

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 €'m	2005 €'m
Interest income	21	399,725	362,721
Interest expense	22	(83,780)	(78,749)
NET INTEREST INCOME		315,945	283,972
Fee and commission income		178,114	145,763
Other operating income	23	9,202	4,522
OPERATING INCOME		503,261	434,257
Operating expenses	24	(312,262)	(281,617)
Charge for bad and doubtful debts	26	(37,150)	(9,092)
OPERATING PROFIT		153,849	143,548
Other income	27	14,560	10,214
PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		168,409	153,762
Exceptional item	28	(24,769)	(5,654)
PROFIT BEFORE TAXATION		143,640	148,108
National Reconstruction Levy	12	(7,900)	(13,082)
Taxation expense	12	(36,300)	(42,169)
PROFIT AFTER TAXATION TRANSFERRED TO INCOME SURPLUS		99,440	92,857

The attached notes 1 to 36 form an integral part of these financial statements.

**INCOME SURPLUS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	c'm	c'm
Balance as of 1 January	188,709	234,849
Net profit transferred from profit and loss account	99,440	92,857
	288,149	327,706
Transfer to statutory reserve fund	(12,430)	(11,607)
Transfer to stated capital	-	(63,265)
Dividend-proposed	(64,125)	(64,125)
Balance as of 31 December	211,594	188,709
Earnings per share (Cedi per share)	698	652
Dividend per share (Cedi per share)	450	450

The attached notes 1 to 36 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 €'m	2005 €'m
OPERATING ACTIVITIES			
Operating profit before taxation		143,640	148,108
Adjustments for:			
Depreciation		24,884	20,578
Dividend from investments		(28)	(220)
Profit on sale of investments		(99)	(1,680)
Profit on sale of property, plant and Equipment		(9,099)	(1,537)
Operating profit before working capital changes		159,298	165,249
Increase in other assets		(13,218)	(71)
Increase in other liabilities		16,333	32,654
Increase in customer deposits		580,460	207,328
Increase in loans and advances to customers		(175,484)	(496,386)
Increase in borrowings		37,088	204,274
Cash from operations		604,477	113,048
Tax paid	12	(32,806)	(27,710)
National reconstruction levy paid	12	(5,408)	(5,756)
Net cash flow from operating activities		566,263	79,582
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(32,110)	(35,086)
Proceeds from sale of property, plant and equipment		15,546	2,829
Increase in investments (Government and other securities)		(37,985)	(104,653)
Proceeds from sale of investments		100	1,685
Dividend received		28	220
Dividend paid		(69,408)	(61,752)
Net cash used in investing activities		(123,829)	(196,757)

The attached notes 1 to 36 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	-	-	-
Net cash from financing activities	-	-	-
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	29	442,434	(117,175)
Cash and cash equivalents as of 1 January	541,207	541,207	658,382
CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER	29	983,641	541,207

The attached notes 1 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACTIVITIES

SG-SSB Limited is a public company registered under the provisions of the Companies Code 1963, Act 179 and is listed on the Ghana Stock Exchange. The Bank is licensed by Bank of Ghana to carry on the business of banking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Bank prepares its financial statements under the historical cost convention as modified by the revaluation of leasehold land and buildings.

The significant accounting policies adopted are as follows:

Interest Income

The recognition of interest income ceases when the payment of interest or principal is in doubt and does so automatically if principal or interest payments are late by ninety days or more.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Cedis at exchange rates ruling at the Bank's financial year end. Gains and losses resulting from currency translation or exchange are included in the profit or loss for the year.

Loan fee Income

Loan fees are credited to income as and when they fall due.

Investments

Investments are held for the purposes of trading and investment. Investments are included in the balance sheet at the lower of cost and market value. Gains and losses on the sale of investment securities are shown separately in other operating income or expensed when applicable.

Bills discounted and securities with fixed redemption dates which are purchased with the intention of being held to maturity are stated at amortised cost.

Loans and Advances

Loans and advances are stated in the balance sheet at the amount of principal and interest outstanding less any provision for bad and doubtful debts and interest in suspense.

Provision for bad and doubtful debts

Provisions for bad and doubtful debts are made, having regard to specific risks.

The provisions are made in respect of those advances that have been individually reviewed and specifically identified as bad or doubtful. In determining the level of provisions required, management considers the historic performance of individual clients.