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2006 2007 2008
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Ecobank Ghana Ltd, Annual Report 2011

Ecobank
The Pan African Bank

Ecobank Ghana Limited

Consolidated Financial Statements

31 December 2011

Ecobank's presence in Ghana 2011

Building a World-Class Pan-African Bank

Ecobank is a full -service bank focused on sub-Saharan Africa. We provide a broad range of products and services to governments, financial institutions,multinationals, international organizations, small and medium enterprises, micro businesses and individuals.

Mission and Vision

Ecobank's dual objective is to build a world-class pan-African bank and to contribute to the economic development and financial integration of the African continent.

We seek to provide our customers with convenient and reliable banking and financial products and services both locally and regionally.

Unrivalled Pan-African network

Ecobank is the leading Pan-African bank with operations in 32 countries across the continent, more than any other bank in the world. Ecobank has representative offices in London (UK), Luanda (Angola), Dubai (UAE) and Johannesburg (South Africa) and a subsidiary in Paris (France). Ecobank has also signed strategic alliances with the Bank of China, Accion, Ned bank and Old Mutual of South Africa.

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Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (AGM) of Ecobank Ghana Limited will be held at the National Theatre of Ghana, South Liberia Road, Accra on Friday April 27, 2012 at 10.30 a.m. to transact the following business:

Agenda

Ordinary Resolution

1. TO CONSIDER AND ADOPT the Financial Statements of the Company for the year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.

2. TO DECLARE a Dividend.

3. TO RATIFY the Appointment of Directors

4. TO RE-ELECT Directors

5. TO AUTHORISE the Directors to fix the remuneration of the Auditors.

6. TO FIX THE REMUNERATION of the Directors.

Special Resolution

7. TO AMEND the Company's Regulations

A MEMBER entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a Member of the Company. The appointment of a Proxy will not prevent a member from subsequently attending and voting at the Meeting in person. A Proxy Form is on the last page which should be completed and deposited with the Registrars at Ghana Commercial Bank, Registrars Office, Thorpe Road, High Street, Accra not later than 3.00 pm on Thursday, 26 April 2012.

DATED AT ACCRA THIS 16TH DAY OF MARCH 2012.

BY ORDER OF THE BOARD

Signed
AWURAA ABENA ASAFO-BOAKYE (MRS.)
(Company Secretary).

Corporate Information

Board of Directors

Lionel Van Lare Dosoo (Chairman)
Samuel Ashitey Adjei (Managing Director)
Kofi Ansah
Evelyne Tall
Mariam Gabala Dao (Mrs)
Ernest Asare
Rosemary Yeboah (Mrs)
Thomas Chukwuemeka Awagu (Appointed 27/10/11)
George Mensah-Asante (Appointed 15/12/11)
Adegboyega Oladapo Ojora (Deceased 10/4/11)

Secretary

Awuraa Abena Asafo-Boakye(Mrs)
19 Seventh Avenue
Ridge West
Accra

Auditors

Messrs KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P O Box GP242
Accra

Registered Office

Ecobank Ghana Limited
19 Seventh Avenue
Ridge West, PMB, GPO
Accra

Registrars

Ghana Commercial Bank Limited
Thorpe Road
High Street
Accra

Board Profile

Lionel Van Lare Dosoo
Chairman

Lionel was a Deputy Governor of Bank of Ghana from 2000 to 2009. As Deputy Governor, he was a member of the Monetary Policy Committee. Other positions held during this period include Head of Planning, logistics and implementation Committee of the Ghana Cedi redenomination exercise (2007), Member and Representative of Bank of Ghana on the Revenue Agencies Governing Board (Chairman 2005 -2008), and Member of the Committee on the design and implementation of the e-zwich platform for all financial institutions.

Prior to his appointment as Deputy Governor, he worked with the Pacific Bank, Los Angeles, (Citi National Bank), where he was Vice President. Other institutions he worked for are Indosuez Bank, Los Angeles (Credit Agricole), Wells Fargo Bank (Los Angeles) and Chase Manhattan Bank. Mr Dosoo holds a BSc from the New York University (Stern School).

Samuel Ashitey Adjei
Managing Director

Sam has been Managing Director of Ecobank Ghana Ltd since January 2006 with additional responsibilities as Cluster head for countries within the West African Monetary Zone (WAMZ).

Sam is a seasoned banker with over 22 years experience in the Ecobank Group. Various positions held prior to his appointment as the Managing Director include: Deputy Managing Director (DMD), Executive Director with oversight responsibility for the Corporate and Treasury Group of the Bank and Acting Managing Director of Ecobank Liberia. He holds a BSc in Statistics, and an MBA(Finance) from the University of Ghana, Legon.

Evelyne Tall
Non Executive Director

Evelyne Tall is currently the Deputy Group Chief Executive Officer and Chief Operating Officer of the Ecobank Group. Prior to that she was the Executive Director for Domestic Banking for the Group as well as the Regional Head for the Francophone West Africa Region. She started her career in 1981 with Citibank in Dakar. She left Citibank to join Ecobank Mali as Deputy Managing Director in 1998, and was made Managing Director in 2000. She was later transferred to Ecobank Senegal as Managing Director. She was appointed Regional Head of the Francophone West Africa Region in October 2005. Evelyne Tall holds a Bachelor's Degree in English (Dakar) and a diploma in International Trade, Distribution and Marketing from Ecole d'Administration et de Direction des Affaires, Paris.

Board Profile (Continued)

Mariam Gabala Dao
Non-Executive Director

Mariam has over 22 years of diversified professional experience in development finance within both the private and public sectors in Cote D'ivoire. She is currently the Regional Representative for Francophone Africa of the Ecumenical Development Co-operative Society (SCOD). She holds a Diploma (finance/accounting option) from the Higher Commercial School, Abidjan.

Ernest Asare
Executive Director

Ernest is in charge of the bank's Operations and Information Technology. He has been with the Bank since its inception in 1990. He has been involved with Ecobank's expansion programme in Ghana, Mali and Guinea and other countries in Eastern and Southern Africa.

Ernest also coordinates special projects of the Bank and remote operations. He led the GCNET - Customs collection project now in operation at Tema, Accra Airport, Takoradi, Elubo and Aflao. He has participated in senior executive training programmes at the following Institutions, Harvard Business School, Boston and Witwatersrand University Business School, Johannesburg.

Kofi Ansah
Non-Executive Director

An engineer by profession, Kofi currently works as a mining and energy consultant after a distinguished career in the public service. He holds a BSc Mechanical Engineering from the Kwame Nkrumah University of Science and Technology, Ghana and MSc Metallurgy from Georgia Institute of Technology, USA.

He is currently a member of the boards of Goldfields International (South Africa), Goldfields Ghana Ltd, Abosso Goldfields Ltd, and Aluworks Ltd.

Board Profile (Continued)

George Mensah-Asante
Executive Director

George heads Ecobank Ghana's Domestic Banking business and is also the Cluster Head for Domestic Banking for the West African Monetary Zone (WAMZ). He is an accomplished banker with over 18 years in treasury management and sales /relationship development.

Prior to his appointment he was the Head, Retail Banking for Ecobank Ghana and was instrumental in growing the bank's branch network and deposit base. He also worked as Deputy Country Treasurer. George Mensah-Asante holds a BSc in Administration (Accounting) and an Executive MBA in (Finance) from the University of Ghana, Legon.

Thomas C. Awagu
Non-Executive Director

Thomas C Awagu was a pioneer member of the Board of Ecobank Nigeria Plc where he served for several years. He also served as chairman of the Building Committee and Board Credit Committee at different times. He is currently the President of both the Institute of Directors Nigeria and the Nigerian-British Chamber of Commerce. He is also the Treasurer of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture.

Thomas holds Bachelor's and Master's degrees in Architecture from Ahmadu Bello University, Zaria and is the pioneer managing director of Pyramids Plc, a multi-disciplinary firm of architects, engineers and cost consultants.

Board Profile (Continued)

Rosemary Yeboah
Executive Director

Rosemary Yeboah is a Banker with over 20 years banking experience working with International Banks in the United Kingdom, Ghana and Southern Africa, including Standard Chartered Bank and Credit Suisse First Boston, and has been with the Ecobank Group since 2008. She has held various positions within the Ecobank Group including Group Head, Multinational & Regional Corporates, with responsibility for managing the Networked Corporate Clients within the Bank, and Regional Head, Corporate Banking, East Africa Region. She is currently the Executive Director for Corporate Bank in Ghana and the Group Head in charge of the WAMZ cluster for Corporate Bank.

She also holds additional responsibility as Group Head, Corporate Banking, covering the Ecobank Group of Corporate Clients. She holds a BA (Hons) in Economics from the University of Kent, Canterbury, UK and Masters in Economics from the Université de Grenoble, France.

Awuraa Abena Asafo-Boakye
Company Secretary

Awuraa Abena Asafo-Boakye is the Company Secretary and Head of the Legal Department. She has been with Ecobank Ghana Limited since 1996 and has held various positions including Head, Human Resources. Prior to this, she worked as a Legal Practitioner at Sena Chambers, a leading law firm in Ghana. Awuraa Abena holds an LLB degree as well as an Executive MBA (finance) degree from the University of Ghana, Legon.

Financial Highlights

At 31 December

	2011 GHS '000	2010 GHS '000
Total assets	**2,132,183**	**1,521,229**
Loans and advances to customers (net)	**849,893**	**496,043**
Customer deposits	**1,608,256**	**1,116,332**
Shareholders' equity	**262,599**	**227,646**
For the year ended 31 December		
Profit before tax	**105,534**	**90,709**
Profit after tax	**72,381**	**60,117**
Dividend per share (Ghana pesewas)	**24**	**20**
Earnings per share (Ghana pesewas):		
- Basic	**31**	**26**
- Diluted	**31**	**26**
Return on average equity (%)	**30**	**28**
Return on average assets (%)	**4.0**	**4.1**
At 31 December		
Number of staff	**890**	**890**
Number of branches	**53**	**52**

Business Segment Highlights

Our Business Units are segmented into three core areas in line with our strategy.

Domestic Bank

Responsible for services to our retail customers, small to medium-sized enterprises, local corporates, public sector including local and central government businesses and transaction bank services.

Outlook

- Continue growing customer share of wallet by further cross-selling the bank's products
- be the preferred bank of SMEs and the public sector because of its extensive knowledge of these sectors.
- developing end-to-end customer value propositions for most of the important sectors and subsectors it has targeted.
- improve loan growth through aggressive but prudent growth of domestic bank's credit portfolio.

Corporate Bank

We offer tailor made services and products to multinationals, regional corporates, public sector, international organizations, financial institutions as well as provision of transaction banking services to all our corporate clients.

Outlook

- Driving differentiation on Cash Management and Payment products by delivering full banking propositions.
- Continuing to increase its primary banking relationships by using the current customer base to help establish broader transactional banking relationships.

Ecobank Capital

Provide treasury solutions such as wealth management, investment advisory services, and foreign exchange solutions to individual and corporate customers.

Outlook

- Extract more value from its corporate and domestic banking customers and to offer world-class treasury services.
- Investment-related advice and solutions.
- Prudent balance sheet management and competitive pricing.

Business Segment Highlights (Continued)

Domestic Bank

Total Income (GHS'000)
2011 : 89,570
2010 : 76,112

Contribution to total income

Net interest income	55%
Net fees and commission income	41%
Other income	4%

Corporate Bank

Total Income (GHS'000)
2011 : 69,581
2010 : 55,379

Contribution to total income

Net interest income	64%
Net fees and commission income	35%
Other income	1%

Capital

Total Revenue (GHS'000)
2011 : 75,397
2010 : 48,671

Contribution to total income

Net fees and commission income	46%
Other income	54%

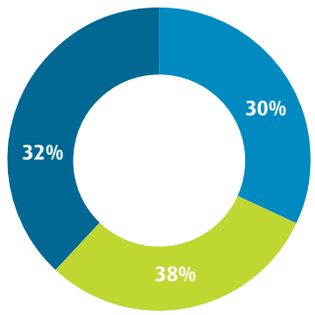
What Ecobank offers

- International trade
- Transactional products and services
- Finance leases
- Global and Local syndication
- Debit and Credit cards
- Dedicated China Trade desk.
- Long to Short Term investment products
- Mortgage Lending
- Liquidity Management
- Correspondent Banking services.
- Money transfer products
- Regional Business
- Trade in China Local currency
- Commodity Financing
- Competitive foreign exchange pricing.

Business Segment Highlights (Continued)

Business units contribution to total income, customer deposits and customer loans.

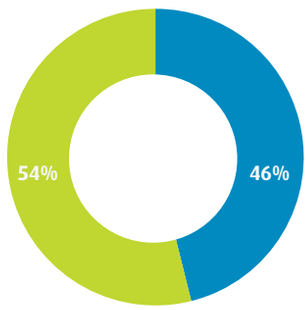
Total income



Corporate
Domestic
Capital

Bus. Unit	Amount
Corporate	69,581
Domestic	89,570
Capital	75,397

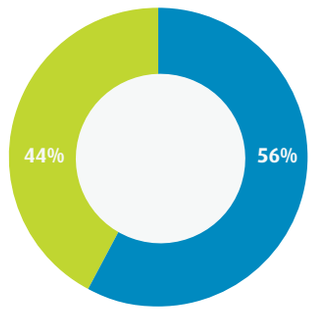
Customer deposits



Corporate
Domestic

Bus. Unit	Amount
Corporate	734,266
Domestic	873,990

Customer loans



Corporate
Domestic

Bus. Unit	Amount
Corporate	479,709
Domestic	370,184

Chairman's Address

Raising the Bar

Dear Shareholders,

I am happy to inform you that the year 2011 has been a thriving one and our outlook as a bank is very bright.
We have strongly positioned ourselves in the economy through strategic and prudent financial management. Our goal to create a world class bank with world class services to our cherished customers is on course. We have worked hard over the years and our efforts have been rewarded with increasing growth and improved services. There is however more work to be done as our focus is to grow even bigger and better in 2012.

Corporate Governance

In 2011, Mr. Thomas Chukwuemeka Awagu replaced the late Mr. Adegboyega Oladapo Ojora as a non executive director on the board. Mr. George Mensah Asante, Head of Domestic Bank for Ecobank Ghana and the West Africa Monetary Zone (WAMZ) cluster was also appointed to the board as an Executive Director. We welcome them on board and look forward to fruitful participation and contributions as we work together to build a great bank.

Review of 2011

The World economy is in stressful times according to a research by Deloitte in the 2011 Global Economic Outlook (4th Quarter, 2011 review). We started 2011 in recovery mode, admittedly weak and unbalanced, but nevertheless there was hope.

"

Ecobank as a strong bank will remain unmatched in scale, expertise and talent.

"

Chairman's Address (Continued)

Yet, as the year drew to a close, the recovery in many advanced economies stood at a standstill, with some investors even exploring the implications of a potential breakup of the Euro Zone, the impact of which may be worse than what we saw in the 2008 global financial crisis. There are also fears that the US economy will suffer a recession if the Euro zone crisis worsens. Though emerging markets are viewed by most analysts as the ones to ensure that the world economic growth does not plunge, they are however not immune to the happenings in the developed world. A crunch in European credit markets will make many emerging economies seriously vulnerable to the global crisis.

On the back of these performances, global growth is expected to be slow at approximately 3.2% per year on average.

The Ghanaian economy however continued to show great prospects for development following the stable macroeconomic environment in recent years. With low inflation rates assured in the coming years, investor confidence continues to increase. In addition to the expected contribution of oil and gas to Gross Domestic Product (GDP), economic growth is expected to rise.

The transformational rapid growth of the financial sector in recent years, coupled with the attainment of low middle income status has increased the demand for financial and banking services. We will continue to have intimate connection with our customers in order to provide them with quality services which are customer focused in a creative and professional manner, as only a World Class Pan African bank can provide.

The Ecobank/ Trust Bank Merger

Ladies and Gentlemen, as you may already be aware, at an Extraordinary General Meeting held on the 20th of January 2012, shareholders of Ecobank Ghana Limited agreed to a share swap with our parent company Ecobank Transnational Incorporated for the acquisition of a 100% shareholding in The Trust Bank (TTB). Ecobank Transnational Incorporated is currently the sole shareholder in TTB and process for the full merger and integration of the two banks is currently ongoing.

Financial Performance Review- Raising the Bar

Fellow Shareholders, there is nothing more important to us, than ensuring that we continue to make certain that your investments are managed well to guarantee maximum returns to you. In this regard, we continue to raise the bar on all financial performance indicators each year. I am therefore most pleased to inform you that, inspite of increased competition and a fragile global economy, your bank was able to grow its asset size by 40% to GHS2.1Billion.

For the full year, we reported total income of GHS234.5Million— a good overall result; showing growth of about 30% on a year on year basis.
The main drivers of this revenue growth have been trading, interest and fee incomes. Non interest income constituted 45% of our total income.

Provisions for credit losses increased marginally on a comparable basis by GHS0.4Million, or 7%, to GHS6.2million. Our non performing loan ratio at 0.66% is a testament of the soundness and quality of our asset book and remains one of the lowest in the industry. To ensure that we have the people and the platform to meet customers' expectations well into the future, we continue to invest in talent, technology, new products, customer acquisition among others. Total expense for the bank was GHS123Million, up by 47% from 2010. Despite this increase in operating expenses our cost income ratio stood at an impressive 52% at the end of the year.

Ecobank Ghana ended the year 2011 with a profit before tax of GHS105.2Million, a 16% increase on the 2010 figure of GHS90.7Million. Having achieved sustained profitability, we will continue to create and ensure responsible growth.

On the balance sheet front, our loan book grew by 71% to GHS849.9Million while our customer deposit improved by 44% to GHS1.6Billion. Our capital strength continues to be among the best in the industry, with capital adequacy at year end stated at 13.57%. This validates the strength of your bank.

I know that return on equity is of particular importance to shareholders, I am therefore pleased to inform you of a 30% return on equity for the year 2011 and also to declare a dividend of GHS0.24 per share.

Chairman's Address (Continued)

Our goal remains targeted at producing solid and increasing annual earnings, while managing our capital wisely in order to produce an attractive total return for you our shareholders.

Acknowledgements

Ecobank Ghana has benefitted from the skill and commitment of its leadership headed by the Managing Director, Mr. Samuel Ashitey Adjei. This is reflected in the financial performance so far. Please join me in saying a big thank you to them.

I will also like to thank our staff for their dedication and hard work in a very competitive industry. It has been through their efforts that we have made such enormous progress.

Thank you also to my colleagues on the board for your support and guidance. The responsibilities of a bank director are enormous, and I am grateful for the devotion of my colleagues in ensuring effective governance over the bank's activities.

We thank our existing customers and shareholders and also our new shareholders and customers for their continued support without which our business will not exist.

The strength of the Ecobank brand cannot be over emphasized and each one of us is proud to be associated with it. Although the industry is becoming increasingly competitive, Ecobank as a strong bank will remain unmatched in scale, expertise and talent. I have been inspired by the commitment of our people and the support from our customers. I look forward to being a part of this great company into the future.

Finally, we thank God for seeing us through another successful year.

Thank you all.

Lionel Van Lare Dosoo
Board Chairman

Managing Director's Statement

Growing the Right Way

Fellow shareholders,
You are warmly welcome to our Annual General Meeting for the year 2011. We wish to express our warm appreciation to all our shareholders, customers and staff for your unfailing support over the years. Our focus in the coming years will be geared towards maintaining the impressive growth trend we have achieved so far.
On the whole, the year has been very taxing but successful, and I am thus pleased to present the performance of the bank and the macro-economic environment for the year 2011.

Economic Overview
The country improved on some major macro-economic areas such as prudent fiscal spending and management, but performed moderately in others, mainly; infrastructure, technological readiness, health and primary education. One area which saw significant growth was the financial market to which Ecobank Ghana has contributed significantly.

Inflation
The Central bank was unrelenting in its Inflation targeting policy. The effect was the continuous decline in inflation, beginning the year with 9.3% and ending at 8.58%. Despite fluctuations in monthly inflation rates, general price levels of food and non-alcoholic beverages, and non-food group were generally low. There was a narrow fiscal deficit equivalent to 2.4% of GDP, an indication of cautious fiscal spending by the government which contributed to the decline in general price levels over the year.

"The effective management of our resources is a testimony to the strength and resilience of our people."

Managing Director's Statement (Continued)

Interest rate

The Central bank decided to maintain the policy rate at 12.5% at the end of the year amidst the certainty that risk to inflation outlook and growth were reasonably balanced. Generally, interest rates witnessed a downward trend throughout the year. Within the banking industry, the average lending interest rate declined from a previous 25.8% in December 2010 to 22.8% in November 2011; a reduction of 300 basis points.

The corresponding effects saw the 91-day Treasury bill rate decreased from 12.3% in December 2010 to 10.6% in December 2011. The 182-day rate also declined from 12.7% in December 2010 to 11.25% in December 2011. Generally, sound banking policies throughout the year accounted for the steady growth in banking assets and profitability.

In tandem with the interest rate developments in the country , there were two revisions to the Ecobank Ghana base rate from 24.25% at the end of 2010 to 22.25% and 18% in May and November 2011 respectively; a cumulative reduction of 625 basis points.

Exchange rate

The cedi held up against the major currencies in the first three quarters of the year; however as the last quarter approached, fast-rising imports, drying up of foreign portfolio inflows and shaky confidence in the local market regarding the prospects of the cedi, resulted in the depreciation of the cedi by 8.26% on a year to date basis.

Growth rate

The growth prospects of the economy for the year remained very strong with projected real GDP of 13.6% in 2011, from 7.7% in 2010. This momentum in growth emanates from the massive contribution of the production of oil in commercial quantities.
Particularly, the growth in cocoa beans and gold contributed immensely to the economy in 2011. The export sector saw a 64% increase over the previous year with gold and cocoa contributing US$4.5 billion and US$1.9 billion respectively.

Banking Industry Overview

The latest data released by the Bank of Ghana show that the banking sector continues to expand at a strong pace.

Amidst this expansion, the banking sector remains relatively stable, benefiting from healthy capitalization rates, as well as sound liquidity and profitability. The Bank's capital adequacy ratio stood at 13.57% in December 2011, well above the 10.0% required regulatory limit. The Bank of Ghana requires all banks to meet the GHS60million minimum capital requirement by the end of 2012. One particularly encouraging trend is the healthy risk appetite being displayed by banks, auguring well for lending into the real economy.

Ecobank Ghana Limited

Key features of the 2011 results

Strengthening our Balance Sheet- Growing the right way

Ladies and Gentlemen, in 2011, we grew our asset base by 40%, propelling us to higher levels in the industry. Ultimately, our goal is to become the biggest bank in Ghana. With our current merger with The Trust Bank, this remains an achievable feat. We remained focused on our business of providing financial services to our esteemed customers for stimulation of economic growth and development. The 71% growth in our loan book from GHS496Million in 2010 to GHS849.9Million in 2011 is a testament of our resolve. We will continue to support businesses in Ghana by providing well-tailored financial solutions.

The ever growing commitment of our customers in entrusting their deposits to us is noteworthy and we are most appreciative. Our customer deposits grew by 44% during the review period.

Margin compression from lower interest rates

As interest rates declined during the year, the bank's net interest margin compressed, resulting in a modest increase of 18% in net interest income during the review period.
Despite the slow growth, total revenue was up by 30% due to substantial increase in trading income of 105% and net fee income by 39%.

Managing Director's Statement (Continued)

Cost Management
Cost control was well maintained. Increment in cost was mainly driven by continued investment in staff, systems and infrastructure. Accordingly, the bank ended the year with a cost-income ratio of 52%.

Strong capital adequacy position
Our capital adequacy ratio at 13.57% is well above the regulatory threshold of 10%, emphasizing our strong capital position in the industry.

Customer relationships
Our goal is to make banking better and easily accessible in every feasible manner. The business environment is becoming increasingly competitive; a situation which engenders a deepening interdependency between Ecobank and its customers.

Critical to strengthening our customer relationships will be the benefits to be derived from emerging technologies. As we respond quickly, communicate more effectively, simplify transactions, and innovate faster, we will be able to deliver superior service to our customers. The more we harness emerging technologies, the easier it will be for our customers to work with us. In this regard, we introduced two new technology based products in 2011; the Ecobank Omni (an e-based cash management solution), and the Retail Internet banking service, targeted at our corporate and retail banking customers respectively and aimed at making banking easier for all

Our People
In the financial services industry, the quality of people in ensuring success is critical.

We must guard these talents even more effectively by rewarding demonstrated performance and designating the right people to the right roles. As such, in 2011, we introduced a new career and salary structure. Our goal is to empower our employees and create a more demanding performance-driven culture to instill meritocracy at every level. By encouraging mutual respect, teamwork, and a supportive culture that drives excellence in performance, our goal is to position Ecobank as the employer of choice in the financial services industry.

Principal Activities and awards
Ecobank Ghana made the following important strides in 2011.

- Relaunching of Ecobank's Trade products to increase the awareness of various regional trade products and boost regional trade in Africa;
- Commissioning of Ecobank Tamale branch in the Northern Region to increase our services across the country;
- Launching of the Ecobank Mobile Savings product to enable customers save through their mobile phones and earn interest. This initiative will enable the majority of the people to have easy access to savings; and
- Launching of the Ecobank Omni Electronic Banking serving as a one-stop e-cash management solution targeted at corporate clients.

These efforts by the bank were recognized by the international community, and thus translated into Ecobank being adjudged the Best Bank in 2011 at the Annual Euromoney Excellence Awards ceremony held in London. The bank also won CitiBank's Straight Through Processing (STP) award in recognition of the bank's ability to average 98% in high volume USD payments as well as the Deutsche Bank STP Excellence Award.

Improving Lives - Our Social Responsibility
As part of Ecobank's initiative to contribute to the societal welfare, we provided a mechanized bore hole at the University of Development Studies Campus in Wa. The inmates at the Ghana prison also received our support. In line with the country's initiative to fight the HIV/AIDS menace in the country, the bank provided financial assistance to the Ghana Coalition against AIDS and Adom Haven in an outreach program.

The bank also extended support to SIFE Ghana for the SIFE World cup participation in Kuala Lumpur. Model Nursery School PTA, Ghana National Trust Fund, National Partnership for Children's Trust, Kpone Methodist 1 Basic school, Hope Village School, Ghana Association of Physiotherapist, College of Health Sciences, Ghana Health Service, Ghana Association of Blind, Golden Hearts Trust and the National Cardiothoracic center were all beneficiaries of our benevolence.

Managing Director's Statement (Continued)

Ecobank also contributed towards the celebration of the Worlds Heart Day in the country by making donations to the 'one world, one home, one heart' project.

Appreciation

In conclusion, I would like to thank the board members for their guidance. They have been extraordinary in their dedication and efforts to strengthen the company. We also extend our gratitude to our Group Office whose support has been immense throughout the years.

The effective management of our resources is a testimony to the strength and resilience of our people. The disciplined and constructive attitude maintained by our staff throughout the year, together with the proactive and rigorous management of risk, liquidity and costs, enabled the bank make further strategic progress and my warmest appreciation goes to them.

On behalf of the management and staff of Ecobank,
I extend sincere gratitude to our shareholders
and customers for keeping faith with us.

Samuel Ashitey Adjei
Managing Director

Report of the Directors to the Members of Ecobank Ghana Limited

The Directors submit their report together with the consolidated financial statements of the Bank for the year ended 31 December 2011.

Directors' Responsibility Statement

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

The Directors have made an assessment of the ability of the Bank and its subsidiaries to continue as going concerns and have no reason to believe any of the entities will not be a going concern in the year ahead.

The Directors consider the state of the Bank's affairs to be satisfactory.

Principal Activities

The Bank's principal activities comprise corporate banking, investment banking and retail banking. There was no change in the nature of the Bank's business during the year.

Subsidiaries and Associate

The Bank has the following wholly owned subsidiaries, which are incorporated in Ghana and provide the following services:

Ecobank Investment Managers Limited	-	Management of investments
Ecobank Leasing Company Limited	-	Finance lease facilities
Ecobank Venture Capital Company Limited	-	Venture capital

The Bank holds a 49% interest in EB Accion Savings and Loans Company Limited, a company incorporated in Ghana, which provides microfinance to small and medium scale enterprises.

Acquisition of Interest in The Trust Bank (TTB)

At an extraordinary general meeting of the Bank, held on 20 January 2012, shareholders approved a share swap with the Bank's parent company, Ecobank Transnational Incorporated (ETI), under which ETI will transfer its 100% shareholding in The Trust Bank Limited (TTB) to Ecobank Ghana Limited in exchange for shares in the latter.

The shareholders also approved the subsequent merger of Ecobank Ghana Limited and TTB. As a consequence of this transaction, the issued ordinary shares of the Bank will increase by 63,100,000 from 230,128,372 ordinary shares to 293,228,372 ordinary shares.

At the time of reporting, the regulatory formalities to increase both the number of shares in issue and stated capital were yet to be completed. Upon completion, ETI will hold 68.93% of the issued share capital of Ecobank Ghana Limited.

Financial Statements and Dividend

Highlights of the Bank's separate results for the year are set out below:

	2011	2010
Profit after tax (attributable to equity holders)	70,105	58,604
to which is added the balance brought forward on income surplus account of	63,744	53,326
	133,849	111,930
out of which is transferred to the statutory reserve fund in accordance with the Banking Act an amount of	(8,763)	(7,326)
transfers in/out of the credit risk reserve of	(2,072)	563
and prior year's dividend paid of	(46,026)	(41,423)
	(56,861)	(48,186)
leaving a balance to be carried forward of	76,988	63,744

In accordance with section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢8.8 million (2010: GH¢7.3 million) was transferred to the statutory reserve fund from the income surplus account bringing the cumulative balance on the statutory reserve fund at the year end to GH¢45.5 million (2010: GH¢36.8 million).The Directors recommend the payment of a dividend of 24 Ghana pesewas (2010: 20 Ghana pesewas) per share.

Holding Company

The Bank is a subsidiary of Ecobank Transnational Incorporated (ETI), a company incorporated in the Republic of Togo. ETI owns 68.50% of the issued ordinary shares of the Bank.

Approval of the Financial Statements

The financial statements of the Bank were approved by the Board of Directors on 17 February 2012 and signed on their behalf by:

Signed
Lionel Van Lare Dosoo
Chairman

Signed
Samuel Ashitey Adjei
Director

Corporate Governance

Commitment to Corporate Governance

As a member of the Ecobank Group, Ecobank Ghana and its subsidiaries operate according to the Ecobank Transnational Incorporated (ETI) Group principles and practices on corporate governance. These principles and practices are guided by the Basel Committee standards on corporate governance, which constitute the best of international practice in this area.

The key guiding principles of the Group's governance practices are:

(i) Good corporate governance enhances shareholder value
(ii) The respective roles of shareholders, Board of Directors and management in the governance architecture should be clearly defined
(iii) The Board of Directors should have majority membership of independent directors, defined broadly as directors who are not employed by the Group or company, or who are not affiliated with organizations with significant financial dealings with the Group.

These principles have been articulated in a number of corporate documents, including the Bank's regulations, a corporate governance charter, rules of procedures for Boards, a code of conduct for Directors and rules of business ethics for staff.

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of executive management.

As of 31 December 2011, the Board of Directors of Ecobank Ghana consisted of nine (9) members made up of an independent Non-executive Chairman, four (4) Non-executive Directors, three (3) of whom are independent and four (4) Executive Directors. These board members have wide experience and in-depth knowledge in management, industry and the financial and capital markets, which enable them make informed decisions and valuable contributions to the Group's progress. The Board met five (5) times during the year.

The Board has delegated various aspects of its work to the Governance, Audit and Compliance, Risk Management and Building committees.

The Board has adopted standard evaluation tools that help assess the performance of the Board, its committees and individual members on an annual basis.

Governance Committee.

This committee is chaired by Mr Lionel Van Lare Dosoo (the independent non-executive Board Chairman) and has as its members Mr Kofi Ansah and Mr Samuel Ashitey Adjei. The committee met once in the year ended 31 December 2011.

The role of the committee include:

- Handling relationships with regulators and third parties;
- Handling relationships with shareholders;
- Evaluating the performance of Board members and various committees;
- Reviewing all issues relating to good governance; and
- Reviewing and recommending the appointment of Directors and their remuneration.

The role of the governance committee with regards to Human Resources include:

- Periodic review of the organizational structure of the Bank to ensure it conforms to the standard Group structure;
- Setting criteria, in line with Group policies, for recruitment of staff;
- Ensuring human resource management policies align with the Group Human Resource policies;
- Evaluating the performance of management staff and making recommendations for approval by the Board;
- Recommending disciplinary actions against erring management staff;
- Recommending appropriate levels of remuneration and packages for staff;
- Reviewing succession plan for key positions; and
- Any other responsibilities as may be assigned by the Board.

Audit and Compliance Committee

The Audit and Compliance Committee has as its Chairperson Mrs Mariam Gabala Dao, an independent non-executive Director. This committee includes three (3) other non-executive members of the Board. The Managing Director and a representative of the external auditors sit in attendance. The committee met five (5) times in the year ended 31 December 2011.

The role of the committee includes:

- Reviewing the internal audit function, its mandate and audit activities;
- Reviewing internal and external audit reports, particularly reports of regulatory and monetary authorities and supervising the implementation of recommendations;
- Facilitating dialogue between auditors and management on the outcome of audit activities;
- Propose external auditors and their remuneration;
- Working with the external auditors to finalise the annual financial statements for Board approval;
- Reviewing the dividend policy and issues relating to the constitution of reserves;
- Reviewing the quarterly, half-yearly and annual financial results before the Board's review and approval;
- Setting up procedures for selecting suppliers, consultants and other service providers and ensuring compliance therewith;
- Organising periodic discussions with the departments of Internal Audit and Financial Control;
- Defining appropriate measures to safeguard assets of the Bank;
- Ensuring compliance with all applicable laws and regulations and operating standards;
- Reviewing, approving and following up major contracts, procurement and capital expenditures;
- Reviewing actual spending against budget; and
- Reviewing and approving proposals for extra-budgetary spending.

Risk Management Committee

The committee has as its Chairman Mr Lionel Van Lare Dosoo, the independent non-executive Board Chairman. Other members are Mr Kofi Ansah and the Managing Director. The committee met five (5) times in the year ended 31 December 2011 to review reports from the Risk Manager.

The role of the committee includes:

- Approving all credits within limits defined in the Group Credit Policy and within the statutory requirements set by the respective regulatory and supervisory authorities;
- Reviewing and endorsing credits approved by executive management;
- Reviewing and recommending to the full Board, credit policy changes initiated by executive management;
- Ensuring compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory and supervisory authorities;
- Reviewing periodic credit portfolio reports and assessing portfolio performance;
- Approving exceptions, write-offs and discounts of non-performing credit facilities;
- Reviewing audit reports in respect of compliance with and implementation of Risk Management Policies; and
- Reviewing all other risks, including technology, market, insurance, reputation and regulations.

Building Committee

The Board also has an ad-hoc Building Committee, which supervises the management of new building projects. This committee is chaired by Mr Kofi Ansah, an independent, non-executive Board member with support from Mr Samuel Adjei. The committee did not meet during the year.

Business Continuity Plan

The Group has a business continuity and disaster recovery plan for its Head Office and branches that will enable it respond to unplanned significant interruptions in essential business functions that can lead to a temporary suspension of its operations. It provides guidelines to fully recover operations and ensure coordinated processes for restoring systems, data and infrastructure to enable essential client needs to be met until normal operations are resumed. The plan is tested at least three times every year to assess the readiness of the Group to respond to unplanned interruptions of operations.

Systems of Internal Control

The Group has a well-established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that risks faced by the Group are reasonably controlled.

The corporate internal audit and compliance function of the Group plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel, with clearly defined duties and reporting lines.

Code of Business Ethics

Management has communicated principles in the Group's Code of Conduct to its employees to provide guidance in the discharge of their duties. This code sets the standards of professionalism and integrity required for the Group's operations, which covers compliance with applicable laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down principles, so as to eliminate the potential for illegal practices.

Anti-Money Laundering

The Bank also has an established anti-money laundering system in place in compliance with the requirements of Ghana's Anti-Money Laundering (Act 749), 2008. These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business. Staff members receive training in anti-money laundering policies and practices.

Independent Auditor's Report to the Members of Ecobank Ghana Limited

Report on the Financial Statements

We have audited the financial statements of Ecobank Ghana Limited, which comprise the consolidated statement of financial position at 31 December 2011, consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 83.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of Ecobank Ghana Limited at 31 December 2011 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act 2007 (Act 738).

Other Matter

The consolidated financial statements of the Bank for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on these statements on 18 February 2011.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179) and Section 78 of the Banking Act, 2004 (Act 673) 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 consolidated statements of financial position and comprehensive income are in agreement with the books of account.

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

KPMG

Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P O Box GP242
Accra

17 February 2012

Consolidated Statement of Comprehensive Income

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Year ended 31 December 2011

	Note	2011	2010
Interest income	6	170,526	141,526
Interest expense	7	(41,926)	(32,463)
Net interest income		**128,600**	**109,063**
Fees and commission income	8	61,060	43,733
Fees and commission expense	9	(1,501)	(944)
Net fees and commission income		**59,559**	**42,789**
Lease income	10	1,704	3,381
Net trading income	11	41,388	20,209
Dividend income	12	682	453
Other operating income	13	2,615	4,267
Other income		46,389	28,310
Total income		**234,548**	**180,162**
Impairment charge on loans and advances	14	(6,167)	(5,762)
Operating expenses	15	(123,128)	(83,742)
Operating profit		105,253	90,658
Share of profit of associates	40	281	51
Profit before income tax		**105,534**	**90,709**
Income tax	16	(27,876)	(26,056)
National fiscal stabilisation levy	18	(5,277)	(4,536)
Profit for the year		**72,381**	**60,117**

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated Statement of Comprehensive Income (continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	Note	2011	2010
Profit for the year		**72,381**	**60,117**
Other comprehensive income			
Net change in value of available for sale investment securities	36(b)	2,681	664
Gains on revaluation of property	36(a)	7,750	-
Income tax relating to components of other comprehensive income	17	(1,833)	(166)
Other comprehensive income for the year, net of tax		8,598	498
Total comprehensive income for the year		**80,979**	**60,615**
Profit for the year attributable to:			
Equity holders of the Bank		**72,381**	**60,117**
Total comprehensive income attributable to:			
Equity holders of the Bank		**80,979**	**60,615**
Earnings per share			
Basic and diluted (in Ghana pesewas)	19	31	26

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated statement of financial position

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	Note	2011	2010
Assets			
Cash and cash equivalents	20	232,856	144,237
Government securities	21	573,295	468,974
Loans and advances to Banks	22	359,553	314,235
Trading assets	23	725	1,851
Loans and advances to customers	24	849,893	496,043
Investment securities: available-for-sale	25	10,872	17,360
Investment in associates	40	4,240	3,959
Intangible assets	27	6,107	2,685
Income tax	16	2,313	1,281
Property and equipment	28	45,788	40,451
Other assets	29	46,541	30,153
Total assets		**2,132,183**	**1,521,229**
Liabilities			
Deposits from Banks	30	108,185	69,921
Customer deposits	31	1,608,256	1,116,332
Other liabilities	32	46,053	27,168
Deferred tax	17	3,963	4,133
Borrowings	33	103,127	76,029
Total liabilities		**1,869,584**	**1,293,583**
Equity and reserves			
Stated capital	34	100,000	100,000
Income surplus account	35	88,086	72,566
Revaluation reserve	36	24,587	15,989
Statutory reserve fund	37	45,743	36,980
Regulatory credit risk reserve	38	4,183	2,111
Total equity attributable to equity holders of the Bank		**262,599**	**227,646**
Total liabilities and equity		**2,132,183**	**1,521,229**

These financial statements were approved by the Board of Directors on 17 February 2012 and signed on its behalf by:

By order of the Board

Signed
Lionel Van Lare Dosoo
Chairman

Signed
Samuel Ashitey Adjei
Director

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated Statement of Changes in Equity

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	Stated capital	Income surplus account	Revaluation reserve	Statutory reserve fund	Regulatory credit risk reserve	Non-controlling interest	Total
Balance at 1 January 2010	100,000	59,041	15,491	29,654	2,716	(1,489)	205,413
Total comprehensive income for the year							
Profit for the year	-	60,117	-	-	-	-	60,117
Other comprehensive income, net of tax	-	-	498	-	-	-	498
Total comprehensive income for the year	**-**	**60,117**	**498**	**-**	**-**	**-**	**60,615**
Transactions with equity holders							
Dividends paid	-	(41,423)	-	-	-	-	(41,423)
Contributions to equity holders	-	(41,423)	-	-	-	-	(41,423)
Regulatory transfers							
Statutory reserve fund	-	(7,326)	-	7,326	-	-	-
Regulatory credit risk reserve	-	563	-	-	(563)	-	-
Release of subsidiary's credit risk reserve	-	42	-	-	(42)	-	-
Reserves of previously consolidated subsidiary, with minority interest	-	1,552	-	-	-	1,489	3,041
	-	(5,169)	-	7,326	(605)	1,489	3,041
Balance at 31 December 2010	**100,000**	**72,566**	**15,989**	**36,980**	**2,111**	**-**	**227,646**

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated Statement of Changes in Equity (Continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	Stated capital	Income surplus account	Revaluation reserve	Statutory reserve fund	Regulatory credit risk reserve	Total
Balance at 1 January 2011	100,000	72,566	15,989	36,980	2,111	227,646
Total comprehensive income						
Profit for the year	-	72,381	-	-	-	72,381
Other comprehensive income, net of tax	-	-	8,598	-	-	8,598
Total comprehensive income for the year	-	72,381	8,598	-	-	80,979
Transactions with equity holders						
Dividends paid	-	(46,026)	-	-	-	(46,026)
Contributions to equity holders	-	(46,026)	-	-	-	(46,026)
Regulatory transfers						
Statutory reserve fund	-	(8,763)	-	8,763	-	-
Regulatory credit risk reserve	-	(2,072)	-	-	2,072	-
	-	(10,835)	-	8,763	2,072	-
Balance at 31 December 2011	**100,000**	**88,086**	**24,587**	**45,743**	**4,183**	**262,599**

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated Statement of Cash Flows

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	Note	2011	2010
Cash flows from operating activities			
Interest paid		(37,928)	(29,994)
Interest received		162,965	128,477
Net fees and commissions		59,559	42,789
Other income received		2,615	4,267
Dividend received		682	453
Net trading income		37,642	17,232
Lease income		1,704	3,381
Payments to employees and suppliers		(123,128)	(83,743)
Tax paid		(34,183)	(22,720)
Cash flows from operating activities before changes in operating assets and liabilities		**69,928**	**60,142**
Changes in operating assets and liabilities			
Loans and advances		(343,175)	(45,646)
Other assets		(16,388)	10,511
Investment securities		(6,488)	(7,003)
Customer deposits		491,924	194,255
Other liabilities		18,885	(86,701)
Mandatory reserves	20	(73,011)	(29,291)
Net cash generated from operating assets and liabilities		**71,747**	**36,125**
Cash flow from investing activities			
Purchase of property and equipment	28	(5,804)	(6,574)
Purchase of software	27	(5,499)	(560)
Proceeds from sale of equipment	28	206	98
Purchase of government securities	21	(556,461)	(543,715)
Proceeds from sale of government securities	21	454,275	343,516
Net cash used in investing activities		**(113,283)**	**(207,235)**

The notes on pages 34 to 83 are an integral part of this financial statements.

Consolidated Statement of Cash Flows (Continued)

(All amounts are in thousands of Ghana cedis unless otherwise stated)

Note		2011	2010
Cash flow from financing activities			
Dividends paid		(46,026)	(41,423)
Repayment of borrowed funds	33	(27,646)	(7,373)
Proceeds from borrowed funds	33	49,718	-
Net cash generated used in financing activities		**(23,954)**	**(48,796)**
Net movement in cash and cash equivalents		4,438	(159,764)
Cash and cash equivalents at beginning of year	39	360,604	520,368
Cash and cash equivalents at the end of the year		**365,042**	**360,604**

The notes on pages 34 to 83 are an integral part of this financial statements.

Notes to the Consolidated Financial Statements

(All amounts are in thousands of Ghana cedis unless otherwise stated)

1. General Information

The Bank and its subsidiaries together the "Group" provide retail, corporate banking, investment banking and other financial services in Ghana. Ecobank Transnational Incorporated (ETI), the parent company, holds 68.50% of the issued ordinary shares of Ecobank Ghana Limited.

The Bank is a limited liability company and is incorporated and domiciled in Ghana. The address of its registered office is, 19 Seventh Avenue, Ridge West, Private Mail Bag, General Post Office, Accra.

The Bank is listed on the Ghana Stock Exchange.

The consolidated financial statements were authorised for issue by the Board of Directors on 17 February 2012.

2. Summary of Significant Accounting

Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Presentation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Companies Code, 1963 (Act 179) and Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) have been included, where appropriate. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of property and available-for-sale financial assets, financial assets and financial liabilities, which are measured at fair value through profit or loss.

The consolidated financial statements comprise the consolidated statement of financial position, consolidated statements of comprehensive income, changes in equity and cash flows and notes to the consolidated financial statements.

The financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. Except otherwise indicated, financial information presented in Ghana cedis has been rounded to the nearest thousand.

Information on risks from financial instruments and financial risk management policies are disclosed in Note 3.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 revision and future periods, if the revision affects both current and future periods.

Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are considered significant to the financial statements, are disclosed in Note 5.

2.1.1 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

	Standard/Interpretation	Effective date
IAS 1 amendment	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012
IAS 27	Separate Financial Statements (2011)	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	Annual periods beginning on or after 1 January 2013
IFRS 7 amendment	Disclosures – Transfers of Financial Assets	Annual periods beginning on or after 1 July 2011
IFRS 9 (2009)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted for the first time for the financial reporting period ending 31 December 2013.

The Bank will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013.

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

This amendment will not have a significant impact on the Bank's separate financial statements for the year ended 31 December 2011.

IAS 28 (2011) Investments in Associates and Joint Ventures

IAS 28 (2011) will be adopted for the first time for the financial reporting period ending 31 December 2013.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

This amendment will not have a significant impact on the Bank's financial statements for the year ended 31 December 2011.

Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 will be adopted for the first time for the financial reporting period ending 31 December 2012.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

- not derecognised in their entirety; and
- derecognised in their entirety but for which the Bank retains continuing involvement.

This amendment will not have a significant impact on the Bank's financial statements for the year ended 31 December 2011.

IFRS 9 (2009) Financial Instruments

IFRS 9 will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

This amendment will not have a significant impact on the Bank's financial statements for the year ended 31 December 2011.

IFRS 9 (2010) Financial Instruments

IFRS 9 (2010) will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

This amendment will not have a significant impact on the Bank's financial statements for the year ended 31 December 2011.

IFRS 10 Consolidated Financial Statements

IFRS 10 will be adopted for the first time for the financial reporting period ending 31 December 2013. The standard may be applied retrospectively. IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about relevant activities are made;
- Assess whether the entity has power over relevant activities by considering only the entity's substantive rights;
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

This amendment will not have a significant impact on the Bank's financial statements for the year ended 31 December 2011.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 will be adopted for the first time for the financial reporting period ending 31 December 2013.

IFRS 12 combines, in a single standard, disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users evaluate:

- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of this standard will increase the level of disclosure provided for interests in subsidiaries, joint arrangements, associates and structured entities

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted for the first time for the financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

This amendment of IFRS 13 will not have an impact on the Bank's financial statements for the year ended 31 December 2011.

2.2 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation, where items are re-measured.

Monetary items denominated in foreign currency are re-translated at closing rates ruling at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at exchange rates ruling at the dates of initial recognition; and non-monetary items in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in profit or loss.

All foreign exchange gains and losses recognised in profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

Changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, whereas other changes in carrying amounts, except impairment, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

2.3 Segment reporting

Operating segments are reported in a manner consistent with internal reporting to the Board of Directors, which has responsibility for allocating resources and measuring performance of operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance. In accordance with IFRS 8, the Group has the following business segments: Corporate, Domestic and Capital.

2.4 Financial assets and liabilities

All financial assets and liabilities have to been recognised in the statement of financial position and measured in accordance with their assigned category.

2.4.1 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit and loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual patterns of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effectively used as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and Group loans, equity instruments, and financial assets with embedded derivatives.

Financial instruments included in this category are recognised initially at fair value. Transaction costs are recognised directly in profit or loss. Gains and losses arising from changes in fair value are recognised in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.

(b) Loans and receivables

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

(a) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Group upon initial recognition designates at fair value through profit or loss;

(b) those that the Group upon initial recognition designates as available for sale; or

(c) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to groups or customers or as investment securities. Interest on loans is included in the income statement and is reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit and loss as 'loan impairment charges'

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in profit and loss. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in profit and loss. Dividends on available-for-sale equity instruments are recognised in profit and loss in 'Dividend income' when the Group's right to receive payment is established.

(d) Recognition

The Group uses trade date accounting for regular contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.4.2 Financial liabilities

Financial liabilities are held either at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value), or at amortised cost.

(a) Financial liabilities at fair value through profitor loss

This category comprises two sub-categories: financial liabilities classified as held for trading and those designated by the Group at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual patterns of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effectively held as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised as 'financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in profit and loss and are reported as 'Net gains/(losses) on financial instruments held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost include deposits from related entities, customers or debt securities in issue, convertible bonds and subordinated debts for which the fair value option is not applied.

2.4.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities quoted on Stock Exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve, foreign exchange rates, and counterparty spreads) existing at the dates of the statement of financial position.

2.4.4 Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset has expired or the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial asset that is created or retrieved by the Bank is recognised as a separate asset or liability. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expired.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of predetermined repurchase prices, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a portion of the risks.

2.4.5 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category, if the financial asset is no longer held for the purpose of selling in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.5 Classes of financial instruments

The Group classifies financial instruments into classes that reflect the nature and characteristics of those financial instruments. The classifications made are set out in the table below:zz

Category (as defined by IAS 39)		**Class** (as determined by the Group)		**Subclasses**
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Debt securities	
			Equity securities	
			Derivatives - non-hedging	
		Designated at fair value through profit or loss	Loans and advances to Banks	
			Loans and advances to customers	
		Loans and advances to Banks		
	Loans and receivables	Loans and advances to customers	Loans to individuals (retail)	Overdrafts
				Credit cards
				Term loans
				Mortgages
			Loans to corporate entities	Overdrafts
				Term loans
				Others
		Investment securities - debt instruments		Listed
				Unlisted
	Held-to-maturity Investments	Investment securities - debt securities		Listed
				Unlisted
	Available-for-sale financial assets	Investment securities - debt securities		Listed
				Unlisted
		Investment securities - equity securities		Listed
				Unlisted
Financial liabilities	Financial liabilities at fair value through profit and loss	Financial liabilities held for trading (derivatives - non hedging only)		
		Designated at fair value through profit or loss - Debt securities in Issue		
	Financial liabilities at armortised cost	Deposits from customers	Deposits from Banks	
		Debt securities in issue		
		Convertible bonds		These are additional classes of financial liabilities at amortised cost
		Subordinated debt		
Off-balance sheet financial Instruments	Loan commitments			
	Guarantees, acceptances and other financial facilities			

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

2.8 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or retained a part at the same effective interest rate as the other participants.

2.9 Dividend income

Dividends are recognised when the entity's right to receive payment is established.

2.10 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes, interest and foreign exchange differences.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

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

The criteria that the Group uses to determine whether there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) granting the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;

(d) a likely probability that the borrower will enter bank ruptcy or other financial reorganisation;

(e) the disappearance of an active market for that finan cial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in estimated future cash flows from a portfo lio of financial assets, since initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Group 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 Group 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.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market prices.

The calculation of the present value of estimated future cash flows of a collateralised financial asset reflects cash flows that may result from foreclosure less costs 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 (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by 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 groups of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. 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 currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period including property prices, payment status and other factors indicative of changes in the probability of losses and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of loss has been determined. Impairment charges relating to loans and advances are recognised in loan impairment charges whilst impairment charges relating to investment securities (held to maturity and loans and receivables categories) are recognised in 'Net gains/(losses) on investment securities'.

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 profit or loss.

(b) Assets classified as available-for-sale

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through other comprehensive income.

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

2.12 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand, deposits held at call and other short-term highly liquid investments with original maturities of three months or less.

2.14 Repossessed property

In certain circumstances, property is repossessed following foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

2.15 Leases

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

Lease payments

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

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

2.16 Property and equipment

Except for buildings which are stated at revalued amounts, all other property and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Buildings are shown at valuation less subsequent depreciation.
Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset only

when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is recognised in profit or loss on a straight line basis to write off the gross value less residual amounts over their estimated useful lives as follows:

Buildings	2.5%
Motor vehicles	25%
Furniture and equipment	20%
Computers	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are recorded in profit or loss.

2.17 Intangible assets

Computer software

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, generally not exceeding 3 years. Intangible assets with indefinite useful lives are not amortised. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

2.18 Income tax

(a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In which case, the corresponding tax is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the reporting date and any adjustments to tax payable in respect of previous years.

(b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither affects accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset or liability is realised.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences except for deferred tax liabilities where the timing of reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the forseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority or either the same entity or different taxable entities where there is an intention to settle balances on a net basis.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations which are likely to result in an outflow to settle related classes of obligations as a whole, a provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. An increase in the provision due to passage of time is recognised as an interest expense.

2.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans and overdrafts.

Financial guarantees are initially recognised at the fair value and amortised over the life of financial guarantee. The financial guarantee is subsequently carried at the higher of the amortised amount and the present value of any expected payments, when payment becomes probable.

2.21 Derivative financial instruments

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

2.22 Stated capital

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

2.23 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.24 Consolidation

The financial statements of subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

(a) Subsidiaries

Subsidiaries are all the entities over which the Group has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently excisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost.

2.25 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.

2.26 Employment benefits

Defined contribution plans

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

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.

2.27 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 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.

2.28 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial Risk Management

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practices. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by the risk department under policies approved by the Board of Directors. The department identifies, evaluates financial risks in close co-operation with the Group's operating units. The Board provides guiding principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Group is exposed are financial risks, which includes credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

3.1 Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from commercial and consumer loans and advances, credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans. Credit risk is the single largest risk for the Group's business; management carefully manages its exposure to credit risk. Credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors and heads of each business unit regularly.

3.1.1 Credit risk measurement

(a) Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, associated loss ratios and of default correlations between counterparties

The Group has developed models to support the quantification of credit risk. These rating and scoring models are used for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loans and advances at a counterparty level, the Group considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default' (EAD); and (iii) the likely recovery ratio on defaulted obligations (the 'loss given default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

(b) Debt securities

For debt securities, external ratings such as Standard & Poor's rating or their equivalents are used by Group Treasury to manage credit risk exposures, supplemented by the Group's own assessment through the use of internal rating tools.

3.1.2 Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and Banks and to industries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or Groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including other financial institutions is further restricted by sub-limits covering on and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

Mortgages over residential properties

Charges over business assets such as premises, inventory and accounts receivables
Charges over financial instruments such as debt securities and equities

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise credit loss, the Group seeks additional collateral from counterparties as soon as impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

3.1.3 Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment.

3.1.4 Maximum exposure to credit risk before collateral held

Credit risk exposures relating to on-balance sheet assets are as follows:

	2011	2010
Balances with Bank of Ghana	158,450	85,439
Government securities	573,295	468,974
Loans and advances to Banks	359,553	314,235
Loans and advances to customers:		
Domestic	358,355	288,586
Corporate	491,538	207,457
Investment securities: available for sale	10,872	17,360
	1,952,063	**1,382,051**
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	580,993	141,740
Loan commitments and other credit related liabilities	197,955	156,010
	778,948	297,750
At 31 December	**2,731,011**	**1,679,801**

The above represents the maximum exposure to credit risk at 31 December 2011 and 2010, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts reported in the consolidated statement of financial position.

As shown above, 62% of the total maximum exposure is derived from loans and advances to banks and customers (2010: 59%); investment held in government securities represents 29% (2010: 34%).

Management is confident in its ability to continue controlling and sustaining minimal exposure to credit risk arising from both its loans and advances portfolio and investment securities.

3.1.5 Loans and advances

(a) Loans and advances are summarised as follows:

	2011		2010	
	Loans & advances to Banks	Loans & advances to customers	Loans & advances to Banks	Loans & advances to customers
Neither past due or impaired	359,553	782,488	314,235	471,651
Past due but not impaired	-	38,740	-	25,773
Individually impaired	-	42,704	-	23,333
Gross	359,553	863,932	314,235	520,757
Less: allowance for impairment	-	(14,039)	-	(24,714)
Net	359,553	849,893	314,235	496,043

(b) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group. Gradings of current and Other Loans Especially Mentioned (OLEM) are not considered past due nor impaired.

Loans and advances to customers

At 31 December 2011

	Domestic				Corporate		
	Overdrafts	Credit cards	Term loans	Mortgages	Overdrafts	Term loans	Total
Grades							
Current	65,774	2,644	239,656	12,024	98,932	345,672	764,702
OLEM	-	-	8,802	-	-	8,984	17,786
	65,774	**2,644**	**248,458**	**12,024**	**98,932**	**354,656**	**782,488**

At 31 December 2010

	Domestic				Corporate		
	Overdrafts	Credit cards	Term loans	Mortgages	Overdrafts	Term loans	Total
Grades							
Current	22,256	2,769	122,506	8,833	80,030	211,285	447,679
OLEM	8,390	-	15,582	-	-	-	23,972
	30,646	**2,769**	**138,088**	**8,833**	**80,030**	**211,285**	**471,651**

(c) Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

At 31 December 2011

	Domestic		Corporate		
	Overdrafts	Term loans	Overdrafts	Term loans	Total
Past due up to 30 days	-	7,134	-	4,186	11,320
Past due 30-60 days	-	5,584	-	-	5,584
Past due 60-90 days	8,896	6,228	1,833	4,879	21,836
	8,896	**18,946**	**1,833**	**9,065**	**38,740**

At 31 December 2010

Past due up to 30 days	2,001	576	-	-	2,577
Past due 30-60 days	8,967	1,315	-	7,759	18,041
Past due 60-90 days	3,190	1,965	-	-	5,155
	14,158	3,856	-	7,759	25,773

(d) Loans and advances individually impaired

The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the bank as security, is as follows:

At 31 December 2011

	Domestic		Corporate		
	Overdrafts	Term loans	Overdrafts	Term loans	Total
Individual impaired loans	-	21,634	-	21,070	42,704
Impairment allowance	-	6,752	-	3,999	10,751
Fair value of collateral	-	16,967	-	16,267	33,234

At 31 December 2010

Individual impaired loans	10,500	12,833	-	-	23,333
Impairment allowance	8,658	8,236	-	-	16,894
Fair value of collateral	1,967	10,138	-	-	12,105

(e) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

Loans and advances to customers

	2011	2010
Continuing to be impaired after restructuring (included in non-performing loans)	-	-
Non-impaired after restructuring – would otherwise have been impaired	17,431	16,668

(f) Repossessed Collateral

During the year ended 31 December, the Group took possession of the following collateral held as security:

	Collateral	2011 Related loan	Collateral	2010 Related loan
Carrying amount				
Nature of assets				
Commercial property				
Vehicles and equipment	143	149	574	508
	143	**149**	**574**	**508**

Repossessed properties are sold as soon as practicable and the proceeds used to reduce outstandinzg indebtedness.

3.2 Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates, exchange rates and equity prices) during the period. Positions that expose the Group to market risk can be trading or non-trading related. Trading risk comprises positions that the Group holds as part of its trading or market-making activities, whereas non-trading risk includes discretionary positions that the Group undertake for liquidity.

3.2.1 Risk identification

The Group identifies market risk through daily monitoring of levels and profit and loss balances of trading and non trading positions. The Compliance Officer together with the risk departments monitor daily trading activities to ensure that risk exposures taken are within approved limits and overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer and the Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track liquidity indicators to ensure that Group subsidiaries meet their financial obligations at all times.

3.2.2 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

(i) Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);
(ii) Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
(iii) Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

The Group uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and liabilities that mature or reprice at various time periods in the future. The Group may make judgmental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or repricing dates.

The table below summarises the repricing profiles of the group's financial instruments and other assets and liabilities as at 31 December 2011. Items are allocated to time periods with reference to the earlier of the next contractual interest rate repricing date and the maturity date.

At 31 December 2011

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non-interest bearing	Total
Assets						
Cash and balances with Bank of Ghana	-	-	-	-	232,856	232,856
Government securities	58,633	125,443	299,711	89,508	-	573,295
Loans and advances to Banks	195,199	11,759	33,674	-	118,921	359,553
Loans and advances to customers	125,060	120,450	68,558	535,825	-	849,893
Trading assets	-	-	-	-	725	725
Investment securities: available for sale	-	-	7,921	-	2,951	10,872
Other assets	-	-	-	-	46,541	46,541
Total financial assets	**378,892**	**257,652**	**409,863**	**625,234**	**401,994**	**2,073,735**
Liabilities						
Deposits from Banks	108,185	-	-	-	-	108,185
Customer deposits	95,579	21,812	354,525	22,969	1,113,371	1,608,256
Borrowings	-	-	108	103,019	-	103,127
Other liabilities	-	-	-	-	46,053	46,053
Total financial liabilities	**203,764**	**21,812**	**354,633**	**125,988**	**1,159,424**	**1,865,621**
Total interest repricing gap	**175,128**	**235,840**	**55,230**	**499,345**	**(757,430)**	**208,114**

At 31 December 2010

Total financial assets	**508,405**	**324,859**	**259,887**	**179,468**	**284,630**	**1,557,249**
Total financial liabilities	**79,792**	**151,383**	**161,392**	**131,408**	**770,236**	**1,294,210**
Total interest repricing gap	**428,613**	**173,476**	**98,495**	**48,060**	**(485,606)**	**263,039**

3.2.3 Foreign exchange risk

Foreign exchange risk is measured through the income statement. The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra group. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December.

At 31 December 2011	EUR	USD	GBP	GH¢	Others	Total
Assets						
Cash and balances with Bank of Ghana	5,650	85,680	2,517	129,119	9,890	232,856
Government securities	-	-	-	573,295	-	573,295
Loans and advances to Banks	43,537	264,791	1,800	48,000	1,425	359,553
Trading assets	-	-	-	725	-	725
Loans and advances to customers	27,227	287,262	-	535,404	-	849,893
Investment securities: available for sale	-	7,921	-	2,951	-	10,872
Other assets	-	2,745	504	43,292	-	46,541
Total	**76,414**	**648,399**	**4,821**	**1,332,786**	**11,315**	**2,073,735**
Liabilities						
Deposits from Banks	13,465	91,638	-	-	3,082	108,185
Deposits due to customers	41,293	555,382	241	1,010,234	1,106	1,608,256
Other liabilities	-	6,463	-	39,590	-	46,053
Borrowings	-	98,659	-	4,468	-	103,127
Total	**54,758**	**752,142**	**241**	**1,054,292**	**4,188**	**1,865,621**
Net on balance sheet position	21,656	(103,743)	4,580	278,494	7,127	208,114
Credit commitments	7,660	699,952	1,331	64,079	5,927	778,949
At 31 December 2010						
Total assets	**24,254**	**525,737**	**4,695**	**912,135**	**6,032**	**1,472,853**
Total liabilities	**19,561**	**512,011**	**4,677**	**746,042**	**7,159**	**1,289,450**
Net on balance sheet position	4,693	13,726	18	166,093	(1,127)	183,403
Credit commitments	8,514	176,046	-	97,139	16,046	297,745

3.2.4 Market risk measurement techniques

The Group applies the 'value at risk' methodology (VAR) to its trading and non-trading portfolios, to estimate exposure to market risk of positions held and maximum losses expected, based on a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Group, trading and non-trading separately, which are monitored on a daily basis by Group Treasury.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (98%).

There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over the preceeding10-day period in the past. The Group's assessment of past movements is based on data for the past five years. The Group applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of assumptions and parameters/factors used in the VAR calculation.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

	2011			2010		
	Low	Average	High	Low	Average	High
Foreign exchange risk	7	19	46	23	93	211
Equity risk	16	25	49	43	48	55
Interest rate risk	94	161	185	31	41	59

3.2.5 Risk monitoring and control

The Risk Management department is responsible for reviewing exposure to market risk. The Treasury department monitors interest rate and liquidity risks through daily, weekly, and monthly reviews of the structure and pricing of assets and liabilities. Assets and Liability Committee (ALCO) meetings are also held monthly. The Bank analyses the impact of unlikely, but not impossible events by means of scenario analysis, which enables management gain a better understanding of risks that it could be exposed to in extreme conditions. Both historical and hypothetical events are tested.

3.2.6 Risk reporting

Reports on the bank's positions are reviewed daily by the Internal Audit and Compliance Unit. Reports include foreign currency positions and liquidity positions in all currencies. Variations to expectations are reviewed and corrected if need be.

3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and be able to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3 Liquidity risk (continued)

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the Group manages the liquidity risk based on a different basis not resulting in a significantly different analysis.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from banks	109,647	-	-	-	109,647
Deposits due to customers	1,329,525	22,727	318,579	46,750	1,717,581
Borrowings	-	-	121	126,252	126,373
Financial liabilities (contractual maturity dates)	**1,439,172**	**22,727**	**318,700**	**173,002**	**1,953,601**
Assets					
Cash and balances with Bank of Ghana"	232,856	-	-	-	232,856
Government securities	61,951	87,435	336,987	149,634	636,007
Loans and advances to banks	328,062	9,751	33,674	38,993	410,480
Loans and advances to customers	228,593	230,370	99,164	549,162	1,107,289
Investment securities	-	-	-	10,872	10,872
Financial assets (contractual maturity dates)	**851,462**	**327,556**	**469,825**	**748,661**	**2,397,504**
Liquidity gap	587,710	(304,829)	(151,125)	(575,659)	(443,903)
At 31 December 2010					
Financial liabilities (contractual maturity dates)	**820,016**	**155,924**	**159,695**	**85,920**	**1,221,555**
Financial assets (contractual maturity dates)	**741,819**	**324,859**	**259,887**	**201,101**	**1,527,666**
Liquidity gap	**78,197**	**(168,935)**	**(100,192)**	**(115,181)**	**(306,111)**

3.4 Country analysis

	In Ghana 2011	Outside Ghana 2011	In Ghana 2010	Outside Ghana 2010
Assets				
Cash and balances with Bank of Ghana	232,856	-	144,237	-
Government securities	573,295	-	468,974	-
Loans and advances to Banks	29,777	329,776	15,803	298,432
Trading assets	725	-	1,851	-
Loans and advances to customers	849,893	-	496,043	-
Investment securities	10,872	-	17,360	-
Investment in associates	4,240	-	3,959	-
Intangible asset	6,107	-	2,685	-
Property and equipment	45,788	-	40,451	-
Current income tax assets	2,313	-	1,281	-
Other assets	46,541	-	30,153	-
Total assets	**1,802,407**	**329,776**	**1,222,797**	**298,432**
Liabilities				
Deposits from Banks	60,108	48,077	32,615	37,306
Deposits due to customers	1,608,256	-	1,116,332	-
Other liabilities	46,053	-	27,168	-
Deferred income tax liabilities	3,963	-	4,133	-
Borrowings	4,467	98,660	4,359	71,670
Total liabilities	**1,722,847**	**146,737**	**1,184,607**	**108,976**

3.5 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair values.

	Carrying value		Fair value	
	2011	2010	2011	2010
Financial assets				
Loans and advances to customers	849,893	496,043	801,427	477,712
Loans and advances to Banks	359,553	314,235	357,228	312,206
Financial liabilities				
Deposits from Banks	108,185	69,921	108,055	66,210
Deposits from customers	1,608,256	1,116,332	1,530,663	1,094,631
Borrowings	103,127	76,029	98,679	73,833

(i) Loans and advances to Banks

Loans and advances to banks include inter-bank placements and items in the course of collection. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of the fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity profiles.

(ii) Loans and advances to customers

Loans and advances to customers are net of charges 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 the fair value.

(iii) Investment securities

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics. All available for sale assets are measured and carried at fair value.

(iv) Deposits from Banks and customers

The estimated fair value of deposits with no stated maturity dates, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar maturity profiles.

(v) Off-balance sheet financial instruments

The estimated fair values of the off-balance sheet financial instruments are based on markets prices for similar facilities. Where this information is not available, fair value is estimated using discounted cash flow analysis.

(b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (adjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The group considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3
Trading assets	725	-	-
Government securities	-	573,295	-
Investment securities – available-for-sale	-	10,872	-
Total financial assets	**725**	**584,167**	**-**

4. Capital Management

The Group's objectives when managing capital include:

- Complying with capital requirements set by the Bank of Ghana
- Safeguarding the Group's ability to continue as a going concern to enable it continue providing returns for shareholders and benefits for other stakeholders
- Maintaining a strong capital base to support the development of its business

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by the Basel Committee as implemented by Bank of Ghana for supervisory purposes. The required information is filed with Bank of Ghana on a monthly basis. Bank of Ghana requires each bank to:

(a) hold a minimum regulatory capital of GHS60 million; and

(b) maintain a ratio of total regulatory capital to risk-weighted assets plus risk weighted off balance sheet assets above a required minimum of 10%.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital includes shareholders' equity and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.
- Tier 2 capital includes qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of potential losses

The table on the next page summarises the composition of regulatory capital and ratios of the Group for the years ended 31 December. During these two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements that they are subject to.

Notes to the Consolidated Financial Statements

(All amounts are in thousands of Ghana cedis unless otherwise stated)

	2011	2010
Tier 1 Capital		
Share capital	100,000	100,000
Statutory reserves	45,743	36,980
Income surplus	88,086	72,566
Non-controlling interest	-	-
Intangibles/other assets	(52,353)	(2,685)
Total qualifying tier 1 capital	**181,476**	**206,861**
Tier 2 Capital		
Subordinated debt	82,819	50,700
Other reserves	24,587	15,989
Total qualifying tier 2 capital	**107,406**	**66,689**
Total regulatory capital	**288,882**	**273,550**
Risk weighted assets		
On balance sheet	1,350,952	917,640
Off balance sheet	778,949	297,750
Total risk weighted assets	**2,129,901**	**1,215,390**
Capital adequacy ratio	13.57%	22.51%

5. Critical Accounting Estimates And Judgments

The Group's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparing the consolidated financial statements.

The Group makes estimates and assumptions that affect reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are based on best estimates undertaken in accordance with applicable standards. Estimates and judgments are evaluated on a continuous basis, based on past experience and other factors, including expectations with regard to future events.

(a) Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group considers observable data that may indicate measurable decreases in estimated future cash flows from a portfolio of loans before decreases can be identified with individual loans in that portfolio. This evidence may include observable data indicating adverse changes in the payment status of borrowers in a group, or economic conditions that correlate with defaults on assets in a group. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when projecting future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Impairment of available for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share prices.

(c) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined using valuation techniques. In these cases, fair values are estimated from observable data in respect of similar financial instruments or using models. Models are calibrated to ensure that outputs reflect actual data and comparative market prices.

(d) Income taxes

Significant estimates are required in determining provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences are adjusted in the period in which such determination is made.

6. Interest Income

	2011	2010
Placement and short-term funds	14,411	5,661
Treasury bills and Government securities	78,487	63,404
Loans and advances	77,628	72,461
	170,526	141,526

7. Interest Expense

	2011	2010
Demand deposits	7,812	8,233
Time deposits	13,977	13,260
Borrowed funds	12,194	3,893
Savings	7,943	7,077
	41,926	**32,463**

8. Fees And Commission Income

Trade finance fees	13,737	9,407
Credit related fees and commission	10,515	6,502
Cash management	28,649	19,594
Other fees and commission	8,159	8,230
	61,060	**43,733**

9. Fee And Commission Expense

Direct charges for services	1,501	944

10. Lease Income

Finance lease	1,704	3,381

11. Net Trading Income

	2011	2010
Foreign exchange:		
- translation gains less losses	3,746	2,977
- transaction gains less losses	36,970	14,784
Interest rate instruments	-	1,753
Equities	672	695
	41,388	**20,209**

12. Dividend Income

Listed equities (available-for-sale)	682	453

13. Other Operating Income

Profit on sale of equipment	5	87
Other income	2,610	4,180
	2,615	**4,267**

14. Impairment Charge on Loans and Advances

Loan impairment	15,577	16,443
Recoveries	(9,410)	(10,681)
	6,167	5,762

At 1 January	24,714	18,952
Increase in impairment	6,167	5,762
Amounts written off during the year as uncollectible	(16,842)	-
At 31 December	14,039	24,714

15. Operating Expense

	2011	2010
Staff expenses	60,100	41,834
Rent	3,249	2,369
Travel	1,669	1,092
Technology and communication	10,878	6,421
Donation and business promotion	3,256	2,243
Advertising	1,632	1,308
Training	728	460
Audit fees	224	217
Directors fees	402	396
Repairs and maintenance	3,374	3,930
Depreciation of property and equipment	8,878	8,027
Amortisation of software	2,077	1,505
Utilities	2,653	1,886
Other administrative expenses	24,008	12,054
	123,128	83,742

Staff expenses

Staff expenses comprise:

Wages and salaries	38,350	25,062
Social security fund contribution	3,430	2,517
Other allowances	18,320	14,255
	60,100	**41,834**

The number of persons employed by the Group at the year end was 890 (2010: 890).

16. Income Tax

Current income tax	28,996	22,902
Deferred income tax (Note 17)	(1,120)	3,154
	27,876	**26,056**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2011	2010
Profit before tax	105,534	90,709
Corporate tax rate at 25% (2010: 25%)		
Tax calculated at corporate tax rate	26,384	22,677
Income subject to tax at different rates	(354)	(215)
Tax impact on expenses not deductible for tax purpose	1,846	3,594
Income tax expense	27,876	26,056

The movement on current income tax is as follows:
Year of assessment

	Balance at 1 January	Charge for the year	Payment	Balance at 31 December
Up to 2010	(1,281)	-	-	(1,281)
2011	-	27,876	(28,908)	(1,032)
	(1,281)	27,876	(28,908)	(2,313)

17. Deferred Tax

	2011	2010
Deferred tax liabilities:		
Accelerated tax depreciation	3,706	4,306
Available-for-sale securities	671	166
Revaluation of property	1,162	716
	5,539	5,188
Deferred tax assets		
Provision for loan impairment	1,046	646
Other provisions	530	409
	1,576	1,055
Net deferred tax	3,963	4,133

Deferred Tax (continued)

The movement on the deferred tax account is as follows:

	2011	2010
Income statement credit	(1,120)	3,154

The deferred tax credit in the income statement comprises the following temporary differences:

Accelerated tax depreciation	(600)	3,008
Provision for loan impairment	(400)	437
Other provisions	(120)	(173)
Other temporary differences	-	(118)
	(1,120)	3,154

18. National Fiscal Stabilisation Levy

The National Fiscal Stabilisation Levy Act, 2009, became effective from 1 July 2009 to December 2011. Under the Act, an additional 5% levy will be charged on profit before tax and is payable quarterly.

19. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to equity holders of the Bank	72,381	60,117
Weighted average number of ordinary shares	230	230
Basic earnings per share (expressed in Ghana pesewas per share)	31	26
Diluted earnings per share (expressed in Ghana pesewas per share)	31	26

There is no potential dilution on basic earnings per share.

20. Cash and Balances With Bank of Ghana

	2011	2010
Cash on hand	74,406	58,798
Mandatory reserve deposits with Bank of Ghana	158,450	85,439
	232,856	144,237

Mandatory reserve deposits are not available for use in the bank's day to day operations. Cash in hand and balances with Bank of Ghana are non-interest-bearing.

21. Government Securities

At 1 January	468,974	268,534
Additions	556,461	543,715
Redeemed on maturity	(454,275)	(343,516)
Gains from changes in fair value (Note 36)	2,135	241
	573,295	**468,974**

At 31 December

Maturing within 90 days of acquisition	61,008	115,528
Maturing after 90 days but within 182 days	125,443	75,218
Maturing after 182 days of acquisition	299,711	197,331
Maturing after 1 year of acquisition	87,133	80,897
	573,295	468,974

Government securities are treasury bills and bonds issued by the Government of Ghana. These are classified as available-for-sale and carried at fair value.

22. Loans and Advances to Banks

	2011	2010
Operating accounts with other Banks	85,089	82,972
Items in course of collection from other Banks	33,832	25,416
Placements with Banks	240,632	205,847
	359,553	314,235

23. Trading Assets

Listed equity securities	725	1,851

24. Loans and Advances to Customers

Overdrafts	192,924	159,272
Staff loans	21,244	14,992
Finance leases	8,169	11,857
Mortgage loans	12,024	10,032
Term loans	629,571	324,604
Gross loans and advances to customers	**863,932**	520,757
Allowances for impairment (Note 14)	(14,039)	(24,714)
Net loans and advances to customers	849,893	496,043
Analysis by industry on gross loans		
Construction	73,738	45,049
Agriculture, forestry and fishing	22,186	13,554
Mining and quarrying	19,479	11,900
Manufacturing	150,058	91,677
Electricity, gas and water	79,430	48,527
Commerce and finance	91,328	55,796
Transport, storage and communication	262,187	160,180
Services	165,526	94,074
	863,932	520,757
Current	328,107	497,618
Non-current	535,825	23,139

The fifty largest exposure by customers constitutes 71% of the gross loans at the year end (2010: 62%).
The total amount of allowance for impairment represent 1.6% of the gross loans at the year end (2010: 4.7%).
The maximum amount due from staff during the year amounted to GH¢21 million (2010:GH¢15 million).

24. Loans and Advances to Customers (continued)

The investment in finance lease is analysed as follows:

	2011	2010
Less than 1 year	2,889	3,685
Between 1 year and 5 years	5,280	8,172
Gross investment in finance leases	8,169	11,857
Unearned finance income on finance leases	(1,385)	(2,017)
Net investment in finance leases	6,784	9,840
The net investment in finance lease is analysed as follows:		
Less than 1 year	1,962	2,906
Between 1 year and 5 years	4,822	6,934
	6,784	9,840

25. Investment Securities

At 1 January	17,360	24,363
Redeemed on maturity	(7,034)	(7,426)
Gain from changes in fair value (Note 36)	546	423
At 31 December	10,872	17,360
Current	10,872	7,266
Non-current	-	10,094

26. Investment in Subsidiaries

Name of subsidiary	Ordinary shares %		
Ecobank Investment Managers Limited	100	-	-
Ecobank Leasing Company Limited	100	1,000	1,000
Ecobank Venture Capital Company Limited	100	1,400	1,400
		2,400	2,400

27. Intangible Assets

	2011	2010
Cost		
At 1 January	5,781	5,221
Additions	5,499	560
At 31 December	11,280	5,781
Accumulated amortisation		
At 1 January	3,096	1,591
Charge for the year	2,077	1,505
At 31 December	5,173	3,096
Net book value	6,107	2,685

Intangible assets represent licenses for computer software.

28. Property and Equipment

	Buildings	equipment	Furniture & Computers	Motor vehicles	Capital work in progress	Total
Cost						
At 1 January 2010	21,805	19,199	17,140	3,919	-	62,063
Additions	-	1,892	2,518	1,364	800	6,574
Disposals	-	(13)	(9)	(24)	-	(46)
Elimination of previously Consolidated subsidiary	(485)	(589)	(777)	(219)	-	(2,070)
At 31 December 2010	21,320	20,489	18,872	5,040	800	66,521

Depreciation						
At 1 January 2010	132	8,176	7,880	1,860	-	18,048
Charge for the year	344	3,212	3,851	620	-	8,027
Disposals	-	(13)	(9)	(13)	-	(35)
Elimination of previously consolidated subsidiary	-	24	6	-	-	30
At 31 December 2010	476	11,399	11,728	2,467	-	26,070
Net book value at **31 December 2010**	20,844	9,090	7,144	2,573	800	40,451
Cost						
At 1 January 2011	21,320	20,489	18,872	5,040	800	66,521
Additions	166	1,170	830	2,659	979	5,804
Disposals	(187)	-	-	(484)	-	(671)
Transfers	552	346	105	-	(1,003)	-
Revaluation surplus	7,750	-	-	-	-	7,750
At 31 December 2011	29,601	22,005	19,807	7,215	776	79,404
Depreciation						
At 1 January 2011	476	11,399	11,728	2,467	-	26,070
Charge for the year	633	3,217	3,499	1,529	-	8,878
Released on revaluation	(862)	-	-	-	-	(862)
Disposals	(14)	-	-	(456)	-	(470)
At 31 December 2011	233	14,616	15,227	3,540	-	33,616
Net book value at 31 December 2011	29,368	7,389	4,580	3,675	776	45,788

Revaluation of property

Buildings were professionally revalued by Valuation and Investments Associates on 31 December 2011 based on other open market values. The revalued amounts were incorporated in the financial statements for the year ended 31 December 2011.

Depreciation has been charged on the financial statements as follows:

	2011	2010
Charge for the year	8,878	8,027
Less: released on revaluation	(862)	-
	8,016	8,027

Disposal of property and equipment

Original cost	671	46
Accumulated depreciation	(470)	(35)
Net book value	201	11
Sales proceeds	206	98
Gain on disposal of property and equipment	5	87

29. Other Assets

Fees receivable	3,708	6,191
Prepayments	12,660	7,377
Due from affiliates	10,565	4,359
Sundry receivables	19,608	12,226
	46,541	30,153
Current	36,248	21,068
Non-current	10,295	9,086

30. Deposits from Banks

	2011	2010
Other deposits from Banks	108,185	69,921
Current	108,185	69,921

31. Customer Deposits

Current accounts	1,129,369	777,612
Cash collateral	139,784	41,111
Savings account	184,953	129,209
Time deposit	154,150	168,400
	1,608,256	1,116,332
Current	1,585,287	1,057,266
Non-current	22,969	59,066

The twenty largest depositors constituted 24.96% of the total deposits at the year end (2010: 25.20%).

32. Other Liabilities

Collections on behalf of customers	9,406	9,007
Bankers drafts and managers cheques	8,454	4,095
Point of sale terminals	1,600	797
Accruals	13,505	7,593
Other liabilities	13,088	5,676
	46,053	27,168
Current	46,053	27,168

33. Borrowings

	At 1/1/11	Drawdown	Repayment	Exchange differences	At 31/12/11
Social Security & National Insurance Trust	4,359	-	-	-	4,359
International Finance Corporation	29,064	-	-	2,618	31,682
Export Development Investment Fund	626	-	(518)	-	108
European Investment Bank	20,344	-	(5,492)	989	15,841
Ecobank Transnational Bank	21,636	-	(21,636)	-	-
Ecobank Transnational Bank (IFC)	-	28,109	-	1,419	29,528
Ecobank Transnational Bank (EIB)	-	21,609	-	-	21,609
	76,029	49,718	(27,646)	5,026	103,127
Current				108	3,236
Non-current				103,019	72,793

The Social Security and National Insurance Trust made available to the bank a loan of US$4.15 million for on-lending to a customer of the bank, over a 10 years period from 9 June 2008 to 9 June 2015. Interest on the loan is based on the Bank of Ghana prime rate applicable on the date of the drawdown, provided that the rate will be adjusted from time to time in accordance with any changes in the Bank of Ghana prime rate. Interest on the loan may be capitalised semi-annually counting from date of the drawdown in the event that the Bank fails to honour interest repayments.

A loan of US$20 million was made available to the Bank by International Finance Corporation (IFC) under an agreement dated 20 July 2007. This loan is to be used as tier II capital, and attracts interest at LIBOR plus a margin of 3.01% per annum. This loan has a tenure of 8 years and is repayable by 15 June 2015.

The facility from European Investment Bank is repayable in 2014. The purpose of this loan is to provide financial resources for the development and promotion of export trade and small and medium enterprises. Interest on this facility is at LIBOR plus a margin of 3.3% payable semi-annually.

The borrowing from Export Development Fund (EDIF) was made available for the purposes of on-lending to small scale enterprises, export insurance re-financing and credit guarantee. This is a revolving fund, which attracts interest at a rate of 2.5% per annum.

Borrowings totaling GH¢82 million (2010: GH¢50 million) from International Finance Corporation and European Investment Bank were secured through Ecobank Transnational Incorporated. These borrowings are unsecured subordinated debts, which attract interest and are repayable between 13 July 2018 and 1 May 2019.

34. Stated Capital

	No. of shares	
	2011	2010
Authorised:		
Ordinary shares of no par value	500,000,000	500,000,000
Issued and fully paid		
Ordinary shares of no par value	230,128,372	230,128,372
Issued ordinary shares comprise:		
Issued for cash	88,692	88,692
Issued for consideration other than cash	11,308	11,308
At 31 December	**100,000**	**100,000**

There is no unpaid liability on any shares and there are no call or instalments unpaid. There are no treasury shares.

35. Income Surplus

At 1 January	72,566	59,041
Profit for the year	72,381	60,117
Dividend paid relating to prior year	(46,026)	(41,423)
Transfer to statutory banking reserve (Note 37)	(8,763)	(7,326)
Release of subsidiary regulatory credit reserve	-	42
Transfer from regulatory credit risk reserve (Note 38)	(2,072)	563
Reserves of previously consolidated subsidiary with minority interest	-	1,552
At 31 December	**88,086**	**72,566**

36. Revaluation Reserve

(a) Capital surplus – revaluation of property

	2011	2010
At 1 January	14,953	14,953
Revaluation gain (Note 28)	7,750	-
Deferred tax (Note 17)	(1,162)	-
At 31 December	21,541	14,953

(b) Available-for-sale instruments

At 1 January	1,036	538
Net gain/(loss) from changes in fair value – Government securities (Note 21)	2,135	241
Net gains from changes in fair value – investment securities (Note 25)	546	423
Deferred income taxes (Note 17)	(671)	(166)
At 31 December	3,046	1,036
Total other reserves	**24,587**	**15,989**

37. Statutory Reserve Fund

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under the Banking Act for Banks and the Non-Bank Financial Institutions Business Rules for leasing companies.

The proportion of net profits transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the ratio of the balance on statutory reserves to paid up capital. The Bank of Ghana granted a waiver to all banks allowing the rate of provision out of income surplus to stated capital to be maintained at their December 2008 levels of paid-up capital until 2010.

	2011	2010
At 1 January	36,980	29,654
Transfer from income surplus	8,763	7,326
At 31 December	45,743	36,980

38. Regulatory Credit Risk Reserve

Regulatory credit risk reserve represents cumulative amounts required to meet the Bank of Ghana guidelines for allowances on impairment.

At 1 January	2,111	2,716
Transfer from income surplus	2,072	(563)
Release of credit reserve of previously consolidated subsidiary	-	(42)
At 31 December	**4,183**	**2,111**

39. Cash and Cash Equivalents

Cash balances (Note 20)	74,406	58,798
Government securities	61,008	81,577
Due from other Banks	337,813	290,150
Due to Banks	(108,185)	(69,921)
	365,042	**360,604**

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

40. Investment in Associate

	Assets	Liabilities	Revenues	Profit	Interest held
EB ACCION Company Limited	20,214	15,157	7,469	765	49%
Cost of investment					3,959
Share of results					375
Share of tax					(94)
At 31 December					**4,240**

41. Contingent Liabilities and Commitments

Off balance sheet items

In common with other banks, the bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. In addition, there are other derivative instruments, including forwards and option contracts or combinations thereof (all commonly known as derivatives), the nominal amounts of which are not reflected in the consolidated balance sheet.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Other contingent liabilities include transaction related customs and performance bonds and are generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions.
Such commitments are either made for a fixed period, or have specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following summarises the nominal principal amount of contingent liabilities and commitments with off-balance sheet risks.

	2011	2010
Contingent liabilities		
Guarantees and indemnities	145,564	12,475
Documentary and commercial letters of credit	435,429	129,265
	580,993	141,740
Commitments		
Loan commitments	197,955	156,010
	778,948	297,750

Legal proceedings

There were a number of legal proceedings outstanding against the Group at 31 December 2011. No provision has been made as professional advice indicates that these cases are unlikely to succeed and no significant losses are expected to arise.

42. Transactions with Executive Directors and Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ecobank Ghana Limited (directly or indirectly) and comprise the Executive Directors and Senior Management of Ecobank Ghana Limited.

There were no material related party transactions with companies where a Director or other member of key management personnel (or any connected person) is also a Director or other member key management personnel (or any connected person) of Ecobank Ghana Limited.

No provisions have been recognised in respect of loans to Directors or other members of key management personnel (or any connected person).

Remuneration of Executive Directors and other key management personnel are as follows:

Salaries and other short-term benefits	2,162	1,002
Social security contributions	281	87
	2,443	**1,089**

Details of transactions between Directors and other key management personnel (and their connected persons) and the Group are as follows:

	2011	2010
Loans		
Loan outstanding at 1 January	514	152
Net movement	1,776	362
Loans outstanding at 31 December	2,290	514
Interest income	458	20
There were no loans given to non-executive Directors.		
Deposits at 1 January	383	119
Net movement during the year	11	264
Deposits at 31 December	394	383
Interest expense	47	24

43. Business Segments

Transactions between business segments are on normal commercial terms and conditions. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital.

The Group's operations are based in Ghana. There are no separately distinguishable geographical segments.

The segmental information provided to the Board for reportable segments for the year ended 31 December is as follows:

	Corporate	Domestic	Capital	Group
At 31 December 2011				
Net interest income	44,274	49,498	34,828	128,600
Net fees and commission income	24,699	36,361	(1,501)	59,559
Other income	608	3,711	42,070	46,389
Total income	**69,581**	**89,570**	**75,397**	**234,548**
Impairment charges on loans	(4,193)	(1,974)		(6,167)
Total income after impairment charges	**65,388**	**87,596**	**75,397**	**228,381**
Total assets	**479,709**	**370,184**	**1,282,290**	**2,132,183**
Total liabilities	**734,266**	**873,990**	**261,328**	**1,869,584**
At 31 December 2010				
Net interest income	42,073	38,037	28,953	109,063
Net fees and commission income	13,018	30,715	(944)	42,789
Other income	288	7,360	20,662	28,310
Total income	**55,379**	**76,112**	**48,671**	**180,162**
Impairment charges on loans	(1,953)	(3,809)		(5,762)
Total income after impairment charges	53,426	72,303	48,671	174,400
Total assets	**288,586**	**207,457**	**1,025,186**	**1,521,229**
Total liabilities	**491,270**	**625,062**	**177,251**	**1,293,583**

44. Pledged Assets

In the normal course of business, assets are sometimes pledged for specific purposes. The status of pledged assets is as follows:

	2011	2010
Government securities	10,680	8,000

45. Dividend Per Share

At the forthcoming meeting, dividend of 24 Ghana pesewas (2010: 20 Ghana pesewas) per share is to be proposed amounting to a total of GH¢55,207,574 (2010: GH¢46,025,674).

Shareholders' Information

Number of shareholder's

The Bank had 13,994 ordinary shareholders at 31 December 2011 distributed as follows:

	2011		2010	
Category	No. of holders	% of shares held	No. of holders	% of share held
1 - 1,000	12,381	1.31	12,443	1.70
1,001 - 5,000	1,262	0.99	1,262	1.03
5,001 -10,000	181	0.50	175	0.51
10,000 and over	170	97.20	154	96.76
Total	**13,994**	**100.00**	**14,034**	**100.00**

Directors' Shareholding

The Directors named below held the following number of shares in the Bank at 31 December 2011:

	No. of shares	% Holding
Lionel Van Lare Dosoo	3,772	0.002
Samuel Ashitey Adjei	41,260	0.018
Kofi Ansah	9,902	0.004
Mariam Gabala Dao (Mrs)	38,977	0.017
George Mensah Asante	3,411	0.001
Ernest Asare	2,246	0.001

Shareholders' Information

20 largest shareholders

Ecobank Transnational Incorporated	139,029,934	60.41
Social Security and National Insurance Trust	40,748,154	17.71
EBG-TTB share trust account	18,614,500	8.09
Ghana Reinsurance Company Limited General Business	9,801,190	4.26
Anglogold Ashanti Employees Provident Fund	1,496,056	0.65
ESL Investors Portfolio Account	1,416,541	0.62
Bucknor Jude Kofi	1,379,270	0.60
Teachers' Fund	1,045,055	0.45
SCBN/Standchart Mauritius Re Pinebridge Sub-Saharan Africa Equity Ghana	725,000	0.32
Teachers' Fund	549,924	0.24
Cocobod end of service benefit scheme	532,398	0.23
EDC Stockbrokers Limited (Trading) Account	454,455	0.20
SCBN/JPMC Renaissance Asset Managers Global Fund	447,624	0.19
SCBN/BBH DZ Privatbank SA Luxembourg Silk Fund – African Lions Fund Ghana	321,400	0.14
SIC Life Company Limited	309,760	0.13
EBG Staff Savings Scheme Nominee	290,539	0.13
SCBN/Barclays Mauritius Re Deut Victoire Africa Index IIIC	278,571	0.12
SIC Insurance Company Limited	232,603	0.10
SCBN/UNIL Ghana Managers Pension Fund	214,222	0.09
Okubanjo, Oloye Oladotun Okunowo (Mr)	210,096	0.09

Ecobank Ghana Limited
Proxy Form

WE, ... being a Member of the above-named Company hereby appoint.....or failing him the Chairman of the Meeting as my/our Proxy to vote on my/our behalf at the Annual General Meeting (AGM) of the Company to be held on **Friday, April 27, 2012 at 10:30 am prompt.**

DATED THE ..... DAY OF APRIL, 2012.

.....
MEMBER

This Form is to be used in favour of/against the Resolutions set out in the Agenda:

	FOR	AGAINST
1. TO APPROVE ACCOUNTS		
2. TO DECLARE a Dividend		
3. TO RATIFY the appointment of MR. THOMAS CHUKWUEMEKA AWAGU		
TO RATIFY the appointment of MR. GEORGE MENSAH – ASANTE		
TO RATIFY the appointment of MR. TERENCE RONALD DARKO		
4. TO RE-ELECT the following Directors who have retired, for another 3 year term:		
MR. KOFI ANSAH		
MRS. MARIAM GABALA DAO		
5. TO FIX REMUNERATION of the Directors.		
6. TO authorize the directors to fix the REMUNERATION of the Auditors		
7. TO CONSIDER and if thought fit, pass the following Resolution which will be proposed as a Special Resolution.		
TO AMEND the Regulations		

Please indicate with an "X" in the spaces above how you wish your vote to be cast. Unless otherwise instructed, the Proxy will vote as he thinks fit.

If executed by a body Corporate, this Proxy Form should competed by the signature of a duly authorized Officer and should be accompanied by a Resolution in accordance with Section 165 of the Companies Code, 1963 (Act 179).

To be valid, this Proxy Form must be filled up signed and lodged (together with any authority under which it is signed) at the Registered Office of the Company, No.l9 Seventh Avenue, Ridge West, Accra not later than 3.00 p.m. on Thursday, the 26th day of April, 2012.

Draft Resolutions 2012

Ordinary Resolutions

1. The General Meeting hereby adopts the Statement of Accounts of the company for the year ended the 31 December 2011 together with the reports of the Directors and auditors thereon.

2. The General Meeting hereby approves the payment of dividend of GHS0.24 per share and totalling GHS GHS55,207,574 on the 18th day of May, 2012 to members listed on the share register as of 18th April, 2012.

3. The General Meeting hereby ratifies the appointment of Mr. Thomas Chukwuemeka Awagu as a Director for a 3 year term.

   The General Meeting hereby ratifies the appointment of Mr. George Mensah-Asante as a Director for a 3 year term.

   The General Meeting hereby ratifies the appointment of Mr. Terence Ronald Darko as a Director for a 3 year term.

4. The General Meeting hereby re-elects Mr. Kofi Ansah whose mandate as Director has ended and who has offered himself for re-election for another 3 year term.

   The General Meeting hereby re-elects Mrs. Mariam Gabala Dao who has retired as a Director in accordance with the Regulations of the Company and has offered herself for re-election for another 3 year term.

5. The General Meeting hereby approves payment of remuneration not exceeding the sum of GHS 650,000 to the Directors.

6. The General Meeting hereby authorises the Directors to fix the remuneration of the Auditors.

Special Resolution

7. The General Meeting resolves that the Company's Regulations be amended as follows:

i. That Regulation 69.I be amended by the insertion of the following:

   Regulation 69.I A resolution in writing approved via electronic mail by all the directors for the time being entitled to receive notice of a meeting of the directors, or of a committee of directors, shall be valid and effectual as if it has been passed at a meeting of the directors or a committee of directors duly convened and held.

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