

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

	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>Accumulated Depreciation and Impairment Losses</b>						
<b>At 1/1/10</b>	8,181	13,615	1,610	47,799		71,205
Charge for the Year	2,625	2,825	589	10,598	-	16,637
Released on Disposal		(116)		(908)		(1,024)
Transfers	(9,583)	(14,692)	(1,612)	(47,690)		(73,576)
Write Offs	(121)		13	(2,424)		(2,532)
Translation Adjustment	-	(1)	-	(14)	-	(15)
<b>Balance at 31/12/10</b>	<u>1,102</u>	<u>1,631</u>	<u>600</u>	<u>7,361</u>	<u>-</u>	<u>10,694</u>

**19. DEVELOPMENT LOANS AND INVESTMENTS**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Investments – Banks	<b>86,794</b>	55,967	<b>57,066</b>	55,475
Investments - Other Institutions	<b>71,918</b>	<u>65,268</u>	<u>9</u>	<u>9</u>
	<b>158,712</b>	121,235	<b>57,075</b>	55,484
Impairment Losses	<b>(889)</b>	<u>(889)</u>	<b>(889)</b>	<u>(889)</u>
	<b>157,823</b>	<u>120,346</u>	<b>56,186</b>	<u>54,595</u>

Included in investments - Banks is GH¢29.7m representing 51 per cent equity holding in Ghana International Bank Plc, a commercial bank incorporated in the United Kingdom.

Also, included in Investments – Other Institutions is an amount of GH¢68,909,209 representing 100 per cent holdings in GhIPSS, a company incorporated in Ghana, and an amount of GH¢ 3,000,000 representing 100 per cent in CSD, a company incorporated in Ghana. These amounts have been eliminated in the consolidated financial statements.

The Bank disposed of GH¢20 million of its preference shareholdings in the National Investment Bank Limited (NIB) to the government in March 2012.

**20(a). CURRENCY IN CIRCULATION**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Notes and Coins Issued	<b>7,052,805</b>	5,676,542	<b>7,052,805</b>	5,676,542
Less: Cash Account & Agencies	<b>(2,808,537)</b>	<u>(2,413,823)</u>	<b>(2,808,537)</b>	<u>(2,413,823)</u>
	<b>4,244,268</b>	<u>3,262,719</u>	<b>4,244,268</b>	<u>3,262,719</u>

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

**20(b). CURRENCY IN CIRCULATION BY DENOMINATION**

DENOMINATION	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
<b>Notes in Circulation</b>				
GH¢50	<b>622,312</b>	666,557	<b>622,312</b>	666,557
GH¢20	<b>1,109,268</b>	583,913	<b>1,109,268</b>	583,913
GH¢10	<b>1,036,278</b>	875,477	<b>1,036,278</b>	875,477
GH¢5	<b>978,751</b>	659,059	<b>978,751</b>	659,059
GH¢2	<b>179,805</b>	178,227	<b>179,805</b>	178,227
GH¢1	<b><u>203,987</u></b>	<u>189,779</u>	<b><u>203,987</u></b>	<u>189,779</u>
Total Notes in Circulation	<b><u>4,130,401</u></b>	<u>3,153,012</u>	<b><u>4,130,401</u></b>	<u>3,153,012</u>
<b>Coins in Circulation</b>				
GH¢1	<b>20,663</b>	22,239	<b>20,663</b>	22,239
50GP	<b>26,899</b>	26,368	<b>26,899</b>	26,368
20GP	<b>22,552</b>	19,526	<b>22,552</b>	19,526
10GP	<b>13,338</b>	11,267	<b>13,338</b>	11,267
5GP	<b>7,186</b>	6,741	<b>7,186</b>	6,741
1GP	<b><u>832</u></b>	<u>806</u>	<b><u>832</u></b>	<u>806</u>
Total Coins in Circulation	<b><u>91,470</u></b>	<u>86,947</u>	<b><u>91,470</u></b>	<u>86,947</u>
New currency in Circulation	<b>4,221,871</b>	3,239,959	<b>4,221,871</b>	3,239,959
Old currency in Circulation	<b><u>22,397</u></b>	<u>22,760</u>	<b><u>22,397</u></b>	<u>22,760</u>
<b>Total Currency in Circulation</b>	<b><u>4,244,268</u></b>	<u>3,262,719</u>	<b><u>4,244,268</u></b>	<u>3,262,719</u>

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

**21. DEPOSITS**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Government	<b>1,709,889</b>	1,069,368	<b>1,709,889</b>	1,069,368
Financial Institutions/Banks	<b>1,789,400</b>	1,361,563	<b>2,048,660</b>	1,368,427
Others	<b><u>1,071,431</u></b>	<u>885,731</u>	<b><u>1,468,470</u></b>	<u>1,333,947</u>
	<b><u>4,570,720</u></b>	<u>3,316,662</u>	<b><u>5,227,019</u></b>	<u>3,771,742</u>

**22. LIABILITIES TO IMF**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
<b>(i) IMF Currency Holdings</b>				
IMF No. 1	<b>46,142</b>	49,383	<b>46,142</b>	49,383
IMF No. 2	<b>10</b>	9	<b>10</b>	9
IMF Securities	<b>834,993</b>	786,070	<b>834,993</b>	786,070
<b>(ii) IMF Facilities</b>				
Poverty Reduction and Growth Facility	<b><u>872,978</u></b>	<u>576,440</u>	<b><u>872,978</u></b>	<u>576,440</u>
	<b><u>1,754,123</u></b>	<u>1,411,902</u>	<b><u>1,754,123</u></b>	<u>1,411,902</u>

Ghana has been a member of the International Monetary Fund (IMF) since 20 September 1957. The Bank is a designated fiscal agent and the depository for the IMF's holdings of local currency. The IMF's holdings of local currency amounted to the equivalent of SDR 372 million at December 31, 2011 (2010: SDR 372 million). IMF currency holdings equivalent to SDR 19.32 million (2010: SDR 21.81 million) and SDR 4,171 (2010: SDR 4,171) are held in the IMF's No.1 and No. 2 accounts respectively. These are deposit accounts of the IMF with the Bank.

**23. LIABILITIES UNDER MONEY MARKET OPERATIONS**

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Bank of Ghana Instruments	<b><u>1,134,024</u></b>	<u>941,879</u>	<b><u>1,132,478</u></b>	<u>939,484</u>

These are securities (treasury bills carrying a fixed rate of interest) issued by the Bank for monetary policy purpose and are shown as a liability of Bank of Ghana to the buyers.

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### 24. OTHER LIABILITIES

	The Bank		The Group	
	2011 GH¢'000	2010 GH¢'000	2011 GH¢'000	2010 GH¢'000
Accruals and Account Payable	<b>25,878</b>	12,531	<b>30,268</b>	39,750
Defined Pension Fund Liability (note 24a)	<b>527,758</b>	279,387	527,758	279,387
Others	<b>105,873</b>	<u>183,488</u>	<b>136,826</b>	<u>189,135</u>
	<b>659,509</b>	<u>475,406</u>	<b>694,852</b>	<u>508,272</u>
<b>24(a) Pension Fund Liability</b>				
Balance at 1 January	<b>279,387</b>	109,096	<b>279,387</b>	109,096
Allocations	<b>200,000</b>	25,000	<b>200,000</b>	25,000
Pension payment	<b>(13,765)</b>	(11,073)	<b>(13,765)</b>	(11,073)
Re-instatement	-	125,000	-	125,000
Interest on Treasury bills	<b>62,136</b>	<u>31,364</u>	<b>62,136</b>	<u>31,364</u>
<b>Balance at 31 December</b>	<b>527,758</b>	<u>279,387</u>	<b>527,758</b>	<u>279,387</u>

The actuarial valuation, as contained in the report of the actuarial consultant, set the Bank's obligation at GH¢599.27 million at 31 December 2011. A provision of GH¢ 465.09 million (2010: GH¢265.09 million) has so far been made in the financial statements in respect of the Bank's obligation to the scheme of which GH¢310.00 million have been invested in treasury bills.

### 25. STATED CAPITAL

	Number of Shares		Proceeds	
	2011 '000	2010 '000	2011 GH¢'000	2010 GH¢'000
Registered Number of Shares	<b>700,000</b>	<u>700,000</u>		
<b>Issued</b>				
For Cash Consideration	<b>100</b>	100	<b>10</b>	10
Other than Cash	<b>99,900</b>	<u>99,900</u>	<b>9,990</b>	<u>9,990</u>
	<b>100,000</b>	<u>100,000</u>	<b>10,000</b>	<u>10,000</u>

Shares are of no par value. There are no shares in treasury and no installments unpaid on any share.

### 26. ASSET REVALUATION RESERVE

This represents surplus arising on the revaluation of the Group's property, plant and equipment.

### 27. STATUTORY RESERVE

The Statutory Reserve represents portions of surplus for the years that have been set aside in accordance with section 6 of the Bank of Ghana Act, 2002 (Act 612).

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

**28 OTHER RESERVES**

**The Bank 2011**

	Price & Exchange Movement GH¢'000	Transfer from Surplus GH¢'000	Transfer to Other Reserve GH¢'000	2011 GH¢'000
Balance at 1 January	756,810	109,962	-	866,772
Retrospective Correction of Error (note 34)	-	(200,000)	-	(200,000)
<b>Restated balance at 1 January 2011</b>	<b>756,810</b>	<b>(90,038)</b>	<b>-</b>	<b>666,772</b>
(Decrease)/Increase in the Year	<u>65,950</u>	<u>386,377</u>	<u>(86)</u>	<u>452,241</u>
<b>Balance at 31 December</b>	<b><u>822,760</u></b>	<b><u>296,339</u></b>	<b><u>(86)</u></b>	<b><u>1,119,013</u></b>

**The Bank 2010**

	Price & Exchange Movement GH¢'000	Transfer from Surplus GH¢'000	Transfer to other Reserve GH¢'000	2010 GH¢'000
Balance at 1 January	653,465	-	-	653,465
Retrospective Correction of Error (note 34)	(25,000)	-	-	(25,000)
<b>Restated balance at 1 January 2010</b>	<b>628,465</b>			<b>628,465</b>
(Decrease)/Increase in the Year	<u>128,345</u>	<u>109,962</u>	=	<u>238,307</u>
Balance at 31 December	<u>756,810</u>	<u>109,962</u>	=	<u>866,772</u>

**The Group 2011**

	Price & Exchange Movement GH¢'000	Translation Reserve GH¢'000	Transfer From Surplus GH¢'000	2011 GH¢'000
Balance at 1 January	724,387	32,415	109,962	866,764
Retrospective Correction of Error (note 34)	-	-	(200,000)	(200,000)
Restated balance at 1 January	724,387	32,415	(90,038)	666,764
(Decrease)/Increase in the Year	<u>98,375</u>	<u>(462)</u>	<u>386,377</u>	<u>484,290</u>
<b>Balance at 31 December</b>	<b><u>822,762</u></b>	<b><u>31,953</u></b>	<b><u>296,339</u></b>	<b><u>1,151,054</u></b>

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### The Group 2010

	Price & Exchange Movement GH¢'000	Translation Reserve GH¢'000	Transfer from Surplus GH¢'000	2010 GH¢'000
Balance at 1 January	636,880	33,120	-	670,000
Retrospective Correction of Error (Note 34)	<u>(25,000)</u>	-	-	<u>(25,000)</u>
Restated balance at 1 January	611,880	33,120	-	645,000
(Decrease)/Increase in the Year	<u>112,507</u>	<u>(705)</u>	<u>109,962</u>	<u>221,764</u>
<b>Balance at 31 December</b>	<u>724,387</u>	<u>32,415</u>	<u>109,962</u>	<u>866,764</u>

Other reserve represents the unrealised gains and losses on revaluation of gold holdings as a result of the change in the spot market price. The balance also includes amounts set aside from surplus for the year to support specific operational expenses in accordance with Section 6 of the Bank of Ghana Act, 2002 (Act 612).

## 29. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY

Financial instruments are classified between four (4) recognition principles: held to maturity, held at fair value through profit and loss (comprising held for trading and designated), available-for-sale, and loans and receivables. These categories of financial instruments have been combined for presentation on the face of the balance sheet.

The Bank's classification of its principal financial assets and liabilities is summarised below:

### ASSETS

	Note	Held for Trading GH¢'000	Held to Maturity GH¢'000	Designated at Fair Value through P&L GH¢'000	Available for-Sale GH¢'000	Loans & Receivables GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
<b>i. The Bank 2011</b>								
Cash and Balances with Correspondent Banks	12	-	-	-	-	886,444	886,444	886,444
Government Securities	16	-	1,885,741	-	-	-	1,885,741	1,885,741
Money Market Instruments	16	-	1,101,875	-	-	-	1,101,875	1,101,875
Short-Term Securities	16	917,152	5,195,245	-	-	-	6,112,397	6,112,397
Loans and Advances	15	-	-	-	-	1,167,664	1,167,664	1,167,664
<b>Total at 31/12/11</b>		<b>917,152</b>	<b>8,182,861</b>	<b>=</b>	<b>=</b>	<b>2,054,108</b>	<b>11,154,121</b>	<b>11,154,121</b>
<b>ii. The Bank 2010</b>								
Cash and Balances with Correspondent Banks	12	-	-	-	-	1,650,021	1,650,021	1,650,021
Government Securities	16	-	1,239,034	-	-	-	1,239,034	1,239,034
Money Market Instruments	16	-	273,268	-	-	-	273,328	273,328
Short-Term Securities	16	-	3,806,327	-	-	-	3,806,327	3,806,327
Loans and Advances	15	-	-	-	50,000	1,008,367	1,058,367	1,058,367
<b>Total at 31/12/10</b>		<b>=</b>	<b>5,318,689</b>	<b>=</b>	<b>50,000</b>	<b>2,658,388</b>	<b>8,027,077</b>	<b>8,027,077</b>

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

**ASSETS**

	Note	Held for Trading GH¢'000	Held to Maturity GH¢'000	Designated at Fair Value through P&L GH¢'000	Available for-Sale GH¢'000	Loans & Receivables GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
<b>i. The Group 2011</b>								
Cash and Balances with Correspondent Banks	12	-	-	-	-	88,129	88,129	88,129
Government Securities	16	-	1,885,741	-	-	-	1,885,741	1,885,741
Money Market Instruments	16	-	1,101,875	-	-	-	1,101,875	1,101,875
Short-Term Securities	16	917,167	5,195,244	-	9	-	6,112,420	6,112,420
Loans and Advances	15	-	-	-	-	2,619,245	2,619,245	2,619,245
<b>Total at 31/12/11</b>		<b>917,167</b>	<b>8,182,860</b>	<b>-</b>	<b>9</b>	<b>2,707,374</b>	<b>11,807,410</b>	<b>11,807,410</b>
<b>ii. The Group 2010</b>								
Cash and Balances with Correspondent Banks	12	-	1,239,034	-	-	1,283,190	1,283,190	1,283,190
Government Securities	16	-	273,328	-	-	-	1,239,034	1,239,034
Money Market Instruments	16	-	3,608,940	-	-	-	273,328	273,328
Short-Term Securities	16	-	-	-	-	-	3,608,940	3,608,940
Loans And Advances	15	-	-	-	-	2,241,600	2,241,600	2,241,600
<b>Total at 31/12/09</b>		<b>-</b>	<b>121,302</b>	<b>-</b>	<b>-</b>	<b>3,534,790</b>	<b>8,646,092</b>	<b>8,646,092</b>

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

	Note	Trading GH¢'000	Designated at Fair Value through P&L GH¢'000	Financial Liabilities at Amortised Cost GH¢'000	Total Carrying Amount GH¢'000	Fair Value GH¢'000
<b>i. The Bank 2011</b>						
Government Deposits	21	-		1,709,889	1,709,889	1,709,889
Due to Banks and Financial Institutions	21	-		1,789,400	1,789,400	1,789,400
Other Short-Term Deposits	21	-		1,070,431	1,070,431	1,070,431
Money Market Instruments	23	-	-	1,134,024	1,134,024	1,134,024
<b>Total at 31/12/11</b>		<b>-</b>	<b>-</b>	<b>5,703,744</b>	<b>5,703,744</b>	<b>5,703,744</b>
<b>ii. The Bank 2010</b>						
Government Deposits	21	-	-	1,069,368	1,069,368	1,069,368
Due to Banks and Financial Institutions	21	-	-	1,361,563	1,361,563	1,361,563
Other Short-Term Deposits	21	-	-	885,731	885,731	885,731
Money Market Instruments	23	-	-	941,879	941,879	941,879
<b>Total at 31/12/10</b>		<b>-</b>	<b>-</b>	<b>4,258,541</b>	<b>4,258,541</b>	<b>4,258,541</b>
<b>i. The Group 2011</b>						
Government Deposits	21	-	-	1,709,889	1,709,889	1,709,889
Due to Banks and Financial Institutions	21	-	-	2,048,660	2,048,660	2,048,660
Other Short-Term Deposits	21	-	-	1,468,470	1,468,470	1,468,470
Money Market Instruments	23	-	-	1,132,478	1,132,478	1,132,478
<b>Total at 31/12/2011</b>		<b>-</b>	<b>-</b>	<b>6,359,497</b>	<b>6,359,497</b>	<b>6,359,497</b>
<b>ii) The Group 2010</b>						
Government Deposits	21	-	-	1,069,368	1,069,368	1,069,368
Due to Banks and Financial Institutions	21	-	-	1,368,427	1,368,427	1,368,427
Other Short-Term Deposits	21	-	-	1,333,947	1,333,947	1,333,947
Money Market Instruments	23	-	939,484	-	939,484	939,484
Other Liabilities	24	-	-	508,272	508,272	508,272
<b>Total at 31/12/10</b>		<b>-</b>	<b>939,484</b>	<b>4,280,014</b>	<b>5,219,498</b>	<b>5,219,498</b>

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2011

### Determination of Fair Value and Fair Value Hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of financial assets and liabilities disclosed above approximate their carrying values.

## 30. RELATED PARTY TRANSACTIONS

### Transactions with Government of Ghana/IMF

The Bank and the Government of Ghana have borrowings from the IMF, which have been undertaken through the Bank. The Government's IMF borrowings, as shown on the statements of financial position of the Bank, have been matched by a receivable from the Government. These are as disclosed in notes 14 and 22 respectively.

In order for the Bank to eliminate foreign exchange risk in this regard, the Government receivable is denominated in SDRs.

Interest on such borrowings is the responsibility of, and payable by, the Government. Accordingly no interest revenue is included in these accounts for the receivable nor is interest expense included on the Government's portion of the IMF borrowings.

IMF quota is supported by promissory notes jointly signed by the Bank and the Government.

### Key management personnel compensation for the period comprised:

#### The Bank

	2011 GH¢'000	2010 GH¢'000
Short-Term Employee Benefits	770	624
Termination Benefit	331	276
Post-Employment Benefits	<u>149</u>	<u>124</u>
	<u>1,250</u>	<u>1,024</u>