ACCESS BANK (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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CORPORATE INFORMATION

Board of Directors	Frank Beecham (Chairman) Dolapo Ogundimu (Managing Director) Kameel Adebayo Obinna Nwosu Elias Igbinakenzua Dela Selormey Abena Amoah Ernest Mintah
Secretary	Albert Kwame Gyan
Auditor	PricewaterhouseCoopers No. 12 Airport City UNA Home, 3rd Floor PMB CT 42, Cantonments Accra, Ghana
Registered Office	Access Bank (Ghana) Limited Starlets '91 Road Opp. Accra Sports Stadium, P.O. Box GP 353 Osu Accra, Ghana
Bankers	Citibank N. Y Ghana International Bank Commerzbank FBN Bank, UK Bank of Beirut, UK Standard Bank, S.A FIM Bank, UK BNP Paribas Mashreq Bank Mauritius Commercial Bank Medicapital UBA Nigeria Access Bank, UK Bank of Ghana GN Bank

REPORT OF THE DIRECTORS

The directors in submitting to the shareholders the financial statements of the Bank and Group for the year ended 31 December 2015 report as follows:

Statement of directors' responsibility

The directors are responsible for the preparation and fair presentation of the financial statements comprising the statement of financial position at 31 December 2015, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 1963 (Act 179), the Banking Act, 2004 (Act 673) (As Amended by the Banking (Amendment) Act, 2007 (Act 738).

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

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

Financial report and dividend

In Thousands of Ghana Cedis	**The Group**	**The Bank**
31 December	**2015**	**2015**
Profit before tax	**122,751**	**122,716**
from which is deducted taxation of:		
National fiscal stabilisation levy	**(6,138)**	**(6,138)**
Income tax expense	**(36,178)**	**(36,168)**
	(42,316)	**(42,306)**
Leaving a net profit after tax of	**80,435**	**80,410**
less transfers to credit risk reserve	**(39,725)**	**(39,725)**
less transfers to statutory reserve	**(40,205)**	**(40,205)**
leaving a balance of	**505**	**480**
Dividend paid for 2014	**(11,688)**	**(11,688)**
when added to the balance brought forward on retained earnings of	**45,604**	**44,630**
gives a balance of	**34,421**	**33,422**

In accordance with Section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢40,205,000 was transferred to the statutory reserve fund from the income surplus, bringing the cumulative balance on the statutory reserve fund to GH¢131,496,000 at the year end.

The board of directors do not recommend the payment of dividend for the year ended 31 December 2015 (2014: GH₵ 11,688,600).

REPORT OF THE DIRECTORS (continued)

Nature of business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking.

Subsidiaries

The Bank has two wholly owned subsidiaries, namely, Big Ticket Holdings Limited (BTH) and Triumph Properties Limited (TPL). BTH is currently operating as a leasing company and TPL was dormant for the year and at the year end.

Equity Investment in Associate

The Bank disposed of its 40% equity interest in Magnate Technologies Services Limited.

Holding Company

The Bank is a subsidiary of Access Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Auditor

The auditor Messrs PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 134 (5) of the Ghana Companies Act, 1963 (Act 179).

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Bank were approved by the Board of Directors on 19 February 2016 and were signed on their behalf by:

....................................…………......	……...….........……………
Frank Beecham	Dolapo Ogundimu
Chairman	*Managing Director*

.........February 2016

ACCRA

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ACCESS BANK (GHANA) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Access Bank (Ghana) Limited (the Bank) as set out on pages 6 to 69. These financial statements comprise the consolidated statement of financial position at 31 December 2015, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Bank standing alone as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank 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 Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on 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 the Bank and the group as at 31 December 2015 and of the financial performance and cash flows of the Bank and the group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ACCESS BANK (GHANA) LIMITED (CONTINUED)

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Act, 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 consolidated balance sheet (statement of financial position) and consolidated profit and loss account (part of the 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 explanations 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;

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

iv) the Bank in all material respects complied with the requirements of the Banking Act, 2004 (Act 673) as amended.

Chartered Accountants

Accra, Ghana

Date:

STATEMENT OF COMPREHENSIVE INCOME

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

		Year ended 31 December			
		The Group		**The Bank**	
	Note	**2015**	2014	**2015**	2014
Interest income	7	**330,689**	196,659	**330,689**	196,659
Interest expense	7	**(153,703)**	(73,494)	**(153,703)**	(73,494)
Net interest income		**176,986**	123,165	**176,986**	123,165
Commission and fees	8	**41,186**	47,607	**41,186**	47,607
Net trading income	9	**41,417**	61,421	**41,417**	61,421
Other operating income	10	**7,578**	5,668	**7,537**	5,610
Total operating income		**267,167**	237,861	**267,126**	237,803
Impairment loss on financial assets	11	**(15,224)**	(15,905)	**(15,224)**	(15,905)
Personnel expenses	12	**(43,625)**	(36,258)	**(43,625)**	(36,258)
Depreciation and amortisation	20	**(11,165)**	(8,769)	**(11,165)**	(8,731)
Other operating expenses	13	**(74,402)**	(53,738)	**(74,396)**	(53,733)
Profit before tax		**122,751**	123,191	**122,716**	123,176
Income tax expense	14	**(42,316)**	(37,907)	**(42,306)**	(37,958)
Profit after tax		**80,435**	85,284	**80,410**	85,218
Other comprehensive income		-	-	-	-
Total comprehensive income for the year attributable to equity holders of the Group		**80,435**	85,284	**80,410**	85,218
Earnings per share					
Basic	15	**73Gp**	77Gp	**73Gp**	77Gp
Diluted	15	**73Gp**	77Gp	**73Gp**	77Gp
Profit attributable to:					
- Owners of the parent		80,410	85,218	-	-
- Non-controlling interest		-	-	-	-
		80,410	85,218	-	-

The notes on pages 10 to 69 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

		The Group		The Bank	
	Note	**2015**	2014	**2015**	2014
Assets					
Cash and bank balances	16	**681,366**	509,613	**681,366**	509,613
Government securities	17	**356,734**	212,184	**356,734**	212,184
Loans and advances to customers	18	**1,211,825**	853,055	**1,211,825**	853,055
Investment in subsidiaries	23	**-**	-	**20**	20
Property and equipment	19	**93,117**	52,953	**93,117**	52,953
Intangible assets	20	**5,396**	4,437	**5,396**	4,437
Deferred income tax asset	21	**5,190**	5,627	**5,190**	5,627
Other assets	22	**71,018**	81,033	**70,791**	80,823
Total assets		**2,424,646**	1,718,902	**2,424,439**	1,718,712
Liabilities					
Due to other banks	24	**162,852**	78,089	**162,852**	78,089
Deposits from customers	25	**1,726,179**	1,199,653	**1,726,227**	1,199,681
Borrowings	26	**105,372**	94,226	**105,372**	94,226
Current income tax	14	**14,743**	15,428	**14,582**	15,277
Deferred income tax liabilities	22	**2,916**	1,982	**2,916**	1,982
Other liabilities	27	**52,634**	38,321	**53,539**	39,228
Total liabilities		**2,064,696**	1,427,699	**2,065,488**	1,428,483
Equity					
Stated capital	28	**118,275**	118,275	**118,275**	118,275
Statutory reserve	28	**131,496**	91,291	**131,496**	91,291
Credit risk reserve	28	**75,758**	36,033	**75,758**	36,033
Income surplus	28	**34,421**	45,604	**33,422**	44,630
Total equity		**359,950**	291,203	**358,951**	290,229
Total equity and liabilities		**2,424,646**	1,718,902	**2,424,439**	1,718,712

The financial statements were approved by the Board on ………………. and signed on its behalf by

.....................…… ....……
Frank Beecham Dolapo Ogundimu
Chairman *Managing Director*

The notes on pages 10 to 69 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

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

The Group

	Stated Capital	Statutory Reserve	Credit risk Reserve	Income Surplus	Total
At 1 January 2014	118,275	48,682	38,962	10,626	216,545
Total comprehensive income for the year	-	-	-	85,284	85,284
Transfer from credit risk reserve	-	-	(2,929)	2,929	-
Transfer to statutory reserve	-	42,609	-	(42,609)	-
Dividend paid for 2013	-	-	-	(10,626)	(10,626)
At 31 December 2014	118,275	91,291	36,033	45,604	291,203
At 1 January 2015	**118,275**	**91,291**	**36,033**	**45,604**	**291,203**
Total comprehensive income for the year	**-**	**-**	**-**	**80,435**	**80,435**
Transfer to credit risk reserve	**-**	**-**	**39,725**	**(39,725)**	**-**
Transfer to statutory reserve	**-**	**40,205**	**-**	**(40,205)**	**-**
Dividend paid for 2014	**-**	**-**	**-**	**(11,688)**	**(11,688)**
At 31 December 2015	**118,275**	**131,496**	**75,758**	**34,421**	**359,950**

The Bank

	Stated Capital	Statutory Reserve	Credit risk Reserve	Income Surplus	Total
At 1 January 2014	118,275	48,682	38,962	9,718	215,637
Total comprehensive income for the year	-	-	-	85,218	85,218
Transfer from credit risk reserve	-	-	(2,929)	2,929	-
Transfer to statutory reserve	-	42,609	-	(42,609)	-
Dividend paid for 2013	-	-	-	(10,626)	(10,626)
At 31 December 2014	118,275	91,291	36,033	44,630	290,229
At 1 January 2015	**118,275**	**91,291**	**36,033**	**44,630**	**290,229**
Total comprehensive income for the year	**-**	**-**	**-**	**80,410**	**80,410**
Transfer to credit risk reserve	**-**	**-**	**39,725**	**(39,725)**	**-**
Transfer to statutory reserve	**-**	**40,205**	**-**	**(40,205)**	**-**
Dividend paid for 2014	**-**	**-**	**-**	**(11,688)**	**(11,688)**
At 31 December 2015	**118,275**	**131,491**	**75,758**	**33,422**	**358,951**

The notes on pages 10 to 69 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

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

		For the year ended 31 December			
			The Group		The Bank
	Note	**2015**	2014	**2015**	2014
Cash flows from operating activities					
Profit before tax		**122,751**	123,191	**122,716**	123,176
Adjustments for:					
Depreciation of property, plant and equipment	20	**9,045**	7,894	**9,045**	7,856
Amortisation of intangible assets	21	**2,120**	875	**2,120**	875
Impairment on loans and advances		**15,224**	15,905	**15,224**	15,905
Profit on disposal of property and equipment	20	**(209)**	(519)	**(209)**	(507)
Change in loans and advances		**(373,994)**	(435,270)	**(373,994)**	(435,270)
Change in government securities		**(221,996)**	49,700	**(221,996)**	49,700
Change in other assets		**10,015**	(23,974)	**10,032**	(23,470)
Change in deposits from customers		**526,526**	474,060	**526,546**	472,699
Change in due to other banks		**84,763**	63,089	**84,763**	63,089
Change in other liabilities		**14,313**	31,576	**14,311**	32,486
Change in mandatory reserve deposit		**(52,653)**	(54,665)	**(52,655)**	(54,540)
Interest capitalised on borrowings		**1,075**	-	**1,075**	-
Revaluation loss on foreign denominated borrowings	26	**14,873**	-	**14,873**	-
Interest payment on borrowings	26	**(242)**	-	**(242)**	-
Tax paid	14	**(41,630)**	(35,044)	**(41,630)**	(35,044)
Net cash generated from operating activities		**109,979**	216,818	**109,979**	216,955
Cash flows from investing activities					
Purchase of property and equipment	20	**(49,559)**	(32,267)	**(49,559)**	(32,267)
Purchase of intangible assets	21	**(3,079)**	(3,074)	**(3,079)**	(3,074)
Proceeds from sale of property and equipment	20	**559**	1,138	**559**	1,126
Net cash used in investing activities		**(52,079)**	(34,203)	**(52,079)**	(34,215)
Cash flows from financing activities					
Drawdown on borrowings	26	**-**	82,816	**-**	82,816
Principal payment of borrowings	26	**(4,560)**	(3,929)	**(4,560)**	(3,929)
Dividend paid to equity holders		**(11,668)**	(10,626)	**(11,668)**	(10,626)
Net cash used in financing activities		**(16,248)**	68,261	**(16,248)**	68,261
Net increase in cash and cash equivalents		**41,652**	250,876	**41,652**	251,001
Cash and cash equivalents at 1 January	16	**502,136**	251,260	**502,136**	251,135
Cash and cash equivalents at 31 December	16	**543,788**	502,136	**543,788**	502,136

The notes on pages 10 to 69 are an integral part of these financial statements.

NOTES

1. Reporting entity

Access Bank (Ghana) Limited (the Bank) is a private limited liability company incorporated in Ghana licensed to carry out universal banking. The address of the Bank's registered office is Starlets '91 Road, Opposite Accra Sports Stadium, P. O. Box GP 353, Osu Accra. The consolidated financial statements of the Bank as at, and for the year ended 31 December 2015 comprises the Bank and its subsidiary BTH Limited (together as the Group). The Group principally is involved in corporate and retail banking as well as leasing operations. The Bank is a subsidiary of Access Bank Plc of Nigeria.

For Companies Act, 1963 (Act 179) reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by part of the income statement, in these financial statements.

2. Summary of significant accounting policies

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

2.1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy below.

Additional information required under the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007 (Act 738) have been included, where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

These consolidated financial statements are presented in Ghana Cedi, which is the Group's functional currency.

(a) New standards, amendments and interpretations adopted by the group

The Group considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2015. However, these standards and amendments as detailed below, do not significantly impact the annual consolidated financial statements of the Group.

The nature and the impact of each new standards and amendments are described below:

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) effective for annual periods after 1 July 2014

The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits. Under the previous version of IAS 19, most entities deducted the contributions from the cost of the benefits earned in the year the contributions were paid. However, the treatment under the 2011 revised standard was not so clear. It could be quite complex to apply, as it requires an estimation of the future contributions receivable and an allocation over future service periods.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the group (continued)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) effective for annual periods after 1 July 2014 (continued)

To provide relief, changes were made to IAS 19. These allow contributions that are linked to service, but that do not vary with the length of employee service (eg a fixed % of salary), to be deducted from the cost of benefits earned in the period that the service is provided. Therefore many entities will be able to (but not be required) continue accounting for employee contributions using their existing accounting policy.

Amendments to IFRS 8, 'Operating segments' effective for annual periods after 1 July 2014

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Entities would have to disclose the factors they have considered in identifying reportable segments, including the basis of their organization in the financial statement.

Amendments to IFRS 13, 'Fair value measurement', effective for annual periods after 1 July 2014

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. Entities are required to apply this amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.

This amendment was already a common valuation practice prior to IFRS 13 and is thus not therefore expected to have a significant effect on existing valuation practices.

Amendments to IFRS 2, 'Share-based payment' effective for annual periods after 1 July 2014

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. Previously, IFRS did not separately define these concepts. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group has no share based payments.

(b) Standards issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing this consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments: Classification and Measurement (continued)

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

Amendments to IAS 27, 'Equity method in separate financial statements'

Entities are to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective from 1 January 2016.

Amendments to IFRS 10, and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are effective from 1 January 2016.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards issued but not yet effective (continued)

Amendments to IAS 16,'Property, plant and equipment' and IAS 38 'Intangible assets'

This amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (ie where a measure of revenue is the limiting factor on the value that can be derived from the asset), or
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

The amendments are effective from 1 January 2016.

Amendments to IFRS 11, Joint arrangements

The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not re-measured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendments are effective from 1 January 2016.

Amendments to IAS 1, Presentation of Financial Statements

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including materiality, disaggregation and subtotals, notes and other comprehensive income arising from investments accounted for under the equity method. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The amendments are effective from 1 January 2016.

(c) Improvements to International Financial Reporting Standards

Annual improvements to 2010-2012 and 2011-2013 Cycles

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

IFRS 1 – confirms that first-time adopters of AASs can adopt standards that are not yet mandatory, but do not have to do so.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(c) Improvements to International Financial Reporting Standards (continued)

Annual improvements to 2010-2012 and 2011-2013 Cycles (continued)

IFRS 2 – clarifies the definition of ‘vesting condition’ and now distinguishes between ‘performance condition’ and ‘service condition’.

IFRS 3 – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.

IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement.

IFRS 8 – requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.

IFRS 13 confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

IFRS 13 – clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9.

IAS 16 and IAS 38 – clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts.

IAS 24 – where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

IAS 40 – clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination.

2.3 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Foreign currency transactions (continued)

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

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Consolidation (continued)

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.5 Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Interest income and expense (continued)

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all transaction costs, fees and points paid or received that are an integral part of the effective interest rate.

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

2.6 Fee and commission income

Fees and commissions are recognised on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognised on a straight line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.7 Net trading income

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

2.8 Dividend income

Dividend income is recognised when the right to receive income is established.

2.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.10 Financial assets and liabilities

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, held to maturity, available-for-sale. Management determines the classification of its financial assets at initial recognition.

a) Loans and advances

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

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

ii those that upon initial recognition are designated as available-for-sale; or

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

Loans and receivables are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest method. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in profit and loss as 'loan impairment charges'.

b) Held to maturity

Held to maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive interest and ability to hold to maturity and which are not designated at fair value through profit or loss or available-for-sale.

Held to maturity assets are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less any impairment losses. Any sale or reclassification of a significant amount of held to maturity asset not close to their maturity would result in the reclassification of all held to maturity assets as available-for-sale with the difference between amortised cost and fair value being accounted for in other comprehensive income.

c) Available-for-sale financial assets

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Financial assets and liabilities (continued)

2.10.2 Financial liabilities

Financial liabilities are held at amortised cost. Financial liabilities measured at amortised cost include deposits from related entities, customers or debt securities in issue, convertible bonds and subordinated debts for which the fair value option is not applied.

2.10.3 Determination of fair value

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

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

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

2.10.4 Recognition

The Group recognises financial assets and liabilities on the trade date on which they are originated, when the Group becomes party to the contractual provisions of the instrument.

2.10.5 Derecognition

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

2.10.6 Reclassification of financial assets

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Impairment of financial assets (continued)

2.10.6 Reclassification of financial assets (continued)

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

a) Assets carried at amortised cost

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

The criteria used to determine whether there is objective evidence of an impairment loss include:

i) significant financial difficulty faced by the issuer or obligor;
ii) a breach in the form of default or delinquency in interest or principal payments;
iii) granting the borrower, as a result of financial difficulty, a concession that the lender would not otherwise consider;
iv) a likely probability that the borrower will enter bankruptcy or other financial reorganisation; and
v) the disappearance of an active market for that financial asset because of financial difficulties.

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

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of estimated future cash flows of a collateralized financial asset reflects cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Impairment of financial assets (continued)

a) Assets carried at amortised cost (continued)

Future cash flows in groups of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of 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 historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

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

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

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

b) Assets classified as available-for-sale

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

c) Renegotiated loans

Loans that are either subject to collective or individually significant impairment assessment and whose terms have been renegotiated are considered to be past due unless renegotiated terms are adhered to and current repayments suggest otherwise.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Offsetting financial instruments

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

2.13 Cash and cash equivalents

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

2.14 Property and equipment

a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

b) Subsequent costs

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.14 Property and equipment (continued)

c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and corresponding periods are as follows:

Leasehold land and buildings	2%
Leasehold improvements	over the lease period
Furniture, fittings and equipment	20%
Computers	33.33%
Motor vehicles	25%

2.15 Computer software

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.16 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Impairment of non-financial assets (continued)

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.17 Deposits and debt securities issued

Deposits and debt securities issued are the Group's sources of debt funding. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

2.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.19 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.19 Income tax expense (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2.20 Stated capital

a) Stated capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Group's stated capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

b) Dividend on ordinary shares

Dividends on ordinary shares are recognised in the period in which they are approved by the shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

2.21 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Managing Director (being the chief operating decision-maker). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly operating expenses, tax assets and liabilities.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.23 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

2.24 Employee benefits

i) Defined contribution plans

A defined contribution plan is a retirement benefit plan under which the Group pays fixed contributions into a separate entity. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due. The Group 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.

ii) Provident fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Group. Employees contribute 5% of their basic salary to the Fund whilst the Group contributes 7.5%. Obligations under the plan are limited to the relevant contributions, which are remitted on due dates to the fund manager.

iii) Other employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accrual basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations.

The Bank has exposure to the following types of risks from its use of financial instruments credit risk, liquidity risk and market risks. The Bank continues to assess its overall risk management framework and governance structure.

i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Management Committee of the Board is responsible for developing and monitoring the Group's risk management policies over specified areas.

The Committee is complemented by the Risk Management unit in co-ordinating the process of monitoring and reporting of risks in the Group.

The Group has adopted the concept of Enterprise-wide Risk Management (ERM). The ERM is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is an integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities.

These include the:

- Establishment of the Group's risk philosophy, culture and objectives;
- Establishment of the Group's risk management governance framework;
- Articulation of the Group's risk management to stakeholders and development of an action plan to meet their risk management expectations; and
- Establishment of policies and procedures to identify, measure, monitors, report and control the risks the Group faces.

The Group's risk management framework places significant emphasis on:

- Establishing a strong, independent Risk Management Function to champion, coordinate and monitor the enterprise-wide risk methodology across the Bank and its subsidiaries;
- Formally assigning accountability and responsibility for risk management; and
- Breaking the Bank's risk universe down into manageable, tailored, well-resourced and specialized components.

3.1 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers all elements of credit risk exposure.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group 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 and industry sector are approved by the Board of Directors.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off balance sheet exposures. Actual exposures against limits are monitored daily.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group reviews the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are mortgages over residential properties, charges over business assets such as premises inventory and accounts receivable and charges over financial instruments such as debt securities and equities.

3.1.1 Exposure to credit risk

Risk grading

A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from one (1) to eight (8).

The Group's internal rating scale is as follows:

Description	Ratings	Characteristics of Credits
Superior Credits	1	They are credits that have overwhelming capacity to repay obligations. The business has adequate cash flow and high quality revenue from continuing business. It has strong equity when related to the quality of its assets with track record of at least consistent profit for three (3) years. Good depth and breadth of management with industry dominance leverage over its customers and suppliers. Full cash collateralised credits are classified as Superior Credits.
Above average Credits	2	These have majority of attributes of superior credits but may have weaknesses in not more than two of the characteristics of superior credits. These weaknesses should not impair repayment capacity of the borrower.
Acceptable Credits	3	Average credits have most of the attributes of Above Average Credits but may have one or more of the following weaknesses which if not closely managed could impair repayment capacity of the borrower: Low capitalisation and equity base, short track record, low market share, price control on its products and highly cyclical demand.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.1Exposure to credit risk (continued)

Risk grading (continued)

Description	Ratings	Characteristics of Credits
Watch-list Credits/ Other Loans Exceptionally Mentioned (OLEM)	4	This category applies to existing credits that have shown signs of deterioration because they have well-defined weaknesses which could affect the ability of the borrower to repay. Immediate corrective actions are set in motion to avoid complete loss.
Substandard and Doubtful	5	This rate is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not however certain at the time of classification. Some attributes are interest and principal past due for 90 days or more, borrower has recorded losses consistently for 2 years, borrowers net worth is grossly eroded due to major business failure or disaster and security offered has deteriorated.
Bad and Lost	6-8	This applies when all or part of the outstanding loans are uncollectible based on present conditions. Attributes are principal and interest overdue and unpaid for more than 180 days, legal processes does not guarantee full recovery of outstanding debt, clients request for a waiver of part of interest accrued has been granted, borrower is under receivership or in the process of liquidation, borrower has absconded and or documentation is shoddy or incomplete to pursue recovery through legal means.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.1 Exposure to credit risk (continued)

	2015	2014
Gross amount	1,232,585	875,561
Individually past due and impaired		
Grade 6: Impaired	16	311
Grade 7: Impaired	8,525	139
Grade8:Impaired	44,183	26,675
Gross amount	52,724	27,125
Allowance for impairment	(16,422)	(18,005)
Carrying amount	36,302	9,120
Collectively impaired		
Grade 1-3: Low-fair risk	1,165,660	797,460
Grade 4-5: Watch list	508	1,672
Gross amount	1,166,168	799,132
Allowance for impairment	(3,414)	(1,232)
Carrying amount	1,162,754	797,900
Past due but not impaired		
Grade 6: Impaired	-	1,478
Grade 7: Impaired	56	6,038
Grade 8: Impaired	13,637	41,788
Gross amount	13,693	49,304
Allowance for impairment	(924)	(3,269)
Carrying amount	12,769	46,035
Aging analysis of credit quality:		
Past due and not impaired		
Past due up-to 30 days	-	1,478
Past due up-to 60 days	56	6,038
Past due up-to 90 days	13,637	41,788
Gross amount	13,693	49,304
Past due and impaired		
Past due up-to 180 days	16	311
Past due up-to 360 days	8,525	139
Past due above 360 days	44,183	26,675
Gross amount	52,724	27,125

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.1 Exposure to credit risk (continued)

Credit risk exposures relating to off-balance sheet items are as follows:

	2015	2014
Contingent liabilities:		
Bonds and guarantees	309,380	234,412
Commitments:		
Clean Line Facilities for Letters of Credit	145,932	426,704

3.1.2 Impaired loans

Individually impaired loans are loans and advances for which the Group determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan/security agreement(s). These loans are graded 6 to 8 in the Group's internal credit risk grading system.

3.1.3 Past due but not impaired loans

Past due but not impaired loans, are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

3.1.4 Allowances for impairment

The Group establishes an allowance for impairment losses carried at amortised cost 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 banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

3.1.5 Loans and advances with renegotiated terms

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

3.1.6 Write-off policy

The Group writes off a loan/security balance (and any related allowances for impairment losses) when the Group's Credit Committee determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status. All write-off decisions are sanctioned by the board of directors with subsequent approval in writing by the Bank of Ghana before they are effected. Loans and advances considered past due and individually impaired amount to GH¢52,723,827 (2014: GH¢27,125,131).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.7 Collateral held and their financial effect

The Group 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 force sale 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 reverse repurchase and securities borrowing activity.

An estimate made of the force sale value of collateral at the time of borrowing and other security enhancements held against loans and advances to customers and banks is shown below:

	Loans and advances to customers	
The Group and The Bank	**2015**	2014
Against individually impaired:		
Property	314,006	158,622
Others	224,855	113,362
Against collectively impaired:		
Property	777,394	393,594
Others	825,875	343,206
Against past due but not impaired:		
Property	-	47,869
Others	-	18,908
Total	2,142,130	1,075,561

No financial or non-financial assets were obtained by the Group during the year by taking possession of collateral held as security against loans and advances as well as calls made on credit enhancements and held at the year ended 31 December. The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group generally does not use the non-cash collateral for its own operations.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.8 Concentration of credit risk

The Group monitors concentrations of credit risk by product, by industry and by customer. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers	
	2015	2014
Carrying amount	1,211,825	853,055
Concentration by product		
Overdraft	250,492	381,697
Term loan	978,519	480,858
Staff loan	3,574	8,057
Finance leases	-	4,949
Gross loans and advances	1,232,585	875,561
Less: Impairment	(20,760)	(22,506)
Carrying amount	1,211,825	853,055
Concentration by industry		
Financial institutions	25,968	2,073
Agriculture	59,356	1,557
Manufacturing	245,756	129,427
Public sector	3,042	3,055
Transport and Communication	31,534	18,314
Energy	153,030	161,613
Staff	3,574	8,057
General commerce	111,997	158,556
Construction and real estate	168,979	114,445
Mining, Oil and Gas	426,356	236,556
Miscellaneous	2,993	41,908
Gross loans and advances	1,232,585	875,561
Less: Impairment	(20,760)	(22,506)
Carrying amount	1,211,825	853,055
Concentration by Customer		
Individuals	26,989	46,268
Private enterprise	1,205,596	829,293
Gross loans and advances	1,232,585	875,561
Less: Impairment	(20,760)	(22,506)
Carrying amount	1,211,825	853,055

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.8 Concentration of credit risk (continued)

Concentration by industry for loans and advances are measured based on the industry in which customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

3.1.9 Key ratios on loans and advances

Loan loss provision ratio is 26.12% (2014: 26.78%).

The percentage of gross non-performing loans with respect to Bank of Ghana Prudential guideline (specifically impaired) to total gross loans and advances is 5.4% (2014: 8.6%).

The fifty (50) largest exposure (gross funded and non-funded) constitute 88.27% (2014: 84.57%) of the Bank's total exposure.

3.1.10 Investments securities

The maximum credit risk exposure with respect to investment securities amounts to GH¢356,734,000 (2014: GH¢212,184,000). These are held in Government of Ghana treasury bills and bonds and are not considered exposed to credit risk.

3.1.11 Due from other financial institutions

Cash and cash equivalents include an amount of GH¢345,456,000 (2014: GH¢271,106,000) representing placements with other financial institutions at the year end. The placements represent the maximum credit risk exposure and are held with only reputable established financial institutions and are not considered impaired.

3.2 Liquidity risk

The Group defines liquidity risks as the risk that the Group will encounter difficulty meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The bank maintains liquidity limit imposed by the regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana.

Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Group aims to be in a position to meet all obligations, repay depositors, fulfill commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

All liquidity policies and procedures are subject to review and approval by the Asset and Liability Committee (ALCO). Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

3.2.1 Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment for which there is an active and liquid market less any deposits from banks. The Group also uses gap analysis to determine the liquidity position of the Group and where necessary, recommend remedial action.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

3.2.2 Maturity analysis for financial assets and liabilities

The table below presents cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date adjusted to reflect behavioral character of deposits. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages liquidity risk taking into account the behavioral characteristics of deposits.

The Group

At 31 December 2015

	Total amount	Less than 1 month	Less than 3 months	3 months to 1 year	1-5 years
Non-derivative liabilities					
Due to other banks	170,535	170,535	-	-	-
Deposits from customers	1,898,797	659,033	219,678	969,042	51,044
Borrowings	112,157	352	257	9,120	102,428
Other liabilities	52,634	6,088	18,265	26,857	1,424
	2,234,123	836,008	238,200	1,005,019	154,896
Non-derivative assets					
Cash and cash equivalents	681,366	681,366	-	-	-
Government securities	356,734	-	35,045	312,689	9,000
Loans and advances to customers	1,211,825	82,690	248,070	579,341	301,724
	2,249,925	764,056	283,115	892,030	310,724

At 31 December 2014

Non-derivative liabilities					
Due to other banks	81,369	81,369	-	-	-
Deposits from customers	1,246,439	239,773	459,390	421,532	125,744
Borrowings	101,655	382	-	1,140	100,133
Other liabilities	38,321	876	2,564	34,771	110
	1,467,784	322,400	461,954	457,443	225,987
Non-derivative assets					
Cash and cash equivalents	509,613	509,613	-	-	-
Government securities	212,184	72,341	40,150	52,480	47,213
Loans and advances to customers	853,055	87,980	205,105	402,598	157,372
	1,574,852	669,934	245,255	455,078	204,585

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

The Bank

At 31 December 2015

	Total amount	Less than 1 month	Less than 3 months	3 months to 1 year	1-5 years
Non-derivatives liabilities					
Due to other banks	170,535	170,535	-	-	-
Deposits from customers	1,898,850	659,033	219,678	969,095	51,044
Borrowings	112,157	352	257	9,120	102,428
Other liabilities	53,539	6,088	18,265	27,762	1,424
	2,235,081	836,008	238,200	1,005,976	154,896
Non-derivatives assets					
Cash and cash equivalents	681,366	681,366	-	-	-
Government securities	356,734	-	35,045	312,689	9,000
Loans and advances to customers	1,211,825	82,690	248,070	579,341	301,724
	2,249,925	764,056	283,115	892,030	310,724

At 31 December 2014

Non-derivatives liabilities					
Due to other banks	81,369	81,369	-	-	-
Deposits from customers	1,246,472	239,773	459,390	421,562	125,744
Borrowings	101,655	382	-	1,140	100,133
Other liabilities	39,228	850	2,564	35,678	136
	1,468,721	322,374	461,954	458,380	226,013
Non-derivatives assets					
Cash and cash equivalents	509,613	509,613	-	-	-
Government securities	212,184	72,341	40,150	52,480	47,213
Loans and advances to customers	853,055	87,980	205,105	402,598	157,372
	1,574,852	669,934	245,255	455,078	204,585

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the Treasury Group, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Group are monitored by the Treasury Group. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in the ALCO. The Risk Management unit is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

(ii) Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earning's at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to.

(iii) Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Group's exposure to interest rate risk on non-trading portfolios is as follows:

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

(iii) Interest rate risks (continued)

The Group

At 31 December 2015

	Carrying Amount	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-5years**
Cash and cash equivalents	681,366	681,366	-	-	-
Government securities	356,734	35,045	312,689	-	9,000
Loans and advances to customers	1,211,825	330,760	203,347	375,994	301,724
Total assets	2,249,925	1,047,171	516,036	375,994	310,724
Due to other banks	162,852	162,852	-	-	-
Deposit from customers	1,726,179	798,828	394,380	486,567	46,404
Borrowings	105,372	575	8,568	-	96,232
Total liabilities	1,994,403	962,252	402,948	486,567	142,635
Total interest repricing gap	255,521	84,919	113,088	(110,573)	168,089

At 31 December 2014

	Carrying Amount	Less than 3 month	3-6 months	6months to 1 year	1-5years
Cash and cash equivalents	509,613	509,613	-	-	-
Government securities	212,184	112,491	28,177	24,303	47,213
Loans and advances to customers	853,055	293,085	203,347	199,251	157,372
Total assets	1,574,852	915,189	231,524	223,554	204,585
Due to other banks	78,089	78,089	-	-	-
Deposit from customers	1,199,653	672,919	211,823	193,887	121,024
Borrowings	94,226	354	1,057	-	92,815
Total liabilities	1,371,968	751,362	212,880	193,887	213,839
Total interest repricing gap	202,884	163,827	18,644	29,667	(9,254)

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.1 Interest rate risks (continued)

The Bank

At 31 December 2015

	Carrying Amount	Less than 3 month	3-6 months	6 months to 1 year	1-5years
Cash and cash equivalents	681,366	681,366	-	-	-
Government securities	356,733	35,045	312,689	-	9,000
Loans and advances to customers	1,211,825	330,760	203,347	375,994	301,724
Total assets	2,249,925	1,047,171	516,036	375,994	310,724
Due to other banks	162,852	162,852	-	-	-
Deposit from customers	1,726,227	798,828	394,428	486,567	46,404
Borrowings	105,372	575	8,568	-	96,232
Total liabilities	1,994,451	962,252	402,996	486,567	142,635
Total interest repricing gap	255,474	84,919	113,040	(110,573)	168,089

At 31 December 2014

	Carrying Amount	Less than 3 month	3-6 months	6months to 1 year	1-5years
Cash and cash equivalents	509,613	509,613	-	-	-
Government securities	212,184	112,491	28,177	24,303	47,213
Loans and advances to customers	853,055	293,085	203,347	199,251	157,372
Total assets	1,574,852	915,189	231,524	223,554	204,585
Due to other banks	78,089	78,089	-	-	-
Deposit from customers	1,199,681	672,919	211,851	193,887	121,024
Borrowings	94,226	354	1,057	-	92,815
Total liabilities	1,371,996	751,362	212,908	193,887	213,839
Total interest repricing gap	202,856	163,827	18,616	29,667	(9,254)

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

Sensitivity analysis

An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit /(loss) by the amounts shown below:

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
Interest income impact	**1,147**	7,455	**1,147**	7,455
Interest expenses impact	**(378)**	(2,786)	**(378)**	(2,786)
Net impact	**769**	4,669	**769**	4,669

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

The Group monitors live interest and exchange rates to facilitate trading by the Treasury department. This will help the Group to know what is happening at any moment in time on the markets and where opportunities are present to make gains from high interest rates. The Group does not embark on hedging of its interest rate risk and foreign currency risk.

3.3.2 Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarises carrying amounts of the Group's exposure to foreign exchange risk at 31 December 2015 categorised by currency.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Foreign exchange risk (continued)

The Group and the Bank

At 31 December 2015	**GH¢**	**US$**	**GBP**	**EURO**	**Total**
Assets					
Cash and cash equivalents	262,636	234,544	123,939	60,247	681,366
Government securities	356,734	-	-	-	-
Loans and advances	806,317	385,735	-	19,773	1,211,825
	1,425,687	620,279	123,939	80,020	2,249,925
Liabilities					
Deposit from customers	1,177,620	346,888	123,855	77,864	1,726,227
Due to other banks	22,437	140,415	-	-	162,415
Borrowings	8,583	96,789	-	-	105,372
	1,208,640	584,092	123,855	77,864	1,994,451
Net on-balance sheet financial position	217,047	36,187	84	2,156	255,474
Credit commitments	227,732	220,715	86	6,779	455,312

The Group and the Bank

At 31 December 2014	GH¢	US$	GBP	EURO	Total
Assets					
Cash and cash equivalents	182,757	183,494	105,245	38,117	509,613
Government securities	212,184	-	-	-	212,184
Loans and advances	630,854	189,838	-	32,363	853,055
	1,025,795	373,332	105,245	70,480	1,574,852
Liabilities					
Deposit from customers	829,376	196,653	105,414	68,210	1,199,653
Due to other banks	6,000	72,089	-	-	78,089
Borrowings	14,224	80,003	-	-	94,227
	849,600	348,745	105,414	68,210	1,371,969
Net on-balance sheet financial position	176,195	24,587	(169)	2,270	202,883
Credit commitments	187,876	44,650	861	21,747	661,116

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Foreign exchange risk

Sensitivity analysis

A 5% strengthening of the cedi against foreign currencies at 31 December 2015 would have impacted equity and profit / (loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	2015	2014
Profit/(loss)	**3,194**	3,465

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

3.4 Capital management

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

There is no prescribed regulatory capital for the subsidiaries.

3.4.1 Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the bank as a whole. In implementing current capital requirements, the Bank of Ghana requires the bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

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

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after tax income surplus, retained profits and general statutory reserves.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.5 Capital management

3.5.2 Capital adequacy ratio

The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Group's management of capital during this period.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Bank of Ghana's regulations, a minimum ratio of 10% is to be maintained.

	2015	2014
Tier 1 capital		
Ordinary issued share l	**118,275**	118,275
Disclosed reserves	**240,676**	171,954
Shareholders' fund	**358,951**	290,229
Less:		
Intangible assets	**(28,199)**	(22,379)
Credit risk	**(75,758)**	(36,033)
Total qualifying tier 1 capital	**254,994**	231,817
Tier 2 Capital		
Fair value reserve for available for sale securities	**-**	-
Total regulatory capital	**254,994**	231,817
Adjusted risk-weighted assets	**1,403,456**	1,067,972
Risk weighted contingent liabilities	**455,312**	661,116
Risk adjusted net open position	**5,302**	5,192
100% of 3year average annual gross income	**222,243**	129,051
Risk-weighted assets	**2,086,313**	1,863,331
Total regulatory capital expressed as a percentage of total risk-weighted assets is	**12.22%**	12.44%

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

3.5 Capital management (continued)

3.5.3 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the Bank's Risk Management and Credit Administration Units, and is subject to review by the Bank's Credit Committee or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

4 Use of estimates and judgements

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

Accounting policies and directors' judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

4.1 Key sources of estimation

i. Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy Note2.11.

The specific component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Criticised Assets Committee (CAC).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

4. Use of estimates and judgements (continued)

4.1 Key sources of estimation uncertainty (continued)

i. Allowances for credit losses (continued)

Collectively assessed impairment allowances cover credit losses inherent in portfolios of credits with similar economic characteristics when there is objective evidence to suggest that they contain impaired credits, and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific allowances and the model assumptions and parameters used in determining collective allowances. Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at GH¢104,600 higher or lower.

4.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2.10.3.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank's accounting policy on fair value measurements is discussed in Note 2.10.3.

4.3 Financial assets and liabilities classification

The Bank's accounting policies provide scope for assets and liabilities to be designated at inception into the accounting categories respectively described in Notes 2.10. The Group's classification of financial assets and liabilities are given in Note 6.

In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 2.10.

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would increase by GH¢2,706,000 (2014: GH¢6,213,000) with a corresponding entry in the fair value reserve in shareholders' equity.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

4. Use of estimates and judgements (continued)

4.2 Determination of impairment of property and equipment, and intangible assets, excluding goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

5. Segment reporting

The Group has four reportable segments, as summarised below, which are the Group's strategic business divisions. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the divisions, the Group's Managing Director reviews the internal management reports on at least a monthly basis. Below is the list of the Group's divisions:

- Institutional Banking;
- Commercial Banking;
- Personal and business banking; and
- Treasury

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating income, included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other divisions in the Group. Inter-segment pricing is determined as in the normal course of business.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

5. Segment reporting (continued)

The Group

Information about reportable segments

Year ended 31 December 2015

	Institutional Banking	Commercial Banking	Personal and Business Banking	Treasury	Total
Revenue:					
From external customers	133,691	91,830	92,717	102,632	420,870
From other business segments	-	-	-	-	-
	133,691	91,830	92,717	102,632	420,870
Interest expense	(17,987)	(68,946)	(50,739)	(16,031)	(153,703)
Operating income	115,704	22,884	41,978	86,601	267,167
Assets and liabilities:					
Segment assets	423,217	592,589	824,396	584,444	2,424,646
Total assets	423,217	592,589	824,396	584,444	2,424,646
Segment liabilities	403,668	505,087	700,731	455,210	2,064,696
Unallocated segment liabilities	-	-	-	-	-
Total liabilities	403,668	505,087	700,731	455,210	2,064,696
Net assets	19,549	87,502	123,665	129,234	359,950

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

5. Segment reporting (continued)

Information about reportable segments (continued)

Year ended 31 December 2014

	Institutional Banking	Commercial Banking	Personal and Business Banking	Treasury	Total
Revenue:					
From external customers	128,771	37,329	5,686	55,504	227,289
From other business segments	40,834	12,844	26,812	3,575	84,066
	169,605	50,173	32,498	59,079	311,355
Interest expense	(48,894)	(13,966)	(8,513)	(2,121)	(73,494)
Operating income	120,711	36,207	23,985	56,958	237,861
Assets and liabilities:					
Segment assets	627,547	139,589	26,511	925,255	1,718,902
Total assets	627,547	139,589	26,511	925,255	1,718,902
Segment liabilities	498,959	279,035	396,258	253,447	1,427,699
Unallocated segment liabilities	-	-	-	-	-
Total liabilities	498,959	279,035	396,258	253,447	1,427,699
Net assets	128,588	(139,446)	(369,747)	671,808	291,203

6. Financial Assets and Liabilities

6.1 Accounting classification, measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

At 31 December 2015

	Held-to maturity	**Loans and receivables**	**Total**	**Fair Value**
Cash and cash equivalents	-	681,366	681,366	681,366
Government securities assets	356,734	-	356,734	349,599
Loans and advances to customers	-	1,211,825	1,211,825	1,163,352
	356,734	1,893,191	2,249,925	2,194,317
Due to other banks	-	162,415	162,415	162,415
Deposits from customers	-	1,726,179	1,726,179	1,700,036
Borrowings	-	105,808	105,808	103,965
	-	1,994,402	1,994,402	1,966,416

NOTES (continued)
(All amounts are expressed in thousands of Ghana Cedis unless otherwise stated)

6. Financial assets and liabilities (continued)

6.1 Accounting classification, measurement basis and fair values (continued)

At 31 December 2014

	Held-to Maturity	Loans & Receivables	Total	Fair Value
Cash and cash equivalents	-	509,613	509,613	509,613
Government securities assets	212,184	-	212,184	209,478
Loans and advances to customers	-	853,055	853,055	839,599
	212,184	1,362,668	1,574,852	1,558,690
Due to other banks	-	78,089	78,089	78,089
Deposits from customers	-	1,199,653	1,199,653	1,183,876
Borrowings	-	94,226	94,226	92,855
	-	1,371,968	1,371,968	1,354,820

6.1.1 Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

6.1.2 Government securities

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

6.1.3 Deposits from banks and customers

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

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

7. Net interest income

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Interest income				
Loans and advances to customers	**248,394**	150,341	**248,394**	150,341
Placement with other banks	**15,830**	7,824	**15,830**	7,824
Investment securities	**66,464**	38,494	**66,464**	38,494
Total interest income	**330,689**	196,659	**330,689**	196,659
Interest expense				
Demand deposits	**1,158**	851	**1,158**	851
Time and other deposits	**138,022**	58,805	**138,022**	58,805
Savings deposits	**14,523**	13,838	**14,523**	13,838
Total interest expense	**153,703**	73,494	**153,703**	73,494
Net interest income	**176,986**	123,165	**176,986**	123,165

8. Commissions and fees income

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Fees on loan and advances	**31,175**	23,620	**31,175**	23,620
Customer account servicing fees	**6,181**	4,346	**6,181**	4,346
Letters of credit issued	**3,829**	6,322	**3829**	6,322
Other fees	-	13,319	-	13,319
	41,186	47,607	**41,186**	47,607

9. Net trading income

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Income from dealing in foreign exchange	**41,417**	61,421	**41,417**	61,421

10. Other operating income

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Exchange difference	**-**	1,160	**-**	1,160
Profit on disposal of property and equipment	**209**	519	**209**	507
Recovered bad debts	**1,994**	1,252	**1,994**	1,252
Sundry income	**5,375**	2,737	**5,334**	2,691
	7,578	5,668	**7,537**	5,610

NOTES (continued)
(All amount are in Ghana Cedis unless otherwise stated)

11. Net impairment losses on financial assets

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Specific impairment loss	**14,367**	13,248	**14,367**	13,248
Collective impairment loss	**857**	2,657	**857**	2,657
	15,224	15,905	**15,224**	15,905

12. Personnel expenses

	2015 The Group	2014 The Group	2015 The Bank	2014 The Bank
Wages and salaries	**10,737**	10,991	**10,737**	10,991
Allowances	**25,913**	21,045	**25,913**	21,045
Pensions Cost	**1,480**	2,062	**1,480**	2,062
Other staff costs	**5,495**	2,160	**5,495**	2,160
	43,625	36,258	**43,625**	36,258

The average number of persons employed by the Group during the period to 31 December 2015 was 520 (2014: 487).

13. Other operating expenses

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
Administrative expenses	**68,137**	48,166	**68,131**	48,161
Directors’ emoluments	**509**	647	**509**	647
Auditors' remuneration	**452**	559	**452**	559
Operating lease rentals on office premises	**4,557**	2,752	**4,557**	2,752
Donations and sponsorship	**747**	1,614	**747**	1,614
	74,402	53,738	**74,396**	53,733

An amount of GH¢ 259,850 was spent as part of corporate social responsibility of the bank. (2014: GH¢ 1,251,757).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
National Fiscal Stabilisation Levy	**6,136**	6,159	**6,136**	6,159
Current year income tax	**34,809**	34,975	**34,779**	34,965
Deferred income tax (Note 22)	**1,371**	(3,227)	**1,371**	(3,166)
Income tax expense	**42,316**	37,907	**42,306**	37,958

The movement in current income tax and the National Fiscal Stabilisation Levy is as follows:

Year ended 31 December 2015

The Group

14. Current income tax

	Balance at 1 January	**Payments during the year**	**Charge for the year**	**Balance at 31 December**
Current income tax				
Up to 2014	14,009	-	-	14,009
2015	-	(34,472)	34,809	337
	14,009	(34,472)	34,809	14,346
National Fiscal Stabilisation Levy				
Up to 2014	1,419	-	-	1,419
2015	-	(7,158)	6,136	(1,022)
	1,419	(7,158)	6,136	397
Total	15,428	(41,630)	40,945	14,743

Year ended 31 December 2014

Current income tax				
Up to 2013	8,237	-	-	8,237
2014	-	(29,203)	34,975	5,772
	8,237	(29,203)	34,975	14,009
National Fiscal Stabilisation Levy				
Up to 2013	1,101	-	-	1,101
2014	-	(5,841)	6,159	318
	1,101	(5,841)	6,159	1,419
Total	9,338	(35,044)	41,134	15,428

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense (continued)

14. Reconciliation of effective tax rate

	2015	2015	2014	2014
Profit before tax	%	122,751	%	123,191
Income tax using the statutory tax rate	25.00	30,688	25.00	30,798
Tax exempt income	6.54	8,029	(1.68)	(2,067)
National Fiscal Stabilisation Levy	5.00	6,136	5.00	6,159
Non – deductible expenses	(2.07)	(2,537)	2.45	3,017
Tax incentives			-	-
Income tax expense	34.47	42,316	30.77	37,907

The Bank

Year ended 31 December 2015

	Balance at 1 January	Payments during the year	Charge for the year	Balance at 31 December
Current income tax				
Up to 2014	13,859	-	-	13,859
2015	-	(34,472)	34,799	327
	13,859	(34,472)	34,799	14,186
National Fiscal Stabilisation Levy				
Up to 2014	1,418	-	-	1,418
2015	-	(7,158)	6,136	(1,022)
	1,418	(7,158)	6,136	396
Total	15,277	(41,630)	40,935	14,582

Year ended 31 December 2014

Current income tax				
Up to 2013	8,097	-	-	8,097
2014	-	(29,203)	34,965	5,762
	8,097	(29,203)	34,965	13,859
National Fiscal Stabilisation Levy				
Up to 2013	1,100	-	-	1,100
2014	-	(5,841)	6,159	318
	1,100	(5,841)	6,159	1,418
Total	9,197	(35,044)	41,124	15,277

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

14. Income tax expense (continued)

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

	The Bank			
	2015	**2015**	2014	2014
Profit before tax	%	122,716	%	123,176
Income tax using the tax rate	25	30,679	25.00	30,794
Tax exempt income	6.54	8,028	(1.68)	(2,067)
National Fiscal Stabilisation Levy	5.00	6,136	5.00	6,159
Non – deductible expenses	(2.07)	(2,537)	2.49	3,072
Tax incentives	-	-	-	-
Income tax expense	34.47	42,306	30.81	37,958

15. Earnings per share

The calculation of basic and diluted earnings per share was based on the profit attributable to ordinary shareholders of the Bank respectively of GH¢80,435,000 (31 December 2014: GH¢85,218,000) and a weighted average number of ordinary shares outstanding of 110,688,559 (31 December 2014: 110,688,559) calculated as follows:

	The Bank	
	2015	2014
Profit for the year attributable to equity holders of the Bank	80,410	85,218
Weighted average number of ordinary shares (‘000)	110,689	110,689
Basic and diluted earnings per share (Gps)	0.73Gp	0.77Gp

There are no potentially dilutive shares outstanding at 31 December 2015. Diluted earnings per share are therefore the same as the basic earnings per share.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

16. Cash and cash equivalents

	The Group		The Bank	
	2015	2014	**2015**	2014
Cash on hand	40,065	30,066	40,065	30,066
Balances with bank of Ghana	233,935	145,978	233,935	145,978
Cash and balances with Bank of Ghana	274,000	176,044	274,000	176,044
Balances with foreign banks	61,910	62,463	61,910	62,463
Money market placements	345,456	271,106	345,456	271,106
Cash and bank balances	681,366	509,613	681,366	509,613
Government securities with less than 90 days maturity	35,045	112,491	35,045	112,491
Less: Mandatory reserve deposits	172,623	(119,968)	172,623	(119,968)
Cash and cash equivalent	543,788	502,136	543,788	502,136

Included in balances with Bank of Ghana above is an amount of GH¢ 172,622,680 (2014: GH¢119,968,100) for the Bank's mandatory primary reserve deposits. The reserve is not available for use in the Bank's day to day operations.

Cash in hand, items in course of collection and balances with Bank of Ghana are non-interest-bearing.

17. Government securities

The Group and the Bank

	2015	2014
Government bonds	**11,485**	23,152
Treasury bills	**345,249**	189,032
Total securities	**356,734**	212,184
Current	347,734	164,971
Non-Current	9,000	47,213

Government securities are treasury bills and bonds issued by the Government of Ghana. These are classified as held to maturity and carried at amortised cost.

Government securities have not been pledged to counterparties. There are no pledged assets.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

18. Loans and advances to customers

The Group and the Bank

	2015			2014		
	Gross Amount	**Impairment Allowance**	**Carrying Amount**	Gross Amount	Impairment Allowance	Carrying Amount
Overdrafts	250,492	(17,582)	232,910	381,697	(8,987)	372,710
Term loans	979,519	(3,163)	975,356	480,858	(13,186)	467,672
Staff loans	3,574	(15)	3,559	8,057	(21)	8,036
Finance leases	-	-		4,949	(312)	4,637
Total loans and advances	1,232,585	(20,760)	1,211,825	875,561	(22,506)	853,055
Current			910,102			695,683
Non-Current			301,723			157,372

Loans and advances to customers are carried at amortised cost.

Allowances for impairment is as follows:

	2015	2014
Specific allowance for impairment		
At 1 January	18,005	9,821
Charge for the year	14,367	13,248
Loan write off	(16,970)	(5,064)
At 31 December	15,402	18,005
Collective allowance for impairment		
At 1 January	4,501	1,844
Charge/(released) during the year	857	2,657)
At 31 December	5,358	4,501
Total allowances for impairment	**20,760**	22,506

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

18. Loans and advances to customers (continued)

Loans and advances to customers at amortised cost include the following finance lease receivables for financing certain equipments leased out to customers where the Bank is the lessor:

	The Group and the Bank	
	2015	2014
Finance lease receivables		
Gross investment in finance leases, receivable:		
Less than one year	-	987
Between one and five years	-	3,816
More than five year	-	146
	-	4,949
Unearned finance income	-	(901)
Net investment in finance lease	-	4,048
Net investment in finance leases, receivable:		
Less than one year	-	876
Between one and five years	-	2,416
Between one and five years	-	756
	-	4,048

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

19. Property and equipment

The Group

	Leasehold Improvement	Furniture and Equipment	Computers	Motor Vehicles	Capital work in progress	Total
Cost						
Year ended 31 December 2014						
At 1 January	18,558	17,624	8,387	8,729	-	53,298
Additions	8,023	8,598	1,424	2,876	11,346	32,267
Disposals	(25)	(1,938)	-	(3,000)	-	(4,963)
At 31 December	26,556	24,284	9,811	8,605	11,346	80,602
Year ended 31 December 2015						
At 1 January	26,556	24,284	9,811	8,605	11,346	80,602
Additions	4,296	11,878	3,540	2,118	27,727	49,559
Disposals	-	-	-	(1,181)	-	(1,181)
Transfer	1,268	347	-	-	(1,615)	-
At 31 December	32,120	36,509	13,351	9,542	37,458	128,980
Depreciation						
Year ended 31 December 2014						
At 1 January	3,474	10,563	5,513	4,549	-	24,099
Charge for the year	774	3,014	2,061	2,045	-	7,894
Disposal	(25)	(1,872)	-	(2,447)	-	(4,344)
At 31 December	4,223	11,705	7,574	4,147	-	27,649
Year ended 31 December 2015						
At 1 January	4,223	11,705	7,574	4,147	-	27,649
Charge for the year	1,155	4,282	1,578	2,030	-	9,045
Disposal	-	-	-	(831)	-	(831)
At 31 December	5,378	15,987	9,152	5,346	-	35,863
Net book amount						
At 1 January 2014	15,084	7,061	2,874	4,180	-	29,199
At 31 December 2014	22,333	12,579	2,237	4,458	11,346	52,953
At 31 December 2015	26,743	20,522	4,199	4,196	37,458	93,117

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

19. Property and equipment (continued)

The Bank

	Leasehold Improvement	Furniture and Equipment	Computers	Motor Vehicles	Capital work in progress	Total
Cost						
Year ended 31 December 2014						
At 1 January	18,558	17,624	8,387	8,208	-	52,777
Additions	8,023	8,598	1,424	2,876	11,346	32,267
Disposals	(25)	(1,938)	-	(2,454)	-	(4,417)
At 31 December	26,556	24,284	9,811	8,630	11,346	80,627
Year ended 31 December 2015						
At 1 January	26,556	24,284	9,811	8,630	11,346	80,627
Additions	4,296	11,878	3,540	2,118	27,727	49,559
Disposals	-	-	-	(1,181)	-	(1,181)
Transfer	1,268	347	-	-	(1,615)	-
At 31 December	32,120	36,509	13,351	9,567	37,458	129,005
Depreciation						
Year ended 31 December 2014						
At 1 January	3,474	10,562	5,513	4,067	-	23,616
Charge for the year	774	3,014	2,061	2,007	-	7,856
Disposal	(25)	(1,872)	-	(1,901)	-	(3,798)
At 31 December	4,223	11,704	7,574	4,173	-	27,674
Year ended 31 December 2015						
At 1 January	4,223	11,704	7,574	4,173	-	27,674
Charge for the year	1,155	4,282	1,578	2,030	-	9,045
Disposal	-	-	-	(831)	-	(831)
At 31 December	5,378	15,987	9,152	5,372	-	35,888
Net book amounts						
At 1 January 2014	15,084	7,062	2,874	4,141	-	29,161
At 31 December 2014	22,333	12,579	2,237	4,458	11,346	52,953
At 31 December 2015	26,743	20,522	4,199	4,196	37,458	93,117

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

Depreciation and amortisation expense

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
Property and equipment (Note 20)	9,045	7,894	9,045	7,856
Intangible assets (Note 21)	2,120	875	2,120	875
	11,165	8,769	11,165	8,731

Profit on disposal

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
Cost	1,181	4,963	1,181	4,417
Accumulated depreciation	(831)	(4,344)	(831)	(3,798)
Carrying amount	350	619	350	619
Proceeds from disposal	(559)	(1,138)	(559)	(1,126)
Profit on disposal	(209)	(519)	(209)	(507)

20. Intangible assets

	2015 The Group	2014 The Group	**2015 The Bank**	2014 The Bank
Cost				
At 1 January	8,443	5,369	8,443	5,369
Additions	3,078	3,074	3,078	3,074
At 31 December	11,521	8,443	11,521	8,443
Amortisation				
At 1 January	4,006	3,131	4,006	3,131
Amortisation for the year	2,120	875	2,120	875
At 31 December	6,126	4,006	6,126	4,006
Net book amount				
At 1 January	4,437	2,238	4,437	2,238
At 31 December	5,396	4,437	5,396	4,437

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

21. Deferred tax assets and liabilities

Deferred income tax assets and liabilities are attributable to the following:

The Group

	Assets 2015	**Liabilities 2015**	**Net 2015**	Assets 2014	Liabilities 2014	Net 2014
Property, equipment and software	-	(2,916)	(2,916)	-	(1,982)	(1,982)
Allowances for loan losses	5,190	-	5,190	5,627	-	5,627
Others	-	-	-	-	-	-
Net tax assets/ (liabilities)	5,190	(2,916)	2,274	5,627	(1,982)	3,645

The Bank

	Assets 2015	**Liabilities 2015**	**Net 2015**	Assets 2014	Liabilities 2014	Net 2014
Property, equipment and software	-	(2,916)	(2,916)	-	(1,982)	(1,982)
Allowances for loan losses	5,190	-	5,190	5,627	-	5,627
Others	-	-	-	-	-	-
Net tax assets/ (liabilities)	5,190	(2,916)	2,274	5,627	(1,982)	3,645

Movement in temporary differences during the year is as follows:

The Group	**Balance at January 1**	**Recognised income statement**	**Balance at December 31**
31 December 2015			
Property, equipment and software	(1,982)	(934)	(2,916)
Allowances for loan losses	5,627	(437)	5,190
Others	-	-	-
Net deferred tax assets	3,645	(1,371)	2,274
31 December 2014			
Property, equipment and software	(2,498)	516	(1,982)
Allowances for loan losses	2,916	2,711	5,627
Others	-	-	-
Net deferred tax assets	418	3,227	3,645

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

21. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

The Bank	Balance at January 1	Recognised Income Statement	Balance at December 31	
Year ended 31 December 2015				
Property, equipment and software	(1,982)	(934)	(2,916)	
Allowances for loan losses	5,627	(437)	5,190	
Others	-	-	-	
Net deferred tax assets	3,645	(1,371)	2,274	
Year ended 31 December 2014				
Property, equipment and software	(2,437)	(2,437)	455	(1,9
Allowances for loan losses	2,916	2,711	5,627	
Others	-	-	-	
Net deferred tax assets	479	3,166	3,645	

22. Other assets

	The Group		**The Bank**	
	2015	2014	**2015**	2014
Prepayments	**9,413**	16,776	**9,413**	16,776
Accounts Receivables	**61,605**	64,257	**61,378**	64,047
Balance at 31 December	**71,018**	81,033	**70,791**	80,823

23. Investment in subsidiary

Investment in subsidiary represents the Bank's interest in Big Ticket Holdings Limited (BTH).The subsidiary is wholly owned. The subsidiary undertakes real estate business and the hiring of vehicles and equipment.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

24. Due to other banks

	The Group		The Bank	
	2015	2014	**2015**	2014
Money market deposits	**162,825**	78,089	**162,852**	78,089
Current	**162,825**	78,089	**162,852**	78,089

25. Deposits from customers

	The Group		The Bank	
	2015	2014	**2015**	2014
Demand deposits	**779,824**	475,217	**779,872**	475,245
Savings deposits	**233,374**	237,933	**233,374**	237,933
Term deposits	**712,981**	486,503	**712,981**	486,503
	1,726,179	1,199,653	**1,726,227**	1,199,681
Current	**1,679,776**	1,078,629	**1,679,824**	1,078,657
Non-Current	**46,403**	121,024	**46,403**	121,024

Analysis of depositors by type

	The Group 2015	The Group 2014	The Bank 2015	The Bank 2014
Financial institutions	**339,057**	108,555	**339,057**	108,555
Individual and other private enterprises	**1,307,349**	1,049,423	**1,307,397**	1,049,451
Public enterprises	**79,773**	41,675	**79,773**	41,675
	1,726,179	1,199,653	**1,726,227**	1,199,681
Composition of 20 largest depositors to total deposits	36%	42%	36%	42%

26. Borrowings

The Group and the Bank

	Balance at 1 January	Drawdown	Exchange difference	Interest	Repayment	Balance at 31 December
DANIDA	84	-	-	-	-	84
Export Development and Investment Fund	13,932	-	-	-	(4,754)	9,178
FMO/PROPARCO	80,003	-	14,873	1,075	-	95,951
Ghana Private Sector Development Fund	207	-	-	-	(48)	159
	94,226	-	14,873	1,075	(4,802)	105,372
Current	1,411					575
Non-Current	92,815					104,797

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

26. Borrowings (continued)

The Export Development and Investment Fund (EDIF) facility was secured for onward lending to qualifying institutions. Interest accrues at 2.5% per annum and is payable at the end of the loan term of three years.

The Bank secured the FMO/PROPARCO facility to support lending to the private sector. Interest accrues semi-annually at a rate of USD 6 month LIBOR plus margin.

The Ghana Private Sector Development facility was secured for onward lending to qualifying institutions Interest accrues at a rate of 3% per annum and is payable at the end of the loan term of three years.

The Bank

Year ended 31 December 2014

	Balance at 1 January	**Drawdown**	**Repayment**	**Balance at 31 December**
DANIDA	84	-	-	84
Export Development and Investment Fund	14,977	2,813	(3,858)	13,932
FMO/PROPARCO	-	80,003	-	80,003
Ghana Private Sector Development Fund	278	-	(71)	207
	15,339	82,816	(3,929)	94,226
Current	3,104			1,411
Non-Current	12,235			92,815

27. Other liabilities

		The Group		**The Bank**
	2015	2014	**2015**	2014
Creditors and accruals	**51,923**	37,790	**51,845**	38,697
Deferred income	**710**	531	**710**	531
	52,633	38,321	**52,555**	39,228
Current	**49,986**	34,739	**49,908**	35,646
Non-current	**2,647**	3,582	**2,647**	3,582

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

28. Capital and reserves

28.1 Stated capital

The Bank

	2015	**2015**	2014	2014
	No of shares	**Proceeds** '000	No of shares	Proceeds '000
Authorised:				
Ordinary shares of no par value	200,000,000	-	200,000,000	-
Issued and fully paid:				
Issued for cash consideration	110,688,559	118,275	110,688,559	118,275

28.2 Income surplus

Income surplus represents the residual of cumulative annual profits that are available for distribution to shareholders. The movement in the income surplus account is shown as part of the statement of changes in equity.

28.3 Statutory reserve

Statutory reserve represents transfer from income surplus to reserve in compliance with Bank of Ghana's regulatory requirement in accordance with section 29(a) of the Banking Act,2004 (Act 673) . The movement is included in the statement of changes in equity.
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28.4 Credit risk reserve

Credit risk reserve represents the excess of total loans and advances provision determined in accordance with the bank of Ghana prudential guidelines over the impairment loss for loans and advances recognised in the income statement under the IFRS frame work.

29. Dividends

The Bank did not declare any dividend for the financial year ended 31 December 2015 (2014: GH¢11,688,600).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

30. Leasing

The Bank leases various offices, branches and other premises under non cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The outstanding balance is accounted for as a prepayment in other assets. There were no contingent rents payable.

Non-cancellable operating lease rentals which have been paid in advance are as follows:

	The Group		The Bank	
	2015	2014	**2015**	2014
Less than one year	**1,310**	987	**1,310**	987
Between one and five years	**2,329**	1,328	**2,329**	1,328
More than five years	**918**	652	**918**	652
	4,557	2,967	**4,557**	2,967

31. Contingencies

31.1 Claims and litigation

There are various claims against the Group for which the amounts could not be estimated at the reporting period. Other litigation and claims involving the Bank as at 31 December 2015 amount to GH¢34,889,691 (2014: GH¢32,565,821).

31.2 Contingent liabilities and commitments

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

Nature of instruments

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

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer’s default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

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

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

31. Contingencies (continued)

31.2 Contingent liabilities and commitments (continued)

The following tables summarize the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	The Group and The Bank	
Contingent liabilities	**2015**	2014
The Group and the Bank		
Bonds and guarantees	**309,380**	234,412
Letters of credit	**145,932**	426,704
	455,312	661,116

31.3 Commitments for capital expenditure

There was no capital commitment at 31 December 2015(2014: Nil).

32 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Access Bank Plc Group.

32.1 Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc. Transactions between Access Bank Plc. and the subsidiaries also meet the definition of related party transactions. The parent company incurred expenditure in the normal course of business, which were recharged to the Bank at cost. During the year ended 31 December 2015, the balance outstanding in respect of transactions with the parent entity is as follows:

	Nature of transaction	2015	2014
Access Bank Plc – Nigeria	Cash and bank balance	**2,741**	220
Access Bank Plc – Nigeria	Placement	**207,805**	136,237
Access Bank Plc – Nigeria	Accounts payable	**(22,141)**	(11,136)

Transactions with other related parties include:

Access Bank – UK	Cash and bank balance	**7,716**	11,964
Access Bank – UK	Placement	**112,635**	99,869
BTH	Account receivable	**721**	206

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

32. Related parties (continued)

32.2 Transactions with key management personnel

The Bank's key management personnel, includes directors (executive and non-executive) members of the Executive Committee, the company secretary and the head of internal audit.

Key management personnel and their immediate relatives have the following outstanding loan balances with the Bank at the reporting period:

	The Group and The Bank	
	2015	2014
Executive directors	-	-
Officers and employees	**3,574**	8,057
	3,574	8,057

Interest rates charged on balances outstanding are at concessionary rates and lower than the rates that would be charged in the normal course of business. The secured loans granted are secured over real estate and other assets of the respective borrowers.

32.2 Transactions with key management personnel

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel at the year end. These balances have, however, been collectively impaired as part of the portfolio impairment assessment for unidentified loans and advances.

33. Comparative information

The comparative information have been reclassified, where applicable, to conform to the current year's presentation.