ENERGY BANK GHANA LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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CORPORATE INFORMATION

Board of directors	Barrister Dr. Jimoh Ibrahim (CFR)	- Chairman
	Mr Samuel Ayininuola	- Chief Executive Officer
	Dr Amos Akingba	- Member
	Alhaji Baba Kamara	- Member
	Mr. Emmanuel Jegede	- Member
	Mr. David Adom	- Member
	Mr. Adewale Folowosele	- Member
	Barrister Adedamola Aderemi	- Member
	Ms Ophelia Attobrah	- Member (up to July 2014)
	Ms. Queenette Okehie	- Member (from August 2014)

Company Secretary/ Legal Advisor	Mathias Sawmine GNAT Heights 30 Independence Avenue Accra, Ghana
Auditor	Deloitte & Touche Chartered Accountants 4 Liberation Road P.O.Box GP 453 Accra, Ghana
Registered office	GNAT Heights 30 Independence Avenue Accra, Ghana
Correspondent Banks	Bank of Ghana United Bank of Africa Commerz Bank, Frankfurt Standard Chartered Bank, New York Ghana International Bank, UK First Bank Nigeria, PLC. KBC Bank, Belgium Standard Chartered Bank, Frankfurt Main

REPORT OF THE DIRECTORS

In accordance with the requirements of section 132 of the Companies Act, 1963, (Act 179), the Directors have the pleasure in presenting the financial report of the bank and its subsidiary for the year ended 31st December, 2014.

Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Bank; and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), the requirements of the Companies Code, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities and suitable accounting policies are used and consistently applied.

Principal Activity

The principal activity of the bank is the provision of banking and financial services. There was no change in the principal activity of the bank in 2014. The bank operates under the Banking Act 2004(Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738). The bank is regulated by the Bank of Ghana.

Financial Results

The Group recorded a net loss after tax of GH43,764. The Bank recorded a net profit after tax of GH¢1,039,624 as against a net profit of GH¢5,537,486 in 2013. The decrease in profit can be attributed to the bank's embankment on a deliberate strategic branch expansion aimed at positioning the Bank for future opportunities. Four branches were added to the previous number of seven during the year. This led to an increase in both operating expenses and capital expenditure causing a dip in operational income. The Bank also strategically decided to be cautious in asset creation considering the general economic turbulence being faced in the country.

The balance sheet increased from GH¢245,231,485 in 2013 to GH¢325,832,492 in 2014 primarily due to an increase in investments. The details of the results for the year are set out on pages 7 to 10.

Issue of Shares

During the year 2014, the Bank and its subsidiary did not issue any ordinary shares out of its authorised shares of 100 million.

Auditor

The auditor, Messrs. Deloitte & Touché, has indicated its willingness to continue in office. A resolution will be presented at the 2014 Annual General Meeting to determine their remuneration.

ON BEHALF OF THE BOARD:

Name: DAVID ADOM
Signed..............................

Queenette Okaine
Name: ....
Signed... 29/05/15 ....

CORPORATE GOVERNANCE

Introduction

Energy Bank Ghana limited is committed to the principles and implementation of good corporate governance. The bank recognises the valuable contribution that it makes to long-term business prosperity and to ensuring accountability to its shareholders. The bank is managed in a way that maximizes long-term shareholder value and takes into account the interest of all its stakeholders.

Energy Bank Ghana Limited believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of Directors and notes to the accounts, the bank adopts standard accounting practices and ensures sound internal control to facilitate the reliability of the financial statements.

The Board of Directors

The Board is responsible for setting the Bank's strategic direction, for leading and controlling the Bank and for monitoring activities of the executive management. The Board presents a balanced and understandable assessment of the Bank's progress and prospects

Our shareholders are represented mainly as Non-Executive Directors on the Board of Directors. These Directors oversee, direct and control management implementation of the broad strategy objectives and vision of the Bank.

The Board consists of a Non-Executive Chairman, Six (6) Non-Executive Directors and two (2) Executive Directors. The Non-Executive Directors are independent of management and free from any constraints, which could materially interfere with the exercise of their independent judgment. They have the requisite experience and knowledge of the industry, markets, financial and other business information to make a valuable contribution to the Bank’s progress. The Managing Director is a separate individual from the Chairman and he implements the management strategies and policies approved by the Board. The Board meets at least 4 times in a year.

The Board has four (4) Committees namely; (1) Audit, Risk & Compliance (2) Credit & Finance (3) HR, Remuneration & Disciplinary and (4) Marketing Committees. These committees hold regular meetings to consider at first hand Management Board’s recommendations to the Full Board for consideration and approval. The committees are as follows:

i) The Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee comprises four (4) Non-Executive Directors. It is responsible for authorizing, directing and reviewing the programme of the Internal Auditor. It also ensures and reviews the company’s compliance with financial and risk management control systems and reviews the current statutory and audit reports. Another important function of the Committee is its review of the risk and compliance reports of the Bank, review of any internal investigations by the Internal Auditor into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and report the matter to the Board. It also reviews with management, external and internal auditors, the adequacy of internal control systems, review the appointment, removal and terms of remuneration of the head of Internal Audit. It recommends the appointment and removal of external auditors, fix their fees and also approve payments for any other services rendered by them.

ii) The Credit Committee

The Credit Committee comprises three (3) Non-Executive Directors and two (2) Executive Directors. It is responsible for determining the broad lending policy, loan performance monitoring and recovery of the bank. It also reviews and advises on the financial operations, budgetary issues and liquidity of the company. It approves all credits within the limits set for it by the Board and recommends to the Board for approval what is beyond their powers.

iii) The HR, Remuneration & Disciplinary Committee

The HR, Remuneration & Disciplinary Committee comprises four (4) Non-Executive Directors and meets at least twice a year. The Committee is responsible for reviewing the composition of the Board, recommending strategies for ensuring the effective and efficient functioning of the Board and mechanisms for the appraisal of Board members' performance. It is responsible for developing and implementing a succession plan for the Bank and reviews the HR Policy of the Bank, recommends strategies for attracting and retaining competent and well-motivated staff. It also develops an appropriate remuneration policy and benefits for executive management and all other staff of the Bank and ensures the enforcement of the disciplinary code of the Bank and sit on any disciplinary matter involving a management staff. It offers direction on staff personal development, training and welfare.

iv) The Marketing Committee

The Marketing Committee comprises three (3) Non-Executive Directors and two (2) Executive Directors and meets at least twice a year. It is responsible for driving the overall marketing strategy of the Bank and ensures that the Bank's marketing and business expansion strategy is in line with the vision and mission of the Bank.

Finance Committee

The finance committee comprises the Chief Executive Officer, the executive director and any two non-executive directors, one of whom shall be the Chairman.

The committee is responsible for determining the broad financial policy and capital plan of the Bank. The committee is also responsible for reviewing and advising on the financial operations, budgeting issues, and liquidity position of the Bank.

Code of Business Ethics

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

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Director **Director**

Independent auditors' report
To the members of Energy Bank Ghana Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Energy Bank Ghana Limited on pages 7 to 56 which comprise the a consolidated statement of financial position as at 31 December, 2014, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' Responsibility for the Financial Statements

The Directors of the Group 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 Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking Amendment Act, 2007 (Act 738); and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the bank and its subsidiary has kept proper accounting records and the financial statements are in agreement with the records in all material respects and given in the prescribed manner, information required by the Companies Act, 1963 (Act 179), and the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738). The financial statements is fairly presented in all material respect of the financial position of the Bank and its subsidiary as at 31 December 2014, and of its financial performance, cash flows for the year then ended and are drawn up in accordance with the International Financial Reporting Standards (IFRS).

Deloitte.

Independent auditors' report (cont'd)
To the members of Energy Bank Ghana Limited

Report on Other Legal and Regulatory Requirements

The Ghana Companies Act, 1963 (Act 179) requires that in carrying out our audit work we consider and report on the following matters.

We confirm that:

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

ii. In our opinion proper books of accounts have been kept by the Bank, so far as appears from our examination of those books, and

iii. The Consolidated Statement of Financial Position and Consolidated Income Statement of the Bank and its subsidiary are in agreement with the books of accounts.

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

We hereby state that:

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

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

iii. The Bank and its subsidiary transactions are within their powers and

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

Deloitte & Touche

Deloitte & Touche
Licence No. ICA/F/2015/129
Chartered Accountants
Accra, Ghana
Felix Nana Sackey
Practising Certificate: Licence No. ICAG/P/1131

1st June, ***2015***

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER, 2014	Note	The Bank		The Group
		2014	2013	2014
Assets				
Cash and balances with Bank of Ghana	15	20,997,387	16,133,296	22,206,714
Financial Investments	16	68,257,535	99,333,981	85,893,801
Due from other banks and financial institutions	17	146,605,161	92,593,793	146,605,161
Equity investment	34	9,750,000	9,750,000	-
Loans and advances to customers	18	29,994,534	13,689,042	22,147,877
Other assets	21	29,075,926	5,811,115	39,426,031
Property and equipment	19	7,859,306	6,385,240	8,015,958
Intangible assets	20	838,608	1,535,018	838,608
Current income tax asset	22	695,342	-	698,342
Total assets		314,073,799	245,231,485	325,832,492
Liabilities				
Borrowings	24	-	-	9,000,000
Customer deposits	25	166,943,133	92,617,815	166,943,133
Due to other banks	26	75,749,813	70,049,178	75,749,813
Interest payable and other liability	27	1,772,694	10,804,779	2,884,745
Current income tax payable	22	-	1,030,489	-
Deferred income tax	23	263,997	377,722	263,997
Total liabilities		244,729,637	174,879,983	254,841,688
Equity				
Stated capital	28	60,000,000	60,000,000	60,000,000
Statutory reserve fund	29	8,126,918	7,607,106	8,126,918
Regulatory credit risk reserve	30	548,279	1,026,044	548,279
Other reserve	31	(328,612)	(182,710)	2,401,418
Income surplus account	32	997,577	1,901,062	(85,811)
Total Equity		69,344,162	70,351,502	70,990,804
Total Equity and Liabilities		314,073,799	245,231,485	325,832,492

Approved by the Board on 29th May, 2015

Director
Date: 29/05/15

Director
Date: 29/05/15

INCOME STATEMENT

	Note	The Bank		The Group
		2014	**2013**	**2014**
Interest income	6	**24,636,172**	27,863,628	**25,727,379**
Interest expense	7	**(11,410,124)**	(12,606,645)	**(11,436,149)**
Net interest income		**13,226,048**	15,256,983	**14,291,230**
Fee and commission	8	**2,021,931**	1,369,898	**2,021,931**
Operating income		**15,247,979**	16,626,881	**16,313,161**
Other income	9(a) & (b)	**5,952,098**	6,976,216	**6,023,540**
Total income		**21,200,077**	23,603,097	**22,336,701**
Operating expenses	10	**(19,702,932)**	(15,576,480)	**(21,214,823)**
Finance cost	12	**-**	-	**(708,121)**
Impairment losses on loans and advances	18	**-**	-	**-**
Profit before tax		**1,497,145**	8,026,617	**413,757**
Income tax expense	14	**(382,664)**	(2,076,059)	**(382,664)**
National fiscal stabilization levy		**(74,857)**	(413,072)	**(74,857)**
Profit for the year		**1,039,624**	5,537,486	**(43,764)**

STATEMENT OF OTHER COMPREHENSIVE INCOME

	The Bank		The Group
	2014	2013	**2014**
Profit for the year	**1,039,624**	5,537,486	**(43,764)**
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale fair valuation movement	**(145,902)**	(182,710)	**2,584,128**
Recycled during the year	**-**	160,430	**-**
Total comprehensive income	**893,722**	5,512,206	**2,540,364**

STATEMENT OF CHANGES IN EQUITY

	Stated capital GH¢	Statutory reserve GH¢	Regulatory credit risk reserve GH¢	Income surplus account GH¢	Other reserves GH¢	Total GH¢
THE BANK						
Balance at 1 January 2014	60,000,000	7,607,106	1,026,044	1,901,062	(182,710)	**70,351,502**
Total Comprehensive income	-	-	-	1,039,624	(145,902)	**802,253**
Transfer to Statutory Reserves	-	519,812	-	(519,812)	-	-
Dividend Paid	-	-	-	(1,901,061)	-	**(1,901,061)**
Transfer to credit Reserve	-	-	(477,765)	477,765	-	-
Balance at 31 December 2014	60,000,000	8,126,918	548,279	997,577	(328,612)	**69,344,162**
2013						
Balance at 1 January 2013	60,000,000	4,838,363	140,994	2,897,369	(160,430)	67,716,296
Total Comprehensive income	-	-	-	5,537,486	(22,280)	5,515,206
Transfer to Statutory Reserves	-	2,768,743	-	(2,768,743)	-	-
Dividend Paid	-	-	-	(2,880,000)	-	(2,880,000)
Transfer to credit Reserve	-	-	885,050	(885,050)	-	-
Balance at 31 December 2013	60,000,000	7,607,106	1,026,044	1,901,062	(182,710)	70,351,502

	Stated capital GH¢	Statutory reserve GH¢	Regulatory credit risk reserve GH¢	Income surplus account GH¢	Other reserves GH¢	Total GH¢
THE GROUP						
Balance at 1 January 2014	60,000,000	7,607,106	1,026,044	1,901,062	(182,710)	**70,179,133**
Total Comprehensive income	-	-	-	(43,764)	2,584,128	**2,448,895**
Transfer to Statutory Reserves	-	519,812	-	(519,812)	-	-
Dividend Paid	-	-	-	(1,901,061)	-	**(1,901,061)**
Transfer to credit Reserve	-	-	(477,765)	477,765	-	-
Balance at 31 December 2014	60,000,000	8,126,918	548,279	(85,811)	2,410,418	**70,726,967**

STATEMENT OF CASH FLOWS

	Note	The Bank 2014	The Bank 2013	The Group 2014
Reconciliation of operating profit to operating cash flow				
Profit before tax		**1,497,145**	8,026,617	**413,757**
Depreciation and amortization	19&20	**3,410,305**	3,092,424	**3,434,220**
Impairment loss	13	**-**	-	**-**
Tax adjustment		**(210,757)**		**(210,757)**
Fair value adjustment in available for sale securities		**(145,902)**	(22,280)	**(145,902)**
		4,550,791	11,096,761	**3,491,318**
Changes in operating assets and liabilities				
Loans and advances	18	**(16,305,492)**	2,927,182	**(8,458,835)**
Other assets	21	**(23,264,811)**	46,244	**(33,614,916)**
Customer deposits	25	**74,325,318**	(23,147,203)	**74,325,318**
Amount due to banks	26	**5,700,635**	34,062,373	**5,700,635**
Other liabilities	27	**(9,032,085)**	5,682,789	**(7,920,034)**
Corporate tax	22	**(2,086,320)**	(2,129,345)	**(2,089,320)**
Net cash generated from/(used in) operating activities		**33,888,036**	28,538,801	**31,434,166**
Cash flows from investing activities				
Purchase of property and equipment	19&20	**(3,851,052)**	(4,154,590)	**(3,940,397)**
Purchase of intangible assets	20	**(336,909)**	-	**(336,909)**
Investment in Energy investment	34	**-**	(9,750,000)	
Investment in shares		**-**	-	**(5,880,000)**
Investments in fixed deposits		**-**	-	**(9,026,236)**
		(4,187,961)	(13,904,590)	**(19,183,542)**
Cash flows from financing activities				
Dividend paid		**(1,901,061)**	(2,880,000)	**(1,901,061)**
Loan		**-**	-	**9,000,000**
Bank overdraft		**-**	-	**7,846,657**
		(1,901,061)	(2,880,000)	**14,945,596**
Net cash (used in)/generated from financing activities				
Net increase /(decrease) in cash and cash equivalents		**27,799,014**	11,754,211	**27,196,220**
				217,811,070
Cash and cash equivalents at start of year		**208,061,070**	196,306,859	
Cash and cash equivalents at end of year	33	**235,990,752**	208,061,070	**245,007,290**

Operational Cash flows from interest:

		The Bank 2014	The Bank 2013	The Group 2014
Interest paid		**(11,071,257)**	(12,267,778)	**(11,097,282)**
Interest Received		**23,818,418**	27,045,874	**24,909,625**
		12,747,161	14,778,096	**13,812,343**

NOTES

1. General information

Energy Bank Ghana Limited is a private limited liability company incorporated and domiciled in Ghana. The Bank primarily is involved in investment, retail, corporate and private banking. The address of the Bank's registered office is:

GNAT Heights
30 Independence Avenue,
Accra

2. Summary of Significant Accounting Policies

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

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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).

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Application of new and revised standards, amendments and interpretations

During the year, there were certain amendments and revisions to some of the standards. The nature and the impact of each new standard and amendments are described below. The company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements" – Investment Entities (effective for annual periods beginning on or after 1 January 2014) published by IASB on 31 October 2012.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

Amendments to IAS 32 "Financial instruments: presentation"
– Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014) published by IASB on 16 December 2011.

Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of "currently has a legally enforceable right of set-off"; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; (d) the unit of account for applying the offsetting requirements.

Amendments to IAS 36 "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014), published by IASB on 29 May 2013.

These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"
– Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014), published by IASB on 27 June 2013.

NOTES (CONT'D)

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014), published by IASB on 20 May 2013.

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

Standards and Interpretations in issue not yet adopted

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

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

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

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

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

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

Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016), published by IASB on 12 May 2011.

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

A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

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

NOTES (CONT'D)

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

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

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

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

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Mandatory Effective Date and Transition Disclosures published by IASB on 16 December 2011. Amendments defer the mandatory effective date from 1 January 2013 to 1 January 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. This relief was originally only available to companies that chose to apply IFRS 9 prior to 2012. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

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

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

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

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

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

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

NOTES (CONT'D)

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

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

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014), published by IASB on 21 November 2013.

The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016), Published by IASB on 12 August 2014.

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

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

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

Revised requirements regarding: (i) meaning of effective IFRSs in IFRS 1; (ii) scope of exception for joint ventures; (iii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iv) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. (Amendments are to be applied for annual periods beginning on or after 1 July 2014),

Annual Improvements to IFRSs 2010 – 2012 Cycle

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

IFRS 2 Share-based Payment

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

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

IFRS 3 Business Combinations

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

NOTES (CONT'D)

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

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

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

IAS 24 Related Party Disclosures

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

Annual improvements 2011-2013 Cycle

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

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement

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

IAS 40 Investment Property

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

Annual improvements 2012-2014 Cycle

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

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

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

NOTES (CONT'D)

IFRS 7 Financial Instruments: Disclosures

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

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in notes.

Some of the estimates and judgments are:
Going concern

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

NOTES (CONT'D)

Impairment of available-for-sale investments

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans and advances. The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.
Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies

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

(e) Foreign currency translation

The financial statements are presented in Ghana cedis, which is the functional currency of the Bank Foreign currency transactions are translated into Ghana Cedis using the interbank exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated at the rate prevailing at that date. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in the income statement.

3. Significant accounting policies

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "Interest income" and "Interest expense" in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected 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 instrument.

The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating the effective interest rate, the Bank estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption are included in the calculation to the extent that they can be wholly measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

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

NOTES (CONT'D)

(b) Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis when the service has been provided. Fees and commissions not integral to the effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided.

Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Other commitment fees are recognised over the term of the facilities.

(c) Net trading income

Income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

3. **Significant accounting policies (continued)**

(d) Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – have been recognised in the statement of financial position and measured in accordance with their assigned category.

Financial assets

The Bank classifies its financial assets into the following categories: loans and receivables, held-to-maturity and available-for-sale assets. Management determines the appropriate classification of its financial assets and liabilities at initial recognition. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

(ii) Loans, advances and receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those classified as held for trading and those that the Bank on initial recognition designates as at fair value through profit and loss; (b) those that the Bank upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans, advances and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Available-for-sale financial assets are carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss account. However, interest calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Bank's right to receive payment is established.

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

Regular way purchases and sales of loans and receivables are recognised on contractual settlement

(ii) Held-to maturity

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where the Bank has to sell more than an insignificant amount of held-to-maturity assets, the entire category would have to be reclassified as available for sale. Treasury bills with an original maturity of more than 182 days, treasury notes and other government bonds are classified as held-to-maturity.

Regular way purchases and sales of financial assets held-to-maturity are recognised on trade-date – the date on which the Bank commits to purchase or sell the asset.

(iii) Available-for-sale

Available-for-sale assets are those 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. Investment securities and treasury bills with a maturity of 182 days or less are classified as available for sale.

(iv) Available-for-sale

Regular way purchases and sales of financial assets available-for-sale are recognised on trade-date-the date on which the Bank commits to purchase or sell the asset.

(v) Financial liabilities

Financial liabilities, other than trading liabilities and financial liabilities designated at fair value, are carried at amortised cost using the effective interest method. Financial liabilities are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Financial liabilities are derecognised when they are redeemed or otherwise extinguished.

(vi) *Determining fair value*

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible. Where no such active market exists for the particular asset, the Bank uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

(f) Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

i) significant financial difficulty of the borrower;
ii) a breach of contract, such as default or delinquency in interest or principal repayments;
iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty,
a concession that the Bank would not otherwise consider;
iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
v) the disappearance of an active market for that financial asset because of financial difficulties; or
vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:
- Adverse changes in the payment status of borrowers; or
- National or local economic conditions that correlate with defaults on the assets of the Bank.

The estimated period between a losses occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. If a loan or held-to-maturity asset 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 Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less 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 (i.e. on the basis of the Bank'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 a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank's historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

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 (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the profit and loss account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit and loss account.

Assets classified as available – for – sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 considered in determining whether the assets are impaired. 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 the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit and loss account.

(h). Property and equipment

Land and buildings are shown at fair value based on periodic, but at least 3-5 years, valuations by external independent valuers less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Freehold land is not depreciated. Leasehold land is amortised over the term of the lease and is included as part of property and equipment. Depreciation on other assets is calculated on the straight-line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Leased Items	Over unexpired lease period
Furniture & fittings	20%
Computer (Software & hardware)	33.3%
Motor Vehicles	25%

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. 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).

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

Subsequent costs are included in the assets carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and that the cost of the item can be measured reliably. All other costs are charged to the income statement as repairs and maintenance costs during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and building are credited to reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the income statement.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount. These are recorded in the income statement.

(i) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of three (3) years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

(j) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Internal Revenue Act, 2000 (Act 592) as amended.

(k) Deferred income tax

Deferred income tax is provided in full, 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments which are charged or credited directly to equity, is also credited or charged directly to equity and subsequently recognised in the profit or loss account together with the deferred gain or loss.

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with the Central Bank of Ghana, amounts due from other banks and other short-term government securities.

(m) Provisions

Provisions are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as expense.

(n) Employee benefits

(i) Retirement benefit obligations

The Bank contributes to a defined contribution scheme (Social Security Fund) on behalf of employees. This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a stage managed social security fund for the benefit of the employees. All employer contributions are charged to profit and loss as incurred and included under staff cost.

(ii) Other entitlements

The estimated monetary liability for employees' outstanding annual leave entitlement at the reporting date is recognised as an expense accrual.

(o) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

NOTES (CONT'D)

3. **Significant accounting policies (continued)**

(p) Stated capital

Ordinary shares are classified as equity**.** Stated capital is classified as equity where the Bank has no obligation to deliver cash or other assets to shareholders. All shares are issued at no par value. Where any company purchases the Bank's equity share capital (treasury shares), the consideration paid, is deducted from equity attributable to the Bank's equity holders until the shares are cancelled or reissued.

(q) Dividends

Dividends payable on ordinary shares are charged to equity in the period in which they are declared.

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

(r) Contingent liabilities and commitments

Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

Financial guarantees

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given.

Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the balance sheet date.

(s) Accounting for Operating leases

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

NOTES (CONT'D)

4. **Financial risk management**

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

Risk management is carried out by the Board sub-committee, Credit Committee of Management, Risk Management Department, Asset and Liability Committee (ALCO) under policies approved by the Board of Directors. Risk management department identifies, evaluates and hedges financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to pay amounts in full when due. Credit risk is one of the most important risks for the Bank's business: management therefore carefully manages the exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is centralised in the credit committee, whose membership comprises executive management and head of risk, which reports regularly to the Board of Directors.

The Bank 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 annual or more frequent review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks 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.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Credit risk monitoring and control

Credit risk exposures of the Bank are monitored closely. The Credit Committee ensures regularity of credit approvals and line utilizations authorizes disbursements of credit facilities when approval conditions are met, and perform periodical reviews of collaterals at the Bank. The Credit Committee is also responsible for the preparation of internal risk management reports for consideration of the Board of Directors. The Recoveries Department monitors past due exposures with a view to maximizing loan recoveries.

NOTES (CONT'D)

4. Financial risk management (continued)

Financial Assets	**The Bank**		The Bank		**The Group**	
	Overdrafts	**Term loan**	Overdrafts	Term loan	**Overdrafts GH¢**	**Term loan GH¢**
Neither past due nor impaired	**16,379,604**	**13,614,930**	1,663,494	12,025,548	**8,532,947**	**13,614,930**
Past due but not impaired	**-**	**-**	-	-	**-**	**-**
Impaired	**-**	**-**	-	-	**-**	**-**
Gross loans and advances	**16,379,604**	**13,614,930**	1,663,494	12,025,548	**8,532,947**	**13,614,930**
Less: allowance for impairment			-	-	**-**	**-**
Net loans and advances	**16,379,604**	**13,614,930**	1,663,494	12,025,548	**8,532,947**	**13,614,930**

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank. The ratings are Current, Olem, Substandard, Doubtful and Loss depending on number of days of delinquency. These loans are all classified as current.

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:

	The Bank		**The Group**
	2014	2013	**2014**
Past due up to 30 days	**-**	**-**	**-**
Past due 30-60 days	**-**	**-**	**-**
	-	**-**	**-**

NOTES (CONT'D)

4. **Financial risk management (continued)**

a) Credit risk

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, are as follows:

	The Bank		The Group
	2014	2013	**2014**
	GH¢	GH¢	**GH¢**
Individually assessed impaired loans and advances	**-**	-	**-**
Fair value of collateral	**NIL**	NIL	**NIL**

There were no term loans that were individually impaired.

Repossessed collateral

There were no repossessed assets as at 31 December 2014 (2013: nil).

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total used commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of all credit commitments.

Commitments and guarantees

	The Bank		The Group
	GH¢	GH¢	**GH¢**
Bank guarantee	**30,942,075**	15,529,375	**30,942,075**
Bid security	**1,702,852**	139,951	**1,702,852**
Performance security	**1,435,365**	-	**1,435,365**
	34,080,292	15,669,326	**34,080,292**

NOTES (CONT'D)

4. Financial risk management (continued)

a) Credit risk (continued)

Maximum exposure to credit risk before collateral held

The Bank's maximum exposure to credit risk at 31 December 2014 and 2013 is the same as the balances of the various financial assets in the statement of financial position listed below;

	The Bank		The Group
	2014	2013	**2014**
Balances with Bank of Ghana (Note 14)	**20,997,387**	16,133,296	**22,206,714**
Government and other securities (Note 16)	**68,257,535**	99,333,981	**85,893,801**
Due from other banks (Note 16)	**146,605,161**	92,593,793	**146,605,161**
Loans and Advances to customers (Note 17)	**29,994,534**	13,689,042	**22,147,877**
Other assets (excluding prepayments) (Note 21)	**24,005,736**	1,252,370	**34,279,349**
	289,860,353	223,002,482	**311,132,902**
Credit risk exposures relating to off-balance sheet items:			
- Acceptances and letters of credit			
- Bank guarantees, bid security and performance bonds			

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2014 and 31 December 2013, without taking account of any collateral held or other credit enhancements attached. For assets reported in the statement of financial position, the exposures set out above are based on carrying amounts.
Loans and advances to customers are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees.

b) Liquidity risk

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

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank of Ghana requires that the Bank maintain a cash mandatory reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The treasury department monitors liquidity ratios on a daily basis.

Liquidity management within the Bank has several strands. The first is day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as they are borrowed by customers. The Bank maintains an active presence in Ghanaian money markets to facilitate that. The second is maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow. Finally, the ability to monitor, manage and control intra-day liquidity in real time is recognised by the Bank as a mission critical process: any failure to meet specific intra-day commitments would be a public event and may have an immediate impact on the Bank's reputation.

NOTES (CONT'D)

4. Financial risk management (continued)

b) Liquidity risk

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. In addition to cash flow management, Treasury also monitors unmatched medium-term assets and the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as commercial letters of credit and guarantees.

Treasury develops and implements the process for submitting the bank's projected cash flows to stress scenarios. The output of stress testing informs the Bank's contingency funding plan. This is maintained by the ALCO of the Bank and is aligned with the country business resumption plans to encompass decision-making authorities, internal and external communication and, in the event of a systems failure, the restoration of liquidity management and payment systems.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

An important source of structural liquidity is provided by our core private deposits, mainly term deposit, current accounts and call deposit. Although current accounts and call deposits are repayable on demand, the bank's broad base of customers – numerically and by depositor type – helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the bank's operations and liquidity needs.

To avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the bank's reputation, the strength of earnings and the bank's financial position.

The table below presents the cash flows by the Bank under financial liabilities/financial assets by remaining contractual maturities at the balance sheet date.

The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the Bank manages the liquidity risk based on a different basis (see note above for details), not resulting in a significantly different analysis.

NOTES (CONT'D)

4. **Financial risk management (continued)**

b) Liquidity risk

The Bank

As at 31 December 2014

Liabilities	**Up to one months GH¢**	**Over one month but not more than three month GH¢**	**Over three months but not more than one year GH¢**	**Over one year but not more than five years GH¢**	**Over five years GH¢**	**Total GH¢**
Due to customers	14,029,895	14,325,876	136,550,256	2,037,106	-	166,943,133
Loan commitment and Guarantees	-	2,422,749	31,657,543	-	-	34,080,292
Due to other Banks	30,301,650	5,422,190	40,025,973	-	-	75,749,813
Other liabilities	470,672	527,741	724,281	-	-	1,722,694
Total liabilities	44,802,217	22,698,556	208,958,053	2,037,106	-	278,495,932
Assets						
Cash and balances with Bank of Ghana	20,997,387	-	-	-	-	20,997,387
Government Securities	28,732,330	39,525,205	-	-	-	68,257,535
Due from other banks	115,628,234	32,184,647	-	-	-	147,812,881
Loans and advances to customers	16,811,078	2,401,693	1,623,262	9,158,501	-	29,994,534
Others assets(excluding prepayment)	482,304	23,000,000	523,432	-	-	24,005,736
Total assets	182,651,333	97,111,545	2,146,694	9,158,501	-	291,068,073
Cumulative liquidity gap	142,843,542	74,412,989	(207,561,602)	7,121,395	-	12,572,141

As at 31 December 2013

Total liabilities	78,203,811	19,604,567	74,233,057	5,552,428	-	177,593,863
Total assets	22,719,476	114,096,819	79,143,366	7,042,821	-	223,002,482
Cumulative liquidity gap	(55,484,335)	39,007,917	43,918,226	45,408,619	-	45,408,619

NOTES (CONT'D)
4. **Financial risk management (continued)**

b) Liquidity risk (continued)

The Group
As at 31 December 2014

Liabilities	Up to one months GH¢	Over one month but not more than three month GH¢	Over three months but not more than one year GH¢	Over one year but not more than five years GH¢	Over five years GH¢	Total GH¢
Due to customers	14,029,895	14,325,876	136,550,256	2,037,106	-	166,943,133
Loan commitment and Guarantees	-	2,422,749	31,657,543	-	-	34,080,292
Due to other Banks	30,301,650	5,422,190	40,025,973	-	-	75,749,813
Other liabilities	470,672	527,741	759,099	1,127,233	-	2,884,745
Total liabilities	44,802,217	22,698,556	208,992,871	3,164,339	-	279,657,983
Assets						
Cash and balances with Bank of Ghana	22,206,714	-	-	-	-	22,206,714
Financial investment	-	30,130,412	40,384,270	17,636,266	-	88,150,948
Due from other banks	115,628,234	32,184,647	-	-	-	147,812,881
Loans and advances to customers	8,964,421	2,401,693	1,623,262	9,158,501	-	22,147,877
Others assets(excluding prepayment)	482,304	23,002,376	10,794,669	-	-	34,279,349
Total assets	147,281,673	87,719,128	52,802,201	26,794,767	-	314,597,769
Cumulative liquidity gap	102,479,456	65,020,572	(156,190,670)	23,630,428	-	34,939,786

The balances in the above table will not agree directly to the balances in the statement of financial position as the table incorporates all cash flows (principal and interest), on an undiscounted basis.

NOTES (CONT'D)

4. **Financial risk management (continued)**

b) Liquidity risk (continued)

Commitments and Guarantees maturity analysis

	On demand GH¢	Over one month but not more than three month GH¢	Over three months but not more than one year GH¢	Over one year but not more than five years GH¢	Over five years GH¢	Total GH¢
Bank guarantees	-	-	30,942,075	-	-	30,942,075
Bid security	-	1,702,152	700	-	-	1,702,852
Performance security	-	720,597	714,768	-	-	1,435,365
	-	2,422,749	31,657,543	-	-	34,080,292

c) Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates, interest rates and equity prices, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO). The Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ALCO sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk.

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net income for one year, based on the financial assets and liabilities held at 31 December 2014 and 2013.

NOTES (CONT'D)

4. **Financial risk management (continued)**

c) Market risk (continued)

Impact on net interest income

The effect on interest of a 25 basis points change would be as follows:

The Bank

	+25 basis points 2014	+25 basis points 2013	-25 basis points 2014	-25 basis points 2013
Effect on net interest income	330,651	38,142	(330,651)	(38,142)
As a percentage of net interest income	2.5%	2.25%	(2.5%)	(2.25%)

The Group

	+25 basis points 2014	-25 basis points 2014
Effect on net interest income	357,280	(357,280)
As a percentage of net interest income	2.5%	(2.5%)

Currency risk

The Bank 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 total for both overnight and intra-day positions, which are monitored daily. This is measured through the profit and loss accounts.

The table below summarises the bank's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the table are the bank's financial assets and liabilities at carrying amounts categorised by currency. The amounts stated in the table are the cedi equivalent of the foreign currencies.

NOTES (CONT'D)

4. Financial risk management (continued)

c) Market risk (continued)

The Bank
At 31 December 2014

Assets	USD	GBP	Euro
Cash and balances with Bank of Ghana	2,387,251	175,050	404,352
Due from other banks	21,797,713	41,613	142,455
Loans and advances to customers	2,197,493	-	-
Total	26,382,457	216,663	546,807
Due to customers	14,896,480	21,478	487,484
Due to other banks	11,084,947	-	841
Total	25,981,427	21,478	488,325
Net on balance sheet position	401,030	195,185	58,482
Net off balance sheet position	467,100	-	-
At 31 December 2013			
Total assets	22,831,460	75,204	282,248
Total liabilities	22,446,730	11,903	491,927
Net on balance sheet position	401,030	195,185	58,482
Net off balance sheet position	1,946,678	-	-

The Group

Assets	USD	GBP	Euro
Cash and balances with Bank of Ghana	2,387,251	175,050	404,352
Due from other banks	21,797,713	41,613	142,455
Loans and advances to customers	2,197,493	-	-
Total	26,382,457	216,663	546,807
Due to customers	14,896,480	21,478	487,484
Due to other banks	11,084,947	-	841
Total	25,981,427	21,478	488,325
Net on balance sheet position	401,030	195,185	58,482
Net off balance sheet position	467,100	-	-

NOTES (CONT'D)

4. Financial risk management (continued)

c) Market risk (continued)

The following sensitivity table demonstrates the effects of a 10% rise or fall in foreign exchange rates for each of the major foreign currency exposures of the Bank:

	Impact on profit after tax if foreign currency weakens 10% vs GH¢	Impact on profit after tax if foreign currency strengthens 10% vs GH¢
Effect on income	**2014**	**2014**
USD	**(128,249)**	**128,249**
GBP	**(101,989)**	**101,989**
EUR	**(24,416)**	**24,416**
Net change	**(254,654)**	**254,654**
Effect on income	2013	2013
USD	(38,473)	38,473
GBP	(6,330)	6,330
EUR	20,968	(20,968)
Net change	(869,952)	869,952

	Impact on profit after tax if foreign currency weakens 10% vs GH¢	Impact on profit after tax if foreign currency strengthens 10% vs GH¢
Effect on income	**2014**	**2014**
USD	**(128,249)**	128,249
GBP	**(101,989)**	101,989
EUR	**(24,416)**	24,416
Net change	**(254,654)**	254,654

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

4. **Financial risk management (continued)**

c) Market risk (continued)

Concentration risk – geographical

The amount of total assets and liabilities held in and outside Ghana is analysed below:

The Bank

	In Ghana 2014	Outside Ghana 2014	In Ghana 2013	Outside Ghana 2013
Assets				
Cash and balances with Bank of Ghana	**20,997,387**	**-**	16,133,296	-
Government securities	**68,257,535**	**-**	99,333,981	-
Due from other banks	**76,786,016**	**71,026,865**	45,576,365	47,017,428
Loans and advances to customers	**29,994,534**	**-**	2,759,042	10,930,000
Other assets (excluding prepayment)	**24,005,736**	**-**	1,252,370	-
Total assets	**220,041,208**	**71,026,865**	165,055,054	57,947,428
Liabilities				
Due to customers	**166,943,133**	**-**	92,617,815	-
Due to other financial institutions	**59,479,423**	**16,270,390**	59,274,338	10,774,840
Other liabilities	**1,772,694**	**-**	10,804,779	232,013
Total liabilities	**228,195,250**	**16,270,390**	162,696,932	11,006,853

The Group

	In Ghana 2014	Outside Ghana 2014
Assets		
Cash and balances with Bank of Ghana	**22,206,714**	-
Financial investment	**85,893,801**	-
Due from other banks	**76,786,016**	69,819,145
Loans and advances to customers	**22,147,877**	-
Other assets (excluding prepayment)	**34,279,349**	-
Total assets	**241,313,757**	69,819,145
Liabilities		
Due to customers	**166,943,133**	-
Due to other financial institutions	**59,479,423**	16,270,390
Other liabilities	**2,884,745**	-
Total liabilities	**229,307,301**	16,270,390

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

d) Fair values of financial assets and liabilities

(i) Financial instruments not measured at fair value - Bank

The table below summaries the carrying amounts and fair values of those financial assets and liabilities not presented on the statement of financial position at their fair values:

The Bank

	Carrying amount	Carrying amount	**Fair value**	Fair value
Financial assets	**2014**	2013	**2014**	2013
Cash and balances with Bank of Ghana (Note 15)	**20,997,387**	16,133,296	**20,997,387**	16,133,296
Government securities(classified as held to maturity) (Note 16)	**68,257,535**	96,516,691	**68,257,535**	99,333,981
Loans and advances to customers (Note 18)	**29,994,534**	13,689,042	**29,994,534**	13,689,042
Due from banks (Note 17)	**147,812,881**	92,593,793	**147,812,881**	92,593,793
Other assets (excluded prepayments) (Note 21)	**24,005,736**	1,252,370	**24,005,736**	1,252,370
Financial liabilities				
Due to other financial institutions (Note 25)	**75,749,813**	70,049,178	**75,749,813**	70,049,178
Deposits due to customers (Note 24)	**166,943,133**	92,617,815	**166,943,133**	92,617,815
Other liabilities	**1,772,694**	10,484,349	**1,772,694**	10,484,349

The Group

	Carrying amount	Carrying amount	**Fair value**	Fair value
Financial assets	**2014**	2013	**2014**	2013
Cash and balances with Bank of Ghana (Note 15)	**22,206,714**	16,133,296	**22,206,714**	16,133,296
Government securities(classified as held to maturity) (Note 16)	**88,150,948**	96,516,691	**88,150,948**	99,333,981
Loans and advances to customers (Note 18)	**22,147,877**	13,689,042	**22,147,877**	13,689,042
Due from banks (Note 17)	**147,812,881**	92,593,793	**147,812,881**	92,593,793
Other assets (excluded prepayments) (Note 21)	**34,279,349**	1,252,370	**34,279,349**	1,252,370
Financial liabilities				
Due to other financial institutions (Note 25)	**84,749,813**	70,049,178	**84,749,813**	70,049,178
Deposits due to customers (Note 24)	**166,943,133**	92,617,815	**166,943,133**	92,617,815
Other liabilities	**2,884,745**	10,484,349	**2,884,745**	10,484,349

Off-balance sheet financial instruments

	The Bank		**The Group**
	2014	**2013**	**2014**
Loan commitment ,Guarantees, acceptances and other financial facilities	**34,080,292**	15,669,326	**34,080,292**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

(ii) Loans and advances to other financial institutions

Loans and advances to other financial institutions 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 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 remaining maturity.

(iii) Loans and advances to customers

Loans and advances 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 fair value. The carrying amount approximates their fair value.

(iv) Government securities

The fair value for loans and receivables and held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. Government securities (Held to maturity) disclosed in the table above comprise only those securities with more than 180 days to maturity and were classified held to maturity. The fair value for these assets is based on estimations using market prices and earning multiples of quoted securities with similar characteristics. All other government securities are already measured and carried at fair value.

(v) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount of approximates their fair value.

(vi) Off-balance sheet financial instruments

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

(vii) Financial instruments measured at fair value

Refer to note 15

(viii)Fair value hierarchy

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

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

4. **Financial risk management (continued)**

• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts.

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2014, the Bank did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The Bank considers relevant observable market prices in its valuation where possible. Financial instruments measured at fair value at 31 December 2014 were classified as follows:

The Bank

	2014 (Level 2)	2013 (Level 3)
Available for sale securities		
Government securities (treasury bills with a maturity of 182 days or less) (Note 16)	**68,257,535**	99,333,981

The Group

	2014 (Level 2)
Available for sale securities	
Government securities (treasury bills with a maturity of 182 days or less) (Note 16)	**85,893,801**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

e) Capital management

The bank's total regulatory capital is divided into two tiers:

- Tier 1 capital (core capital): stated capital, share premium, income surplus, and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital (supplementary capital): 25% (subject to prior approval) of revaluation reserves and other reserves, subordinated debt not exceeding 50% of Tier 1 capital and hybrid capital instruments. Qualifying Tier 2 capital is limited to 100% of Tier 1 capital.

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

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- to comply with the capital requirements set by Bank of Ghana;
- to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business.

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

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

4. **Financial risk management (continued)**

e) Capital management (continued)

Bank of Ghana requires each bank to: (a) hold the minimum level of regulatory capital of GH¢60 million; (b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%;

The table below summarises the composition of regulatory capital and the ratios at 31 December:

Tier 1 Capital	**The Bank**		**The Group**
	2014	**2013**	**2014**
Share capital	**60,000,000**	60,000,000	**60,000,000**
Statutory reserve	**8,081,184**	7,607,106	**8,081,184**
Income surplus	**997,577**	1,901,062	**(85,811)**
Tier 1 Capital	**69,078,761**	69,508,168	**67,995,373**
Less:			
Intangibles	**5,908,798**	1,535,018	**5,985,290**
Net Tier 1 Capital	**63,169,963**	67,973,150	**62,010,083**
Tier 2 capital			
Total regulatory capital	**63,169,963**	67,973,150	**62,010,083**
Risk weighted assets			
- On balance sheet	**73,199,134**	45,134,401	**73,199,134**
- Off balance sheet	**34,080,292**	15,669,326	**34,080,292**
Total risk weighted assets	**107,279,426**	60,803,727	**107,279,426**
50% of net open position	**1,242,070**	215,798	**1,242,070**
100% of three years average annual gross income	**24,074,817**	24,079,362	**24,074,817**
Adjusted asset base	**132,596,313**	85,098,887	**132,596,313**
Capital adequacy ratio	**48%**	80%	**47%**

Total tier 1 capital excludes regulatory credit risk reserve.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

5. **Significant accounting estimates and judgements in applying accounting policies**

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. This is done by the Credit Risk function of the Bank. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation and the net realisable value of any underlying collateral) are reviewed regularly by the Credit Risk function to reduce any differences between loss estimates and actual loss experience.

Collectively assessed impairment allowances cover credit losses inherent in portfolio of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but which the individual impaired items cannot yet be identified. A component of collectively assessed allowances is industry risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective impairments.

(b) Impairment of available for-sale equity investments

The Bank 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. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Determining fair values

The determination of fair value of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade frequently and have little transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

5. **Significant accounting estimates and judgements in applying accounting policies (continued)**

(d) Held-to-maturity financial assets

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturing as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its positive intention and ability to hold such assets to maturity. If the Bank fails to keep these assets to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to classify the entire class as available-for-sale. The assets would therefore be measured at fair value not amortised cost.

(e) Income taxes

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

6. Interest income

	The Bank		The Group
	2014	**2013**	**2014**
Cash and short term funds	**5,668,535**	7,284,674	**5,668,535**
Government securities	**16,189,031**	19,735,991	**17,280,238**
Loans and advances	**2,778,606**	842,963	**2,778,606**
	24,636,172	27,863,628	**25,727,379**

7. Interest expense

Time and other deposits	**7,614,597**	7,581,839	**7,614,597**
Interest on money market borrowing	**3,795,527**	5,024,806	**3,821,552**
	11,410,124	12,606,645	**11,436,149**

8. Fee and commission income

Arrangement, facility &brokerage fees	**327,797**	115,569	**327,797**
Commission	**1,694,134**	1,254,329	**1,694,134**
	2,021,931	1,369,898	**2,021,931**

9. Other income

Gain on forex trading	**5,191,033**	6,864,422	**5,262,475**
Reversal of impairment loss	**130,669**	-	**130,669**
Sundry income	**630,396**	111,794	**630,396**
	5,952,098	6,976,216	**6,023,540**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

10. Operating expenses

	The Bank		The Group
	2014	**2013**	**2014**
Staff costs (Note 11)	**6,433,216**	4,622,372	**6,756,579**
Advertising and marketing	**483,364**	227,949	**483,364**
Occupancy cost	**5,459,147**	4,066,246	**5,763,522**
Donation and subscription	**172,491**	256,072	**174,371**
Bank charges	**89,666**	35,491	**264,621**
Printing, stationery and related cost	**381,976**	169,736	**417,507**
Travel, transport & accommodation	**827,639**	609,647	**973,028**
Communication	**325,391**	226,923	**358,304**
ATM expense	**25,177**	6,114	**25,177**
Training	**183,091**	44,730	**297,968**
Depreciation	**3,410,305**	3,092,424	**3,422,899**
Directors' remuneration (10a)	**73,660**	46,718	**261,465**
Other board related expense	**169,705**	167,300	**169,705**
Legal and consultancy	**90,900**	14,904	**99,129**
Auditor's remuneration	**114,000**	62,000	**121,362**
Penalty	**-**	18,000	**-**
Other operational cost	**1,463,204**	1,909,854	**1,623,616**
	19,702,932	15,576,480	**21,212,617**

10a. Particulars of directors remuneration

In line with section (128) of the Company's code, 1963 (Act 179) the following are the aggregate of the directors remuneration

	The Bank		The Group
	2014	**2013**	**2014**
Allowances and benefits in kind	**73,660**	46,718	**261,465**
	-	-	
Pension contribution			**-**
Bonus paid	**-**	-	**-**
	73,660	46,718	**261,465**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

11. Staff Cost

	The Bank		The Group
	2014	2013	**2014**
Wages & salaries	**3,419,373**	2,765,738	**3,730,274**
Contractual staff	**431,029**	300,740	**431,029**
Leave allowance	**310,257**	229,813	**310,257**
Medical expense	**1,078,882**	743,881	**1,082,503**
Other staff benefits	**1,193,675**	582,200	**1,202,516**
	6,433,216	4,622,372	**6,756,579**

The average number of persons employed by the bank during the year was 77 **(**2013: 107)

12. Finance cost

	The Bank		The Group
	2014	2013	**2014**
Interest on loan	-	-	**708,121**

13. Impairment charge on loans and advances

	The Bank		The Group
	2014	2013	**2014**
Individually assessed (Note 18)	**-**	**-**	**-**
Collectively assessed (Note 18)	**-**	**-**	**-**
	-	**-**	**-**

14. Income tax expense

	The Bank		The Group
	2014	2013	**2014**
Current income tax (Note 22)	**496,389**	2,478,434	**496,389**
National stabilization levy (Note 22)	**74,857**	-	**74,857**
Deferred income tax (Note 23)	**(113,725)**	10,697	**(113,725)**
	457,521	2,489,131	**457,521**

The tax on the profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits as follows:

	The Bank		The Group
	2014	2013	**2014**
Profit before income tax	**1,497,145**	8,026,617	**413,757**
Tax using the enacted tax rate	**409,943**	2,407,985	**84,926**
Non-tax deductible expenses	**122,103**	70,449	**447,120**
Items taxed at different rate	**(113,725)**	10,697	**(113,725)**
Overall tax charge	**418,321**	2,489,131	**418,321**
Effective tax rate	**28%**	30%	**101%**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

15. Cash and balances with Bank of Ghana

	The Bank		The Group
	2014	2013	**2014**
Cash in vault	**7,664,326**	5,322,331	**7,664,326**
Balances with the Bank of Ghana	**13,333,061**	10,810,965	**13,333,061**
Cash at balance	**-**	-	**1,209,327**
	20,997,387	16,133,296	**22,206,714**

The balances with Bank of Ghana include non-interest bearing mandatory reserve deposits of GH¢11,908,588 (2013: GH¢8,335,603). These funds are not available to finance the Bank's day-to-day operations.

16. Financial Investments

	The Bank		The Group
	2014	2013	**2014**
Securities classified as available-for-sale			
Government securities - at fair value			
- Maturing within 91 days of the date of acquisition	**28,732,330**	24,061,549	**28,732,330**
- Maturing after 91 days of the date of acquisition	**39,525,205**	75,218,752	**39,525,205**
Equity investment	**-**	-	**8,610,030**
Total securities available-for-sale	**68,257,535**	99,280,301	**76,867,565**
Securities classified as held-to-maturity			
Government securities - at amortised cost			
- Maturing after one year of the date of acquisition	**-**	53,680	**-**
Fixed deposit	**-**	-	**9,026,236**
Total financial investment	**68,257,535**	99,333,981	**85,893,801**

The movement in government securities is summarised as follows:

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**99,280,301**	77,777,974	**99,280,301**
Additions	**68,403,437**	99,463,011	**68,403,437**
Gain/(loss) from changes in fair value (Note 31)	**(145,902)**	(182,710)	**(145,902)**
Disposals (sale and matured)	**(99,280,301)**	(77,777,974)	**(99,280,301)**
At 31 December	**68,257,535**	99,280,301	**68,257,535**

Treasury bills and notes are debt securities issued by the Bank of Ghana. Treasury notes and treasury bills with original maturity of one year are classified as held-to-maturity while treasury bills with original maturity terms of three months and nine months are classified as available-for-sale.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

17. Due from Banks

	The Bank		The Group
	2014	2013	**2014**
Current account with foreign banks	**27,250,844**	17,681,818	**27,250,844**
Items in course of collection	**14,523,737**	7,305,701	**14,523,737**
Balances with foreign financial institutions	**42,685,473**	29,335,610	**42,685,473**
Balances with local financial institutions	**62,145,107**	38,270,664	**62,145,107**
	146,605,161	92,593,793	**146,605,161**

18. Loans and advances to customers

	The Bank		The Group
	2014	2013	**2014**
(a) Analysis by type of facility			
Overdrafts	**16,379,604**	1,663,494	**8,532,947**
Term loan	**13,135,404**	11,683,234	**13,135,404**
Staff	**479,526**	342,315	**479,526**
Gross loans and advances	**29,994,534**	13,689,042	**22,147,877**
Allowances for impairment	**-**	-	**-**
	29,994534	13,689,042	**22,147,877**

	The Bank 2014	The Bank 2013	The Group 2014
(b) Analysis by business segments			
Commerce and finance	**19,000,000**	-	**11,153,343**
Transport, storage and communication	**1,107,994**	10,789,648	**1,107,994**
Service	**6,767,458**	314,841	**6,767,458**
Miscellaneous	**3,119,082**	2,584,553	**3,119,082**
Gross loans and advances	**29,994,534**	13,689,042	**22,147,877**
Less: Allowances for impairment	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**

	The Bank 2014	The Bank 2013	The Group 2014
(c) Analysis by type of customer			
Individuals	**5,378,677**	693,311	**5,378,677**
Private enterprise	**24,136,331**	12,653,417	**16,289,674**
Staff	**479,526**	342,314	**479,526**
Gross loans and advances	**29,994,534**	13,689,042	**22,147,877**
Less: Allowances for impairment	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**

Advances to employees at 31 December 2014 amounted **GH¢543,248** (2013: GH¢342,314). Maximum staff indebtedness during the year amounted to **GH¢40,543** (2013: GH¢51,010).

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

(d) Analysis of maturity

	The Bank		The Group
	2014	2013	**2014**
Due after 3 months but within 12 months	**16,315,882**	6,431,550	**8,469,225**
Due after 12 months but within 5 years	**13,678,652**	7,257,492	**13,678,652**
	29,994,534	13,689,042	**22,147,877**
Less: Allowances for impairment	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**

(e) Analysis by commercialization

Commercial	**24,136,331**	12,653,417	**16,289,674**
Others	**5,858,203**	1,035,625	**5,858,203**
	29,994,534	13,689,042	**22,147,877**
Less: Allowances for impairment	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**

(f) Analysis by security

Secured	**29,994,534**	13,689,042	**22,147,877**
Unsecured	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**
Less: Allowances for impairment	**-**	-	**-**
	29,994,534	13,689,042	**22,147,877**

(g) **Key ratios on loans and advances**

Loan loss provision	**1%**	1%	**1%**
Gross non-performing loans ratio	**NIL**	NIL	**NIL**
50 largest exposures to total exposures	**81%**	87%	**81%**
Loan deposit ratio	**18%**	15%	**18%**

Movement in the Bank's impairment allowance is as follows:

	Individually assessed	Total
Balance at 1 January 2014	**130,669**	**130,669**
Impairment - charge to profit and loss account (Note 13)	**(130,669)**	**(130,669)**
At 31 December	**-**	**-**
Balance at 1 January 2013	130,669	130,669
Impairment - charge to profit and loss account (Note 13)	-	-
Balance at 31 December 2013	130,669	130,669

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

Movement in the Group's impairment allowance is as follows:

	Individually assessed	Total
Balance at 1 January 2014	130,669	130,669
Impairment - charge to profit and loss account (Note 12)	(130,669)	(130,669)-
At 31 December	-	-

19. Property and equipment

The Bank

December, 2014	Land and buildings	Motor vehicles	Furniture and fittings	Computers	Equipment	Leasehold equipment	Total
Cost							
At 1 January 2014	-	795,783	992,443	4,059,712	1,297,389	2,159,930	9,305,257
Additions	571,262	248,352	682,385	774,463	613,265	961,325	3,851,052
At 31 December 2014	571,262	1,044,135	1,674,828	4,834,175	1,910,654	3,121,255	13,156,309
Accumulated depreciation							
At 1 January 2014	-	311,996	325,408	1,565,811	402,564	314,238	2,920,017
Charge for the year	17,114	239,456	287,547	1,240,978	312,531	279,360	2,376,986
At 31 December 2014	17,114	551,452	612,955	2,806,789	715,095	593,598	5,297,003
Net book value							
At 31 December 2014	554,148	492,683	1,061,873	2,027,386	1,195,559	2,527,657	7,859,306

December, 2013	Motor vehicles	Furniture and fittings	Computers	Equipment	Leasehold equipment	Total
Cost						
At 1 January 2013	505,468	682,360	2,270,479	893,530	1,287,927	5,639,764
Additions	290,315	310,083	1,789,233	403,859	872,003	3,665,493
At 31 December 2013	795,783	992,443	4,059,712	1,297,389	2,159,930	9,305,257
Accumulated depreciation						
At 1 January 2013	136,645	140,569	480,576	167,535	120,571	1,045,896
Charge for the year	175,351	184,839	1,085,235	235,029	193,667	1,874,121
At 31 December 2013	311,996	325,408	1,565,811	402,564	314,238	2,920,017
Net book value						
At 31 December 2013	483,787	667,035	2,493,901	894,825	1,845,692	6,385,240

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

The Group

December, 2014	Land and buildings	Motor vehicles	Furniture and fittings	Computers	Equipment	Leasehold equipment	Total
Cost							
At 1 January 2014	-	832,968	1,036,036	4,059,712	1,307,833	2,159,930	9,396,479
Additions	571,262	311,867	682,385	774,463	639,095	961,325	3,940,397
At 31 December 2014	571,262	1,144,835	1,718,421	4,834,175	1,946,928	3,121,255	13,336,876
Accumulated depreciation							
At 1 January 2014	-	311,996	325,408	1,565,811	402,564	314,238	2,920,017
Charge for the year	17,114	248,752	299,462	1,240,978	315,235	279,360	2,400,901
At 31 December 2014	17,114	560,748	624,870	2,806,789	717,799	593,598	5,320,918
Net book value							
At 31 December 2014	554,148	584,087	1,093,551	2,027,386	1,229,129	2,527,657	8,015,958

20. Intangible assets

Computer software

	The Bank 2014	The Bank 2013	The Group 2014
At 1 January	**4,044,731**	3,555,634	**4,044,731**
Additions	**336,909**	489,097	**336,909**
At 31 December	**4,381,640**	4,044,731	**4,381,640**
Amortisation			
At 1 January and at 31 December	**2,509,713**	1,291,410	**2,509,713**
Charge for the year	**1,033,319**	1,218,303	**1,033,319**
At 31 December	**3,543,032**	2,509,713	**3,543,032**
Net book value at 31 December	**838,608**	1,535,018	**838,608**

21. Other assets

	The Bank 2014	The Bank 2013	The Group 2014
Prepayments	**5,070,190**	4,558,745	**5,146,682**
Interest earned not collected	**482,304**	817,754	**482,304**
Express outward clearing	**22,014,609**	35,000	**22,014,609**
Other receivables	**1,508,823**	399,616	**11,782,436**
	29,075,926	5,811,115	**39,426,031**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

22. Current tax (recoverable)/payable
The Bank

	Balance 1/1/14	Charge for the year	Payments	Tax adjustment	Balance 31/12/14
Year of assessment					
Up to 2012	681,400	-	-	-	681,400
2013	199,280	-	-	-	199,280
2014	-	496,389	(1,829,690)	-	(1,333,301)
	880,680	496,389	(1,829,690)	-	(452,621)
National stabilization levy					
2013	149,809	-	-	(210,757)	(60,948)
2014	-	74,857	(256,630)	-	(181,773)
	1,030,489	571,246	(2,086,320)	(210,757)	(695,342)

The group

	Balance 1/1/14	Charge for the year	Payments	Tax adjustment	Balance 31/12/14
Year of assessment					
2014	1,030,489	571,246	(2,089,320)	(210,757)	(698,342)
	1,030,489	571,246	(2,089,320)	(210,757)	(698,342)

23. Deferred income tax (asset)/liability

Deferred income taxes are calculated using the enacted tax rate of 25% (2013: 25%). The movement on deferred tax account is as follows:

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**377,722**	367,025	**377,722**
Recognised in income statement	**(113,725)**	10,697	**(113,725)**
At 31 December	**263,997**	377,722	**263,997**
Made up as follows:			
Deferred tax asset	**-**	-	**-**
Deferred tax liability	**263,997**	377,722	**263,997**
Net deferred tax	**263,997**	377,722	**263,997**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

24. Borrowings

	The Bank		The Group
	2014	2013	**2014**
Bank loan	**-**	-	**9,000,000**

Terms and conditions of loan
The loan is a facility with Zenith Bank (Ghana) Limited with monthly interest repayment and a bullet payment of principal at maturity of the facility. The loan is secured by lien over an amount of GH¢ 9million placed with Zenith Bank (Ghana) Limited by Energy Bank (Ghana) Limited.

25. Due to customers

	The Bank		The Group
	2014	2013	**2014**
Current accounts	**92,591,300**	43,930,122	**92,591,300**
Savings	**26,657,939**	1,762,340	**26,657,939**
Time deposits	**47,693,894**	46,925,353	**47,693,894**
	166,943,133	92,617,815	**166,943,133**

	The Bank		The Group
	2014	2013	**2014**
Analysis by type of depositors			
Financial institutions			
Individual and other private enterprise	**144,568,696**	81,933,541	**144,568,696**
Private enterprise	**16,248,936**	-	**16,248,936**
Government department & agencies	**6,125,501**	10,684,274	**6,125,501**
	166,943,133	92,617,815	**166,943,133**

The twenty largest depositors constituted **67%** (2013: 47%) of the total amount due to customers

	The Bank		The Group
	2014	2013	**2014**
Current	**65,326,805**	27,699,516	**65,326,805**
Non-current	**46,643,908**	16,163,691	**46,643,908**
	111,970,713	43,863,207	**111,970,713**

26. Due to other financial institutions

	The Bank		The Group
	2014	2013	**2014**
Overnight borrowings	**75,749,813**	70,049,178	**75,749,813**

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

27. Interest payables and other liabilities

	The Bank		The Group
	2014	2013	**2014**
Accrued Interest payable	**555,447**	329,867	**555,447**
Interest receivable from treasury bill	**-**	8,495,768	**-**
Other creditors and accruals	**1,217,247**	1,979,144	**2,329,298**
	1,772,694	10,804,779	**2,884,745**
Current	**1,772,694**	10,804,779	**2,884,745**
Non-current	**-**	-	**-**
	1,772,694	10,804,779	**2,884,745**

There were no other payables (2013: Nil) held as collateral for irrevocable commitments under letters of credit.

28. Stated capital

	No. of shares	Proceeds
Authorised shares of no par value	**100,000,000**	
Issued ordinary shares for cash consideration	**60,000,000**	**60,000,000**

29. Statutory reserve fund

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**7,607,106**	4,838,363	**7,607,106**
Transfer from income surplus account	**519,812**	2,768,743	**519,812**
At 31 December	**8,126,918**	7,607,106	**8,126,918**

Statutory reserve represents the cumulative amount set aside from annual net profit after tax as required by Section 29 of the Banking Act, 2004 (Act 673). The proportion of net profits transferred to this reserve ranges from 12.5% to 50% of net profit after tax, depending on the ratio of existing statutory reserve fund to paid-up capital.

30. Regulatory credit risk reserve

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**1,026,044**	140,994	**1,026,044**
Transfer from income surplus account	**(477,765)**	885,050	**(477,765)**
At 31 December	**548,279**	1,026,044	**548,279**

Regulatory credit risk reserve represents the excess of loan impairment provision determined under the Bank of Ghana guidelines over the provisions for loan impairment.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

31. Other reserve- Available for sale securities

This is the fair value movement on available for sale financial assets

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**(182,710)**	(160,430)	**(182,710)**
Fair value gain/(loss) (Note 16)	**(145,902)**	(22,280)	**(145,902)**
At 31 December	**(328,612)**	(182,710)	**(328,612)**

32. Income surplus account
This amount represents the accumulated annual profit after appropriations available for distribution

33. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days maturity from the date of acquisition including: cash and balances with Bank of Ghana, treasury bills, other eligible bills and amounts due from and to banks. Cash and cash equivalents exclude the mandatory reserve requirement held with Bank of Ghana.

	The Bank		The Group
	2014	2013	**2014**
Cash and balances with bank of Ghana (Note 15)	**20,997,387**	16,133,296	**22,206,714**
Government securities (Note 16)	**68,257,535**	99,333,981	**68,257,535**
Due from banks and other financial institution (Note 17)	**146,605,161**	92,593,793	**146,605,161**
	235,860,083	208,061,070	**237,069,410**

34. Equity Investment in Energy Investment

The Bank has obtained Bank of Ghana approval and Securities and Exchange Commission (SEC) license to establish a wholly owned subsidiary, Energy Investments Limited. Energy Investments Limited has been in operation since February 2014.
An initial equity capital of Nine Million Seven Hundred and Fifty Thousand Ghana cedis (GH¢9,750,000) was invested in the subsidiary.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

35. Contingencies and Commitments

Contingencies
The Bank conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The value of these securities is not recognized in the statement of financial position

	The Bank		The Group
	2014	2013	**2014**
Letters of Credit	-	-	-
Guarantees and other commitments	**34,080,292**	15,669,326	**34,080.292**
	34,080,292	15,669,326	**34,080.292**

Nature of Contingent liabilities

Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customers' default

Commitments
There were no commitments as at the end of the year

36 Related party transactions

This relates to intercompany dealings and transactions with key management personnel.

In the normal course of business, current accounts were operated and other transactions carried out with related parties. The balances outstanding as at year-end were as follows:

Amounts due to:

a) Loans to officers	The Bank		The Group
	2014	2013	**2014**
Officers and employees	**543,248**	442,199	**543,248**
Interest expense on the above	**86,237**	99,885	**86,237**
	457,011	342,314	**457,011**

Amounts due from:

Terms and conditions of related party transaction

b) Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Bank. These personnel are the Executive Directors of the Bank.

During the year, there were no significant related party transactions with companies or customers of the Bank where a Director or any connected person is also a director or key management members of the Bank. The bank did not make provision in respect of loans to Directors or any key management member during the period under review.

NOTES (CONT'D)
(All amounts are expressed in Ghana cedis unless otherwise stated)

(i) Advances to related parties

Advances to customers at 31 December 2014 and 31 December 2013 include loans to related parties (directors and companies controlled by directors) as follows:

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**10,930,000**	11,717,850	**10,930,000**
Loans advanced during the year	**7,500,000**	-	**7,500,000**
Loans repayments received	**(10,930,000)**	(787,850)	**(10,930,000)**
Transfer to other loan category	**-**	-	**-**
At 31 December	**7,500,000**	10,930,000	**7,500,000**

The above loans granted to a related party were at arm's length. The terms of the credit facility are not less favourable to the bank than those normally offered to other persons.

ii) Deposits from directors

	The Bank		The Group
	2014	2013	**2014**
At 1 January	**638,798**	417,925	**664,892**
Net movement during the year	**85,405**	220,873	**66,703**
At 31 December	**724,203**	638,798	**731,595**

(iii) Remuneration of key management staff

	The Bank		The Group
	2014	2013	**2014**
Remuneration - key management staff	**593,387**	441,143	**670,543**

37 Social responsibility

In furtherance of our corporate social responsibility, the Bank supported initiatives totaling **GH¢57,939** (2013: GH¢**49,463**) to cover activities in the Bank's key areas of concern, namely health, education and the environment. These included donations and support for tertiary institutions, programmes for trainee professionals, health and charitable institutions and cultural and other social events.

38 Breaches on Loan classification, waiver of unpaid interest on a facility and Sanctions

There was no penalty imposed on the Bank in 2014 (2013: GH¢18,000)

39 Events after reporting period

No significant event occurred after the end of the reporting date which is likely to affect these financial statements.