

**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2011**

**6(iii) OTHER OPERATING INCOME**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Other Income	<u>18,964</u>	<u>20,443</u>	<u>38,687</u>	<u>45,904</u>
	<u>18,964</u>	<u>20,443</u>	<u>38,687</u>	<u>45,904</u>

**6(iv) EXCHANGE DIFFERENCE**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Transactional Exchange Difference	57,972	18,748	71,669	18,748
Exchange Rate Equalisation	<u>262,209</u>	<u>146,844</u>	<u>262,209</u>	<u>146,844</u>
	<u>320,181</u>	<u>165,592</u>	<u>333,878</u>	<u>165,592</u>

Exchange Difference comprises of the sum of gains and losses made by the Bank on foreign exchange denominated transactions whilst Exchange Rate Equalisation represents the sum of gains and losses on daily revaluation of assets and liabilities denominated in foreign currency.

**7. ADMINISTRATIVE EXPENSES**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Personnel Cost	111,341	91,283	124,372	102,474
Foreign and Domestic Travel	3,690	4,191	4,652	4,261
Motor Vehicle Maintenance/Running	6,584	4,482	6,584	4,540
Communication Expenses	2,711	2,993	2,711	2,993
Banking Colleges and Monetary Institutes	704	708	704	708
Computer Related Expenses	1,397	2,348	1,397	2,348
Banking Supervision Expenses	1,564	451	1,564	451
Auditors' Remuneration	163	141	374	299
Directors' Remuneration	1,056	865	3,377	2,551
Expense on Foreign Currency Importation	93	63	93	8
Depreciation – Motor Vehicles	3,068	3,447	3,092	3,53
Others	<u>36,371</u>	<u>19,226</u>	<u>41,502</u>	<u>24,151</u>
	<u>168,744</u>	<u>130,198</u>	<u>190,422</u>	<u>148,414</u>

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

The number of persons in employment at the end of the year was as follows:

	The Bank		The Group	
	2011	2010	2011	2010
Directors	11	11	33	29
Staff	<u>1,529</u>	<u>1,536</u>	<u>1,634</u>	<u>1,633</u>
	<u>1,540</u>	<u>1,547</u>	<u>1,667</u>	<u>1,662</u>

### 8. PREMISES AND EQUIPMENT EXPENSES

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Rent and Rates	1,051	512	1,075	512
Electricity, Water and Conservancy	2,384	2,122	2,384	2,350
Repairs and Renewals	7,980	4,427	7,980	4,427
Insurance – Premises and Equipment	166	73	166	73
Depreciation – Premises & Equipment	7,233	9,786	11,388	13,760
Generator Running Expenses	128	67	128	67
Other Premises and Equipment Expenses	<u>1,851</u>	<u>1,689</u>	<u>2,836</u>	<u>1,841</u>
	<u>20,793</u>	<u>18,676</u>	<u>25,957</u>	<u>23,030</u>

### 9. CURRENCY AND ISSUE EXPENSES

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Agency Fees	738	430	738	430
Notes Printing	25,799	58,793	25,799	58,793
Coin Minting	-	622	-	622
Other Currency Expenses	<u>751</u>	<u>1,039</u>	<u>751</u>	<u>1,039</u>
	<u>27,288</u>	<u>60,884</u>	<u>27,288</u>	<u>60,884</u>

### 10. IMPAIRMENT LOSSES

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Balance at 1 January	14,510	17,840	15,667	18,950
Impairment Loss Recognised/(Reversal)	<u>(4,960)</u>	<u>(3,326)</u>	<u>(4,307)</u>	<u>(3,283)</u>
Balance at 31 December	<u>9,550</u>	<u>14,514</u>	<u>11,360</u>	<u>15,667</u>

This is in respect of impairment made on loans and advances, other assets and development loans and investments, disclosed in notes 15, 17 and 19 respectively whose recoverability has become doubtful.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TAXATION**

**(i) Income Tax Payable**

**(a) The Bank**

The Bank is exempt from payment of income taxes. Consequently, no provisions have been made in respect of income and deferred taxes.

**(b) The Group**

**(i) Analysis of charge in the period**

Current Year Tax	2011 GH¢'000	2010 GH¢'000
UK Corporation Tax for the Year	7,923	6,804
Prior Year Adjustment	<u>519</u>	<u>(1,020)</u>
	<u>8,442</u>	<u>5,784</u>

**(ii) The charge for the year can be reconciled to the profit or loss as follows:**

	2011 GH¢'000	2010 GH¢'000
<b>Profit on Ordinary Activities before Tax</b>	<u>29,718</u>	<u>23,715</u>
Tax at 26.5 per cent (2010: 28%)	7,909	6,640
Expenses Disallowed (Bank Bonus)	8	-
Expenses Disallowed for Other Tax Purposes	-	36
Effect of Tax Rate Charge	37	6
Prior Year Adjustment	<u>215</u>	<u>(915)</u>
	<u>8,169</u>	<u>5,767</u>

**(iii) Deferred Tax**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Capital Allowances	<u>-</u>	<u>-</u>	<u>459</u>	<u>178</u>
Total Deferred Tax Assets	<u>-</u>	<u>-</u>	<u>459</u>	<u>178</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. CASH AND AMOUNTS DUE FROM BANKS**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Correspondent Bank Balances	<b>857,558</b>	1,606,189	<b>59,243</b>	1,239,358
Notes and Coins Holdings	<b><u>28,886</u></b>	<u>43,832</u>	<b><u>28,886</u></b>	<u>43,832</u>
	<b><u>886,444</u></b>	<u>1,650,021</u>	<b><u>88,129</u></b>	<u>1,283,190</u>

**13. GOLD**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Bank of England Gold set aside	<b>267,454</b>	359,939	<b>267,454</b>	359,939
Federal Reserve Bank NY Gold	<b>186,915</b>	159,872	<b>186,915</b>	159,872
UBS Gold Investment	<b>200,924</b>	37,376	<b>200,924</b>	37,376
Gold -Local Holdings	<b><u>24,750</u></b>	<u>21,169</u>	<b><u>24,750</u></b>	<u>21,169</u>
	<b><u>680,043</u></b>	<u>578,356</u>	<b><u>680,043</u></b>	<u>578,356</u>

**14. BALANCES WITH INTERNATIONAL MONETARY FUND (IMF)**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Holdings	<b>669,762</b>	659,553	<b>669,762</b>	659,553
Quota	<b><u>881,135</u></b>	<u>835,453</u>	<b><u>881,135</u></b>	<u>835,453</u>
	<b><u>1,550,897</u></b>	<u>1,495,006</u>	<b><u>1,550,897</u></b>	<u>1,495,006</u>

**15. LOANS AND ADVANCES**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Government	<b>1,002,536</b>	848,659	<b>1,002,536</b>	848,659
Financial Institutions	<b>79,805</b>	142,114	<b>1,353,894</b>	1,163,574
Lending (note 15a)	<b><u>91,268</u></b>	<u>75,884</u>	<b><u>270,672</u></b>	<u>238,919</u>
Gross Amount	<b>1,173,609</b>	1,066,657	<b>2,627,102</b>	2,251,152
Less: Impairment Losses	<b><u>(5,945)</u></b>	<u>(8,290)</u>	<b><u>(7,857)</u></b>	<u>(9,552)</u>
<b>Carrying Amount</b>	<b><u>1,167,664</u></b>	<u>1,058,367</u>	<b><u>2,619,245</u></b>	<u>2,241,600</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**(a) Analysis of Lending (Sectoral)**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Gross Lending is analysed as follows:	-	-	-	-
Commerce and Finance				
Miscellaneous	<u>91,268</u>	<u>75,884</u>	<u>270,672</u>	<u>238,919</u>
	<u>91,268</u>	<u>75,884</u>	<u>270,672</u>	<u>238,919</u>

**(b) The Group**

**Loans and Advances at Amortised Cost**

	2011			2010		
	Gross Amount GH¢'000	Impairment Amount GH¢'000	Carrying Amount GH¢'000	Gross Amount GH¢'000	Impairment Amount GH¢'000	Carrying Amount GH¢'000
Government	1,002,536		1,002,536	848,659	-	848,659
Financial Institutions	1,353,894	(7,857)	1,346,037	1,163,574	(9,552)	1,154,022
Other Secured Lending	<u>270,672</u>	-	<u>270,672</u>	<u>238,919</u>	-	<u>238,919</u>
	<u>2,627,102</u>	<u>(7,857)</u>	<u>2,619,245</u>	<u>2,251,152</u>	<u>(9,552)</u>	<u>2,241,600</u>

**(c) The Bank**

**Reconciliation of Changes in Impairment**

	Loans and Advances GH¢'000	Other Assets GH¢'000	Development	Total 2011 GH¢'000	Total 2010 GH¢'000
			Loans and Advances GH¢'000		
<b>At 1/1/2011</b>	8,290	5,330	889	<b>14,509</b>	17,835
Reversal of Impairment Losses	<u>(2,345)</u>	<u>(2,615)</u>	-	<u>(4,960)</u>	<u>(3,326)</u>
<b>At 31/12/2011</b>	<u>5,945</u>	<u>2,715</u>	<u>889</u>	<u>9,549</u>	<u>14,509</u>

**The Group**

	Loans and Advances GH¢'000	Other Assets GH¢'000	Development	Total 2011 GH¢'000	Total 2010 GH¢'000
			Loans and Advances GH¢'000		
<b>At 1/1/2011</b>	9,549	5,330	889	<b>15,768</b>	19,051
Reversal of Impairment Losses	<u>(1,692)</u>	<u>(2,615)</u>	-	<u>(4,307)</u>	<u>(3,283)</u>
<b>At 31/12/2011</b>	<u>7,857</u>	<u>2,715</u>	<u>889</u>	<u>11,461</u>	<u>15,768</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. SECURITIES**

	2011 Gross Amount GH¢'000	Amortisation GH¢'000	2011 Carrying Amount GH¢'000	2010 Carrying Amount GH¢'000
<b>The Bank</b>				
Long-Term Government Securities	1,885,741	-	1,885,741	1,239,034
Money Market instruments	1,101,875	-	1,101,875	273,328
Short-Term Securities	<u>6,112,398</u>	-	<u>6,112,398</u>	<u>3,806,327</u>
	<u>9,100,014</u>	<u>-</u>	<u>9,100,014</u>	<u>5,318,689</u>
<b>The Group</b>				
Long-Term Government Securities	1,885,741	-	1,885,741	1,239,034
Money Market instruments	1,122,698	-	1,122,698	273,328
Short-Term Securities	6,112,397	-	6,112,397	3,569,577
Others	<u>225,234</u>	-	<u>225,234</u>	<u>39,363</u>
	<u>9,346,070</u>	<u>-</u>	<u>9,346,070</u>	<u>5,121,302</u>

**(i) Long-Term Government Securities**

This represents interest and non interest bearing securities which have been issued by the Government of Ghana to cover net exchange losses arising on gold, special drawing rights or foreign securities in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612).

**(ii) Short -Term Securities**

This represents fixed deposits held with correspondent banks and investments held with overseas fund managers.

**17. OTHER ASSETS**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Items in Course of Collection	<b>140,354</b>	141,751	<b>140,354</b>	141,751
Revaluation Account	<b>48,248</b>	26,509	<b>48,528</b>	26,509
Others	<b><u>567,281</u></b>	<u>679,977</u>	<b><u>579,862</u></b>	<u>695,572</u>
	<b>755,883</b>	848,237	<b>768,744</b>	863,832
<b>Less: Impairment Losses (note 15c)</b>	<b><u>(2,715)</u></b>	<u>(5,330)</u>	<b><u>(2,715)</u></b>	<u>(5,330)</u>
	<b><u>753,168</u></b>	<u>842,907</u>	<b><u>766,029</u></b>	<u>858,502</u>

The balance on the Revaluation Account represents net exchange gains/(losses) arising on translation of the Bank's holdings in gold, Special Drawing Rights and foreign securities in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612). The Act requires the Government of Ghana to issue redeemable and interest-bearing securities to cover the balance on the revaluation account.

Included in Others are Imprest, Inventory, Accounts receivable and Staff Provident Fund Investment.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18a PROPERTY, PLANT AND EQUIPMENT**

**The Bank**

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
<b>Gross Value</b>						
At 1/1/11	145,038	9,283	1,753	12,831	42	168,947
Additions	4,517	84	645	12,513	12,834	30,593
Disposals	-	(180)	-	-	-	(180)
<b>Balance at 31/12/11</b>	<u>149,555</u>	<u>9,187</u>	<u>2,398</u>	<u>25,344</u>	<u>12,876</u>	<u>199,360</u>
<b>Accumulated Depreciation and Impairment Losses</b>						
At 1/1/11	691	513	57	647	-	1,908
Charge for the Year*	4,182	3,068	383	4,963	-	12,596
Disposals	-	(34)	-	-	-	(34)
<b>Balance at 31/12/11</b>	<u>4,873</u>	<u>3,547</u>	<u>440</u>	<u>5,610</u>	<u>-</u>	<u>14,470</u>
<b>Carrying Amounts</b>						
<b>Balance at 31/12/11</b>	<u>144,682</u>	<u>5,640</u>	<u>1,958</u>	<u>19,734</u>	<u>12,876</u>	<u>184,890</u>
Balance at 31/12/10	<u>144,347</u>	<u>8,769</u>	<u>1,695</u>	<u>12,185</u>	<u>42</u>	<u>167,038</u>

**The Group**

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
<b>Gross Value</b>						
At 1/1/11	150,640	10,605	2,816	41,288	42	205,392
Additions	4,664	300	889	13,552	15,869	35,274
Disposals	-	(263)	-	-	-	(263)
Translation Adjustment	189	(713)	16	211	661	363
<b>Balance at 31/12/11</b>	<u>155,493</u>	<u>9,929</u>	<u>3,721</u>	<u>55,051</u>	<u>16,572</u>	<u>240,766</u>
<b>Accumulated Depreciation and Impairment Losses</b>						
At 1/1/11	1,102	1,631	600	7,361	-	10,694
Charge for the Year	4,449	3,169	738	8,662	-	17,018
Released on Disposal	-	(50)	-	-	-	(50)
Translation Adjustment	115	(721)	(8)	124	-	(490)
<b>Balance at 31/12/11</b>	<u>5,666</u>	<u>4,029</u>	<u>1,330</u>	<u>16,147</u>	<u>-</u>	<u>27,172</u>
<b>Carrying Amounts</b>						
<b>Balance at 31/12/11</b>	<u>149,827</u>	<u>5,900</u>	<u>2,391</u>	<u>38,904</u>	<u>16,572</u>	<u>213,594</u>
Balance at 31/12/10	<u>149,539</u>	<u>8,974</u>	<u>2,217</u>	<u>33,294</u>	<u>43</u>	<u>194,698</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18b. PROPERTY, PLANT AND EQUIPMENT**

**The Bank**

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
<b>Gross value</b>						
At 1/1/10	51,237	15,587	1,885	62,720	50,175	181,604
Additions	234	2,997	529	3,106	43	6,909
Transfers from WIP				50,175	(50,175)	-
Transfers <sup>1</sup>	(9,596)	(14,692)	(1,612)	(47,577)		(73,477)
Revaluation additions**	103,163	5,390	950	(55,592)	-	53,911
<b>Balance at 31/12/10</b>	<u>145,038</u>	<u>9,282</u>	<u>1,752</u>	<u>12,832</u>	<u>42</u>	<u>168,946</u>
<b>Accumulated Depreciation &amp; impairment Losses</b>						
At 1/1/10	7,931	12,550	1,398	41,021	-	62,900
Charge for the Year*	2,356	2,655	271	7,203		12,485
Transfers <sup>2</sup>	(9,596)	(14,692)	(1,612)	(47,577)		(73,477)
Balance at 31/12/10	<u>691</u>	<u>513</u>	<u>57</u>	<u>647</u>	<u>-</u>	<u>1,908</u>
<b>Carrying Amounts</b>						
<b>Balance at 31/12/10</b>	<u>144,347</u>	<u>8,769</u>	<u>1,695</u>	<u>12,185</u>	<u>42</u>	<u>167,038</u>
<b>Balance at 31/12/09</b>	<u>43,306</u>	<u>3,037</u>	<u>487</u>	<u>21,699</u>	<u>50,175</u>	<u>118,704</u>

**The Group**

	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
<b>Gross Value</b>						
At 1/1/10	56,801	16,809	2,883	87,862	50,288	214,643
Additions	271	3,201	586	10,303	43	14,405
Revaluation Additions	103,163	5,404	964	(55,360)	-	54,172
Write off				(2,886)	-	(2,886)
Transfers	(9,583)	(14,692)	(1,612)	(47,690)	-	(73,576)
Transfer from WIP				50,288	(50,288)	-
Disposals		(116)		(1,206)		(1,322)
Translation Adjustment	(12)	(1)	(5)	(23)	-	(41)
<b>Balance at 31/12/10</b>	<u>150,640</u>	<u>10,605</u>	<u>2,816</u>	<u>41,288</u>	<u>43</u>	<u>205,392</u>

<sup>1&2</sup>Transfers relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued assets

\*Charge for the year includes depreciation charge of assets up to the revaluation date.

\*\*This represents the revaluation reserve recognised on the revaluation of the Groups property, plant and equipment.