 1 January 2011. It is not expected to have any impact on the financial statements; and IFRS 9 - Financial Instruments - for financial statements beginning on or after 1 January 2013. The amendments clarify that if a financial asset is reclassified out the fair value through profit or loss category it must be assessed for embedded derivatives at the date of reclassification. In addition, a contract that includes an embedded derivative that cannot be separately measured, is prohibited from being reclassified out of the 'at fair value through profit or loss' category. This change will have no impact on the Bank's financial statements.

4. NON – PERFORMING LOANS RATIO

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) 10% (2008: 5%).

5. CONTINGENT LIABILITIES AND COMMITMENTS

		2009 GH¢'000	2008 GH¢'000
(i)	**Contingent Liabilities**		
	• Pending Legal Suits	520 ===	509 ==
(ii)	**Commitments for Capital Expenditure**		
	• Under Contract	Nil ===	Nil ==
(iii)	**Unsecured Contingent Liabilities and Commitments**	134,077 =====	82,425 =====

- This relates to commitments for trade letters of credit and guarantees.

6. SOCIAL RESPONSIBILITY COST

An amount of GH¢126,975 (2008: GH¢45,266) was spent as part of social responsibility of the Bank.

7. SEGMENTAL REPORTING

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

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

Class of Business

	Consumer Banking GH¢'000	Wholesale Banking GH¢'000	Unallocated GH¢'000	Total GH¢'000
Net Interest Income	55,500	62,200	1,719	119,419
Non Funded Income	19,700	43,400	(19)	63,081
Operating Income	75,200	105,600	1,700	182,500
Operating Expenses	(44,300)	(45,400)	5,988	(83,712)
Operating profit before Impairment Losses and Taxation	30,900	60,200	7,688	98,788
Impairment Loss	(4,400)	(10,674)	-	(15,074)
Profit before taxation	26,500	49,526	7,688	83,714
Total Assets	119,000	867,800	417,413	1,404,213
Total Liabilities	513,605	334,200	396,830	1,244,635

8. INTEREST INCOME

(i) Classification

	2009 GH¢'000	2008 GH¢'000
Placements, Special Deposits	9,427	13,517
Investment Securities	52,768	31,032
Loans and Advances	93,297	65,853
	155,492	110,402

(ii) Categorisation

	2009 GH¢'000	2008 GH¢'000
Financial assets at fair value through profit and loss:		
Held for trading	34,047	6,241
Available for sale instruments	18,721	24,791
Loans and receivables	102,724	79,370
	155,492	110,402

Included under interest income on loans and receivable is a total amount of GH¢Nil (2008: GH¢Nil) accrued on impaired financial assets.

9. INTEREST EXPENSE

	2009 GH¢'000	2008 GH¢'000
Current Accounts	128	-
Time and other Deposit	13,548	15,274
Overnight and Call Account	6,984	8,465
Borrowings	15,413	10,395
	36,073	34,134

Total interest expense on financial liabilities held at amortised cost was GH¢36,073,000 (2008: GH¢34,134,000).

10. NET FEE AND COMMISSION INCOME

	2009 GH¢'000	2008 GH¢'000
Fee and Commission Income [Note 10(i)]	39,481	25,915
Fee and Commission Expense [Note 10(ii)]	(2,289)	(3,150)
Net Fee and Commission income	37,192	22,765

10. NET FEE AND COMMISSION INCOME (CONT'D)

	2009 GH¢'000	2008 GH¢'000
i. **Fee and commission income**		
Customer account serving fees	11,683	7,715
Letters of credit issued	5,294	5,610
Other	22,504	12,590
	---	---
Total Fee and Commission income	39,481	25,915
	=====	=====
ii. **Fee and commission expense**		
Inter -Bank transaction fees	(2,289)	3,150
	====	====

The fee and commission income and expense disclosed above are fees other than those included in determining the effective interest rate on financial instruments.

11. OTHER INCOME

Other income for the year was GH¢Nil (2009: GH¢Nil).

12. OTHER OPERATING INCOME

	2009 GH¢'000	2008 GH¢'000
Gains on Foreign Exchange	25,889	18,082
	====	====

13. OPERATING EXPENSES

Staff Cost (Note 14)	39,527	33,836
Advertising and Marketing	927	542
Administrative	28,999	28,308
Training	383	588
Depreciation and amortisation	1,543	1,595
Directors' Emoluments	1,752	1,300
Auditors' Remuneration	98	70
Donations and Sponsorship	301	182
Others	10,182	5,147
	---	---
	83,712	71,568
	=====	=====

14. STAFF COST

	2009 GH¢'000	2008 GH¢'000
Wages, Salaries, Bonus and Allowances	32,680	25,452
Social Security Cost	2,042	2,137
Pension and Retirement Benefit	1,168	1,221
Severance Pay	1,087	3,332
Other Staff Cost	2,550	1,694
	---	---
	39,527	33,836
	=====	=====

The average number of persons employed by the Bank during the year was 800 (2008: 760). Included in this figure is staff of 182 (2008: 171) who work at the Shared Service Centre for processing transactions of six (6) countries in West Africa. For the purpose of analysis, about 55% of transactions processed are for the Ghana Office.

15. IMPAIRMENT LOSS

	2009 GH¢'000	2008 GH¢'000
Specific impairment	17,687	405
Portfolio impairment	(445)	2,557
Contingent liability provision	(254)	490
Recoveries	(1,914)	(1,745)
	---	---
Impairment loss	15,074	1,707
	====	====

16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY

Financial instruments are classified among 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 balance sheet.

16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY (CONT'D)

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

	Trading GH¢'000	Designated at fair value through profit or Loss GH¢'000	Available for Sale GH¢'000	Loans & Receivables GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Cash and balances with with Bank of Ghana (Note19)	-	-	-	281,509	281,509	281,509
Government Securities (Note20)	99,580	-	380,933	-	480,513	480,513
Due from other Banks and financial institutions (Note21)	-	-	-	130,189	130,189	130,189
Loans and Advances (Note22)	-	-	-	408,538	408,538	408,538
Equity Investment (Note20)	-	-	100	-	100	100
Total at 31/12/09	99,580	-	381,033	820,236	1,300,849	1,300,849
Cash and balances with with Bank of Ghana (Note19)	-	-	-	146,843	146,843	146,843
Government Securities (Note20)	15,078	-	137,363	-	152,441	152,441
Due from other Banks and financial institutions (Note21)	-	-	-	117,447	117,447	117,447
Loans and Advances (Note22)	-	-	-	460,338	460,338	460,338
Equity Investment (Note20)	-	-	1,335	-	1,335	1,335
Total at 31/12/08	15,078	-	138,698	724,628	878,404	878,404

	Note	Trading GH¢'000	Designated at fair value through profit or Loss GH¢'000	Financial Liabilities Measured at Amortised Cost GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
Customer Deposits	27	-	-	833,084	833,084	833,084
Due to other Banks and financial institutions	28	-	-	11,435	11,435	11,435
Other Liabilities	30	4,794	-	-	4,794	4,794
Borrowings	32	-	-	275,516	275,516	275,516
Total at 31/12/09		4,794	-	1,120,035	1,124,829	1,124,829
Customer Deposits	27	-	-	742,290	742,290	742,290
Due to other Banks and financial institutions	28	-	-	10,018	10,018	10,018
Other Liabilities	30	875	-	-	875	875
Borrowings	32	-	-	28,651	28,651	28,651
Total at 31/12/08		875	-	780,959	781,834	781,834

16. FINANCIAL INSTRUMENTS CLASSIFICATION SUMMARY (CONT'D)

16b Fair value hierarchy analysis

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

	Note	Level1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Cash and balances with with Bank of Ghana	19	-	281,509	-	281,509
Government Securities	20	-	480,513	-	480,513
Due from other Banks and financial institutions	21	-	130,189	-	130,189
Loans and Advances	22	-	408,538	-	408,538
Equity Investment	32	-	100	-	100
Total at 31/12/09		-	1,300,849	-	1,300,849
Cash and balances with with Bank of Ghana	19	-	146,843	-	146,843
Government Securities	20	-	152,441	-	152,441
Due from other Banks and financial institutions	21	-	117,447	-	117,447
Loans and Advances	22	-	460,338	-	460,338
Equity Investment	32	-	1,335	-	1,335
Total at 31/12/08		-	878,404	-	878,404
Customer Deposits	27	-	833,084	-	833,084
Due to other Banks and financial institutions	28	-	11,435	-	11,435
Other liabilities	21	-	4,794	-	4,794
Borrowings	32	-	275,516	-	275,516
Total at 31/12/09		-	1,124,829	-	1,124,829
Customer Deposits	27	-	742,290	-	742,290
Due to other Banks and financial institutions	28	-	10,018	-	10,018
Other liabilities		-	875	-	875
Borrowings	32	-	28,651	-	28,651
Total at 31/12/08		-	781,384	-	781,384

17. TAXATION

	2009 GH¢'000	2008 GH¢'000
(i) **Income tax expense**		
Current Tax [Note 17(iii)]	29,240	12,070
Deferred Tax [Note 18]	(5,116)	(1,417)
	24,124	10,653

ii) **Taxation Payable**

	Balance at 1/1/09 GH¢'000	Payments during the year GH¢'000	Charge for the year GH¢'000	Balance at 31/12/09 GH¢'000
Income Tax:-				
Up to 2008	358	(1,600)	1,600	358
2009	-	(22,688)	27,640	4,952
	---	---	---	---
	358	(24,288)	29,240	5,310
National Fiscal Stabilisation Levy	-	(787)	2,093	1,306
	---	---	---	---
	358	(25,075)	31,333	6,616
	===	=====	=====	====

(iii) **Reconciliation of Effective Tax Rate**

Analysis of taxation charge in the year:

	2009 GH¢'000	2008 GH¢'000
The charge for taxation based upon the profits for the year comprises:		
Current tax on income for the year	27,640	11,877
Adjustments in respect of prior periods	1,600	193
	---	---
Total current tax	29,240	12,070
Deferred tax:		
Origination/(reversal) of temporary differences	(5,116)	(1,417)
	---	---
Tax on profits on ordinary activities	24,124	10,653
	=====	=====
Effective tax rate	28.8%	24.3%

The effective tax rate for the year is higher than the standard rate of corporation tax in Ghana, 28.8% in 2009 (2008:24.3%).

The differences are explained below:

	2009 GH¢'000	2008 GH¢'000
Profit before tax	83,714	43,840
	=====	=====
Tax at 25% (2008:25%)	20,928	10,960
Non-deductible expenses	8,117	1,409
Tax exempt revenues	(996)	(64)
Capital allowances	(409)	(428)
(Over)/Under provision in previous years	1,600	193
Deferred tax	(5,116)	(1,417)
	---	---
Current tax charge	24,124	10,653
	=====	=====

The income tax for the year is based on a tax rate of 25% on profit before tax.

The tax liabilities up to 2004 have been agreed with the Internal Revenue Service. The remaining liabilities are subject to the agreement of the Internal Revenue Service.

National Fiscal Stabilization Levy is a levy introduced by the Government as a charge on profit before tax effective July 2009. The rate applicable to the bank is 5%.

(iv) **Tax Recognised Directly in Equity**

Current tax credit/charge on available-for-sale assets for the year was Nil (2008: Nil).

18. DEFERRED TAXATION

	2009 GH¢'000	2008 GH¢'000
Balance at 1 January	898	2,916
Released for the year	(5,116)	(1,417)
Others (Note 33(iv))	1,235	(601)
Balance at 31 December	(2,983)	898

(i) **Recognised deferred tax assets and liabilities.**

Deferred tax assets and liabilities are attributable to the following:

			2009			2008
	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
Property and equipment	-	2,272	2,272	-	2,211	2,211
Portfolio impairment	(3,832)	-	(3,832)	(761)	-	(761)
Unrealised gains on trading investments		933	933	-	49	- 49
Available for sale assets		1,235	1,235	(601)	-	(601)
Provisions	(3,591)	-	(3,591)	-	-	-
Net tax (assets)/liabilities	(7,423)	4,440	(2,983)	(1,362)	2,260	898

Included in deferred taxes are amounts of GH¢1,235,000 (2008: GH¢600,750) recognised directly in equity in respect of mark to market valuation on available for sale financial assets.

19. CASH AND BALANCES WITH BANK OF GHANA

	2009 GH¢'000	2008 GH¢'000
Cash on Hand	27,702	25,974
Balances with Bank of Ghana	253,807	120,869
	281,509	146,843

20. INVESTMENT

(i) Short-Term Government Securities

	2009 GH¢'000	2008 GH¢'000
Treasury Bills	121,375	20,359
Government Bonds	43,932	16,449
	---	---
	165,307	36,808
	=====	=====

The Government Bonds consist of Ghana Government fixed and floating rate instruments. The floating rate instruments are benchmarked against the 91 day Treasury Bill rate plus a markup.

(ii) Medium-Term Investment in other Securities

	2009 GH¢'000	2008 GH¢'000
Government Bonds	315,206	115,633
	======	=====

These are fixed and floating Government of Ghana Bonds maturing between 2010 and 2013. The floating rate instruments are bench marked against the 91 day Treasury Bill rate plus a markup.

(iii) Equity Investment

	2009 GH¢'000	2008 GH¢'000
Investment in subsidiary	100	100
Visa Inc.	-	1,235
	---	---
	100	1,335
	===	====

Investment in subsidiaries represents the Bank's equity interest in Standard Chartered Investment Services Ltd, a wholly owned subsidiary, which was incorporated in 2005.

Investment in Visa Inc. represents the banks holding of 19,066 Common Stock of Visa Inc. This was sold off during the year.

21. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	2009 GH¢'000	2008 GH¢'000
Nostro Account Balances	2,475	19,090
Items in course of Collection	27,423	27,054
Placement with other Banks	100,291	71,303
	---	---
	130,189	117,447
	======	=====

22. LOANS AND ADVANCES

i. Analysis by Type

	2009 GH¢'000	2008 GH¢'000
Overdrafts	162,812	168,424
Term Loans	272,017	304,130
Gross Loans and Advances	434,829	472,554
Impairment allowance	(26,291)	(12,216)
Net Loans and Advances	408,538	460,338

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

ii. Key ratios on Loans and Advances

a. Loan loss provision ratio was 6% (2008: 3%).
b. Gross non-performing loan ratio was 10% (2008: 5%).
c. Ratio of fifty (50) largest exposure (gross funded and non-funded) to total exposures was 42% (2008: 48%).

iii. Analysis by Business Segments

	2009 GH¢'000	2008 GH¢'000
Agriculture, Forestry and Fishing	7,703	11,533
Mining and Quarrying	2,211	5,857
Manufacturing	89,062	109,315
Construction	9,338	6,100
Electricity, Gas and Water	7,600	4,765
Commerce and Finance	259,256	281,592
Transport, Storage and Communication	6,242	4,902
Services	19,900	22,604
Miscellaneous	33,517	25,886
Gross Loans and Advances	434,829	472,554
Impairment allowance	(26,291)	(12,216)
Net Loans and Advances	408,538	460,338

iv. **Analysis by Type of Customer**

	2009 GH¢'000	2008 GH¢'000
Individuals	38,567	48,303
Private Enterprises	345,232	364,560
Joint Private and State Enterprises	17,513	28,989
Public Institutions	-	4,816
Staff	33,517	25,886
Gross Loans and Advances	434,829	472,554
Impairment allowance	(26,291)	(12,216)
Net Loans and Advances	408,538	460,338

23. PROPERTY AND EQUIPMENT

	Assets in course of construction GH¢000	Land and Buildings GH¢000	Computers GH¢000	Furniture & Equipment GH¢000	Motor Vehicles GH¢000	Total GH¢000
Cost						
Balance at 1/1/09	692	11,643	9,493	5,048	175	27,051
Additions	3,865	1,422	369	182	204	6,042
Transfers	(1,896)	-	(21)	-	-	(1,917)
Reclassification	-	-	2,630	-	-	2,630
Balance at 31/12/09	2,661	13,065	12,471	5,230	379	33,806
Depreciation						
Balance at 1/1/09	-	3,033	7,733	3,127	170	14,063
Charge for the year	-	519	557	432	15	1,523
Reclassification	-	-	2,630	-	-	2,630
Balance at 31/12/09	-	3,552	10,920	3,559	185	18,216
Carrying amount						
Balance at 31/12/09	2,661	9,513	1,551	1,671	194	15,590
Cost						
Balance at 1/1/08	89	11,559	7,867	4,513	175	24,203
Additions	961	84	1,390	413	-	2,848
Disposal	(358)	-	236	122	-	-
Balance at 31/12/08	692	11,643	9,493	5,048	175	27,051

23. PROPERTY AND EQUIPMENT (CONT'D)

	Assets in course of construction GH¢000	Land and Buildings GH¢000	Computers GH¢000	Furniture & Equipment GH¢000	Motor Vehicles GH¢000	Total GH¢000
Depreciation						
Balance at 1/1/08	-	2,546	7,191	2,654	156	12,547
Charge for the year	-	487	542	473	14	1,516
Disposal	-	-	-	-	-	-
Balance at 31/12/08	-	3,033	7,733	3,127	170	14,063
Carrying amount						
Balance at 31/12/08	692	8,610	1,760	1,921	5	12,988

(i) **Operating leases**

Non cancellable operating lease rentals are payable as follows:

	2009 GH¢'000	2008 GH¢'000
Less than one year	173	469
Between one and 5 years	466	223
More than 5 years	7,127	496
	7,766	1,188

24. INTANGIBLE ASSETS

Cost		
Balance at 1 January	3,008	3,008
Additions	-	-
Reclassification	(2,630)	-
Gross value at 31 December	378	3,008
Amortisation		
Balance at 1 January	2,988	2,909
Charge for the year	20	79
Reclassification	(2,630)	-
Balance at 31 December	378	2,988
Carrying amount	-	20

This relates to the cost of purchased software.

25. OTHER ASSETS

	2009 GH¢'000	2008 GH¢'000
Accounts Receivable and Prepayments	47,679	64,924
Accrued Interest Receivable	16,846	8,787
Impersonal Accounts	20,266	19,821
	---	---
	84,791	93,532
	=====	=====

26. DERIVATIVES

Included in other liabilities are fair values of cross currency swaps of GH¢4,794,000 (2008: GH¢875,597) respectively. The fair value movement on these derivatives are recognised in the income statement.

27. CUSTOMER DEPOSIT AND CURRENT ACCOUNTS

	2009 GH¢'000	2008 GH¢'000
Current Accounts	418,112	398,049
Time Deposit	66,781	71,046
Savings Deposit	248,145	188,313
Call Deposit	100,046	84,882
	---	---
	833,084	742,290
	======	======

i. **Analysis by Type of Depositors**

Individuals and other Private Enterprises	830,896	694,169
Public Enterprises	2,188	48,121
	---	---
	833,084	742,290
	======	======

Ratio of twenty largest depositors to total deposit is 20% (2008: 21%).

28. DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	2009 GH¢'000	2008 GH¢'000
Inter-Bank Balance	5,000	10,018
Nostro Account Balances	6,435	-
	---	---
	11,435	10,018
	=====	=====

29. DIVIDENDS

	2009 GH¢'000	2008 GH¢'000
Ordinary Dividend (prior year)	26,394	25,513
Preference Dividend	2,695	1,256
	---	---
	29,089	26,769
Payments during the year	(29,089)	(26,769)
	---	---
Balance at 31 December	-	-
	====	=====

The Directors are recommending a dividend of GH¢2.47 per share for ordinary shares (2008: GH¢1.50 per share) amounting to GH¢47.6 million (2008: GH¢26.4 million)

30. INTEREST PAYABLE AND OTHER LIABILITIES

	2009 GH¢'000	2008 GH¢'000
Accrued Interest Payable	3,185	3,113
Other Creditors and Accruals	101,223	103,252
Others (Note 26)	4,794	875
	---	---
	109,202	107,240
	======	======

31. PROVISIONS

	Staff related GH¢'000	Others GH¢'000	Total GH¢'000
Balance at 1 January	5,583	445	6,028
Charged to Income Statement	5,920	2,482	8,402
	---	---	---
	11,503	2,927	14,430
Utilised during the year	(5,421)	(227)	(5,648)
	---	---	---
Balance at 31 December	6,082	2,700	8,782
	====	====	====

Staff related

This relates to provisions made for staff related obligations during the year. These are expected to be utilised during the year 2010.

Others

This comprises provisions made for various operational obligations during the year. These are expected to be utilised during the year 2010.

Provisions include retired staff medical benefit of GH¢762,516 (2008: GH¢762,516). Provision for retired staff medical benefit recorded no movement.

32. BORROWING

	2009 GH¢000	2008 GH¢000
Intra-Group	265,796	15,239
Short-term Loan	9,720	13,412
	275,516	28,651

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

33. CAPITAL AND RESERVES

(i) Share Capital (Stated Capital)

	2009		2008	
	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	100,000		100,000	
Issued and Fully Paid				
Issued for Cash Consideration	5,655	48,001	4,000	1
Transferred from Income Surplus Account	13,596	4,040	13,596	4,040
	19,251	52,041	17,596	4,041
(b). **Preference Shares**				
Issued and Fully Paid				
No. of Preference Shares	17,486	9,090	17,486	9,090
Total Share Capital		61,131		13,131

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

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

(ii) **Retained Earnings (Income Surplus)**

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 new guidance from the Central Bank which gives dispensation to all banks for the 2009 and 2010 years.

(iv) **Other Reserves**

This comprises marked -to- market gains / loss on available-for-sale investment securities of GH¢4,939,000 (2008: GH¢2,403,000) as well as deferred taxes recognised directly in equity of GH¢1,235,000 (2008: GH¢720,250).

34. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

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

i. **Transactions with Directors, Officers and other Employees:**

The following are Loan Balances due from Related Parties:

	2009	**2008**
	GH¢'000	**GH¢'000**
Directors	759	315
Officers and other Employees	32,758	25,571
	---	---
	33,517	25,886
	=====	=====

Interest rates charged on balances outstanding from related parties are lower than the rates that would be charged. This is due to the risk inherent in the product. 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 with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end

Key management personnel compensation for the period comprised:

i. **Transactions with Directors, Officers and other Employees (cont'd)**

	2009 GH¢'000	2008 GH¢'000
Short-term employee benefits	410	237
Post-employment benefits	762	762
Share-based payment transactions	1,520	1,102
	2,692	2,101

ii. **Associated Companies**

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

Nostros	2,130	19,034
Inter Bank advances	41,291	25,303
	43,421	44,337

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

Short -Term Borrowing	274,495	15,238
Other Creditors Outstanding	6,435	1,528
	280,930	16,766

iii. **Management and Technical Services Fees**

The Bank has one agreement with its parent company. Total charges and provisions made in respect of this agreement amounted to GH¢299,095 (2008: GH¢308,035) The Bank has four (4) other agreements with the SCB Group under the Technology Transfer Regulation (LI1547) of Ghana which are pending registration/approval by the Ghana Investment Promotion Council (GIPC). Recharges accruing under these agreements totaling GH¢13,874,849 (2008: GH¢8,182,394) have been provided for by management on the basis of constructive obligations. These recharges are however not due for settlement until the agreements are approved by GIPC. The recharges have not been recognized as an allowable expense in the banks tax computation.

iv. **Share based Payments**

Included in staff cost is an amount of GH¢1,520,000 (2008: GH¢1,102,112) 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.

35. FINANCIAL RISK MANAGEMENT

(i) Introduction and Overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability Management committee (ALCO), Credit Committee and the Country Operational Risk Group (CORG), which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All these committees include members of Bank's Management Committee and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, has developed a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Risk Committee (ARCO) is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. This committee is assisted in these functions by a risk management structure in all the units of the Bank which ensures a consistent assessment of risk management controls and procedures.

(ii) Credit Risk

Credit Risk Management

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other Banks and investment securities.

The Credit Committee (CC), a sub-committee of the board has responsibility for credit risk issues. Procedures for managing credit risk are determined at the business levels with specific policies and procedures being adapted to different risk environment and business goals. Risk officers are located in the business to maximise the efficiency of decision making.

35. FINANCIAL RISK MANAGEMENT (CONT'D)

The businesses working with the Risk Officers take responsibility for managing pricing for risk, portfolio diversification and overall asset quality within the requirements of Bank's standards, policies and business strategy.

Wholesale Banking

Within the Wholesale Banking business, a numerical grading system of 1–14 with 1 being the highest quality is used for quantifying the risk associated with a counterparty. The grading is based on a probability of default measure, with customers analysed against a range of quantitative and qualitative measures. Expected Loss is used for further assessment of individual exposures and portfolio analysis. There is a clear segregation of duties with loan applications being prepared separately from the approval

Consumer Banking

For consumer Banking standard credit application forms are generally used to process and approve loans. As with Wholesale Banking, origination and approval roles are segregated.

Problem Credit Management and Provisioning

Consumer Banking

An account is considered to be in default when payment is not received on the due date. Accounts that are overdue by more than 30 days are considered delinquent. These accounts are closely monitored and subject to a collections process.

The process used for raising provisions is dependent on the product. For mortgages, individual impairment provisions ("IIP") are generally raised at 150 days past due based on the difference between the outstanding amount of the loan and the present value of the estimated future cash flows. For unsecured products, individual provisions are raised for the entire outstanding amount at 150 days past due. For all products where there is certainty of impairment, such as cases involving Bankruptcy, fraud and death, the loss recognition process is accelerated.

A portfolio impairment provision ("PIP") is held to cover the inherent risk of losses, which although not identified, are known through experience to be present in the loan portfolio PIP covers both performing loans and loans overdue for less than 150 days. The provision is set with reference to past experience using flow rate methodology, as well as taking account of judgment factors such as the economic and business environment and the trends in a range of portfolio indicators.

Wholesale Banking

In Wholesale Banking, accounts or portfolios are placed on Early Alert when they display signs of weakness. Such accounts and portfolios are subject to a dedicated process with oversight involving Senior Risk Officers and Group Special Asset Management ("GSAM"). Account plans are re-evaluated and remedial actions are agreed and monitored until complete. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exit of the account or immediate movement of the account into the control of GSAM, the specialist recovery unit.

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable. Impaired accounts are managed by GSAM, which is independent of the main businesses of the Bank. Where any amount is considered uncollectible, an individual impairment provision is raised, being the difference between the loan carrying amount and the present value of estimated future cash flows. In any decision relating to the raising of provisions, the Bank attempts to balance economic conditions, local knowledge and experience, and the results of independent asset reviews. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment provision has been raised, than that amount will be written off.

A portfolio impairment provision is held to cover the inherent risk of losses, which although not identified, are known through experience to be present in any loan portfolio. In Wholesale Banking, the portfolio impairment provision is set with reference to past experience using loss rates, and judgmental factors such as the economic environment and the trends in key portfolio indicators.

Set out below is an analysis of various credit exposures.

Analysis by credit grade of loans and advances

Loans and Receivables

	2009	**2008**
	GH¢'000	**GH¢'000**
Impaired loans		
Individually impaired	43,861	29,639
Allowance for impairment	(22,165)	(6,781)
	---	---
Impaired loans, net of individual provisions	21,696	22,858
	=====	====
Loans past due but not impaired		
Past due up to 30 days	285	-
Past due 31-60 days	568	8,637
Past due 61-90 days	-	-
Past due 91-120 days	10,985	-
Past due 121-150 days	7,189	-
Past due more than 150 days	26,133	-
	---	---
	45,160	8,637
	=====	====
Loans neither past due nor impaired		
Credit grading 1-12 or equivalent	345,808	434,278
Less: Portfolio impairment provision	(4,126)	(5,435)
	---	---
Total net loans	408,538	460,338
	======	======

Analysis of credit concentration risk

The concentration of loans and advances by business segment and customer types are disclosed in Note 22 (iii) and 22 (iv) respectively. Investment securities are held largely in Government instruments.

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Maximum credit exposure

At 31 December 2009, 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' balance sheet carrying amount or, for non-derivative off-balance sheet transactions, their contractual nominal amounts.

	2009 GH¢'000	2008 GH¢'000
Short-Term Government Securities	165,307	36,808
Placements with other Banks	100,291	71,303
Loans and Advances	408,538	460,338
Unsecured Contingent liabilities and commitments	134,077	87,391
	---	---
	808,213	655,840
	======	======

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

	2009 GH¢'000	2008 GH¢'000
Against impaired assets	29,657	5,343
Against past due but not impaired assets	26,615	13,648
	---	---
	56,272	18,991
	=====	=====

(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 fulfil commitments to lend and to meet any other commitments.

35. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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

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

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

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

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

35. FINANCIAL RISK MANAGEMENT (CONT'D)

Maturities of assets and liabilities

	0-3 months GH¢'000	3-6 months GH¢'000	6-12months GH¢'000	over 1 year GH¢'000	2009 GH¢'000	2008 GH¢'000
Assets						
Cash and Balances with Bank of Ghana	281,509	-	-	-	281,509	146,843
Short-Term Government Securities	69,239	95,910	158	-	165,307	36,808
Due from other Banks and Financial Institutions	56,093	74,096	-	-	130,189	117,447
Loans and Advances	158,523	17,382	20,765	211,868	408,538	460,338
Investment in Subsidiaries	-	-	-	100	100	1,335
Other Assets	59,611	454	907	23,819	84,791	93,532
Medium-Term Government Securities	9,238	35,324	4,666	265,978	315,206	115,633
Property, Plant and Equipment	-	-	-	15,590	15,590	12,988
Intangible Assets	-	-	-	-	-	20
Deferred Tax	-	-	-	2,983	2,983	-
	---	---	---	---	---	---
	634,213	223,166	26,496	520,338	1,404,213	984,944
	---	---	---	---	---	---
Liabilities						
Non Derivative						
Customer Deposits	581,296	105,807	34,858	111,123	833,084	742,290
Due to other Banks and Financial Institutions	11,270	58	15	92	11,435	10,018
Interest Payables and other Liabilities	79,228	454	907	23,819	104,408	106,365
Taxation	-	-	6,616	-	6,616	358
Deferred Tax	-	-	-	-	-	898
Borrowings	258,301		17,215	-	275,516	28,651
Provisions	-	-	8,782	-	8,782	6,028
Derivative	-	-	-	4,794	4,794	875
	---	---	---	---	---	---
Total Liabilities	930,095	106,319	68,393	139,828	1,244,635	895,483
	---	---	---	---	---	---
Net liquidity Gap						
Total Assets	634,213	223,166	26,496	520,338	1,404,213	984,944
Total Liabilities	930,095	106,319	68,393	139,828	1,244,635	895,483
	---	---	---	---	---	---
Net Liquidity Gap	(295,882)	116,847	(41,897)	380,510	159,578	89,461
	======	=====	=====	======	=====	=====

35. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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

The Bank has not identified any limitations of the VaR methodology it is currently using.

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 foreign currency denominated assets and liabilities are disclosed in note 36.

Sensitivity Analysis

A 5% strengthening of the cedi against the following currencies at 31 December 2009 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 2008.

Sensitivity analysis

Effect in cedis

	Profit or loss GH¢'000
31 December 2009	
USD	(1,941)
GBP	(668)
EUR	183
Others	7
31 December 2008	
USD	(348)
GBP	52
EUR	(57)
Others	454

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

Interest Rate Exposure

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The 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 2009		
Interest Income impact	1,555	(1,555)
Interest Expense impact	(361)	361
	---	---
Net impact	1,194	(1,194)
	====	====

35. FINANCIAL RISK MANAGEMENT (CONT'D)

	100 bp Increase GH¢'000	100 bp Decrease GH¢'000
31 December 2008		
Interest Income impact	1,100	(1,100)
Interest Expense impact	(341)	341
Net impact	759	(759)

(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, procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

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

(vi) Compliance and Regulatory Risk

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

In implementing current capital requirements the Central Bank requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

35. FINANCIAL RISK MANAGEMENT (CONT'D)

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 some 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 giving various classifications such as claims on government, claims on the Central Bank and contingent liabilities and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

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

There have been no material changes in the Bank's management of capital during the period.

36. CONCENTRATION OF GHANA CEDI EQUIVALENT OF FOREIGN CURRENCY DENOMINATED ASSETS, LIABILITIES AND OFF BALANCE SHEET ITEMS

	USD GH¢000	GBP GH¢000	EUR GH¢000	Others GH¢000	2009 GH¢000	2008 GH¢000
Assets						
Cash and Balances with Bank of Ghana	195,174	5,857	2,992	357	204,380	120,111
Due from other Banks and Financial Institutions	2,233	11,091	-	541	13,865	26,338
Loans and Advances	99,822	12,980	45,552	-	158,354	200,044
Other Assets	108,388	257	364	296	109,305	7,503
Total Assets	405,617	30,185	48,908	1,194	485,904	353,996
Liabilities						
Customer Deposits	436,617	42,629	42,011	21	521,278	317,655
Due to other Banks and Financial Institutions	5,139	40	1,256	-	6,435	15,239
Interest Payable and other Liabilities	2,689	870	1,980	1,036	6,575	19,093
Total Liabilities	444,445	43,539	45,247	1,057	534,288	351,987
Net-on Balance Sheet Position	(38,828)	(13,354)	3,661	137	(48,384)	2,009

36. CONCENTRATION OF GHANA CEDI EQUIVALENT OF FOREIGN CURRENCY DENOMINATED ASSETS, LIABILITIES AND OFF BALANCE SHEET ITEMS (CONT'D)

	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Others GH¢'000	2009 GH¢'000	2008 GH¢'000
Off-Balance Sheet Credits And Commitments	113,871	883	7,682	142	122,578	107,964
	=====	===	====	===	======	=====
At 31 December 2008						
Total Assets	287,260	16,210	40,682	9,844		353,996
Total Liabilities	(294,222)	(15,175)	(41,835)	(755)		(351,987)
	---	---	---	---		---
Net-on Balance Sheet Position	(6,962)	1,035	(1,153)	9,089		2,009
	=====	====	====	====		====
Off-balance Sheet Credit And Commitments	99,615	515	7,115	719		107,964
	=====	===	====	===		=====

37. DIRECTORS' SHAREHOLDING

The Directors named below held the following number of shares in the Bank as at 31 December 2009:

Ordinary Shares

	2009	2008
Ishmael Yamson	2,000	2,000
	====	====

38. NUMBER OF SHARES IN ISSUE

(i) Dividend and net assets per share

Dividend and net assets per share are based on 19,251,214 (2008: 17,596,042) 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 2009 was based on the profit attributable to ordinary shareholders of GH¢57,497,000 (2008: GH¢33,187,000) and 19,251,214(2008: 17,596,042) shares in issue.

39. NUMBER OF SHAREHOLDERS

The company had 4,861 ordinary and 1,041 preference shareholders at 31 December 2009 distributed as follows:

(i) **Ordinary Shares**

Range of shares	Number of Shareholders	Holding	Percentage
1 - 1,000	4,533	892,571	4.63
1,001 - 5,000	259	555,546	2.89
5,001 - 10,000	41	319,905	1.66
Over 10,000	32	17,483,192	90.82
	4,865	19,251,214	100.00

(ii) **Preference Shares**

Range of shares	Number of Shareholders	Holding	Percentage
1 - 1,000	811	289,939	1.66
1,001 - 5,000	158	249,359	1.43
5,001 - 10,000	19	202,262	1.15
Over 10,000	32	16,744,523	95.76
	1,020	17,486,083	100.00

40. EMPLOYEE BENEFITS

(i) Defined Contribution Plans

(a) Social Security

Under a national pension scheme, the company contributes 12.5% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Bank's obligation is limited to the relevant contributions, and these have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

(b) Provident Fund

The Bank has a provident fund scheme for staff under which the Bank contributes 7% of staff basic salary. The Bank's obligations under the plan is limited to the relevant contributions and these have been recognised in the financial statements.

(ii) Defined Benefit Scheme

Retired Staff Medical Plan

The Bank has a scheme to pay the medical cost of some retired staff and their spouses from the date of retirement till death. Under the scheme, the Bank pays the medical cost of eligible persons with a cost cap of GH¢500 per person. The scheme is accounted for as a defined benefit plan. The total provision carried in the balance sheet in respect of this scheme was GH¢762,516 (2008: GH¢ 762,516).

41. DETAILS OF SHAREHOLDERS AT 31 DECEMBER 2009

(i) Details of 20 Largest Ordinary Shareholders at 31 December 2009

Name of Shareholder	Number of Shares held	Percentage (%) holding
Standard Chartered Holdings (Africa) BV	13,363,516	69.42
Social Security & National Insurance Trust	2,761,102	14.34
BBGN/SSB TST X71 AX71 6169E	387,289	2.01
BBGN/RBC Dexia Investor Services Trust	165,000	0.86
Teachers Fund	95,047	0.49
BBGN / EPACK Investment Fund Limited	92,868	0.48
Ghana Union Assurance Co Limited	72,464	0.38
Council for University of Ghana. Endowment	60,390	0.31
SSNIT SOS Fund	38,835	0.20
Edward Kojo Amoma Anim-Addo	35,708	0.19
BBGN/Unilever Ghana Managers Pension Fund	37,498	0.19
Estate of Poku Francis K Mr	28,710	0.15
University of Science & Technology	24,750	0.13
Enterprise Insurance Co. Limited	24,249	0.13
BBG NOM/ELAC Policyholders Fund	25,231	0.13
Government of Ghana	21,102	0.11
BBGN/SSB Eaton Vance Tax-Managed Emerging Market	20,600	0.11
BBGN/Barclays Mauritius Re Deut Victorie Africa Index II	19,579	0.10
BBG NOM/Unilever Ghana Provident Fund	19,263	0.10
Kudjawu, Norbert Kwasivi	18,900	0.10
	17,312,101	89.93

41. DETAILS OF SHAREHOLDERS AT 31 DECEMBER 2009 (CONT'D)

(ii) Details of 20 Largest Preference Shareholders at 31 December 2009

Name of Shareholder	Number of Shares held	Percentage (%) holding
Standard Chartered Holdings (Africa) BV	15,220,598	87.04%
Barton Kwaku Glymin Jnr.	322,734	1.85%
SSNIT SOS Fund	307,692	1.76%
Edward K Amoma Anim-Addo	106,806	0.61%
Ghana Union Assurance Co Limited	99,351	0.57%
BBGN/Emerging Markets Mgmt Africa Fund	86,585	0.50%
CSS-CSS01	86,585	0.50%
Norbert Kwasivi Kudjawu	68,775	0.39%
Ophelia F. Akosa-Bempah	54,150	0.31%
Kwaku Akosah- Bempah	40,654	0.23%
Clifford Aryee	25,000	0.14%
Ebenezer Magnus Boye	25,000	0.14%
Edmund Akoto-Bamfo	22,401	0.13%
E3A Holdings Company Limited	20,661	0.12%
Anthony Minkah	20,268	0.12%
Safo Kwame Eddie	20,000	0.11%
Edem Yankson	20,000	0.11%
John Percival Awuku Nyako	20,000	0.11%
SIC - Provident Fund	19,231	0.11%
SIC – Life Business	19,231	0.11%
	---	---
	16,605,722	94.96%
	=======	======

42. COMPARATIVE INFORMATION

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

43. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following sets out the Bank's basis of establishing fair values of the financial instruments disclosed under note 16.

Cash and balances at central Banks

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 where 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.