BANQUE SAHELO-SAHARIENNE
POUR L'INVESTISSEMENT ET LE COMMERCE (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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CORPORATE INFORMATION

Directors:	Dr. Mustafa Abdulaal	(Chairman, Appointed 5 October 2011)
	Mr. Robert K. Bentil	(Managing Director)
	Mr. Mohammed Manna Aboushwashi	
	Dr. Kofi Koduah Sarpong	
	Dr. Ali Elhouni	
	Mr. Abdalla Khalifa	
	Dr. Ahmed O. Alhadi Tarhouni	(Re-appointed 5 October 2011)
	Mr. Ibrahim M. Al-Mokthtar	(Re-appointed 5 October 2011)
	Mr. Yousef S. Ahmed Turkman	(Resigned 5 October 2011)
	Mr. Hadi Ali Idris	(Resigned 5 October 2011)
	Mr. Abduarahman A. Emhamed Balaou	(Resigned 5 October 2011)

Company secretary: Mr.Ben Danquah
P.O. Box CT 1732 Cantonments
Accra

Registered office: Glico House
47 Kwame Nkrumah Avenue, Adabraka
P.O. Box CT 1732 Cantonments
Accra

Auditor: PricewaterhouseCoopers
Chartered Accountants
No.12 Airport City
Una Home, 3rd Floor
PMB CT 42, Cantonments
Accra

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31 December 2011, which disclose the state of affairs of the Bank.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which give 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, 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.

Principal activity

The principal activity of the bank is to provide banking and related services.

Financial results

The results for the year are set out on page 5. The net profit for the year of GH¢977,212 has been transferred to the income surplus account.

Dividend

The directors do not recommend the payment of dividend to shareholders (2010: Nil).

Holding company

The company is a wholly owned subsidiary of Banque Sahelo-Saharienne Pour L'Investissement et Le Commerce Tripoli (Libya), a company incorporated in the Great Socialist People's Libyan Arab Jamahiriya.

Auditor

The Bank's auditor, PricewaterhouseCoopers, will continue in office in accordance with the provisions of Section 134 (5) of the Companies Code 1963 (Act 179).

BY ORDER OF THE BOARD

Director　　　　　　　　　　　　　　　　　　Director

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BANQUE SAHELO-SAHARIENNE POUR L'INVESTISSEMENT ET LE COMMERCE (GHANA) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Banque Sahelo-Saharienne Pour L'Investissement et Le Commerce (Ghana) Limited set out on pages 5 to 45. These financial statements comprise the statement of financial position as at 31 December 2011 and the income statement, statement of other comprehensive income, statement of changes in equity and statement cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with 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) 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 the 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 about 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Banque Sahelo-Saharienne Pour L'Investissement et Le Commerce (Ghana) Limited as at 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007, (Act 738).

REPORT ON OTHER LEGAL REQUIREMENTS

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

iii) the Bank's balance sheet (statement of financial position) and profit and loss account (statement of comprehensive income) are in agreement with the books of account.

In accordance with Section 78(2) of the Banking Act 2004 (Act 673), we hereby confirm that:

i) we were able to obtain all the information and explanation required for the efficient performance of our duties as auditor;

ii) in our opinion, the accounts give a true and fair view of the state of the Bank's affairs and its results for the year under review; and

iii) in our opinion, the Bank's transactions were within its powers.

PricewaterhouseCoopers

Chartered Accountants

30 March 2012

Accra, Ghana

Oseini Amui (100844)

pwc

INCOME STATEMENT

(All amounts are expressed in Ghana Cedis)

	Note	2011	2010
		31 December	
Interest income	5	**10,883,899**	7,022,522
Interest expenses	6	**(2,864,990)**	(2,945,064)
Net interest income		**8,018,909**	4,077,458
Fees and commission income	7	**3,274,988**	1,604,041
Other operating income	8	**1,732,943**	782,283
Operating income		**13,026,840**	6,463,782
Staff costs	9	**4,764,268**	4,222,089
Operating lease rentals	10	**1,264,608**	1,101,852
Operating expenses	11	**3,643,487**	3,277,557
Loan impairment charge	17	**1,078,858**	428,699
Depreciation and amortisation	12	**1,298,407**	1,059,353
Total expenses		**12,049,628**	10,089,550
Profit/(loss) before income tax		**977,212**	(3,625,768)
Income tax expense	13	**-**	-
Profit/(loss) for the year		**977,212**	(3,625,768)

STATEMENT OF OTHER COMPREHENSIVE INCOME
(All amounts are expressed in Ghana Cedis)

	Note	31 December 2011	31 December 2010
Profit/(loss) for the year		**977,212**	(3,625,768)
Fair value gain/(loss) on investment securities – available-for-sale:			
-Net reclassification adjustment for realised gain/(loss)		**(181,600)**	8,549
-Unrealised net gain/(loss) arising during the year	15	**(18,146)**	181,600
Total comprehensive income		**777,466**	(3,435,619)

STATEMENT OF FINANCIAL POSITION
(All amounts are expressed in Ghana Cedis)

	Note	31 December 2011	31 December 2010
Assets			
Cash and balances with Bank of Ghana	14	**13,272,149**	9,502,669
Investment securities – available-for-sale	15	**10,127,432**	10,548,232
Due from other banks	16	**15,726,609**	9,106,102
Loans and advances to customers	17	**38,860,898**	24,165,490
Pledged assets	18	**9,618,909**	7,411,085
Property and equipment	19	**5,685,606**	6,254,857
Intangible assets	20	**264,129**	299,556
Other assets	21	**2,196,546**	1,355,785
Total assets		**95,752,278**	68,643,776
Liabilities			
Due to other banks	22	**4,004**	4,294,096
Deposits from customers	23	**61,091,093**	41,388,736
Retirement contribution obligation	24	**30,219**	71,691
Other liabilities	25	**2,671,820**	2,050,577
Total liabilities		**63,797,136**	47,805,100
Equity			
Stated capital	26	**40,398,071**	30,059,071
Regulatory credit risk reserve	28	**1,675,493**	679,375
Income surplus account (deficit)	29	**(10,100,276)**	(10,081,370)
Revaluation reserve	30	**(18,146)**	181,600
Total shareholders' equity		**31,955,142**	20,838,676
Total liabilities and shareholders' equity		**95,752,278**	68,643,776

The financial statements on pages 5 to 45 were approved for issue by the Board of Directors on ....30 March.... 2012 and signed on its behalf by:

Director

Director

STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in Ghana Cedis)

Year ended 31 December 2011	Note	Stated capital	Income surplus	Regulatory risk reserve	Revaluation reserve	Total
At 1 January		30,059,071	(10,081,370)	679,375	181,600	20,838,676
Profit for the year		-	977,212	-	-	977,212
Fair value changes in available-for-sale investments		-	-	-	(199,746)	(199,746)
Total comprehensive income		-	977,212	-	(199,746)	777,466
Transactions with owners:						
Issue of ordinary shares	26	10,339,000	-	-	-	10,339,000
Transfer to regulatory credit risk reserve	29	-	(996,118)	996,118	-	-
At 31 December		40,398,071	(10,100,276)	1,675,493	(18,146)	31,955,142

Year ended 31 December 2010	Note	Stated capital	Income surplus	Regulatory risk reserve	Revaluation reserve	Total
At 1 January		9,297,500	(5,906,409)	130,182	(8,549)	3,512,724
Loss for the year		-	(3,625,768)	-	-	(3,625,768)
Fair value change in available-for-sale investments		-	-	-	190,149	190,149
Total comprehensive income		-	(3,625,768)	-	190,149	(3,435,619)
Transactions with owners:						
Issue of ordinary shares	26	20,761,571	-	-	-	20,761,571
Transfer to regulatory credit risk reserve	29	-	(549,193)	549,193	-	. .-
At 31 December		30,059,071	(10,081,370)	679,375	181,600	20,838,676

STATEMENT OF CASH FLOWS
(All amounts are expressed in Ghana Cedis)

	Note	2011	2010
Cash flows from operating activities			
Profit/ (Loss) before income tax		**977,212**	(3,625,768)
Adjustments for non cash items:			
Charge for impairment on loans and advances	17	**1,078,858**	428,699
Depreciation of property and equipment	12	**1,298,407**	1,059,353
Loss on sale of property and equipment	19	**172**	-
Cash generated from operating activities before change in operating assets and liabilities		**3,354,649**	(2,137,716)
Change in operating assets and liabilities			
Increase in mandatory cash reserve deposit		**(1,717,581)**	(910,766)
Decrease/(Increase) in available for sale fin. assets		**2,080,054**	(6,704,804)
Increase in loans and advances to customers		**(15,774,266)**	(16,670,812)
Increase in pledged assets		**(2,207,824)**	(4,632,717)
Increase/(decrease) in other assets		**(840,761)**	778,930
Increase in deposits from customers		**19,702,357**	22,215,615
(Decrease)/increase in retirement contribution obligation		**(41,472)**	14,043
Increase in other liabilities		**621,243**	562,430
Net cash used in operating activities		**5,176,399**	(7,485,797)
Cash flow from investing activities			
Purchase of property and equipment	19	**(611,204)**	(1,176,525)
Proceeds from sale of property and equipment	19	**22,379**	-
Purchase of intangible assets	20	**(105,076)**	(182,932)
Net cash used in investing activities		**(693,901)**	(1,359,457)
Net cash from financing activities			
Proceeds from issue of shares	26	**10,339,000**	20,761,571
Net decrease in cash and equivalents		**14,821,498**	11,916,317
Cash and cash equivalents at 1 January	33	**15,754,865**	3,838,548
Cash and cash equivalents at 31 December	33	**30,576,363**	15,754,865

NOTES
(All amounts are in Ghana cedis unless otherwise stated)

1. Reporting entity

Banque Sahelo Saharienne pour l'Investissement et le Commerce (Ghana) Limited (BSIC Ghana Limited) is a limited liability company incorporated in Ghana. The Bank operates with a universal banking license that allows it to undertake all banking and related activities.

The bank is a subsidiary of Banque Sahelo-Saharienne Pour L'Investissement et le Commerce,Tripoli (Libya) (BSIC Libya), a company incorporated in the Great Socialist People's Libyan Arab Jamahiriya.

The address and registered office of the Bank is Glico House, 47 Kwame Nkrumah Avenue, Adabraka, 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) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Additional Information 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) is included where appropriate. The financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which have been measured at their fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements are presented in Ghana Cedis (GH¢), which is the Bank's presentation currency.

Standards, amendments and interpretations effective on or after 1 January 2011

(i) New and amended standards adopted by the Bank

The amendments to existing standards below are relevant to the Bank's operations:

Standard	**Title**	**Applicable for financial year beginning on/after**
IAS 1	Presentation of financial statements	1 January 2011
IFRS 7	Financial Instruments: Disclosures	1 January 2011

- The amendment to IAS 1, 'Presentation of financial statements' is part of the 2010 Annual Improvements and clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The application of this amendment has no significant impact as the Bank was already disclosing the analysis of other comprehensive income on its statement of changes in equity.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- The amendments to IFRS 7, 'Financial Instruments - Disclosures' are part of the 2010 Annual Improvements and emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendments have also removed the requirement to disclose the following;
- Maximum exposure to credit risk if the carrying amount best represents the maximum exposure to credit risk;
- Fair value of collaterals; and
- Renegotiated loans that would otherwise be past due but not impaired.

The application of the above amendment simplified financial risk disclosures made by the Bank.

Other amendments and interpretations to standards became mandatory for the year beginning 1 January 2011 but had no significant effect on the Bank's financial statements

(ii) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Bank***

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of new standards that are likely to be relevant to the Bank. However, the directors are yet to assess the impact on the Bank's operations.

Standard	Title	Applicable for financial years beginning on/after
IAS 1	Presentation of financial statements	1 July 2012
IAS 19	Employee benefits	1 January 2013
IFRS 9	Financial instruments	1 January 2013
IFRS 13	Fair value measurement	1 January 2013

- **IAS 1, 'Presentation of financial statements**

The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. Entities will be required to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

The title used by IAS 1 for the statement of comprehensive income has changed to 'statement of profit or loss and other comprehensive income', though IAS 1 still permits entities to use other titles.

- **IAS 19, 'Employee benefits'**
  - The amendment to IAS 19, 'Employee benefits' makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to the disclosures for all employee benefits. Key features are as follows:
    - Actuarial gains and losses are renamed 'remeasurements' and can only be recognised in 'other comprehensive income' without any recycling through profit or loss in subsequent periods.
    - Past service costs will be recognised in the period of a plan amendment and curtailment occurs only when an entity reduces significantly the number of employees.
    - The amendment clarifies the definition of termination benefits. Any benefit that has a future service obligation is not a termination benefit.
  - Annual benefit expense for a funded benefit plan will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- **IFRS 9, 'Financial instruments' part 1: Classification and measurement and part 2: Financial liabilities and Derecognition of financial instruments**

  - IFRS 9,part 1 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:
    - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
    - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
    - All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
    - While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Bank is considering the implications of the Standard, the impact on the Bank and the timing of its adoption by the Bank.

  - IFRS 9, part 2 was issued in October 2010 and includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation of financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and Measurement', without change except for financial liabilities that are designated at fair value through profit or loss.

Under the new standard, entities with financial liabilities at fair value through profit or loss recognise changes in the liability's credit risk directly in other comprehensive income. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

- IFRS 13, 'Fair value measurement'
  - IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

  - The principal market is the market with the greatest volume and level of activity for the asset or liability that can be accessed by the entity. The guidance includes enhanced disclosure requirements that could result in significantly more work for the Bank. The requirements are similar to IFRS 7, 'Financial instruments: Disclosures' but apply to all assets and liabilities measured at fair value, not just financial ones.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(b) Interest income and expense

Interest income and expense for all interest-bearing financial instruments classified as available-for-sale, or other loans and receivables are recognised within 'interest income' or '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 a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

In calculating effective interest, 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 are included in the calculation to the extent that they can be 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 financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(c) Fee and commission income

Fees and commissions are recognised on an accrual basis when 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 rate on the loan.

(d) Foreign currency transactions

(i) Functional and presentation currencies
The financial statements are presented in Ghana Cedis, which is the Bank's functional and presentation currency.

(ii) Transactions and balances
Transactions denominated in foreign currencies are translated into Ghana Cedis at rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ghana Cedis at the exchange rates ruling at that date. Gains and losses resulting from the conversion and translation are dealt with in the income statement in the year in which they arise.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(e) Financial assets and liabilities

Financial assets

The Bank classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. Management determines the appropriate classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value including direct and incremental 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.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those 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 and receivables are initially recognised at fair value and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables as reported in the statement of financial position include loans and advances to customers and due from other banks and financial institutions.

(ii) *Available-for-sale financial assets*

Available-for-sale financial 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. Treasury bills are valued using the bid rate applicable at the end of the financial year to discount the expected future maturity amounts of the existing securities.

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 the statement of comprehensive income until the financial asset is impaired, at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. However, interest calculated using the effective interest method is recognised in the income statement.

Regular way purchases and sales of available-for-sale financial assets are recognised on trade-date – the date on which the Bank commits to purchase or sell the asset. Financial assets that are transferred to a third party but do not qualify for de-recognition are presented in the statement of financial position as ‘pledged assets’ if the transferee has the right to sell them.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

2. Summary of significant accounting policies (continued)

(e) Financial assets and liabilities (continued)

Financial liabilities

The Bank's holding in financial liabilities represents mainly deposits from banks and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are measured at amortised cost and are derecognised when they are extinguished.

Determination of fair value

Fair value for financial assets and liabilities 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, such as loans and receivables, the Bank uses a valuation technique to arrive at the fair value, such as the use of recent arm's length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

Offsetting of 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

(i) Assets carried at amortised cost

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:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as default or delinquency in interest or principal repayments;
c) 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; or
d) 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 in the group, including:
   - adverse changes in the payment status of borrowers in the group; or
   - local economic conditions that correlate with defaults on the assets in the group.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between 3 months and 6 months.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(f) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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 income statement. If a loan 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, 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 group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

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 income statement.

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

(f) Impairment of financial assets (continued)

(ii) Renegotiated loans

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

(g) Property and equipment

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. Leasehold land is amortised over the term of the lease and is included as part of property and equipment.

Subsequent costs are included in the asset's carrying amount or are recognised 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 the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the period in which they are incurred.

Depreciation on assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Leasehold land and improvements	Life of the lease up to 50 years
Furniture and equipment	5 years
Motor vehicles	4 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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).

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(h) Intangible assets

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 over their estimated useful lives of three years.

Costs associated with 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(i) 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 Bank of Ghana, treasury and other eligible bills, and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with the Bank of Ghana.

(j) Employee benefits

(i) Retirement benefit obligations

The Bank operates a defined contribution scheme for its employees. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The assets of the scheme are held in separate trustee administered funds, which are funded by contributions from both the Bank and employees. The Bank and all its employees also contribute to the Social Security and National Insurance Trust, which is a defined contribution scheme.

The Bank's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Bank participates in the holding company's defined benefit scheme for its expatriate staff. There is no agreement or stated policy for charging the net defined benefit cost for the plan as a whole to the individual group entities. The Bank therefore recognises a cost equal to its contribution payable for the year in the income statement. The liability recognised in the statement of financial position for the defined benefit plan is the total of two month's basic salary for each year worked for each expatriate staff.

(ii) Other entitlements

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

(k) 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 income statement over the period of the borrowings using the effective interest method.

(l) Stated capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(m) Acceptances and letters of credit

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

(n) 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 reporting date.

(o) Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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 interest expense.

(p) Income tax

(i) Current income tax

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

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

NOTES (continued)

3. Financial risk management

The Bank has exposure to credit, liquidity and market risks from its use of financial instruments.
The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Risk Management framework enjoins each member of the Bank's Management Team to play a role in the identification and management of risk through risk management processes being integrated with planning processes and embedded in management activities. The following key principles outline the Bank's approach to risk management:

- The identification and management of risk is linked to the achievement of the Bank's strategic goals

- Review procedures cover all identifiable risks, but notably strategic, credit, liquidity, market, operational and compliance risks

- Risk assessment and internal control are embedded in ongoing operations

- The Board of Directors, through its Committees on Audit and Risk Management, has overall responsibility for overseeing risk management and internal control within the Bank as a whole.

- The Executive Management, Heads of Departments, the Risk Management Committee, and the Risk Management Department support, advise and implement policies approved by the Board. The above mentioned are therefore responsible for encouraging and implementing good risk management practice

- The Bank makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks as required under the Basel Accord, the Banking Act, the Bank of Ghana Regulatory Guidelines, and the various other Ghanaian and International laws related to prudent risk management.

- The principles established in the Bank's Risk Management policy guide the Bank's officers about the acceptable conduct of risk management activities in the Bank. The policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition, products and services offered. The Bank, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations

NOTES (continued)

3. Financial risk management (continued)

3.1 Credit risk

3.1.2 Credit management and provisioning

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 the most important risk 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 performed by the credit risk team in the risk department, which reports regularly to the Board of Directors.

The Bank structures the levels of credit risk exposures 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 reviewed quarterly by the Board and the Loans Review Committee.

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 credit ratings where appropriate. Exposure to credit risk is also mitigated in part by obtaining collateral and corporate and personal guarantees which serve as secondary sources of repaying credits in the event of default.

The Credit Committee, a sub-committee of the board has responsibility for credit risk issues. Procedures for managing credit risk are determined at the business levels with specific policies and procedures being adapted to different risk environment and business goals.

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

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan and securities agreement. These are classified as impaired by the Loans Review Committee, which is charged with the responsibility of periodic review of all loans, if it is more than 30 days past due.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the bank believes that impairment is not appropriate on the basis of the level of security and collateral available and or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

NOTES (continued)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.2 Credit management and provisioning (continued)

Impairment and provisioning policy

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Loans Review Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller standardised loans, charge off decisions generally are based on a product specific past due status.

Collateral security against loans and advances

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

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 unused 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 credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.3 Maximum exposure to credit risk

The maximum exposure to credit risk before collateral held at the end of the year was

	2011	2010
Due from other banks	**15,726,609**	9,106,102
Pledged assets	**9,618,909**	7,411,085
Loans and advances to customers	**38,860,898**	24,165,490
Other assets	**2,196,547**	1,355,786
Investment securities - available-for-sale	**10,127,432**	10,548,232
Total on balance sheet	**76,530,395**	52,586,695
Credit risk exposure relating to off-balance sheet items:		
- Letters of credit	**2,188,310**	4,494,476
- Guarantee and performance bonds	**3,867,431**	4,868,660
Total off-balance sheet	**6,055,741**	9,363,136
	82,586,136	61,949,831

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

As shown above, 47% of the maximum exposure is derived from loans and advances to customers (2010: 38%) and 19% derived from exposure to other banks (2010: 14%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- the Bank exercises stringent controls over the granting of new loans
- 89% of the loans and advances portfolio are neither past due nor impaired (2010: 88%).
- 91% of the loans and advances portfolio are backed by collateral (2010: 94%).
- Available-for-sale financial assets are held in Government of Ghana Treasury bills (2010: 100%).

Loans and advances to customers are summarised as follows:

	2011	2010
Neither past due nor impaired	**33,383,503**	21,736,415
Past due but not impaired	**2,762,446**	627,844
Individually impaired loans	**4,395,487**	2,402,911
Gross loans and advances	**40,541,436**	24,767,170
Less: allowance for impairment	**(1,680,538)**	(601,680)
Net loans and advances	**38,860,898**	24,165,490

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.4 Loans and advances past due but not impaired

Loans and advances more than 90 days past due are not considered impaired if the present value of the security backing the loans are higher than the impaired amount, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired are as follows:

	2011	2010
Loans and advances past due but not impaired:		
0 – 90 days	**1,172,905**	32,711
Over 90 days	**1,589,541**	595,133
	2,762,446	627,844

3.1.5 Loans and advances individually impaired

Of the total gross amount of impaired loans, the following amounts have been individually assessed:

	2011	2010
Individually assessed impaired loans and advances		
- Corporate	**3,342,052**	1,839,216
- Small and medium scale enterprises	**1,053,435**	563,695
	4,395,487	2,402,911

3.1.6 Concentrations of risk

The following table breaks down the loans credit exposure at carrying amount (without taking into account any collateral held) as categorised by industry sectors:

	2011	2010
Agriculture, forestry and fishing	**1,387,322**	567,442
Mining and quarrying	**174,321**	67,948
Manufacturing	**553,574**	677,422
Construction	**8,786,248**	6,466,802
Electricity, gas and water	**3,063,344**	1,221,197
Commerce and finance	**11,458,986**	6,987,825
Transport, storage and communications	**2,026,074**	1,231,871
Services	**8,058,095**	5,949,566
Miscellaneous	**5,033,472**	1,597,097
	40,541,436	24,767,170
Gross loans and advances		
Less: allowance for impairment	**(1,680,538)**	(601,680)
Net loans and advances	**38,860,898**	24,165,490

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

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.

Liquidity risk management is governed by the Bank's Asset and Liability Management Committee (ALCO), which is chaired by an Executive Director. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures. ALCO has primary responsibility for compliance with regulations and Bank policy and maintaining a liquidity crisis contingency plan. The day to day management of the Bank's liquidity risk is handled by the Bank's Treasury Department.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

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

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.

3.2.1 Liquidity risk management process

The Bank's liquidity management process, as carried out and monitored by ALCO, include:

- 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 are borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- Monitoring the liquidity ratio of the statement of financial position against internal and regulatory requirement.

Monitoring and reporting take the form of cash projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. The treasury also monitors undrawn lending commitments and aspects of contingent liabilities such as standing letters of credit and guarantees.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

3.2.2 Non derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the bank under non-derivative financial liabilities and assets held for managing liquidity risk by reviewing contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Year ended 31 December 2011	0 - 3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year	Total
Liabilities					
Due to other banks	4,004	-	-	-	4,004
Customer deposits	42,239,822	17,069,226	3,514,624	-	62,823,672
Other liabilities	1,694,752	266,239	652,447	58,382	2,671,820
Total liabilities (Contracted maturity dates)	**43,938,578**	**17,335,465**	**4,167,071**	**58,382**	**65,499,496**
Assets					
Cash and balances with Bank of Ghana	13,272,149	-	-	-	13,272,149
Due from other banks	15,726,951	-	-	-	15,726,951
Investment securities - available-for-sale	9,453,483	1,002,229	9,241	650	10,465,603
Loans and advances to customers	18,865,460	4,300,227	11,167,396	4,527,815	38,860,898
Pledged assets	5,400,000	2,600,000	1,898,256	-	9,898,256
Other assets	427,681	-	-	-	427,681
Assets held for managing liquidity (contractual maturity)	**63,145,724**	**7,902,456**	**13,074,893**	**4,528,465**	**88,651,538**
Net liquidity gap	**(19,207,146)**	**9,433,009**	**(8,907,822)**	**(4,470,083)**	**(23,152,042)**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.2.2 Liquidity risk (continued)

Year ended 31 December 2010	0 - 3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year	Total
Liabilities					
Due to other banks	4,310,246	-	-	-	4,310,246
Customer deposits	29,158,021	11,398,103	1,841,404	-	42,397,528
Other liabilities	588,189	326,740	540,624	595,024	2,050,577
Total liabilities (Contracted maturity dates)	**34,056,456**	**11,724,843**	**2,382,028**	**595,024**	**48,758,351**
Assets					
Cash and balances with Bank of Ghana	9,502,669	-	-	-	9,502,669
Due from other banks	9,106,102	-	-	-	9,106,102
Investment securities - available-for-sale	6,679,247	3,008,358	227,200	710,000	10,624,805
Loans and advances to customers	10,772,153	3,432,539	6,732,429	7,679,323	28,616,444
Pledged assets	2,921,734	3,530,642	1,476,800	-	7,929,176
Other assets	237,071	-	-	-	237,071
Assets held for managing liquidity (contractual maturity)	**39,218,976**	**9,971,539**	**8,436,429**	**8,389,323**	**66,016,267**
Net liquidity gap	**(5,162,520)**	**1,753,304**	**(6,054,401)**	**(7,794,299)**	**(17,257,916)**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, 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 Treasury 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.

3.3.1 Foreign exchange risk

Foreign exchange risk is the risk to earnings and capital arising from sudden changes in the relative prices of different currencies. It can arise directly through making loans in a currency other than the local currency of the obligor. It can also arise when assets and liabilities are denominated in foreign currencies. The Bank is also exposed to foreign exchange risk arising from adverse changes in currency exchange rates used to translate carrying values and income streams in foreign currencies to the Ghana Cedi, the Bank's reporting currency.

All foreign exchange purchases and sales are coordinated by Treasury Department. The Bank does not normally hold positions to manage the risk associated with foreign exchange. The Treasury Department ensures that before a purchase deal is contracted, sales deal for the day had been done, hence purchases are done to match sales deals

The table following summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2011. Included in the table are the Bank's assets, liabilities and off balance sheet items at carrying amounts categorised by currency. The amounts stated in the table are the Ghana Cedi equivalent of the foreign currencies.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk

3.3.1 Foreign exchange risk (continued)

Year ended 31 December 2011	Ghana Cedis	USD	GBP	EURO	CFA	Total
Assets						
Cash and balances with Bank of Ghana	8,371,165	3,745,633	371,066	401,610	382,675	13,272,149
Investment securities - available–for-sale	10,127,432	-	-	-	-	10,127,432
Due from other banks	7,346,778	4,968,063	5,532	3,046,989	359,247	15,726,609
Loans and advances to customers	36,856,534	2,000,950	-	3,414	-	38,860,898
Pledged assets	9,618,909	-	-	-	-	9,618,909
Other assets	420,847	-	-	6,834	-	427,681
Total assets	**72,741,665**	**10,714,646**	**376,598**	**3,458,847**	**741,922**	**88,033,678**
Liabilities						
Due to other banks	-	368	612	3,024	-	4,004
Deposits from customers	50,965,305	5,683,394	165,481	3,308,873	968,040	61,091,093
Other liabilities	1,580,557	176,230	-	915,033	-	2,671,820
Total liabilities	**52,545,862**	**5,859,992**	**166,093**	**4,226,930**	**968,040**	**63,766,917**
Net on balance sheet position	**20,195,803**	**4,854,654**	**210,505**	**(768,083)**	**(226,118)**	**24,266,761**
Net off balance sheet position	**3,771,945**	**1,889,028**	**-**	**394,769**	**-**	**6,055,742**

Year ended 31 December 2010	Ghana Cedis	USD	GBP	EURO	CFA	Total
Assets						
Cash and balances with Bank of Ghana	7,964,296	1,121,381	203,113	150,911	62,968	9,502,669
Investment securities - available–for-sale	10,548,232	-	-	-	-	10,548,232
Due from other banks	1,432,578	3,254,596	13,002	4,405,926	-	9,106,102
Loans and advances to customers	20,543,264	3,619,341	-	2,885	-	24,165,490
Pledged assets	7,411,085	-	-	-	-	7,411,085
Other assets	237,071	-	-	-	-	237,071
Total assets	**48,136,526**	**7,995,318**	**216,115**	**4,559,722**	**62,968**	**60,970,649**
Liabilities						
Due to other banks	4,294,096	-	-	-	-	4,294,096
Deposits from customers	29,105,763	7,059,586	55,487	4,862,502	305,398	41,388,736
Other liabilities	1,052,947	610,302	-	387,328	-	2,050,577
Total liabilities	**34,452,806**	**7,669,888**	**55,487**	**5,249,830**	**305,398**	**47,733,409**
Net on balance sheet position	**13,683,720**	**325,430**	**160,628**	**(690,108)**	**(242,430)**	**13,237,240**
Net off balance sheet position	**4,868,660**	**4,276,866**	**-**	**217,610**	**-**	**9,363,136**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by bank's treasury.

The table below summarises the bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off-balance sheet items.

Year ended 31 December 2011	0 - 3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year	Non-interest bearing	Total
Assets						
Cash and balances with Bank of Ghana	-	-	-	-	13,272,149	13,272,149
Due from other banks	13,740,195	-	-	-	1,986,414	15,726,609
Investment securities – available-for-sale	9,164,800	953,416	8,689	527	-	10,127,432
Loans and advances to customers	18,865,460	4,300,227	11,167396	4,527,815	-	38,860,898
Pledged assets	5,336,460	2,496,835	1,785,614	-	-	9,618,909
Other assets	-	-	-	-	427,681	427,681
Total assets	**47,106,915**	**7,750,478**	**12,961,699**	**4,528,342**	**15,686,244**	**88,033,678**
Liabilities						
Due to other banks	-	-	-	-	4,004	4,004
Customer deposits	41,556,617	16,213,218	3,321,258	-	-	61,091,093
Other liabilities	-	-	-	-	2,671,820	2,671,820
Total liabilities	**41,556,617**	**16,213,218**	**3,321,258**	**-**	**2,675,824**	**63,766,917**
Total interest (repricing gap)	**5,550,298**	**(8,462,740)**	**9,640,441**	**4,528,342**	**13,010,420**	**24,266,761**

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Interest rate risk

Year ended 31 December 2010	0 - 3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year	Non-interest bearing	Total
Assets						
Cash and balances with Bank of Ghana	-	-	-	-	9,502,669	9,502,669
Due from other banks	5,105,926	-	-	-	4,000,176	9,106,102
Investment securities – available-for-sale	2,472,915	6,075,317	1,500,000	500,000	-	10,548,232
Loans and advances to customers	6,843,202	3,896,727	8,037,413	5,388,148	-	24,165,490
Pledged assets	3,769,925	2,341,160	1,300,000	-	-	7,411,085
Other assets	-	-	-	-	237,071	237,071
Total assets	**18,191,968**	**12,313,204**	**10,837,413**	**5,888,148**	**13,739,916**	**60,970,649**
Liabilities						
Due to other banks	4,294,096	-	-	-	-	4,294,096
Customer deposits	28,865,298	10,719,208	1,804,230		-	41,388,736
Other liabilities	-	-	-	-	2,050,577	2,050,577
Total liabilities	**33,159,394**	**10,719,208**	**1,804,230**	**-**	**2,050,577**	**47,733,409**
Total interest (repricing gap)	(14,967,426)	1,593,996	9,033,183	5,888,148	11,689,339	13,237,240

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

3.4 Fair values of financial assets and liabilities

The table below summarises the carrying amounts and fair value of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair values.

	Carrying Value		Fair Value	
	2011	**2010**	**2011**	2010
Financial Assets				
Due from banks	**15,726,609**	9,106,102	**15,726,825**	9,107,738
Loans and advances to customers	**40,541,436**	24,767,170	**40,438,625**	24,767,170
Financial Liabilities				
Deposits from banks	**4,004**	4,294,096	**4,004**	4,295,041
Deposits from customers	**61,091,093**	41,388,736	**61,097,959**	41,411,073
Contingent commitments				
in respect of Letters of Credits	**2,188,310**	4,494,476	**2,188,310**	4,494,476
in respect of Guarantees	**3,867,431**	4,868,660	**3,867,431**	4,868,660

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.4 Fair values of financial assets and liabilities (continued)

Fair values of the Bank are other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing of maturity dates. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Bank at the reporting date.

(i) Due to banks
Loans and advances to banks include inter-bank placements and items in the course of collection.

The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of 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

(ii) 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

(iii) Due to banks and deposits from customers
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand

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 group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

Level 3 - inputs for 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

At the reporting date, the financial instruments classified as available for sale (investment securities) amount to GH¢19,746,341 (2010: GH¢17,959,317). These were re-measured using input based on observable market data other than quoted prices (Level 2).

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.5 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements set by the 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. At the reporting date, Bank of Ghana (BoG) required the Bank to:

(a) hold a minimum level of regulatory capital of GH¢25 million.
(b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk- weighted off-balance sheet assets at or above the required minimum of 10%;

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

- Tier 1 capital (core capital): stated capital plus general bank reserve, statutory reserve, income surplus and reserves created by appropriations of income surplus; and
- Tier 2 capital (supplementary capital): 25% (subject to prior approval) of revaluation 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.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of – and reflecting an estimate of the credit risk associated with – each asset and counterparty

The table below summarises the composition of regulatory capital and the ratios of the bank at3
1 December:

The total regulatory capital is GH¢27,818,974 (2010: GH¢18,503,960) because the bank did not hold any Tier 2 capital.

	2011	2010
Tier 1 capital		
Stated capital	**40,398,071**	30,059,071
Income surplus account	**(10,100,276)**	(10,081,370)
Revaluation reserve	**(18,146)**	181,600
Less: Other assets/intangibles	**(2,460,675)**	(1,655,341)
Net qualifying tier 1 capital	**27,818,974**	18,503,960
Risk-weighted assets		
On-balance sheet	**50,152,501**	33,896,909
Off-balance sheet	**14,033,106**	13,112,744
Total risk-weighted assets	**64,185,607**	47,009,653
Capital adequacy ratio	**43.3%**	39.4%

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

4. Critical 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. 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 group. 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 are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Impairment of available-for-sale financial assets

The Bank determines that available-for-sale financial assets 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 market 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) Fair value of financial instruments

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

5. Interest income

	2011	2010
Placements with local banks	168,625	372,323
Placements with foreign banks	3,602	2,746
Investment securities - available-for-sale	1,951,072	1,937,531
Loans and advances	8,760,600	4,709,922
	10,883,899	7,022,522

6. Interest expense

Time deposit accounts	2,495,110	2,422,862
Time savings accounts	73,926	38,863
Call accounts	144,229	32,474
Borrowings	148,888	433,319
Due to the parent company	2,837	17,546
	2,864,990	2,945,064

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

		2011	2010
7.	**Fees and commission income**		
	Letters of credits and guarantees	**259,068**	263,555
	Funds transfer	**647,888**	286,376
	Credit related fees	**1,370,200**	772,785
	Cheques and collections	**141,412**	90,227
	Other commission income	**856,907**	191,098
		3,275,475	1,604,041
8.	**Other operating income**		
	Dealing income comprise:		
	- Foreign exchange (net)	**1,716,238**	778,962
	- Other income	**16,705**	3,321
		1,732,943	782,283
9.	**Staff costs**		
	Wages and salaries	**4,229,517**	3,719,936
	Employer's social security contributions	**291,522**	244,921
	Medical expenses	**142,917**	111,367
	Other staff costs	**100,312**	145,865
		4,764,268	4,222,089

Included in wages and salaries is an amount of GH¢203,770 (2010: GH¢180,627) being contributions to staff provident fund.

The number of persons employed by the bank at the end of the year was 202 (2010: 178).

		2011	2010
10.	**Operating lease rentals**		
	Office premises	**1,264,608**	1,101,852
11.	**Operating expenses**		
	Operating expenses include:		
	Directors' emoluments	**432,127**	417,279
	Auditors' remuneration	**67,086**	65,000
	The following items are included within directors' emoluments:		
	Defined benefits scheme current service cost	**2,642**	12,272
	Defined contribution scheme contributions	**9,070**	8,016
12.	**Depreciation and amortisation**		
	Depreciation of property and equipment (Note 19)	**1,157,904**	962,557
	Amortisation of intangible assets (Note 20)	**140,503**	96,796
		1,298,407	1,059,353

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

13. Income tax expense

In accordance with Article (4) of the agreement between the Government of the Republic of Ghana and Banque Sahelo-Saharienne Pour L'Investissement et Le Commerce Tripoli (Libya) signed on 14 December 2006, Banque Sahelo-Saharienne Pour L'Investissement et Le Commerce (Ghana) Limited is exempted from all taxes. As a result, the Bank has not made any provision for corporate income tax.

14. Cash and balances with Bank of Ghana

	2011	2010
Cash in hand	**5,227,970**	2,424,244
Balances with Bank of Ghana (non-mandatory)	**4,104,960**	4,856,787
Unrestricted cash and balances with Bank of Ghana	**9,332,930**	7,281,031
Mandatory reserve deposit with Bank of Ghana	**3,939,219**	2,221,638
	13,272,149	9,502,669

The mandatory reserve deposit is not available to finance day to day operations and does not attract interest.

15. Investment securities - available-for-sale

Treasury bills are debt securities issued by the Bank of Ghana for a term of three months, six months or a year. Treasury bills have been classified as available-for-sale financial assets.

	2011	2010
The movement in investment securities - available-for-sale is as follows:		
At January 1	**10,548,232**	114,786
Additions	**41,846,780**	53,157,952
Disposals (redemption)	**(32,630,525)**	(35,503,570)
Pledged assets (Note 18)	**(9,618,909)**	(7,411,085)
Net gains/(losses) from changes in fair value	**(18,146)**	190,149
At December 31	**10,127,432**	10,548,232

Maturity from the date of acquisition

Within 91 days	**5,520,829**	3,661,828
Within 182 days	**4,028,562**	-
Within one year	**578,041**	6,886,404
	10,127,432	10,548,232

16. Due from other banks

Due from foreign banks	**1,641,006**	3,721,169
Placements with banks	**13,740,194**	5,105,926
Items in course of collection	**345,409**	279,007
	15,726,609	9,106,102

All amounts due from other banks are current.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

17. Loans and advances to customers

Analysis of loans and advances by type is as follows:

	2011	2010
Corporate customers	**39,093,652**	**23,708,385**
Overdraft and credit lines	30,112,066	15,743,996
Short term loans	3,737,982	2,683,936
Medium term loans	5,243,604	5,280,453
Retail customers	**1,447,784**	**1,058,785**
Overdraft and credit lines	654,222	135,208
Personal loans	201,939	660,023
Staff loans	591,623	263,554
Gross loans and advances	**40,541,436**	**24,767,170**
Less: Impairment allowance	**1,680,538**	**601,680**
- Individually impaired	1,370,550	601,680
- Collectively impaired	309,988	-
Net loans and advances	**38,860,898**	**24,165,490**

The maximum amount of staff indebtedness during the year amounted to GH¢826,141 (2010: GH¢358,231).

Analysis of loans and advances by business sector is as follows:

	2011	2010
Agriculture, forestry and fishing	**1,387,322**	567,442
Mining and quarrying	**174,321**	67,948
Manufacturing	**553,574**	677,422
Construction	**8,786,248**	6,466,802
Electricity, gas and water	**3,063,344**	1,221,197
Commerce and finance	**11,458,986**	6,987,825
Transport, storage and communications	**2,026,074**	1,231,871
Services	**8,058,095**	5,949,566
Miscellaneous	**5,033,472**	1,597,097
Gross loans and advances	**40,541,436**	24,767,170
Less: allowance for impairment	**(1,680,538)**	(601,680)
Net loans and advances	**38,860,898**	24,165,490

Analysis of loans by customer type is as follows:

	2011	2010
Private enterprises	**35,498,198**	20,553,882
Associations and other organisations	**3,595,455**	3,154,503
Individuals	**1,447,783**	1,058,785
Gross loans and advances	**40,541,436**	24,767,170
Less: allowance for impairment	**(1,680,538)**	(601,680)
Net loans and advances	**38,860,898**	24,165,490

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

17. Loans and advances to customers (continued)

The total impairment charge to the profit and loss during the year represents 2.7% of the gross loans at the year end. (2010: 1.7%).

The fifty largest exposures by customers constitute 51.1% of the gross loans at the year end (2010: 64.2%).

The total amount of allowance for impairment represents 4.2% of gross loans at the year end (2010: 2.4%).

Analysis of loans and advances by maturity is as follows:

	2011	2010
Current	**35,967,311**	20,604,291
Non-current	**4,574,125**	4,162,879
	40,541,436	24,767,170

Movement in impairment allowance is as follows:		
At 1 January	**601,680**	172,981
Impairment charge for the year	**1,078,858**	428,699
At 31 December	**1,680,538**	601,680

18. Pledged assets

	Asset		**Related liability**	
	2011	2010	**2011**	2010
Treasury bills	**9,618,909**	7,411,085	**9,000,000**	7,629,683

Assets are pledged as collateral for deposits taken from certain financial institutions.

Maturity of pledged assets from date of acquisition is as follows:

	2011	2010
Maturing within 90 days	**3,860,905**	2,757,925
Maturing after 90 days but within 1 year	**5,758,004**	4,653,160
	9,618,909	7,411,085

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

19. Property and equipment

Year ended 31 December 2011	Leasehold Land and Buildings	Furniture and equipment	Computers	Motor vehicles	Capital work-in-progress	Total
Cost						
At 1 January 2011	**3,670,592**	**2,138,223**	**779,999**	**847,223**	**285,037**	**7,721,074**
Additions	100,298	454,595	16,349	39,962	-	**611,204**
Movements	248,539	16,060	-	-	(264,599)	**-**
Disposals	-	-	(4,287)	(1,939)	(20,438)	**(26,664)**
At 31 December 2011	**4,019,429**	**2,608,878**	**792,061**	**885,246**	**-**	**8,305,614**
Depreciation						
At 1 January 2011	**417,072**	**463,144**	**241,037**	**344,964**	**-**	**1,466,217**
Charge for the year	343,659	444,219	154,685	215,341	-	**1,157,904**
Disposals	-	-	(3,144)	(969)	-	**(4,113)**
At 31 December 2011	**760,731**	**907,363**	**392,578**	**559,336**	**-**	**2,620,008**
Net book value						
At 31 December 2011	**3,258,698**	**1,701,515**	**399,483**	**325,910**	**-**	**5,685,606**

Year ended 31 December 2010	Leasehold Land and Buildings	Furniture and equipment	Computers	Motor vehicles	Capital work-in-progress	Total
Cost						
At 1 January 2010	3,423,012	1,252,466	739,706	765,843	363,521	6,544,548
Additions	231,509	660,151	46,524	81,380	156,962	1,176,526
Reclassification	16,071	225,606	(6,231)	-	(235,446)	-
At 31 December 2010	3,670,592	2,138,223	779,999	847,223	285,037	7,721,074
Depreciation						
At 1 January 2010	109,134	134,998	119,360	140,168	-	503,660
Charge for the year	312,387	323,697	121,677	204,796	-	962,557
Reclassification	(4,449)	4,449	-	-	-	-
At 31 December 2010	417,072	463,144	241,037	344,964	-	1,466,217
Net book value						
At 31 December 2010	3,253,520	1,675,079	538,962	502,259	285,037	6,254,857

Profit on asset disposal	**2011**	2010
Gross book value	**26,664**	-
Accumulated depreciation	**(4,113)**	-
Net book value	**22,551**	-
Sales Proceeds	**(22,379)**	-
Loss on disposal	**(172)**	-

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

20 Intangible assets

	2011	2010
Cost		
At 1 January	**449,563**	266,631
Additions	**105,076**	182,932
At 31 December	**554,639**	449,563
Amortisation		
At 1 January	**150,007**	53,211
Amortisation for the year	**140,503**	96,796
At 31 December	**290,510**	150,007
Net book value		
At 31 December	**264,129**	299,556

21. Other assets

Prepayments	**1,739,069**	1,083,719
Stationery and other stock	**29,796**	34,995
Other receivables	**427,681**	237,071
	2,196,546	1,355,785

All other assets are current

22. Due to other banks

Due to other banks	**4,004**	4,294,096

All amounts due to other banks are current.

23. Deposits from customers

Current and call account	**30,912,830**	26,178,478
Savings account	**2,738,339**	1,468,477
Time deposit	**26,706,314**	13,393,440
Cash collateral	**699,876**	330,999
Other deposits	**33,734**	17,342
	61,091,093	41,388,736

Analysis by type of customer is as follows:

Private enterprises	**29,963,305**	23,512,289
Public enterprises	**21,584,672**	8,995,922
Associations and other organisations	**1,856,223**	3,505,571
Individuals	**6,925,990**	5,030,393
Other	**760,903**	344,561
	61,091,093	41,388,736

All deposits are current.

The twenty largest depositors constitute 47% (2010: 44%) of the total depositors at the reporting date. All amounts are current.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

24. Retirement contribution obligation

	2011	2009
Defined contributory scheme	**30,219**	71,691

The retirement contribution obligation relates to a scheme set up by the parent company for its employees. Staff of the parent company who are engaged by the bank continue to enjoy the benefits of the scheme. The bank recognises a liability equal to two month's basic salary for each year of service and has no further obligation towards the scheme.

Movement in retirement benefits is as follows:

	2011	2009
At 1 January	**71,691**	57,648
Payments during the year	**(96,791)**	(6,584)
Current service cost	**55,319**	26,956
Past service cost	**-**	(6,329)
At 31 December	**30,219**	71,691

25. Other liabilities

	2011	2010
Deferred income	**501,079**	334,682
Items in course of collection	**1,262,855**	388,052
Other accounts payable	**474,141**	940,515
Due to parent company	**433,745**	387,328
	2,671,820	2,050,577

26. Stated capital

The authorised shares of the company is 500,000,000 (2010: 500,000,000) ordinary shares of no par value.

	2011		2010	
	No. of shares	**Proceeds**	**No. of shares**	**Proceeds**
At 1 January	**30,059,071**	**30,059,071**	**9,297,500**	**9,297,500**
Issue of ordinary shares	**10,339,000**	**10,339,000**	**20,761,571**	**20,761,571**
At 31 December	**40,398,071**	**40,398,071**	**30,059,071**	**30,059,071**

There is no unpaid liability on any shares. There are no treasury shares held. There are no calls or instalments unpaid.

27. Statutory reserve fund

Section 29 (1) of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act of 2007, Act (738) requires a cumulative amount to be set aside from annual net profit after tax into a statutory reserve fund. The proportion of net profit transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the ratio of existing statutory reserve fund to paid up capital. As the Bank did not make any net profit in 2010, no appropriation has been made. This reserve is non-distributable.

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

28. Regulatory credit risk reserve

	2011	2010
Deficit at 1 January	**679,375**	130,182
Provision for the year	**996,118**	549,193
Deficit at 31 December	**1,675,493**	679,375

The regulatory credit risk reserve represents the excess of impairment provisions determined in accordance with the Bank of Ghana Prudential Regulations over the impairment provisions recognised in accordance with the Bank's accounting policy. This reserve is non-distributable.

29. Income surplus account

At 1 January	**(10,081,370)**	(5,906,409)
Profit /(loss) for the year	**977,212**	(3,625,768)
Transfer to regulatory risk reserve	**(996,118)**	(549,193)
At 31 December	**(10,100,276)**	(10,081,370)

30. Revaluation reserve

At 1 January	**181,600**	(8,549)
Net gain/(loss) on investment securities – available-for-sale	**(199,746)**	190,149
	(18,146)	181,600

The revaluation reserve represents net change in the fair value of investment securities – available-for-sale during the year.

31 Off balance sheet financial instruments, contingent liabilities and commitments

In common with other banks, the bank conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

Contingent liabilities	**2011**	2010
Acceptances and letters of credit	**2,188,310**	4,494,476
Guarantees	**3,867,432**	4,868,660
	6,055,742	9,363,136

Nature of contingent liabilities

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

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

32. Off balance sheet financial instruments, contingent liabilities and commitments (continued)

Operating lease commitments	2011	2010
Not later than one year	**1,324,033**	973,386
Later than 1 year and not later than 5 years	**256,873**	76,680
Later than 5 years	**-**	-
	1,580,906	1,050,006

The above have already been paid.

Other commitments

	2011	2010
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**1,806,483**	546,100
Purchase of property and equipment	**-**	-

Nature of commitments

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

33. Analysis of cash and cash equivalents as shown in the cash flow statement

	2011	2010
Cash and balances with Bank of Ghana (Note 14)	**9,332,929**	7,281,031
Investment securities - available-for-sale (Note 15)	**5,520,829**	3,661,828
Due to other banks (Note 22)	**(4,004)**	(4,294,096)
Due from other banks (Note 16)	**15,726,609**	9,106,102
	30,576,363	15,754,865

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: unrestricted cash and balances with Bank of Ghana, amounts due from other banks and due to banks.

Banks are required to maintain a prescribed minimum cash balance with the Bank of Ghana that is not available to finance the bank's day-to-day activities.

34. Related party transactions

The Bank is controlled by Banque Sahelo Saharienne pour l'Investissement et le Commerce (BSIC) Tripoli, (Libya). There are twelve other banks on the African continent (BSIC Affiliates) which are related to the Bank through common shareholding or common directorships.

In the normal course of business, current accounts are operated and placements of foreign currencies are made with the parent company and the affiliates at interest rates in line with the market. The relevant balances with related parties are shown below:

NOTES (continued)
(All amounts are in Ghana cedis unless otherwise stated)

34. Related party transactions (continued)

Amounts due from related parties:

	2011	2010
BSIC Niger S.A.	**-**	5,887
BSIC Mali S.A	**107**	28,103
BSIC Burkina Faso S.A.	**36,461**	110,592
BSIC Togo S.A	**150**	1,942
BSIC Benin	**20,628**	-
BSIC Cote d'Ivoire	**298,748**	-
BSIC Senegal	**3,152**	-
Alwaha Bank,Libya	**6,797**	42,523
BSIC Libya	**-**	2,414
	366,043	191,461

Amounts due to related parties:

	2011	2010
BSIC Libya	**433,745**	387,328
BSIC Benin S.A.	**-**	12,284
BSIC Niger	**238**	-
BSIC Togo	**3,025**	-
BSIC Cote D'Ivoire S.A.	**-**	152,904
	437,008	552,516
Interest expense incurred	**3,025**	17,546

Key management compensation

	2011	2010
Salaries and other allowances	**189,709**	152,184
Post-employment benefits	**6,217**	6,580
	195,926	158,764

Directors' remuneration

	2011	2010
Other emoluments (including director's sitting allowance)	**429,485**	417,278

Loans to key management staff

	2011	2010
At 1 January	**30,285**	68,229
Additions	**-**	21,200
Payments made during the year	**(15,956)**	(59,144)
At 31 December	**14,329**	30,285
Interest income earned	**882**	1,316

35. Social responsibilities

The amount spent on fulfilling social responsibilities for the year was GH¢16,060 (2010: GH¢9,034)