BANK OF GHANA

ANNUAL REPORT

2014

BANK OF GHANA

Annual Report 2014

Prepared and Edited
By
The Editorial Committee
Bank of Ghana

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MANDATE OF THE BANK

- To Maintain Stability In The General Level Of Prices
- To Ensure Efficient Operations Of The Banking And Credit Systems
- To Support General Economic Growth

FOREWORD

The year 2014 was quite challenging for the nation. The Ghanaian economy continued to contend with both domestic and external shocks which reflected in subdued economic activity, rising inflation and a significant depreciation of the cedi.

Unfavourable global developments such as softening commodity prices, subdued demand, reduced FDI flows and volatility in financial markets impacted adversely on the domestic economy. The decline in commodity prices contributed to the rapid depreciation of the domestic currency.

On the domestic front, the main challenges to the economy related to the continued energy supply constraints, pressures in the foreign exchange market and lingering fiscal imbalances.

Real GDP growth slowed to 4 per cent from 7.3 per cent in the previous year. This development was largely due to supply side constraints which included energy supply challenges, sharp depreciation of the domestic currency and lower commodity prices.

Inflation pressures were elevated in the year, requiring necessary policy adjustments. The rising inflation was on account of fiscal imbalances and the associated high liquidity that fed demand pressures; the pass-through effects of a rapidly depreciating cedi; and upward adjustments of petroleum prices and utility tariffs. As a result, the monetary policy stance was tightened with the Monetary Policy Rate raised by a cumulative 500 basis points during the year. The policy rate adjustments were done in concert with other macro-prudential measures such as revisions of the DMBs cash reserve ratio and net open position limits. The measures were to address liquidity problems in both money and foreign exchange markets. These notwithstanding, inflation rose steadily from 13.5 per cent in December 2013 to 17.0 per cent at the end of 2014 against a forecast of 13.0 ±2.0 per cent.

Financial soundness indicators show that Ghana's financial system remained robust in the review year. The sector grew strongly and continued to be resilient, liquid and profitable despite shocks from the cedi depreciation and economic slowdown. However, the Bank is conscious of the need to take a prudent approach and implement forward-looking measures to ensure that the financial system remains safe, sound and stable.

In this connection, the Bank of Ghana is committed to strengthening the legal framework for supervising and regulating the financial system. Accordingly, the Bank will submit to Parliament the Banks and Specialised Deposit-Taking Institutions Bill and Ghana Deposit Protection Bill to help clarify the current legal framework and strengthen the central bank's supervisory and resolution powers in line with international best practices.

The Bank launched a 5-year National Payment Systems Strategy in August to drive the development of the country's payment systems. The aim was to develop an integrated local cross-border and multi-currency payment roadmap to ensure an efficient, safe and secure payment system in Ghana.

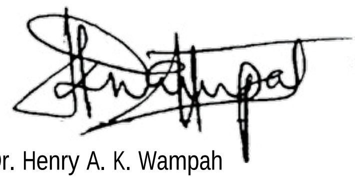
The Bank continued to maintain good relations with both multilateral and bilateral partners. To this end, the Bank participated actively in both regional and international meetings and other activities.

During the year, Dr. Augustine Fritz Gockel was appointed a Non-Executive Director to replace Mrs. Clara Arthur, who resigned from the Board. On behalf of the Board, Management and staff of the Bank, I welcome and congratulate Dr. Gockel on his appointment and thank Mrs. Arthur for her invaluable contributions to the governance of the Bank. I would also like to take this opportunity to place on record my immense gratitude to Dr. Nii Kwaku Sowa who voluntarily stepped down as a member of the MPC after twelve years of dedicated service. The Bank benefited immensely from his intellectual support and wise counsel. It is also my privilege to welcome Professor Joshua Abor, Dean of the University of Ghana Business School, to the MPC.

Let me also thank the Board, Management, and Staff of the Bank for their dedication, hard work and professionalism throughout the year.

The year ahead is going to be very challenging. Late in 2014, the Government opted for a 3-year IMF Extended Credit Facility which among others will help restore debt sustainability and macroeconomic stability. Our role as a central bank is critical in the successful execution of this medium-term economic reform programme and I wish to entreat staff to put in their maximum best as we implement these policies for the benefit of the Ghanaian economy.

Thank you.



Dr. Henry A. K. Wampah

BOARD OF DIRECTORS

Mr. Millison K. Narh
First Deputy Governor

Dr. Henry A. K. Wampah
Governor

Dr. Abdul-Nashiru Issahaku
Second Deputy Governor

Dr. Sydney Y. Laryea
Chartered Accountant

Mr. Kwaku Bram-Larbi
Legal Practitioner

Mrs. Diana A. Ayettey
Economist

Hon. Cassiel Ato Forson
Chartered Accountant
(Deputy Minister of Finance)

Mr. Sam Appah
Commodity Marketing
Consultant

Dr. David Obu Andah
Banker and Consultant

Mr. Alexander Y. Kyei
Economist

Prof. Kwabena A. Anaman
Agricultural Economist/Lecturer

Dr A. Fritz Gockel
Economist

Mrs Caroline Otoo
Secretary to the Board

MANAGEMENT OF THE BANK

TOP MANAGEMENT

Dr. Henry A.K. Wampah
Governor

Mr. Millison K. Narh
First Deputy Governor

Dr. Abdul-Nashiru Issahaku
Second Deputy Governor

Mr. Daniel Hagan
Estates and Projects

Mrs. Caroline Otoo
The Secretary

Mr. Yao A. Abalo
Treasury Department

HEADS OF DEPARTMENT

Mrs. Elly Ohene-Adu
Banking

Ms. Catherine Ashley
Currency Management

Mr. Daniel Hagan
Estates and Projects

Mr. Simeon Kyei
Human Resource

Mrs. Mary Edwards
Information, Documentation and Publications Services

Mr. Madoc Quaye
Centre for Training & Professional Development

Ms. Gloria Quartey
Risk Management

Mr. John Fummey
Information Technology

Mr. Charles Brew - Hammond
Procurement and Transport

Mrs. Caroline Otoo
Secretary's

Mr. Stephen Amegashie
Governors

Mr. Felix Adu
Internal Audit

Mr. Yao A. Abalo
Treasury

Mr. Yaw Afrifa-Mensah
Security

Mr. Franklin Belnye
Banking Supervision

Mr. Raymond Amanfu
Other Financial Institutions Supervision

Mrs. Grace Akrofi
Research

Dr. (Mrs) Esther N. K. Kitcher
Medical

Dr. Benjamin Amoah
Financial Stability

Mr. Stephen S. Sapati
Finance

Mr. Andrew Boye-Doe
Legal

Mr. Michael Oppong-Adusah
Collateral Registry

REGIONAL MANAGERS

Mr. Michael Anyamesem
Kumasi, Ashanti Region

Mr. Victor Akakpo
Hohoe, Volta Region

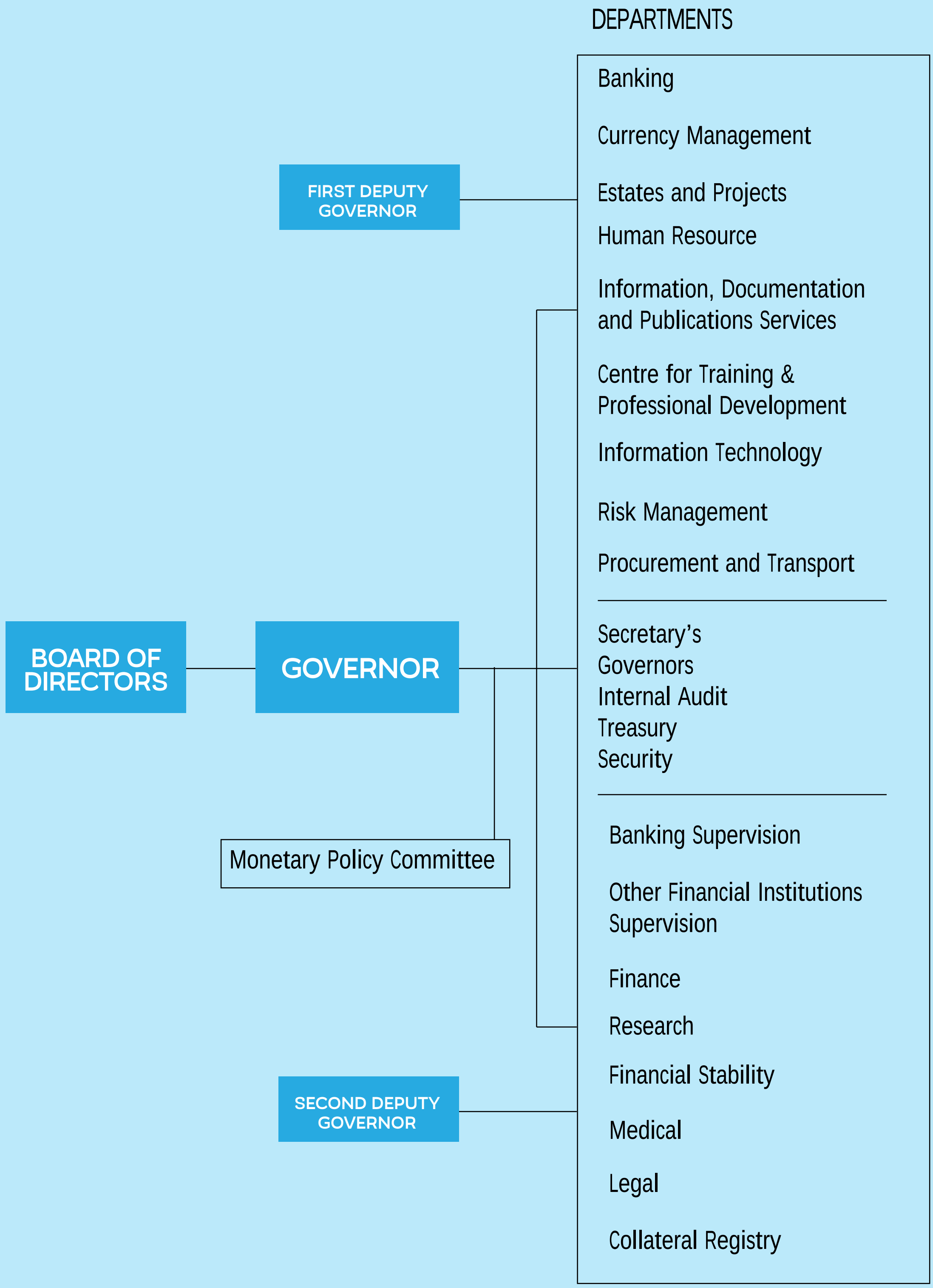
Mr. Paul Mensah – Ashun Jnr.
Takoradi, Western Region

Mr. Jacob Tei Kudah
Tamale, Northern Region

Mr. Peter Ntsiful
Sunyani, Brong-Ahafo Region

Mr. William Ntow
Sefwi-Boako Currency Office
Western Region

ORGANISATIONAL STRUCTURE



CHAPTER 1: GOVERNANCE

1.1 The Board of Directors

The governing body of the Bank, as stipulated in the Bank of Ghana Act, 2002 (Act 612), is the Board of Directors, consisting of the Governor, who is also the Chairman, the two Deputy Governors and nine Non-Executive Directors.

The Board of Directors is appointed by the President of the Republic of Ghana in consultation with the Council of State. The Governor and the two Deputy Governors are each appointed for a term of four years and are eligible for re-appointment. The Non-Executive Directors hold office for a period of three years and are also eligible for re-appointment.

The Board is responsible for formulating policies necessary for the achievement of the Bank's objectives, which are:

- To maintain stability in the general level of prices;
- To ensure effective and efficient operation of the banking and credit systems;
- To support general economic growth.

1.2 Membership of the Board

Dr. Henry A.K. Wampah	Governor / Chairman
Mr. Millison K. Narh	First Deputy Governor
Dr. Abdul-Nashiru Issahaku	Second Deputy Governor
Dr. Sydney Laryea	Non-Executive Director
Mrs. Diana Amewu Ayettey	Non-Executive Director
Mr. Kwaku Bram-Larbi	Non-Executive Director
Dr. David Obu Andah	Non-Executive Director
Mr. Sam Appah	Non-Executive Director
Mr. Alexander Yamoah Kyei	Non-Executive Director
Prof. Kwabena Asomanin Anaman	Non-Executive Director
Hon. Cassiel Ato Forson	Non-Executive Director
Mrs. Clara Arthur	Non-Executive Director (Resigned 7th August, 2014)
Dr. Augustine Fritz Gockel	Non-Executive Director (Appointed 14th August, 2014)

1.3 Committees of the Board

The Board has the following committees which assist to carry out its functions:

- Audit
- Economy and Research
- Human Resource, Corporate Governance and Legal
- Strategic Planning and Budget

Audit Committee

The Committee ensures that appropriate and adequate accounting procedures and controls are established. It also supervises compliance with operational, statutory and international standards.

Membership

• Dr. Sydney Laryea	Chairman
• Dr. David Obu Andah	Member
• Mrs. Diana Amewu Ayettey	Member

Economy and Research Committee

The Committee is responsible for assessing and making policy recommendations on economic, banking and financial issues relating to the Bank's functions and the economy as a whole. It considers reports and policy proposals from Research and other departments of the Bank to enhance the quality of information provided to the Board and the general public.

Membership

• Prof. Kwabena Asomanin Anaman	Chairman
• Mr. Sam Appah	Member
• Mr. Alexander Yamoah Kyei	Member
• Mrs. Diana Amewu Ayettey	Member
• Hon. Cassiel Ato Forson	Member
• Dr. Augustine Fritz Gockel	Member
• Dr. Abdul-Nashiru Issahaku	Member

Human Resource, Corporate Governance and Legal Committee

The Committee makes recommendations to the Board on policy matters relating to the human resource management function of the Bank and makes reviews when necessary. It also makes recommendations to the Board on policy matters relating to governance and legal issues such as regulations, supervision, processes and operations to ensure compliance with statutory requirements and best practice.

Membership

• Mr. Kwaku Bram-Larbi	Chairman
• Dr. David Obu Andah	Member
• Prof. Kwabena A. Anaman	Member
• Dr. Augustine Fritz Gockel	Member
• Mr. Millison K. Narh	Member

Strategic Planning and Budget Committee

The Committee initiates the Bank's strategic policies towards the fulfilment of the Bank's objectives. It also has oversight responsibility for the preparation of the Bank's budget.

Membership

• Mr. Sam Appah	Chairman
• Dr. Sydney Laryea	Member
• Mr. Alexander Yamoah Kyei	Member
• Mr. Cassiel Ato Forson	Member
• Dr. Augustine Fritz Gockel	Member
• Mr. Millison K. Narh	Member
• Dr. Abdul-Nashiru Issahaku	Member

1.4 The Monetary Policy Committee

The Bank of Ghana Act, 2002 (Act 612), grants the Bank operational independence in the conduct of monetary policy. To enhance the conduct and management of monetary policy, the Act provides for the establishment of a Monetary Policy Committee (MPC), comprising the Governor, the two Deputy Governors, the heads of Research and Banking departments and two external members appointed by Government. The MPC held five meetings in the year.

Members of the Committee

• Dr. Henry A. K. Wampah	Governor / Chairman
• Mr. Millison K. Narh	First Deputy Governor
• Dr. Abdul-Nashiru Issahaku	Second Deputy Governor
• Mrs. Elly Ohene-Adu	Head, Banking Department
• Mrs. Grace Akrofi	Head,Research Department
• Dr. John Kwabena Kwakye	External Member
• Dr. Nii Kwaku Sowa	External Member (Resigned 31st December 2014)

Members of the Committee

Dr. Henry A. K. Wampah

Mr. Millison K. Narh

Dr. Abdul-Nashiru Issahaku

Mrs. Grace Akrofi

Mrs. E. Ohene-Adu

Dr. Nii Kwaku Sowa

Dr. J. K. Kwakye

CHAPTER 2: DEVELOPMENTS IN THE GLOBAL ECONOMY

2.1 Overview

The global economy grew modestly in 2014 reflecting a pickup in advanced economies and a slowdown in emerging market and developing economies. The relatively stronger performance and better medium-term prospects of the US economy compared with other major economies drove an appreciation of the US dollar against major currencies. Global inflation generally declined with a sharp fall in oil prices being the underlying factor in both advanced and emerging markets. Monetary conditions in advanced economies remained accommodative to support growth. However, in emerging market and developing countries, central banks had to balance policies to support growth with measures to stabilise inflation and currencies.

Table 2.1: World Economic Indicators

	Real GDP Growth (%)			
	Realised		Projections	
	2013	2014	2015	2016
World	**3.4**	**3.4**	**3.5**	**3.8**
Advanced Economies	**1.4**	**1.8**	**2.4**	**2.4**
USA	2.2	2.4	3.1	3.1
Euro Area	-0.5	0.9	1.5	1.6
Germany	0.2	1.6	1.6	1.7
France	0.3	0.4	1.2	1.5
Italy	-1.7	-0.4	0.5	1.1
Spain	-1.2	1.4	2.5	2.0
Japan	1.6	-0.1	1.0	1.2
United Kingdom	1.7	2.6	2.7	2.3
Emerging Markets and Developing Economies	**5.0**	**4.6**	**4.3**	**4.7**
China	7.8	7.4	6.8	6.3
India	6.9	7.2	7.5	7.5
Brazil	2.7	0.1	-1.0	1.0
Sub-Saharan Africa	**5.2**	**5.0**	**4.5**	**5.1**
South Africa	2.2	1.5	2.0	2.1
Ghana	7.1	4.2	3.5	6.4
Memorandum				
World Trade Volume (Goods and Services)	*3.5*	*3.4*	*3.7*	*4.7*
Commodity Prices (US dollars)				
Oil	*-0.9*	*-7.5*	*-39.6*	*12.9*
Non-Fuel	*-1.2*	*-4.0*	*-14.1*	*-1.0*
Consumer Prices				
Advanced Economies	*1.4*	*1.4*	*0.4*	*1.4*
Emerging Market & Developing Economies	*5.9*	*5.1*	*5.4*	*4.8*

Source: IMF World Economic Outlook April 2015

2.2 World Output Growth

According to the IMF April 2015 World Economic Outlook, global growth came in flat at 3.4 per cent in 2014 relative to 2013. In the advanced economies, growth remained uneven as the United States and the United Kingdom gained momentum, while growth disappointed in the Euro Area and Japan.

Apart from a temporary contraction at the beginning of the year, the United States economy grew above potential. It registered a growth of 2.4 per cent in 2014, compared with 2.2 per cent in 2013. The Japanese economy declined by 0.1 per cent in 2014 falling significantly short of expectations. This reflected weak consumption, plummeting residential investments and subdued exports despite a weaker yen. In the euro area, growth in 2014 was 0.9 per cent, a significant improvement over a decline of 0.5 per cent in 2013. Economic activity was weaker than expected early in the year but picked up later as higher net exports were recorded and consumption was supported by lower oil prices.

Growth in emerging markets and developing economies slipped to 4.6 per cent in 2014 from 5.0 per cent in 2013. This was due to a slowdown in several large emerging market economies such as China and Russia reflecting cyclical factors, domestic policy tightening and political tensions.

In Sub-Saharan Africa, growth moderated to 5.0 per cent from 5.2 per cent in the previous year. The pace of expansion was slower in many of the larger economies (Angola, Ghana, Kenya, and South Africa) as a result of subdued global demand, soft commodity prices, weak FDI flows, low business confidence and capacity shortages, especially infrastructure constraints.

2.3 Global Inflation

Global headline inflation declined in the review year, reflecting a sharp fall in oil prices and other region-specific factors. In advanced economies, weakening demand in a number of countries already experiencing below-target inflation also contributed to the decline. With regard to emerging markets and developing economies, the fall in prices of other commodities (especially food, which has a larger weight in the consumer price index of these countries) generally contributed to the fall in inflation. Notable exceptions to lower inflation were some countries which suffered sizeable currency depreciation in the year.

Inflation in the United States rose from 1.5 per cent at the beginning of the year to exceed the Fed's long-term objective of 2.0 per cent in May and June but declined thereafter to 0.8 per cent in December. The steady decline in the second half of the year was partly the result of the sharp fall in oil prices and a strengthening of the US dollar.

In the euro area, inflation remained below expectations and declined steadily from 1.9 per cent in January to negative 0.2 per cent in December. In several economies with unemployment greater than the euro-wide average, mild consumer price deflation occurred, especially during the second half of the year.

In emerging market and developing economies, inflation was higher but broadly stable, with the average inflation declining from 5.9 per cent in 2013 to 5.1 per cent in 2014. Inflation in China remained below the central bank's indicative ceiling of 3.0 per cent throughout 2014, reflecting excess capacity, weakened domestic demand, and reduced import costs.

In Sub-Saharan Africa, average inflation declined to 6.3 per cent in 2014 from 6.5 per cent in 2013. Inflation edged up in the first half of the year due in part to higher food prices and currency depreciations. In some countries (notably Ghana and South Africa), inflation rose above the upper limit of central bank target ranges, prompting tightening of monetary policy. However, low and declining commodity prices in the second half of the year helped contain inflation in most countries in the region.

2.4 Commodities Market

Developments in international commodity prices in the first half of 2014 were mixed, but generally declined for the rest of the year. This outcome reflected a wide variety of factors including unexpected weak global demand for crude oil,stronger US dollar, lingering challenges in Europe and sluggish growth in emerging economies, especially China.

Crude Oil

Brent crude oil prices hovered around US$110.0 per barrel during the first half of 2014, but plummeted during the second half of the review year, to below US$50.0 per barrel in November. The sharp decline was largely attributed to unexpected demand weakness in some major economies such as China, and supply glut in the global oil market which was underpinned by a sharp rise in US shale oil output as well as OPEC's decision to stick to its production quota. However, crude oil prices edged up in December and ended the year at US$62.4 per barrel, compared with US$110.6 per barrel recorded at the end of 2013.

Gold

The bullion market rallied in the first quarter of 2014 underscored by concerns over the geopolitical tensions in Ukraine which boosted gold's safe-haven appeal, coupled with a sharp fall in US equity prices following the Fed's decision to cautiously approach future interest rate hikes. Bearish fundamentals subsequently ensued between April and November, with a modest rally in July. The general decline in gold price was largely due to an improvement in the US economy, reflecting appreciation in the US dollar against other major currencies and a slowdown in Chinese demand. Gold prices moderately rallied in December to end the year at US$1,200.7 per fine ounce. The average price of gold declined from US$1,412.5 per fine ounce in 2013 to US$1,266.8 per fine ounce in 2014.

Cocoa

The bullish fundamentals in the cocoa market witnessed in 2013 generally continued in 2014. After an initial drop in January, cocoa prices increased to a peak of £2,026.0 per tonne in September due to strong demand and heavy commercial buying. The price however, declined significantly between October and November, following ample supplies from La Cote d'Ivoire. It rose in December to end the year at £1,946.8 per tonne, up from £1,758.0 on the back of supply concerns in West Africa amid a drop in cocoa beans arrival in La Cote d'Ivoire and Ghana ports. The average price of cocoa generally trended upwards to £1,908.5 per tonne in 2014 from £1,578.9 in 2013.

Chart 2.1 International Crude Oil and Gold Prices

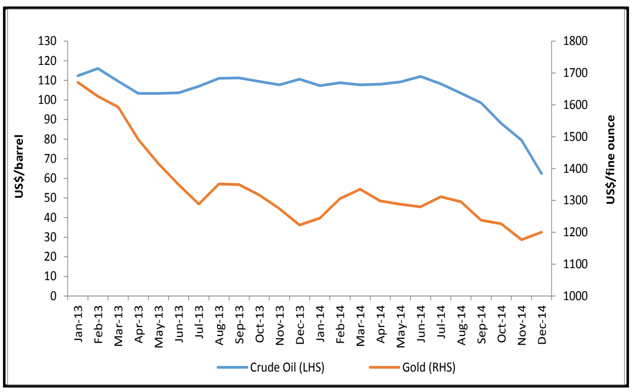
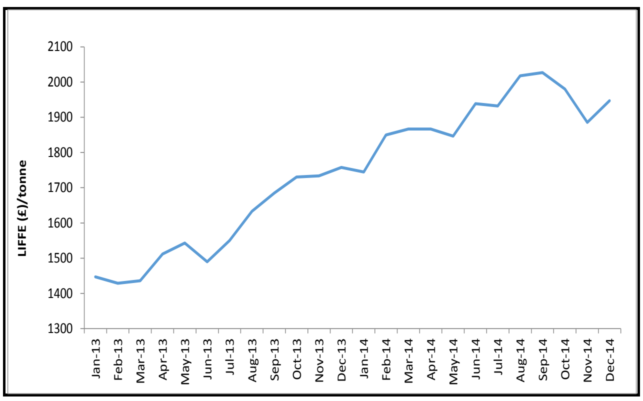


Chart 2.2: International Cocoa Price



CHAPTER 3: DEVELOPMENTS IN THE GHANAIAN ECONOMY

3.1 Overview

Economic activity in the domestic economy softened in 2014 as a result of a rapid depreciation of the cedi and energy supply challenges. According to the Ghana Statistical Service, real GDP grew by 4.0 per cent in 2014, compared with 7.3 per cent in 2013. Inflationary pressures were also elevated in the review year, due largely to pass-through effects of a series of upward adjustments in utility tariffs and price of petroleum products as well as sharp depreciation of the Cedi. Headline inflation rose steadily from 13.5 per cent at the end of 2013 to end the year at 17.0 per cent, breaching the end-year target of 13.0 ±2.0 per cent. Fiscal pressures remained high, partly as a result of the large wage bill and increased interest payments. The year ended with an overall deficit of 9.4 per cent of GDP.

Key monetary aggregates and credit to the private sector recorded strong growth in 2014. The Ghana Stock Exchange Composite Index (GSE-CI) posted a modest growth of 5.4 per cent while market capitalisation appreciated by 5.2 per cent.

A significant improvement in the trade balance resulted in a reduction in the current account deficit in 2014. The gross international reserves (GIR) declined to US$5,461 million, sufficient to provide cover for 3.2 months of imports of goods and services. The external debt stock increased by 13.0 per cent to US$ 12,968.2 million, equivalent to 33.4 per cent of GDP.

3.2 Monetary Policy

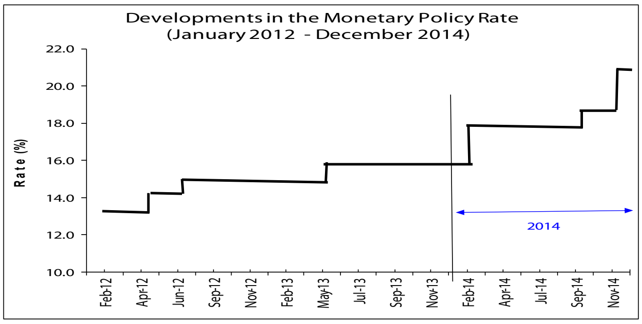
Monetary Policy Committee Meetings

The Monetary Policy Committee (MPC) held five meetings in the year under review. The monetary policy rate(MPR) was increased by a total of 500 basis points–200 basis points in February, 100 basis points in September and 200 basis points in November. Inflation ended the year at 17.0 per cent, missing the targeted band of 13 ± 2.0 per cent.

Table 3.1: Monetary Policy Decisions in 2014

Date	Decision	Rate (%)
5 - 7 February	Monetary Policy Rate increased by 200 bps	18.0
31 March - 2 April	Monetary Policy Rate remained unchanged	18.0
7 - 9 July	Monetary Policy Rate remained unchanged	18.0
17 - 17 September	Monetary Policy Rate increased by 100 bps	19.0
10 - 12 November	Monetary Policy Rate increased by 200 bps	21.0

Chart 3.1: Bank of Ghana Monetary Policy Rate



February Meeting

The Committee, at its first meeting of the year in February,noted that the domestic economy was experiencing fiscal pressures, currency depreciation and cost-push effects from higher petroleum prices and utility tariffs. Inflation expectations had heightened with headline inflation rising from 11.9 per cent in September to 13.5 per cent in December, missing the end 2013 target band of 9.0±2.0 per cent.

The Committee also raised concerns about growth prospects, based on contagion risks from projected slowdown in major emerging market economies through trade and financial linkages.

Based on its evaluation, the Committee was of the view that the risks to inflation were highly elevated and therefore decided to increase the policy rate by 200 basis points to 18.0 per cent.

Furthermore, the Bank issued a new set of foreign exchange regulations and code of conduct to guide operations in the foreign exchange market.

The new measures consisted of revisions on the rules for operation of foreign exchange and foreign currency accounts, restrictions on foreign currency-denominated loans, repatriation of export proceeds, margin accounts for import bills, and revised operating procedures for forex bureaux.

These were expected to ensure transparency, streamline activity and reduce leakages in the foreign exchange markets, address anti-money laundering issues and promote the use of the cedi as the sole legal tender.

April Meeting

At the April meeting, it was noted that pressures observed from the foreign exchange market, fiscal strains and the pass-through effects of fuel price and utility tariff adjustments had persisted.

On growth, the Composite Index of Economic Activity (CIEA) suggested a relative pickup in economic activity since the previous meeting, even though on year-on-year terms, the pace had slowed down. Also, the Bank of Ghana confidence surveys indicated softening business and consumer sentiments.

In its assessment of the outlook, the Committee was of the view that the impulses from the previous monetary policy hike were still working through the system, and therefore decided to maintain the policy rate at 18 per cent.

However, to address the liquidity overhang and improve supply of foreign exchange in the markets, the Committee revised upwards the cash reserve requirement (CRR) of banks to 11 per cent from 9 per cent, while the Net Open Position (NOP) limits of banks were revised downwards. The single currency NOP was reduced from 10 per cent to 5 per cent and the aggregate NOP from 20 per cent to 10 per cent.

July Meeting

In discussing the risks to inflation and growth, the Committee observed that headline inflation continued its upward trajectory as a result of the pass-through effects of adjustments in domestic petroleum prices, utility tariffs,transportation costs and cedi depreciation. There was rapid growth in monetary aggregates such as credit to the private sector and money supply.

Economic growth had moderated and the weakening of consumer and business confidence, energy sector constraints and rising input costs all posed downside risks to the growth outlook. On the other hand, high private sector credit growth, improved cocoa production and the anticipated commencement of gas production later in the year were expected to provide some boost to growth conditions going forward.

On the balance therefore, the Committee viewed risks to inflation as elevated and increased the policy rate by 100 basis points to 19 per cent to contain inflation pressures and make domestic assets more attractive.

September Meeting

The Committee noted at the September meeting that inflation had continued to increase and reached 15.9 per cent in August, driven mainly by exchange rate pass-through effects.

In assessing the outlook, inflation was projected to peak in the near-term, with the forecast showing that inflation was likely to stay above the upper band of the revised target of 13.0±2.0 per cent by the end of the year.

Regarding growth, the pace of domestic economic activity firmed during the second quarter according to the Bank's CIEA. The gain in the index was on account of growth in the real private sector credit with a modest improvement in consumer confidence.

The growth outlook was generally positive based on expected higher cocoa and oil output. In addition, gas production which was expected to come on stream during the latter part of the year would help address some of the challenges in the energy sector.

Given these considerations, the Committee decided to keep the monetary policy rate unchanged at 19 per cent.

November Meeting

Inflation pressures persisted, with headline inflation reaching 16.5 per cent in September. The Committee noted a rebound in business and consumer confidence. The risk to growth had waned on the back of strong private sector credit, near commencement of gas production and higher oil output. Also, the Bank's CIEA suggested improvement in economic activity in the third quarter.

In assessing the risk to the outlook, the Committee took cognisance of domestic fiscal pressures and the weak growth in some advanced economies which weighed down commodity prices especially gold and cocoa.

The Committee decided to maintain the tight policy stance and at the same time re-align rates in the money market within the interest rate corridor. Consequently, it took the following decisions:

- Set the interest rate corridor at 300 basis points around the monetary policy rate.
- Increased the monetary policy rate from 19 per cent to 21 per cent to ensure that the existing tight monetary policy stance was maintained while still operating within the corridor set by the Committee.
- Reduced cash reserve requirement ratio by 100 basis points to 10 per cent.

Table 3.2: Selected Economic Indicators

Indicators	2010	2011	2012	2013	2014
Real GDP Growth (%)	7.9	14.0	9.3	7.3	4.0
Agriculture	5.3	0.8	2.3	5.7	4.6
Industry	7.0	41.6	11.0	6.6	0.9
Services	9.8	9.4	12.1	10.0	5.7
Non-oil GDP Growth (%)	7.6	8.2	8.6	6.7	4.0
Nominal GDP (GH¢ million)	46,042.0	59,816.0	75,315.0	93,416.0	112,611.0
Year-On-Year Inflation (%)					
End Period	8.6	8.6	8.8	13.5	17.0
Annual Average	10.7	8.7	9.2	11.4	15.4
Monetary Aggregates Annual Growth Rates (%)					
Reserve Money	45.2	31.1	36.0	15.1	30.2
Money Supply (M2+)	34.5	33.2	24.3	19.1	36.8
Money Supply (M2)	45.5	30.2	22.9	18.2	33.0
Private Sector Credit	19.9	26.3	34.1	28.6	42.6
Interest Rate, End of Period (%)					
Monetary Policy Rate	13.5	12.5	15.0	18.0	21.0
91-Day Treasury Bill	12.3	10.3	22.9	18.8	25.8
182-Day Treasury Bill	12.7	11.1	22.9	18.8	26.4
1-year Note	12.7	11.3	22.9	17.0	22.5
2-Year Note	12.7	12.4	23.0	16.5	23.0
Exchange Rates (End-Period Transaction Rates)					
GH¢/US$	1.5	1.6	1.9	2.2	3.2
GH¢/Pound Sterling	2.3	2.5	3.1	3.7	5.0
GH¢/Euro	1.9	2.1	2.5	3.1	3.9
External Sector					
Exports of Goods and Services (US$'Million)	9,437.4	14,595.5	16,812.0	16,206.0	15,257.8
Imports of Goods and Services (US$'Million)	13,994.5	19,504.2	21,998.0	22,498.1	19,247.1
Current Account Balance (US$'Million)	-2,593.7	-3,541.3	-4,910.6	-5,704.1	3,698.2
Overall Balance of Payments (US$'Million)	1,462.5	712.5	-669.2	-874.2	-85.2
Gross International Reserves (end period, in US$'Million)	4,724.9	5,382.8	5,349.0	5,632.1	5,461.0
(Months of Imports of Goods and Services)	3.7	3.2	3.0	3.1	3.2
Debt					
External Debt (US$'Million)	6,118.3	7,653.0	9,153.6	11,461.2	12,968.2
Domestic Debt (GH¢'Million)	8,280.1	11,841.1	18,535.2	26,665.8	34,650.8
Government Finance (% of GDP)					
Domestic Revenue	17.4	20.8	21.2	19.2	21.1
Grants	2.4	2.1	1.6	0.5	0.7
Total Expenditure	26.0	23.8	28.6	27.7	28.2
Overall Balance (Incl. Grant & Divestiture)	-6.3	-4.3	-11.5	-10.0	-9.4
Domestic Primary Balance	0.1	2.9	-1.6	-0.7	3.2

3.3 Monetary Developments

Monetary policy stance remained tight in 2014 with the MPR being raised by cumulative 500 basis points. The DMBs cash reserve ratio was also increased to 11 per cent from 9 per cent in February but reduced to 10 per cent in November. In addition, the NOP limits of DMBs were reviewed downwards. The single NOP was reduced from 10 per cent to 5 per cent while the aggregate NOP was reduced from 20 per cent to 10 per cent.

Money Supply

Annual growth in broad money supply, including foreign currency deposits (M2+), picked up strongly in 2014.

Table 3.3: Monetary Indicators (GH¢' million)

	Levels			(Year- on- Year)					
				As at end-Dec 2012		As at end-Dec 2013		As at end-Dec 2014	
	Dec-12	Dec-13	Dec-14	abs	per cent	abs	per cent	abs	per cent
Reserve Money	7,860.5	9,051.1	11,784.6	2,080.9	36.0	1,190.7	15.1	2,733.5	30.2
Narrow Money (M1)	11,157.3	12,902.5	17,257.6	2,442.8	28.0	1,745.2	15.6	4,355.1	33.8
Broad Money (M2)	17,503.8	20,692.0	27,530.2	3,262.7	22.9	3,188.2	18.2	6,838.2	33.0
Broad Money (M2+)	22,620.6	26,937.0	36,843.2	4,425.4	24.3	4,316.4	19.1	9,906.1	36.8
Currency with the Public	4,918.6	5,499.7	6,896.3	1,155.3	30.7	581.1	11.8	1,396.6	25.4
Demand Deposits	6,238.7	7,402.8	10,361.3	1,287.5	26.0	1,164.2	18.7	2,958.4	40.0
Savings & Time Deposits	6,346.5	7,789.5	10,272.6	819.9	14.8	1,442.9	22.7	2,483.1	31.9
Foreign Currency Deposits	5,116.8	6,245.0	9,313.0	1,162.6	29.4	1,128.2	22.0	3,068.0	49.1
Sources of M2+									
Net Foreign Assets (NFA)	7,082.8	5,700.4	8,991.3	(797.2)	(10.1)	(1,382.4)	(19.5)	3,290.9	57.7
BOG	5,910.5	5,972.7	8,677.8	(759.1)	(11.4)	62.2	1.1	2,705.1	45.3
DMBs	1,172.3	(272.3)	313.5	(38.0)	(3.1)	(1,444.6)	(123.2)	585.8	(215.1)
Net Domestic Assets (NDA)	15,537.8	21,236.6	27,851.9	5,222.5	50.6	5,698.8	36.7	6,615.3	31.2
Claims on Government (net)	7,716.1	11,326.8	14,344.7	2,535.6	48.9	3,610.7	46.8	3,017.9	26.6
BOG	4,139.5	5,306.2	6,887.7	2,196.5	113.0	1,166.7	28.2	1,581.5	29.8
DMBs	3,576.6	6,020.6	7,457.0	339.1	10.5	2,444.0	68.3	1,436.4	23.9
Claims on Public Sector	1,591.7	4,208.6	5,059.5	246.7	18.3	2,616.9	164.4	850.8	20.2
BOG	103.5	2,070.6	2,077.7	(500.8)	(82.9)	1,967.1	1,899.7	7.1	0.3
DMBs	1,488.2	2,138.1	2,981.8	747.5	100.9	649.9	43.7	843.7	39.5
Claims on Private Sector	11,924.6	15,286.7	21,649.6	2,895.8	32.1	3,362.0	28.2	6,362.9	41.6
BOG	447.3	529.5	606.9	170.8	61.8	82.2	18.4	77.4	14.6
DMBs	11,477.4	14,757.2	21,042.7	2,725.0	31.1	3,279.8	28.6	6,285.5	42.6
Other Items (Net) (OIN) \2	(5,694.6)	(9,585.5)	(13,201.9)	(455.6)	8.7	(3,890.8)	68.3	(3,616.4)	37.7
o/w BOG OMO (Sterilisation)	(864.6)	(1,125.8)	(1,254.4)	(427.9)	98.0	(261.2)	30.2	(128.6)	11.4

M2+ recorded a year-on-year growth of 36.8 per cent to GH¢36,843.2 million at the end of 2014 compared with a growth of 19.1 per cent in 2013. The growth in M2+ in the review year was reflected in all of its components. The domestic currency component (M2) rose by 33.0 per cent in 2014 compared with 18.2 per cent in 2013, while foreign currency deposits also increased by 49.1 per cent, up from 22 per cent in the previous year.

The growth in M2+ resulted from increases in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system.NFA grew by 57.7 per cent in 2014 compared with a decline of 19.5 per cent in 2013. On the other hand, growth in NDA moderated to 31.2 per cent in 2014 compared with 36.7 per cent recorded in the previous year. The change in NFA mainly reflected a 45.3 per cent increase in Bank of Ghana holdings. The growth in the NDA of the banking system reflected increases in claims on the private sector (41.6%), net claims on Government (26.6%), claims on the public sector (20.2%) and Other Items Net (OIN) (37.7%).

Deposit Money Banks' (DMBs) Credit Developments

Total outstanding credit to public and private institutions stood at GH¢24,065.7 million, an increase of 42.1 per cent in nominal terms compared with 30.2 per cent in 2013. In real terms, credit rose by 21.5 per cent compared with 14.7 per cent at the end of 2013. The share of private sector outstanding credit in 2014 remained virtually unchanged at 87.3 per cent.

Outstanding credit to the private sector grew by 42.3 per cent in nominal terms to GH¢21,006.5 million at the end of 2014 compared with 28.6 per cent in 2013. In real terms, credit to the private sector increased by 21.9 per in 2014, compared with 13.3 per cent in the previous year.

The top five sectors, namely; Services, Commerce & Finance, Construction, Electricity, Gas & Water and Manufacturing collectively absorbed 66.6 per cent of the total credit. Relative to 2013, the Services, Manufacturing, Import Trade and Commerce & Finance sectors recorded declines in their per centage shares of credit while all the other sectors recorded increases.

Table 3.4: Sectoral Distribution of DMBs' Credit

Sectors	Level (GH¢'Million)			Change (%)		Share in Total (%)	
	2012	2013	2014	2013	2014	2013	2014
Public Sector	**1,548.1**	**2,205.8**	**3,059.2**	42.5	38.7	13.0	12.7
Total Private Sector	**11,477.4**	**14,757.2**	**21,006.5**	28.6	42.3	87.0	87.3
Services	2,887.9	3,730.0	4,719.6	29.2	26.5	25.3	22.5
Commerce & Finance	1,826.8	2,424.2	3,070.7	32.7	26.7	16.4	14.6
Construction	1,053.6	1,480.0	2,205.1	40.5	49.0	10.0	10.5
Miscellaneous	1,029.2	1,149.6	2,148.7	11.7	86.9	7.8	10.2
Electricity,Gas & Water	686.7	1,196.9	2,039.9	74.3	70.4	8.1	9.7
Manufacturing	1,417.9	1,466.5	1,963.9	3.4	33.9	9.9	9.3
Import Trade	1,005.8	1,521.3	1,831.6	51.3	20.4	10.3	8.7
Transport,Storage, & Communication	620.6	674.0	1,255.0	8.6	86.2	4.6	6.0
Agriculture, Forestry & Fishing	542.0	535.9	890.1	-1.1	66.1	3.6	4.2
Mining & Quarrying	271.6	448.2	655.1	65.0	46.2	3.0	3.1
Export Trade	135.2	130.6	226.8	-3.4	73.7	0.9	1.1
Total Outstanding Credit (Public + Private)	**13,025.5**	**16,963.0**	**24,065.7**	**30.2**	**41.9**		

Money Market Developments

Liquidity in the domestic money market was tight during the year. This was partly due to heavy withdrawals by corporate institutions such as oil companies to finance letters of credit for oil imports and the telecommunication companies for expansions, coupon payments and pre-mature redemptions by non-resident holders of Government bonds. Affected DMBs therefore had to resort to the Central Bank for liquidity support, resulting in reverse repo transactions.

Total value of trade in the inter-bank market amounted to GH¢101,282.1 million with a weekly average of GH¢1,947.7 million during the review year. This may be compared with a total value of GH¢56,780 million and a weekly average of GH¢1,091.9 million for 2013.

The inter-bank weighted average interest rate was 23.7 per cent in 2014 compared with 16.3 per cent in 2013.

Repo and Reverse repo transactions were used to manage liquidity within the banking industry at the very short end of the market. Total repo transactions in 2014 was GH¢64,422.4 million compared with GH¢27,390.7 million in 2013, representing an increase of 135.2 per cent. Reverse repos amounted to GH¢34,310.1 million as against GH¢20,256.9 million in 2013, showing an increase of 69.4 per cent. These transactions resulted in an end-of-year net repo stock position of GH¢502.9 million compared with a net reverse repo stock of GH¢424.8 million at the end of 2013.

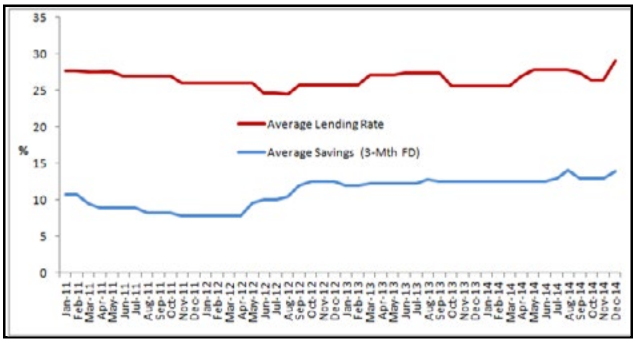
Interest Rates

The Monetary Policy Committee raised the MPR by cumulative 500 basis points (bps) from 16 per cent in 2013 to 21 per cent as at the end of 2014. This was in line with the tight monetary policy stance of the Bank during the year to deal with the high inflation expectations and sharp depreciation of the domestic currency.

Interest rates on the money market generally trended upwards. The average interest rates on the 91-day and 182-day Treasury bills increased by 699 bps and 756 bps, year-on-year, to 25.8 per cent and 26.4 per cent respectively at the end of 2014. Rates on the 1-year note, 2-year note and 3 year bond also increased by 550 bps, 650 bps and 616 bps to 22.5 per cent, 23 per cent and 25.4 per cent respectively at the end of December 2014.

The average DMBs lending rate increased by 342 bps to 29 per cent, while the average 3-month time deposit rate increased by 135 bps, to 13.9 per cent at the end of 2014. This widened the spread between the borrowing and lending rates to 15.1 per cent at the end of 2014 compared with 13.1 per cent in 2013.

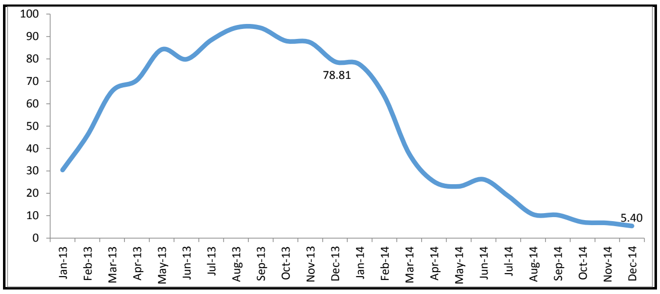
Chart 3.2: DMBs Savings (3-Months Deposit) and Average Lending Rates (%)



3.4 Stock Market Developments

The Ghana Stock Exchange (GSE) recorded a modest growth in 2014 relative to 2013, underpinned by attractive money market rates and rapid depreciation in the domestic currency. The GSE Composite Index grew by 5.4 per cent in 2014 compared with 78.8 per cent in 2013. The Exchange witnessed the listing of Mega African Capital Limited (MAC) in April bringing the number of listed companies to 35 at the end of the review year.

Chart 3.3: GSE Composite Index; Cumulative Changes (%)



The best performance was recorded by the Exchange Traded Fund (ETF) with growth of 47.3 per cent. Significant gains were also registered by listed companies in the following sectors: Agriculture (27.7%), Banking and Finance (25.6%), Distribution (14.3%) and Oil (0.03%). On the other hand,companies in the Manufacturing sector led the losers with a loss of 42.1 per cent, followed by Food and Beverage (7.4%), ICT (9.0%) and Mining (8.3%).

A total volume of 207.5 million shares, valued at GH¢345.9 million was traded on the Ghanaian bourse in 2014, compared with 313.0 million shares valued at GH¢456.1 million in 2013. CAL was the most traded equity in both volume and value terms, accounting for 38.3 per cent of volume and 20.6 per cent of value of shares traded. This was followed by ETI (11%) and EBL (6.1 %) in terms of volume traded, while GCB (16.9%) and EBG (13.5%) placed second and third respectively in terms of value traded.

Market capitalisation improved by 5.2 per cent to GH¢64,352.4 million in 2014, compared with a 6.8 per cent increase in 2013. The growth resulted from gains made by some equities and additional shares issued by SPL (185.6 million), AGA (403.6 million), ETI (4,512. million) and EGI (0.1 million) as well as the listing of MAC with an original issue of 8.6 million shares in April.

3.5 Price Developments

Monetary policy in the year was aimed at containing inflation pressures to attain an end-year CPI inflation of 13.5 per cent. However, inflation pressures remained elevated throughout 2014 with headline inflation ending the year at 17.0 per cent. The steady rise in inflation during the year was driven mainly by the exchange rate pressures which led to upward shifts in the prices of petroleum products, utility tariffs and transport cost.

From 13.5 per cent in December 2013, inflation rose to 14.5 per cent during the first quarter, driven by sustained increases in energy costs reflecting the sharp depreciation of the local currency. Headline inflation further rose to 15.0 per cent during the second quarter and further up to 16.9 per cent by October as the second round effects from earlier price shocks took effect. In the last quarter, inflation stabilised and ended the year at 17.0 per cent.

In terms of the broad disaggregation, food inflation declined marginally to 6.8 per cent at end-2014, from 7.2 per cent

Chart 3.4:Trends in Inflation (%)

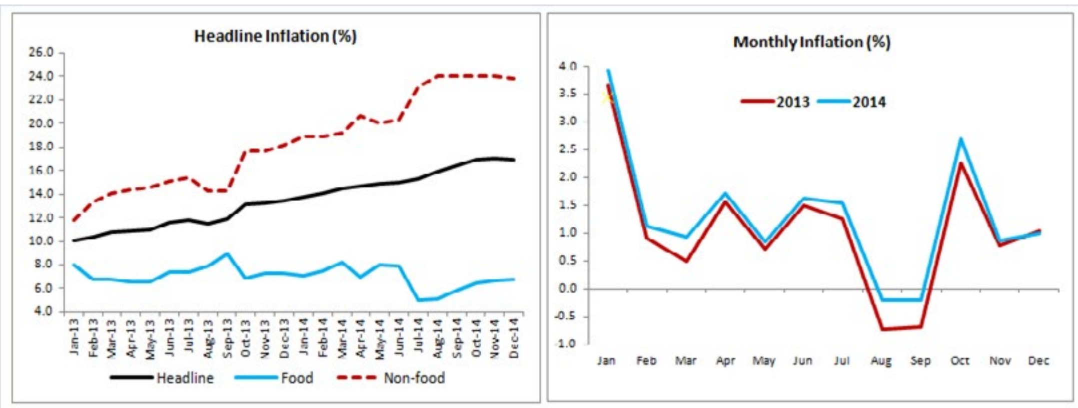
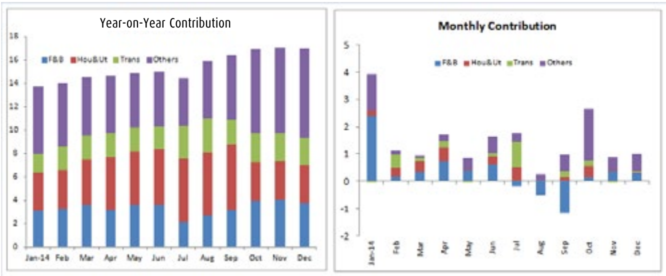


Chart 3.5: Major Contributors to Inflation



in December 2013 on account of improved domestic food supply. Non-food inflation, on the other hand, rose significantly from 18.1 per cent at end-2013 to 23.9 per cent in December 2014 reflecting the pass-through effects of domestic currency depreciation on imported items.

Table 3.5: Headline Inflation (Year-On-Year) and Monthly Changes in CPI

	Headline Inflation (yr-on-yr)			Monthly Changes in CPI (%)		
	Combined	Food	Non-Food	Combined	Food	Non-Food
Dec-13	13.5	7.2	18.1	1.0	0.6	1.3
Jan-14	13.8	7.1	18.9	3.9	5.5	2.9
Feb	14.0	7.5	19.0	1.1	0.4	1.6
Mar	14.5	8.2	19.2	0.9	0.6	1.1
Apr	14.7	7.0	20.6	1.7	1.5	1.9
May	14.8	8.0	20.0	0.9	1.0	0.8
Jun	15.0	7.9	20.3	1.6	1.4	1.8
Jul	15.3	5.0	23.1	1.6	-1.0	3.3
Aug	15.9	5.1	24.0	-0.2	-1.3	0.5
Sep	16.5	5.8	24.1	-0.2	-3.0	1.6
Oct	16.9	6.5	24.0	2.7	0.1	4.2
Nov	17.0	6.6	24.1	0.9	0.9	0.9
Dec	17.0	6.8	23.9	1.0	0.7	1.1

Source: Ghana Statistical Service

3.6 Real Sector Performance

Real GDP was estimated to have slowed down from 7.3 per cent in 2013 to 4 per cent in 2014 due to supply side constraints, which adversely affected economic activity in the year. These included energy supply challenges, sharp depreciation of the local currency and lower than expected commodity prices. The Services sector recorded the highest growth of 5.7 per cent, followed by 4.6 per cent growth in Agriculture with Industry recording the lowest growth of 0.9 per cent due to the adverse impact of the energy supply constraints. In terms of shares, Services remained dominant with 49.6 per cent, followed by Industry with 28.4 per cent, and Agriculture with 22 per cent. Non-oil GDP also grew by 4 per cent in 2014 compared with 6.7 per cent in 2013.

Table 3.6: GDP Growth Rates by Sectors (%)

Sector	2011	2012	2013	2014*
Agriculture	0.8	2.3	5.7	4.6
Industry	41.6	11	6.6	0.9
Services	9.4	12.1	10	5.7
GDP Growth	14	9.3	7.3	4

*Revised estimates
Source: Ghana Statistical Service

3.7 Exchange Rate Developments

The cedi weakened significantly in both the inter-bank and forex bureaux markets during the year on account of increased demand pressures, speculative activities and declining inflows.

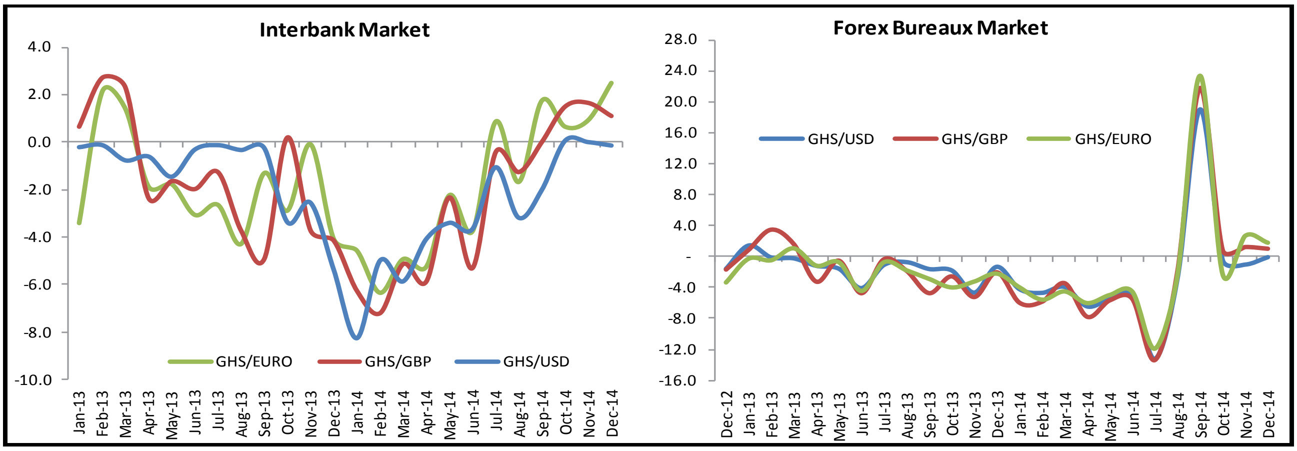
As part of measures to contain the rapid depreciation of the cedi, the Bank reviewed the existing foreign exchange regulations in February and ensured strict compliance with the measures. These were meant to curb the use of foreign currency in the settlement of domestic transactions, ensure transparency, streamline foreign exchange market activities, reduce leakages in the foreign exchange market, and address anti-money laundering issues. However, six months after implementation, the Bank evaluated the overall impact of the measures and subsequently suspended some aspects to address the unintended consequences on foreign exchange transactions in the economy.

The cedi stabilised from September on the back of tight monetary policy measures, proceeds from the Eurobond floatation and cocoa syndicated loans as well as the announcement effect of the decision to go for an IMF programme.

In the interbank market, the cedi depreciated by 31.3 per cent, 26.3 per cent and 20.5 per cent against the US dollar, the pound sterling and the euro respectively during the year. These may be compared with depreciation rates of 14.5 per cent, 16.7 per cent and 20.1 per cent against the US dollar, the pound sterling and the euro respectively in 2013.

Developments in the forex bureaux market were similar to those in the interbank market. The cedi depreciated by 27.6 per cent, 24.5 per cent and 20.2 per cent against the US dollar, the pound sterling and the euro respectively during the year. In 2013 the corresponding depreciation rates were 16.3 per cent, 17.5 per cent and 19.3 per cent against the US dollar, the pound sterling and the euro.

Chart 3.6: Monthly Exchange Rate Developments of the Cedi (%)



Note: - = depreciation; + =appreciation

3.8 Fiscal Developments

Government budgetary operations for 2014 resulted in an overall deficit of GH¢10,636.3 million (9.4 % of GDP), marginally below the target of GH¢10,930.1 million (9.6% of GDP).The deficit was financed from both domestic and foreign sources. The net domestic financing at the end of the year was GH¢5,228.3 million (4.6% of GDP).

Table 3.7: Selected Fiscal Indicators

Indicators	2012	2013	2014
Overall Balance (incl. Divestiture and Discrepancy)	-8,648.7	-9,454.7	-10,636.3
% of GDP	-11.5	-10.0	-9.4
Taxes on Income and Property	5,536.2	6,301.7	8,486.6
% of GDP	7.4	6.6	7.5
Taxes on Goods and Services	4,212.0	4,833.0	6,434.3
% of GDP	5.6	5.1	5.7
Taxes on International Trade	2,769.0	3,173.0	4,308.9
% of GDP	3.7	3.3	3.8
Tax Revenue Including Oil	12,517.3	14,307.7	19,229.8
% of GDP	16.7	15.1	17.0
Tax Revenue Excluding Oil	12,247.0	13,550.3	17,879.1
% of GDP	17.1	15.1	16.7
Nontax Revenue	2,853.0	4,265.4	4,483.4
% of GDP	3.8	4.5	4.0
Domestic Revenue Including Oil	15,508.1	18,732.1	23,931.3
% of GDP	20.7	19.7	21.1
Domestic Revenue Excluding Oil	15,237.9	17,974.8	22,580.7
% of GDP	21.3	20.1	21.1
Grants	1,160.3	437.6	814.1
% of GDP	1.6	0.5	0.7
Total Revenue and Grants	16,668.4	19,169.7	24,745.5
% of GDP	22.2	20.2	21.8
Compensation of Employees	7,177.6	9,247.2	10,466.8
% of GDP	9.6	9.9	9.2
Goods and Services	1,321.8	938.5	1,776.6
% of GDP	1.8	1.0	1.6
Interest Payments	2,436.2	4,397.0	7,080.9
% of GDP	3.3	4.6	6.2
Subsidies	809.0	1,158.1	473.7
% of GDP	1.1	1.2	0.4
Non-Financial Assets (Capital Expenditure)	3,584.2	4,347.8	6,095.7
% of GDP	4.8	4.6	5.4
Total Expenditure & Net Lending	20,944.7	26,277.2	31,962.2
% of GDP	27.9	27.7	28.2
Domestic Expenditure	16,680.2	19,399.9	20,304.2
% of GDP	22.3	20.4	17.9
Domestic Primary Balance	-1,172.1	-667.8	3,627.2
% of GDP	-1.6	-0.7	3.2
Stock of Domestic Debt	18,431.0	26,665.8	34,620.9
% of GDP	24.6	28.1	30.5
Net Domestic Financing	6,831.0	7,057.9	5,228.3
% of GDP	9.1	7.4	4.6

Government receipts (including grants) amounted to GH¢24,745.5 million (21.8% of GDP), GH¢6.3 million higher than the target. The major components were: Tax Revenue of GH¢19,229.8 million (77.7% of total receipts), Non-Tax Revenue GH¢4,483.4 million (18.1%) and Grants, comprising of Programme and Project Grants of GH¢814.1 million (3.3%) as well as social security contributions to the National Health Insurance Scheme of GH¢218.2 million (1.0%). Total Non-Tax revenue for the year was GH¢4,483.4 million, exceeding the target by 4.3 per cent.

Government expenditures for the year amounted to GH¢31,962.2 million (28.2% of GDP) which was 4.3 per cent below the budgeted amount of GH¢32,368.5 million (28.2% of GDP). Recurrent expenditure was GH¢25,866.5 million and comprised of Interest expenditure of GH¢7,080.8 million (29.6% of Total Domestic Revenue) and Non-Interest expenditure of GH¢18,785.7 million. Compensation of employees which totalled GH¢10,466.8 million constituted 43.7 per cent of total domestic revenue.

Capital expenditures amounted to GH¢6,095.7 million (5.4% of GDP) and constituted 19.1 per cent of total expenditures for the year.

Domestic Debt

Composition of Domestic Debt

The stock of domestic debt at the end of 2014 stood at GH¢34,620.8 million (30.2% of GDP), showing an increase of GH¢7,985.0 million (29.9%) over the end-2013 stock. The rise in the debt stock for the period was the result of increases of GH¢4,879.7 million and GH¢469.0 million in short-term and medium-term securities respectively. Stock of long-term securities also increased by GH¢2,606.4 million (19.8 %) to GH¢7,888.9 million over the end 2013 position.

The strong growth in the short-term debt stock resulted from increases of GH¢3,319.1 million in the 91-day Treasury bill and GH¢2,464.6 million in the 182-day Treasury bill. However, these were moderated by a decrease of GH¢904.2 million in the 1-Year Treasury note. The medium-term securities increased by GH¢469.0 million on account of increases of GH¢244.1 million, GH¢752.4 million and GH¢472.3 million in the 3-year fixed note, 3-year SSNIT bond and the 5-year bond respectively. These were moderated by disinvestment of GH¢897.3 million of the 2-year fixed note. The growth in the long-term debt was as a result of the securitisation of the 2013 overdrawn government position with Bank of Ghana amounting to GH¢2,606.4 million.

Table 3.8: Composition of Domestic Debt(GH¢'Millions)

	2011	2012	2013	2014	% of Total
A. SHORT-TERM					
91-Day Treasury Bill	1,225.0	3,573.9	4,620.4	7,939.4	22.9
182-Day Treasury Bill	1,291.1	1,134.4	2,028.7	4,493.4	13.0
1-Year Treasury Note	1,733.0	1,026.6	2,157.3	1,253.3	3.6
SUB-TOTAL (A)	**4,353.3**	**5,734.9**	**8,806.4**	**13,686.1**	**39.5**
B. MEDIUM-TERM					
2-Year Fixed Treasury Note	1,174.1	1,715.5	3,643.5	2,746.2	7.9
3-Year Fixed Treasury Note	2,743.8	4,963.7	4,817.2	5,061.4	14.6
3-Year Stock(SBG)	29.9	29.9	29.9	-	0.0
3-Year Stock(SSNIT)	162.0	370.1	529.4	1,281.8	3.7
3-Year Floating Treasury Note (SADA-UBA)	-	-	202.5	202.5	0.6
5-Year GOG Bond	695.1	1,667.9	2,317.9	2,790.2	8.1
5-Year Golden Jubilee Bond	34.1	41.1	-	-	0.0
7-Year GOG Bond	-	-	201.7	201.7	0.6
GOG Petroleum Finance Bonds	80.0	80.0	80.0	80.0	0.2
TOR Bonds	682.0	682.0	682.0	682.0	2.0
NPRA Stocks	-	-	72.6	-	0.0
SUB-TOTAL (B)	**5,601.1**	**9,752.7**	**12,576.8**	**13,045.9**	**37.7**
C. LONG-TERM					
Long-Term Government Stocks	1,320.6	2,377.2	4,811.0	7,417.4	21.4
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	0.3
Revaluation Stock	455.7	455.7	361.1	361.1	1.0
Other Government Stocks	1.0	1.0	1.0	1.0	0.0
SUB-TOTAL (C)	**1,886.7**	**2,943.3**	**5,282.5**	**7,888.9**	**22.8**
TOTAL (A+B+C)	**11,841.1**	**18,431.0**	**26,665.8**	**34,620.9**	**100.0**

Holdings of Domestic Debt

Bank of Ghana's holding of domestic debt as at December 2014 stood at GH¢8,649.1 million, representing 25 per cent of the total. The DMBs held GH¢9,890.2 million (28.6%), compared to 28.8 per cent at the end of December 2013. SSNIT holding's increased to GH¢1,563.3 million (4.5%) from GH¢707.5 million (2.7%) in 2013 as a result of the securitisation of Government outstanding liabilities of GH¢914.3 million into a 5-year bond. The Insurance companies held GH¢63.3 million (0.2%), while 'Other holders' had GH¢8,480.3 million (24.5%). Non-resident investors held GH¢5,974.7 million (17.2%).

Table 3.9: Holdings of Domestic Debt (GH¢'Millions)

	2011	2012	2013	2014
A. Banking Sector	7,004.6	8,961.6	13,967.5	18,539.3
Bank of Ghana	2,702.3	3,769.7	6,280.2	8,649.1
Deposit Money Banks	4,302.3	5,191.8	7,687.3	9,890.2
B. Non-bank Sector	2,568.5	4,530.0	6,941.5	10,106.9
SSNIT	475.1	668.5	707.5	1,563.3
Insurance Companies	39.0	46.2	48.5	63.3
NPRA	-	-	72.6	-
Other Holders	2,054.3	3,815.4	6,112.9	8,480.3
Rural Banks	197.6	424.6	456.0	494.1
Firms & Institutions	1,052.4	2,037.4	3,592.9	5,163.2
Individuals	804.4		2,064.0	2,823.0
C. Foreign Sector (Non-Residents)	2,268.1	4,939.4	5,756.7	5,974.7
TOTAL (A+B+C)	11,841.2	18,431.0	26,665.8	34,620.9

3.9 External Sector Developments

The overall balance of payments improved significantly to a deficit of US$85.2 million in 2014 from a deficit of US$874.2 million in 2013. The outturn in 2014 was the result of an improvement in the current account which outweighed the deterioration in the capital and financial account.

Current Account

The current account balance improved to a deficit of US$3,698.2 million (9.2% of GDP) from a deficit of US$5,704.1 million (11.9% of GDP) in 2013. This development was the net result of a significant reduction in the trade deficit, improvement in the current transfers account and worsening of the services and investment income accounts.

Trade Balance

The trade balance recorded a lower deficit of US$1,386.9 million compared with a deficit of US$3,848.3 million in 2013. This was the net result of a sharp slowdown in imports and a moderate reduction in export revenues in 2014.

Merchandise Exports

The value of merchandise exports for the review year was estimated at US$13,213.1 million, indicating a decrease of 3.9 per cent from the outturn of 2013. Higher receipts from the export of timber, cocoa beans and cocoa products were not enough to offset the reductions in receipts from gold, crude oil and other non-traditional exports. Falling commodity prices on the international market for gold and oil mainly accounted for the decline in earnings.

Table 3.10: Developments in Balance of Payments (in US$'M)

	2011	2012	2013	2014
Merchandise Exports (f.o.b.)	12,785.4	13,552.3	13,751.9	13,213.1
Cocoa Beans	2,027.9	2,192.7	1,612.1	1,618.0
Cocoa Products	842.9	635.9	655.2	764.0
Gold	4,920.2	5,643.3	4,965.7	4,388.1
Oil Exports	2,778.5	2,976.1	3,885.1	3,725.0
Timber and Timber Products	165.7	131.0	165.8	182.9
Other Exports	2,050.1	1,973.4	2,468.1	2,304.3
Merchandise Imports (f.o.b)	-15,837.7	-17,763.2	-17,600.3	-14,600.1
Non-Oil	-12,672.3	-14,432.6	-14,049.8	-10,906.1
Oil	-3,165.4	-3,330.6	-3,550.4	-3,694.0
Trade Balance	**-3,052.3**	**-4,210.8**	**-3,848.3**	**-1,386.9**
Invisibles (net)	-489.1	-699.8	-1,855.7	-2,311.3
Services (net)	-1,856.3	-975.2	-2,443.8	-2,602.3
Freight and Insurance (credit)	257.2	355.0	330.0	317.1
Freight and Insurance (debit)	-1,212.4	-1,377.8	-1,349.7	-1,070.1
Other Services (net)	-901.1	47.6	-1,424.1	-1,849.3
Investment Income (net)	-1,230.1	-2,130.0	-1,351.4	-1,717.4
Current Transfers (net)	2,597.4	2,405.3	1,939.4	2,008.5
Official (net)	228.7	257.8	80.3	9.6
Private (net)	2,368.8	2,147.5	1,859.2	1,998.9
Current Account	**-3,541.4**	**-4,910.6**	**-5,704.1**	**-3,698.2**
Capital and Financial Account	**4,479.3**	**3,651.3**	**5,368.2**	**3,752.8**
Capital Account (net)	445.1	283.4	349.3	0.0
Financial Account	4,034.3	3,367.9	5,018.9	3,752.8
Official Capital (Net)	649.6	982.0	1,449.0	941.0
Gross Inflows	888.8	1,341.7	1,765.4	1,377.3
Long-Term Loans	888.8	1,341.7	1,765.4	1,377.3
Amortisation	-239.2	-360.0	-316.4	-436.4
Government Debt	-221.4	-344.5	-313.1	-430.8
Government-Guaranteed Debt	-17.8	-15.5	-3.3	-5.6
Government Oil Investments	0.0	-24.0	-380.9	-145.3
Inflows	0.0	0.0	0.0	191.2
Outflows	0.0	-24.0	-380.9	-336.5
Private Capital (net)	2,863.1	2,983.4	2,496.3	2,276.0
Direct Investment (Net)	3,222.2	3,293.4	3,226.3	3,357.0
Others	-359.1	-310.0	-730.1	-1,081.0
Portfolio Investment (net)	117.6	1,121.8	658.9	835.9
Short-Term capital	403.9	-1,695.0	795.7	-154.7
Non- Monetary Short-Term Capital	770.9	-957.5	68.7	38.4
Monetary Short-Term Capital	-367.0	-737.5	727.0	-193.1
Errors and Omissions	**-225.4**	**590.1**	**-538.3**	**-139.8**
Overall Balance	**712.5**	**-669.2**	**-874.2**	**-85.2**
Changes in International Reserves	-712.5	669.2	874.2	85.2

Merchandise Imports

The value of merchandise imports for 2014 was estimated at US$14,600.1 million, down by 17 per cent from the outturn in 2013. The decline in imports was the result of a significant reduction in non-oil imports underpinned by the sharp depreciation of the domestic currency in the review year. However, imports of crude oil and refined oil products increased marginally.

Oil Imports

The value of oil imports (including gas) rose by 4 per cent to US$3,694.0 million in 2014, driven by increased imports of finished oil products.

Non-Oil Imports

Total expenditure on non-oil imports in 2014 declined by 22.4 per cent to US$10,906.1 million. The decrease was reflected in all categories of imports, namely capital, intermediate and consumption goods.

Services, Income and Current Transfers

The services, income and transfers account recorded a deficit of US$2,311.3 million, compared with a deficit of US$1,855.7 million in 2013. There were increases in the net outflows in the services and income accounts in the review year. However, there was an improvement in the net inflow in the net current (official and private) transfers account. The Services and Income accounts registered net outflows of US$2,602.3 million and US$1,717.4 million respectively. The current transfers (net) registered an increase of 3.6 per cent to US$2,008.5 million. This development was the net result of a 7.5 per cent increase in private remittances (net) to US$1,998.9 million and 88 per cent decline in official transfers to US$9.6 million in the review year.

Capital and Financial Account

The capital and financial account registered a net inflow of US$3,752.8 million, representing a decline of 30.1 per cent from the outturn in 2013. The capital account did not record any inflow in 2014.

Financial Account

Transactions in the financial account resulted in a net inflow of US$3,752.8 million compared with US$5,018.9 million registered in 2013. The year witnessed increases of US$130.7 million in foreign direct investment and US$177.0 million in net portfolio investments to US$3,357.0 million and US$835.9 million respectively.

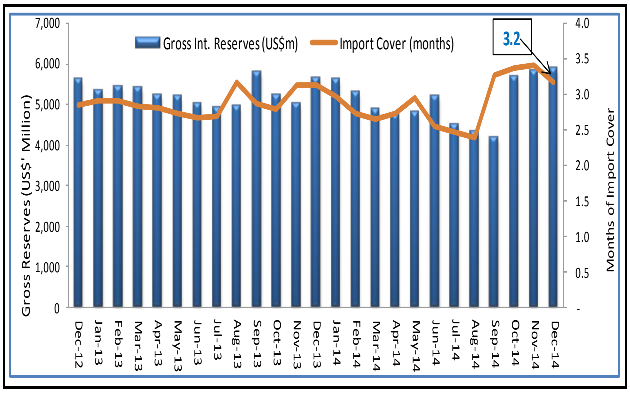
Official capital inflows however registered a decrease of US$508.0 million to US$941.0 million. This was the net result of decreases of US$388.1 million and US$120.0 million in loans and amortisation respectively, and an increase of US$235.6 million in Government oil investments.

International Reserves

The stock of net international reserves (NIR)declined by US$85.2 million to US$3,199.3million at the end of 2014.

Gross international reserves recorded a draw down of US$171.14 million to US$5,461.0 million at the end of 2014, sufficient to provide cover for 3.2 months imports of goods and services compared with 3.1 months in 2013.

Chart 3.7: Gross International Reserves (US$'Million)



3.10 External Debt

Ghana's external debt stock as at the end of 2014 was US$12,968.2 million, showing an increase of 13.1 per cent over the end-2013 position. External debt sustainability indicators showed that Ghana's external debt was sustainable at the end of the year. External debt-to-GDP ratio stood at 33.4 per cent, external debt service-to-exports of goods and services was 5.2 per cent while debt service-to-revenue ratio was 10.9 per cent–all within the respective policy thresholds.

In terms of composition, debt from commercial creditors had the dominant share of 36.6 per cent at the end of 2014. This was followed by debt from multilateral sources with a share of 34.9 per cent while bilateral creditors accounted for 28.5 per cent of the total external debt.

Table 3.11: Selected External Debt Indicators

	2009	2010	2011	2012	2013	2014	Policy Thresholds
External Debt	5,007.88	6,320.68	7,589.45	8,835.56	11,461.74	12,968.19	
External Debt Stock/GDP	19.4	20.5	20.8	21.7	27.0	33.4	50.0
External Debt Service/Exports of Good and Services	4.3	33.3	3.3	3.2	2.2	5.2	25.0
External Debt Service/Domestic Revenue	9.7	6.8	6.4	7.4	6.8	10.9	22.0
External Debt Service/GDP	1.3	1.0	1.3	1.4	0.8	2.0	

CHAPTER 4: DEVELOPMENTS IN BANKS AND NON-BANK FINANCIAL INSTITUTIONS

4.1 Overview

The deposit money banks (DMBs) and the non-bank financial institutions (NBFIs) continued to be safe, sound, stable and profitable throughout the year. Four new NBFIs were licensed in the year while one migrated to a DMB. Three rural and community banks (RCBs) merged and 166 microfinance institutions (MFIs) were licensed. At the end of the year, there were 28 DMBs, 60 NBFIs, 138 RCBs and 503 MFIs as well as three credit reference bureaux.

4.2 Banks and Non-Bank Financial Institutions

Structure

The total number of DMBs increased from 27 to 28 in the year, following the licensing of GN Bank Limited, formerly First National Savings & Loans Company Limited, an NBFI, as a DMB. The DMBs comprised 13 Ghanaian-owned banks and 15 foreign-owned banks. The number of branches and ATMs of DMBs also increased from 892 and 903 in 2013 to 967 and 923, respectively, in 2014. The number of credit reference bureaux remained unchanged at three at the end of the year.

Assets and Liabilities

Total assets of banks (DMBs and RCBs), and NBFIs (including MFIs) grew by 40.9 per cent to GH¢60,344.1 million at the end of 2014. The growth in total assets reflected mainly in Loans & Advances and Cash & Bank Balances which increased by 40.0 per cent and 69.2 per cent to GH¢26,350.2 million and GH¢14,910.9 million compared with increases of 35.2 per cent and 20.8 per cent respectively in 2013. The ratio of total earning assets (Loans & Advances and Investments) to total assets was 66.7 per cent compared to 72.3 per cent in 2013. The expansion in total assets was funded from Deposits, Borrowings and Shareholders' Funds which increased by 38.7 per cent, 49.4 per cent and 37.6 per cent to GH¢37,607.1 million, GH¢13,942.9 million and GH¢8,793.7 million respectively in 2014.The share of total assets funded from Deposits declined from 63.5 per cent in 2013 to 63.0 per cent in 2014.

Out of the total assets of banks and NBFIs, banks accounted for 85.2 per cent compared with 84.4 per cent in 2013.

Table 4.1: Assets and Liabilities of Banks and NBFIs

			2013					2014			
	DMBs	NBFIs	RCBs	MFIs	TOTAL	DMBs	NBFIs	RCBs	MFIs	TOTAL	% Change
	36,169.9	4,500.4	1,852.9	316.2	42,839.4	51,441.6	5,844.3	2,099.5	958.8	60,344.1	40.9
Cash and Bank Balances	7,854.0	623.5	266.7	66.8	8,811.0	13,790.5	633.2	313.5	173.8	14,910.9	69.2
Investments	10,905.3	692.5	537.7	22.0	12,157.5	12,119.0	1,335.8	649.6	59.3	14,163.7	16.5
Loans & Advances	15,442.3	2,480.2	716.8	177.7	18,817.0	22,215.7	2,875.9	777.5	481.1	26,350.2	40.0
Other Assets and PPE	1,968.3	704.2	331.7	49.8	3,054.0	3,316.5	999.4	358.8	244.7	4,919.4	61.1
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	36,169.9	4,500.4	1,852.9	316.2	42,839.4	51,441.6	5,844.3	2,099.5	958.8	60,344.1	40.9
Liabilities	30,846.8	3,738.5	1,607.9	256.6	36,449.8	44,072.7	4,910.1	1,816.2	751.0	51,550.0	41.4
Deposits	23,331.7	2,288.2	1,372.5	122.0	27,114.4	32,428.2	3,053.8	1,604.4	520.7	37,607.1	38.7
Borrowings and Other Liabilities	7,515.1	1,450.3	235.4	134.6	9,335.4	11,644.5	1,856.3	211.8	230.4	13,942.9	49.4
Shareholders' Funds	5,323.1	761.9	245.0	59.6	6,389.6	7,368.9	934.2	282.9	207.8	8,793.7	37.6
Paid-Up Capital	2,345.4	541.6	58.8	58.0	3,003.8	2,652.9	669.3	73.5	215.5	3,611.1	20.2
Reserves	2,977.7	220.3	186.2	0.7	3,384.9	4,716.0	264.9	208.7	-7.6	5,181.9	53.1

Deposit Money Banks

Profitability

The DMBs continued to operate profitably as all the key profitability indicators showed improved performance in 2014 compared with 2013. The improvement was attributable to enhanced net interest income. The key profitability ratios of the DMBs were as follows:

Table 4.2 Profitability Indicators (%)

Indicators	2011	2012	2013	2014
Return on Equity	19.7	25.8	30.9	33.1
Return on Assets	3.9	4.8	6.2	6.6
Return on Earning Assets	5.3	6.5	8.1	8.7
Net Interest Spread (NIS)	9.7	10.3	11.5	12.6
Cost to Income Ratio	59.8	53.8	48.2	48.3
Net Interest Margin (NIM)	10.2	10.9	12.6	13.4

Solvency

All the DMBs remained solvent and complied with the minimum capital adequacy ratio (CAR) of 10.0 per cent throughout the year. The industry average CAR as at end-2014 was 17.9 per cent compared with 18.5 per cent in 2013.

The networth of DMBs increased by 38.4 per cent to GH¢7,368.9 million as at end-2014 mainly as a result of growth in reserves. The non-performing loans (NPL) ratio (including the loss category) improved from 12.0 per cent at end-2013 to 11.0 per cent as at end-2014. However, the NPL ratio (excluding the loss category) deteriorated to 5.4 per cent at end-2014 from 4.6 per cent in 2013.

Liquidity

Liquidity management by the DMBs was generally satisfactory as all of them met the primary reserve requirement throughout the year. The cash reserve ratio was increased from 9 per cent to 11 per cent in April and then reduced to 10 per cent in November. The average industry primary reserve ratio was 10.6 per cent in 2014.

As a liquidity management measure, the DMBs continued to invest substantial portions of their deposits in money market securities. On the average, 23 per cent of the total deposits were invested in short-term securities in 2014 compared with 25 per cent in 2013. In addition, the DMBs maintained 10.8 per cent of total deposits in medium-term securities in 2014 compared with 19.5 per cent in 2013. Other key operational liquidity ratios for the universal banks were as follows:

Table 4.3: Selected Liquidity Indicators of DMBs (%)

Indicators	2011	2012	2013	2014
Liquid Assets to Total Assets	39.6	34.8	37.6	39.4
Liquid Assets to Total Deposits	54.6	50.1	58.3	62.5
Liquid Assets to Short-Term Borrowings	739.0	592.0	328.0	315.8
Current Loans Ratio	82.2	83.3	84.0	83.9
Past Due Loans Ratio	17.9	16.7	16.0	16.1

Non-Bank Financial Institutions

Total assets of NBFIs increased by 29.9 per cent to GH¢5,844.3 million in 2014. The increase reflected mainly in Loans and Advances (16.0%) and Investments (92.9%). The growth in total assets was funded by deposits, borrowings and shareholders' funds which increased by 38.7 per cent, 28.0 per cent and 22.6 per cent respectively. The assets of NBFIs constituted 9.7 per cent of total assets of the industry, down from 10.5 per cent recorded in 2013.

Rural and Community Banks

The balance sheet of RCBs grew by 13.3 per cent to GH¢2,099.5 million. The growth in assets reflected in Loans and Advances (8.5%), Investment (20.8%) and Cash and Bank Balances (17.5%). This was funded by Shareholders' Funds and Deposits which increased by 16.9 per cent and 15.5 per cent respectively. Total assets of RCBs represented 3.4 per cent of total assets of banks and NBFIs compared with 4.4 per cent recorded in the previous year.

Microfinance Institutions

Total assets of MFIs increased by 203.2 per cent to GH¢958.8 million in 2014. The significant growth was partly due to the increase in the number of licensed MFIs during the year. The main components of total assets of the MFIs were Loans & Advances which increased by 171.8 per cent to GH¢481.1 million and Cash & Bank Balances which also grew by 160.2 per cent to GH¢173.8 million. The growth in assets was funded mainly by Deposits which increased by 452.4 per cent to GH¢520.7 million and Shareholders' Funds by 254.1 per cent to GH¢207.8 million. Total assets of MFIs was 1.6 per cent of total assets of the industry compared with 0.7 per cent in 2013.

Credit Referencing

As at end-December 2014 all DMBs and NBFIs had signed up for credit reference services and had been submitting data to the credit reference bureaux. The number of credit checks made by financial institutions increased by 79.4 per cent to 948,360 in 2014.

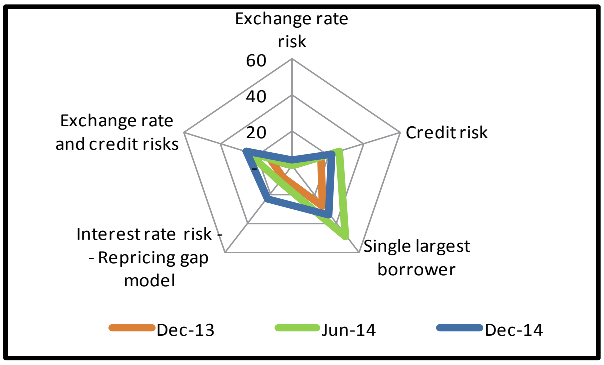
4.3 Stability of the Financial System

Threats to the stability of Ghana's financial system heightened in 2014 as a result of increased risk from global and domestic macro-financial developments. Upside risk to financial stability increased in the first half of the year but partially subsided in the second half. Banking sector indictors however, showed subdued risk to the financial stability.

Macro-Financial Stress Tests

The Bank conducted two stress tests to assess the ability of the banking system to withstand systemic shocks. All possible scenarios of potential threats to financial stability were identified and classified as constituting credit, liquidity, market, concentration or contagion risk to the system. The exercise stressed the banks' balance sheets and profit and loss account with extreme but plausible shocks covering these risks. They were rated and ranked according to (i) the likelihood of occurrence and (ii) the expected impact on the financial system

Chart 4.1: Systemic Risk Assessment Map



Note: The systemic risk assessment map depicts the resilience of the banking system to shocks. It's constructed such that a move away from the origin signifies deterioration in the ability to withstand shocks.

The result indicated that:

- Exchange rate risk was relatively tamed on account of existing regulation on net open position requirements
- Credit risk shocks had a pronounced impact on the Ghanaian banking system
- The banking system remained highly susceptible to single largest borrower risk
- Ability to withstand interest rate shocks continued to worsen
- Multi-factor shocks involving credit and exchange rate risk showed unchanged robustness of the banking system in 2014 form 2013.

Banks' CounterParty Relationship

The structure of the banking sector shows a financial system that is vulnerable to shocks from the international financial system. The sector is dominated by foreign-owned banks which exposes it to shocks from their parents and affiliates

Table 4.4: Market Shares of Foreign Banks in Ghana (2012-2014)

	Dec-12		Dec-13		Dec-14	
Banks	**Number**	**Market Share (%)**	**Number**	**Market Share**	**Number**	**Market Share (%)**
Foreign	14	55.0	14	58.2	14	53.9
of which: Europe	3	20.1	3	18.1	3	15.7
Britain	2	16.1	2	14.7	2	12.5
France	1	4.0	1	3.4	1	3.3
Pan Africa	10	34.5	10	39.7	10	37.8
Others	1	0.4	1	0.4	1	0.4
Domestic	12	45.0	12	41.8	13	46.1
of which: State-owned	4	22.8	3	18.5	4	19.0
Private	8	22.2	9	23.3	9	27.2
Total	26	100.0	26	100.0	27	100.0

Bank's offshore balances also recorded a 75.1 per cent growth in 2014 compared with 31.4 per cent increase in 2013 indicating increased exposure to external counterparties. Similarly, offshore placements saw a sharp year-on-year growth of 123.7 per cent from a moderate growth of 0.9 per cent in 2013, reflecting increased offshore activities by banks.

However, long-term external funding of DMBs grew more than their short-term funding, a phenomenon that was desirable for the stability of the financial system, since long-term funds are more stable. Long-term external borrowing increased from 14.7 per cent in 2013 to 22 per cent in 2014.

Consumer Protection

Due to the relatively low level of financial literacy in Ghana, coupled with the rapid technological and financial market development, the Bank continued to implement efficient and effective consumer protection and redress mechanisms. During the review period, consumer protection activities carried out included:

- Development of consumer protection regulations
- Financial literacy education and inclusion
- Investigation of consumer complaints and regulation
- Market conduct training programmes
- Workshops on complaints and periodic return

4.4 Developments in the Payment and Settlement Systems

Major developments in the payments landscape of the banking industry of Ghana were the launching of a Five-Year National Payment System Strategy, product service development and enhancement and review of regulatory framework

Five -Year National Payment Systems Strategy

The Bank launched a 5-Year National Payment Systems Strategy in August 2014 to replace the first 10-year National Payment System Strategy rolled out in 2000. The strategy focuses on laying the needed foundation for the payment system landscape, while making better use of the existing market infrastructure to build effective systems for the future.

The ultimate aim was to develop an integrated local, cross-border and multi-currency payment roadmap to ensure an efficient, safe and secure payment system in Ghana.
Among the immediate short-term goals were:

- The establishment of a Payments Council
- Electronic Money Issuance guidelines
- Point of Sales acceptance guidelines
- Cost of cash index
- Stakeholder communication plan
- Fraud and misuse reporting
- Electronic salary payments
- Hybrid/mPOS (mobile point of sales) capability

Other deliverables by the end of the strategy period are:
- Near Field Communication (NFC) enabled payments
- West African (Real Time Gross Settlement System (RTGS) payment interlinking
- West African interlinking of EFTPOS/ATM switches
- Multi-function Ghana card

Product/Service Development and Enhancements

Switch (gh-link™) Interconnection

During the year, four additional financial institutions were hooked onto the gh-link™. The Bank of Ghana was also connected to the national switch with functionality for e-zwich enabled transactions at ATMs and POS for staff.

Internet Payment Gateway and Instant Pay

An Internet Payment Gateway and Instant Pay core infrastructure with a cardholder authentication module for local card issuers were installed on the gh-link™ platform. The authentication module would serve as a protection against fraud during online transactions.

Interoperability of ATMs

In the review year, more banks in collaboration with GhIPSS deployed hybrid ATMs bringing the total number of hybrid ATMs on the gh-link™ platform to 1,338. A total of 399 hybrid POS were also deployed at 292 merchant locations nationwide. The hybrid ATMs and POS accept both local propriety cards as well as the e-zwich cards.

Trends in Non-Cash Payment Streams

The two categories of non-cash payment streams employed were high and low value (retail) payments. High value transactions were processed directly through the GIS while low value transactions such as cheques, ACH Direct Credits and Debits, e-zwich and gh-link™ transactions were cleared and netted through GhIPSS's platform and posted into GIS for settlement; in line with the Bank's policy for all payments to be settled in central bank funds.

Cheques continued to be the main non-cash means of payments. However, in recent time, other means of non-cash payment instruments, such as cards (debit, prepaid and credit) and ACH products are gaining prominence.

Large Value Payments - Ghana Interbank Settlement (GIS) System

The Ghana Inter-bank Settlement (GIS) system which is Ghana's real time gross settlement system, continued to provide the platform for making high value and time-critical payments for banks and their customers.

Table 4.5: GIS Transactions

	2010	2011	2012	2013	2014	Change (%)
Volume	251,555.0	360,954.0	467,642.0	586,200.0	699,956.0	19.4
Value (GH¢'million)	285,447.4	289,818.2	331,320.9	470,375.1	758,312.2	61.2

The total volume of transactions recorded in the system increased by 19.4 per cent (from 586,200 in 2013) to 699,956 in 2014. Total value of transactions also went up to GH¢758,312.2 million from GH¢470,375.1 million in 2013 (a 61.2% increase). The average value per transaction therefore increased from GH¢802,414.0 in 2013 to GH¢1,083,371.2 in 2014 (35% increase).

Low Value/ Retail Payments

The volume and value of cheques cleared grew modestly in 2014 while ACH transactions showed strong growth as a result of increased public awareness of the payment stream. In the case of e-zwich, the number, value on cards and the value of transactions increased. However, the volume of transactions and cards with value declined.

Cheque Code-Line Clearing

During the year, the volume and value of interbank cheques cleared increased by 2.4 per cent and 40.1 per cent to 6.96 million and GH¢113,698.4 million respectively. This represented an average growth per transaction value of 36.8 per cent or GH¢16,330.6 in value.

Table 4.6: Cheque Code-Line Clearing Transactions

	2010	2011	2012	2013	2014	Change (%)
Volume	6,068,212	6,509,594	6,710,475	6,796,712	6,962,297	2.4
Value (GH¢million)	38,501.2	53,160.9	69,222.1	81,144.3	113,698.4	40.1
Average per Transaction (GH¢)	6,344.7	8,166.6	10,316.3	11,938.8	16,330.6	36.8

Ghana Automated Clearing House (GACH)

The GACH is an electronic platform for funds transfer. It processes direct credit and direct debit requests across the banking system. Direct credits are used in the payment of salaries, pensions, dividends, and other multiple payments. Direct debits, on the other hand are pre-authorised debits that enable payments to be processed electronically based on underlying agreements. They are used for recurring payments such as utility bills and insurance premiums.

Since the introduction of the Automated Clearing House (ACH) in 2010, there have been a significant growth in both volume and value of Direct Credit and Debit transactions.

Direct Credit

During 2014, the total volume and value of transactions cleared through the direct credit system rose by 66.6 per cent and 70.8 per cent to 3,963,802 and GH¢10,815.2 million respectively, representing an average value per transaction of GH¢2,728.5.

Payment of pension contributions to SSNIT by the Bank of Ghana on behalf of Government was the major contributor to the significant growth in Direct Credit transactions in 2014.

Table 4.7: ACH Direct Credit Transactions

	2011	2012	2013	2014	Change (%)
Volume	420,478.0	1,325,533.0	2,378,997.0	3,963,802.0	66.6
Value (GH¢'million)	1,302.6	3,690.0	6,332.7	10,815.2	70.8
Average Value per Transaction	3,098.0	2,783.8	2,661.9	2,728.5	2.5

Direct Debit

Total volume of transactions processed was 341,875 valued at GH¢31.5 million relative to 172,908 valued at GH¢22.8 million in 2013. The average value per transaction therefore declined from GH¢131.9 to GH¢92.1.

Table 4.8: ACH Direct Debit Transactions

	2013	2014	Change (%)
Volume	172,908	341,875	97.7
Value (GH¢'million)	22.8	31.5	38
Average Value per Transaction	131.9	92.1	-30.2

e-zwich

Notwithstanding the increases in the number of cards issued, the value on cards issued and the value of transactions of the e-zwich system, the volume of transactions and cards with value declined during the year.

Over the period under review, the number of card holders, went up by 20 per cent to 1,084,121. The value on cards issued, and the value of transactions also increased by GH¢623,175 (7.7%) and GH¢55 million (25.5%) respectively.

However, the volume of transactions and cards with value declined by 23.4 per cent and 10 per cent respectively. The drop in the volume of transactions was attributable to the unavailability of POS devices at most retail outlets.

Table 4.9: e-zwich Transactions

Indicators	2010	2011	2012	2013	2014	Change (%)
Total Number of Cards Issued	496,538	676,779	792,966	903,724	1,084,121	20.0
Cards with Value (% of Total)	36.2	40.2	43.4	43.0	38.7	-10.0
Value on Cards (GH¢)	5,164,739	6,170,553	8,120,680	8,141,135	8,764,310	7.7
Average Value Per Card (GH¢)	28.7	22.7	23.6	21	20.9	-0.6
Volume of Transactions	460,746	995,140	1,147,418	814,441	625,167	-23.2
Value of Transactions (GH¢million)	84.5	176.2	217.8	217.2	272.7	25.5

Gh-Link™

The gh-link platform allows interoperability of ATMs and POS transactions. The total number of gh-link™ transactions recorded in 2014 was 1,346,963 valued at GH¢183.3 million compared with 549,456 transactions with a value of GH¢67.5 million in 2013. The significant increase in volume and value of transactions could partly be attributed to increase in the number of ATMs connected to the switch and public confidence in the gh-link™ system. A total of 25 banks and 4 NBFIs were hooked onto the gh-link™ compared with 24 banks and 3 NBFIs in 2013.

Table 4.10: Gh-Link™ Transactions

	2012	2013	2014	Change (%)
Volume	10,295	549,456	1,346,963	145.1
Value (GH¢'million)	1.1	67.5	183.3	171.6
Average Value per Transaction	106.9	122.9	136.1	10.8

4.5 Anti-Money Laundering/Combating the Finance of Terrorism (AML/CFT)

The risk rating methodology framework developed in 2013 was applied to 26 universal banks in the review year. This was to determine banks which were vulnerable to AML/CFT risk for greater supervisory attention. A similar framework is being developed for the NBFIs in 2015.

During the year under review, the Anti-Money Laundering (Amendment) Act, 2014 (Act 874) was passed to expand the scope of actions that can be taken under the Act. It was also to provide clear legal authority for supervising all accountable institutions and introduce a regime of administrative sanctions for breaches against AML/CFT requirements.

The Bank spearheaded the implementation of the Foreign Account Tax Compliance Act (FATCA) within the banking sector to ensure compliance with the requirements of the Act. The FATCA, a United States federal law, requires United States persons, including individuals who live outside the United States to report their financial accounts held outside of the United States, and requires foreign financial institutions to report to the Internal Revenue Service of the U.S about their U.S. clients.

In compliance with the first of the Financial Action Task Force (FATF) 40 recommendations, a committee on National Risk Assessment was set up in 2014. Accordingly various working groups were set up to coordinate activities of all accountable sectors in the country. One of them is the working group on the vulnerability of the banking sector which the Bank of Ghana is spearheading.

In the review year, the Bank issued standardized account opening forms to the banking industry to take effect from 1st January 2015. This was to ensure that all relevant information pertaining to KYC/CDD/EDD are captured to enhance AML/CFT compliance.

CHAPTER 5: INTERNAL DEVELOPMENTS

5.1 Overview

The Bank made significant progress during the year in pursuit of the policy of ensuring that its operations were conducted in a generally secured environment in terms of physical and electronic security. To this end, the IT security system software for the perimeter firewall was upgraded during the year. Work commenced towards the establishment of an operational relationship between the Collateral Registry and the credit reference bureaux in the country to harmonise and enhance the credit information system in Ghana. The Bank retained it's ISO 27001 certification after going through two successful audit review exercises during the year.

5.2 Collateral Registry

The activities of the Collateral Registry in 2014 focused on promoting stakeholder and public awareness of its operations and the provisions of the Borrowers and Lenders Act, 2008 (Act 773). These involved media campaigns,consultative meetings with some stakeholders and training programmes for end users.

To harmonise and enhance the credit information system in Ghana, the Registry commenced work towards the establishment of operational relationship between the Collateral Registry and the credit reference bureaux in the country.

The above developments impacted favourably on the operations of the Registry during the year. For instance, the number of institutions which registered charges and collaterals increased by 26.4 per cent (from 140 in 2013 to 177 institutions in 2014).The volume of registered charges (collateralised loans) also increased by 27.6 per cent (from 18,542 in 2013 to 23,662 charges in 2014) while registered collaterals went up by 43.5 per cent (from 39,537 in 2013 to 56,752 in 2014).

Movable assets constituted 82.8 per cent of the collaterals accepted by lenders while immovable assets constituted 12.3 per cent. The remaining 4.9 per cent was made up of both movable and immovable assets.

Lenders' use of the Collateral Registry to conduct searches to reduce the risks of lending also improved significantly. The number of institutions which conducted searches during the period increased by 25.8 per cent to 112 in 2014 while the volume of searches conducted also increased by 26.0 per cent to 6,819.

The use of the Registry's administrative procedures for extra-judicial enforcement of secured credit contracts (realisation without court order) also improved significantly during the year. The total number of applications approved increased from 114 in 2013 to 308 in 2014, representing an increase of 170.2 per cent (194 applications).

Table 5.1: Indicators on Activities of the Collateral Registry

	2012	2013	2014
Total Registered Collaterals	35,801	39,537	56,779
Immovable Assets	5,324	4,949	6,989
Movable Assests	28,879	33,445	47,011
Number of Institutions that Registered Collaterals	112	140	177
Total Registered Charges	17,133	18,542	23,662
Number of DMBs that Registered Charges	27	25	28
Number of NBFIs that Registered Charges	25	22	28
Total Number of Searches	4,129	5,390	6,819

5.3 Health

In line with the Bank's policy of ensuring quality health care for staff, a number of activities were undertaken in the review year. Health education on cholera, Ebola virus disease and diabetes was carried out in various departments. A number of health walks were organised in commemoration of St. Valentine's Day, World Health Day and World AIDS Day. The Bank also organised outdoor fun games and blood donation exercises in the review year.

The Bank organised capacity-building workshops for the clinic staff on quality improvement, hospital administration and infection prevention and control. The construction of an ultra-modern 60-bed capacity hospital project successfully took off in the year under review.

5.4 Human Resource Activities

The total number of staff as at the end of 2014 was 1,618 compared with 1,589 in 2013. The categorisation of staff by grade and gender was as follows:

Table 5.2: Staff Position

	Male	Female	Total	% of Total
Management Staff	139	51	190	11.7
O/w Heads of Department	15	6		
Middle Level Staff	524	368	892	55.1
Junior Staff	427	109	536	33.1
Total	1090	528	1618	

The total number of newly engaged staff during the year was 144. One hundred and fourteen members of staff left the service of the Bank. This was made up of 92 compulsory retirements, 6 voluntary retirements, 7 resignations, 3 end of contracts, 1 termination, 1 dismissal and 4 deceased. In all, 222 inter-departmental and 16 inter-regional transfers were made during the year.

5.5 Training

The objectives of the Bank's 2014 Training Programme were to:

- Address the central banking knowledge, skills and personal attribute gaps as identified in the Bank's training needs analysis and
- Ensure that staff were well grounded in the core functional areas of the Bank

Local Programmes

Local training programmes included central banking course series, departmental in-house courses, knowledge update series, induction courses, specialised in-house courses and courses provided by other institutions within Ghana. The Bank sponsored 92 staff to attend 29 different local training programmes held outside the Bank.

Foreign Programmes

A total of 481 members of staff were sponsored by the Bank to participate in foreign training courses.

Table 5.3: Training Programmes

Programmes	Number of Participants
Foreign Courses	**481**
Local Courses	
Held within the Bank	1,349
In-house	1,007
Others	342
Held outside the Bank	92

5.6 Security

The Bank's operations during the year were conducted in a generally secured environment in terms of physical and electronic security. The software for the Bank's perimeter firewall was upgraded to strengthen the IT security system. In line with good fire safety practices and standards under ISO, four drills were conducted at various locations of the Bank during the year. The exercises were supported by the national emergency and security services. The fire certificates for the Head office, Cedi House, General Service Complex and all the regional offices were renewed in compliance with the Fire Precautions (Premises) Regulations, 2003, (L.I. 1724).

5.7 Study Visits

The Bank hosted officials from the Central Bank of Malawi led by a Deputy Governor in April 2014. The purpose of the visit was to study Ghana's inflation targeting monetary policy framework. The Bank also hosted various study tours from tertiary institutions during the year. These included students and faculty members of the McCombs School of Business, University of Texas, US;the University of Ghana Economics Students' Society; University of Education, Winneba; Methodist University College; and Ashesi University.

5.8 ISO 27001:2005 Certification

The Bank retained it's ISO 27001 certification after going through two successful audit review exercises in February and September 2014.

CHAPTER 6: EXTERNAL RELATIONS

6.1 Overview

The Bank of Ghana continued to strengthen co-operation at both the international and regional levels during the year. There were regular meetings with the Bank's traditional multilateral and bilateral partners, including the IMF, World Bank, the African Development Bank and the West African monetary institutions.

6.2 International Monetary Fund (IMF)-World Bank Meetings

The IMF-World Bank Spring and Annual Meetings were held in Washington D.C. in April and October 2014, respectively.

The International Monetary and Financial Committee (IMFC)

At the Spring Meetings of the IMFC, members noted the improvement in the global economy, albeit with uneven recovery and new concerns about geopolitical tensions. Key challenges included risks from a rise in capital flow volatility for emerging and frontier economies and very low inflation in advanced economies, especially the euro area. The creation of a more dynamic, job rich global economy remained the collective goal. Policy makers were also urged to manage the recovery more actively by promoting financial stability and reinforcing cooperation in order to minimise negative spillovers.

The 2014 Annual Meetings coincided with the occasion of the 70th anniversary of the Fund. In her address to the Board of Governors of the Fund at the Joint Annual Discussion, Christine Lagarde, Chairman of the Executive Board and Managing Director of the International Monetary Fund, outlined the Global Policy Agenda. The focus of the Agenda was on lifting growth, building resilience and achieving coherence.

She reminded members that the international community still stood at a crossroad where members would need to make three key collective choices if they were to achieve the better living standards that their peoples aspire to. She urged the members to choose acceleration over stagnation, stability over fragility, and solidarity over seclusion.

Development Committee of the World Bank

The Development Committee acknowledged the World Bank Group's (WBG) role in supporting investment in human capital, improved access to markets, structural reforms, financial inclusion, infrastructure, improved tax and transfer systems, including social safety nets, and addressing climate change. The Committee underlined the importance of policies and institutions in promoting an enabling environment for the development of the private sector. The WBG was urged to support countries to prioritise and implement tailored policies to promote investment, job creation, inclusiveness and sustained growth and track results and impacts. It welcomed the IMF's commitment to providing support in the design of tax policies and fiscal reforms. The Committee further stressed inclusiveness as the core of shared prosperity and underscored the importance of continuing the WBG's focus on gender.

The Committee also commended the WBG for its leadership and quick response to the Ebola crisis in West Africa and welcomed both the WBG and IMF's rapid mobilisation of emergency funding to support treatment and containment. It also commended the joint effort of the international community in West Africa and underscored the importance of providing additional and ongoing coordinated support on the ground for the World Health Organisation's Ebola Response Road Map.

IMF Missions

The IMF undertook various missions to Ghana in 2014 for Article IV consultations and discussions leading to a possible programme for Ghana.

The first mission conducted discussions under the 2014 Article IV consultations. The Mission noted the slowdown of Ghana's economy due to external and fiscal imbalances as well as energy disruptions in the first half of 2013. It urged the government to continue working towards macroeconomic stability, support private sector development, growth, and employment creation over the medium-term to ensure success of the government's ambitious transformation agenda. It also welcomed measures already taken and announced in the 2014 budget, and stressed that additional fiscal savings were required to address short-term vulnerabilities, contain rising public debt levels, and reduce interest rates.

The mission also held discussions with Bank of Ghana and welcomed the tightening of the monetary policy stance and the new foreign exchange regulations. It however agreed with the Bank that these measures alone would not resolve the underlying pressures in the foreign exchange market. The team reinforced Bank of Ghana's view that there should be a review of the measures after an appropriate evaluation period to assess their effectiveness so as to mitigate any unintended consequences.

The subsequent missions discussed Ghana's economic and financial programme and possible financial support by the IMF. The Ghanaian authorities and the mission made significant progress towards reaching understanding on strengthening macroeconomic policies, especially on a medium-term fiscal path consistent with ensuring debt sustainability and reducing the external current account deficit.

The mission welcomed the government's 2015 budget, presented to Parliament on November 19, 2014, which targeted a reduction of the fiscal deficit by 3.5 per centage points of GDP (on a commitment basis), and with some important measures to increase revenues, eliminate distortive and inefficient energy subsidies, contain growth in high public sector wage bill, allow for maintaining public investment above 5 per cent of GDP as well as increasing social protection spending on the most vulnerable. The team maintained that the fiscal measures outlined, combined with sound debt management and actions to further boost the effectiveness of the Bank of Ghana's inflation targeting framework should help restore macroeconomic stability.

The mission pledged to continue to support the authorities of Ghana as they worked towards taking concrete steps in cleaning up the payroll, finalising the remaining details of the medium-term reforms and seeking external financing assurances from bilateral donors and international institutions. These would pave the way for a financial arrangement to support Ghana's economic programme.

The Group of 24 on International Monetary Affairs and Development (G-24)

The G24 met as part of the IMF/World Bank Annual meetings. It focused its discussions on the global economy and implications for emerging markets as well as the role and reform of both the IMF and the World Bank Group.

The Group noted that members continued to face a global economy that was highly uncertain and urged advanced economies to take steps to coordinate and communicate their policies more clearly, while ensuring that emerging and developing countries had access to adequate and more flexible financial safety nets.

The Group expressed disappointment at the inability of the Fund to implement the already agreed 2010 package of IMF quota and governance reforms. This impacted on the credibility, legitimacy and effectiveness of the IMF and also prevented it from undertaking further necessary reforms and meeting forward-looking commitments. They stressed the importance of recognising the changing global economic realities and the changing development landscape in the governance structure of the World Bank, and called for both full implementation of the 2010 governance reforms and also the conclusion of the next shareholding review by October 2015, as previously agreed.

The G-24 expressed deep concern for countries affected by the Ebola outbreak and called for urgent and concerted support by the international community.

6.3 Association of African Central Banks (AACB)

The General Assembly meeting of the AACB, which was scheduled for August 12, in Malabo, Equatorial Guinea, could not take place due to concerns about the outbreak of the Ebola disease in West Africa. However, the Bureau of the Association comprising representatives of all the sub-regional groupings held two meetings during the year in Dakar and Mauritius. They approved the Work Plan of the Community of African Banking Supervisors (CABS) for 2014–2016 and also authorised the implementation of the interim 2014 Work Plan of the Association.

The Bureau expressed appreciation for the launch of a survey on member countries' needs in banking supervision and regulation, as well as the establishment of an intranet platform aimed at facilitating interaction among supervisors. A presentation on "Initiatives on Cross- Border Banking in Sub-Saharan Africa" was also made by the World Bank and GIZ. The chairman highlighted the importance for the AACB Secretariat to develop and consolidate its ties with other regional bodies so as to move forward the process of integration in the region.

6.4 African Export -Import Bank (AFREXIMBANK)

The African Export-Import Bank (Afreximbank) held its 21st General Meeting of Shareholders in Libreville, Gabon on 7 June 2014. At the end of the meeting, shareholders took the following decisions:

- To reinvest the recommended dividend of US$20.5 million into the equity of the Bank in support of the efforts to improve the Bank's capitalisation and to help ensure that the Bank complies with the minimum capital adequacy ratio target of 20 per cent which it has set for itself.

- Approved a general capital increase of US$500 million, with 31,068 shares on offer and mandated the Board of Directors to work out the details of the capital increase and its implementation.

- Approved the issuance of a hybrid capital for which they authorised that the terms and conditions be approved by the Board of Directors.

6.5 The African Development Bank (AfDB)

The AfDB held its Annual General Meeting in May 2014 in Kigali, Rwanda. Participants noted that economic growth remained strong in 2013 in a good number of African countries and were expected to improve further in 2014. The meeting unanimously approved the establishment of the 'Africa Growing Together Fund' (AGTF), a US$2 billion trust fund initiated by China to enable the Bank to respond to the growing needs of regional member countries and private sector clients.

The President of the Bank, Dr. Donald Kaberuka, noted that the Bank's support for its member countries remained strong, with most investments dedicated to infrastructure. He praised member countries for their contributions to the African Development Fund (ADF) and noted that the fall in the global level of funding on the AfDB side was largely offset by the increase in ADF, the concessional funding arm of AfDB.

The AfDB continued the implementation of its Ten-Year Strategic Plan started in 2013 and initiated efforts towards the establishment of the 'Africa 50 Infrastructure Fund', a new vehicle for mobilizing resources within Africa and elsewhere to finance infrastructure projects on the African continent.

African Caucus

The African Ministers of Finance and Governors of Central Banks' Caucus in the World Bank (WB) and International Monetary Fund (IMF) held its two-day meeting in Khartoum, Sudan in September 2014. The meeting reviewed the African Policies and Programmes for Comprehensive Development and the World Bank and IMF's terms for financing these plans and projects and made a declaration.

The 'Khartoum Declaration' called on the World Bank Group to move quickly to establish the Global Infrastructures Facility, with a dedicated window for Africa's infrastructure financing. It also urged for support for countries in their effort to develop a comprehensive plan of action to promote low cost housing programmes, drawing from successful experiences elsewhere. It requested for the strengthening of collaboration with the African Development Bank (AfDB) and other development finance institutions in resource mobilisation in support of infrastructure and other development needs in Africa.

The Declaration also called on the IMF to play a leading role in securing debt relief for the remaining African countries, including Sudan, South Sudan, Somalia and Zimbabwe from donors and other creditors. It further requested the IMF to assist in building capacity in national debt management and enhance Africa's voice and representation at the IMF Executive Board through the following: a third chair for Sub-Saharan Africa; quota shares that reflect African countries' economic dynamism and underlying vulnerabilities; and an upward revision of basic votes as part of the fifteenth general review of quotas.

6.6 West African Monetary Zone (WAMZ)

The WAMZ held two statutory meetings of the Convergence Council of Ministers and Governors of Central Banks during the year to deliberate on the implementation of the work programme towards the launch of a single currency. Key conclusions included the inability of WAMZ to successfully launch the monetary union on January 1, 2015 because of inadequate preparations; and acknowledgement of the Decision of the ECOWAS Heads of State and Governments in endorsing the single-track approach to monetary union in ECOWAS by 2020.

Box 6.1: West African Monetary Zone Meetings

Venues:	Dates:
Banjul, The Gambia	January 17, 2014
Abuja, Nigeria	July 17, 2014

Major Decisions and Recommendations:

- Adopted the findings of the study on the state of preparedness for the single currency which indicated that the level of macroeconomic convergence, legal and institutional framework for the successful launch of the monetary union on January 1, 2015 was inadequate;
- Noted the Decision of the ECOWAS Heads of State and Government endorsing the single-track approach to monetary union by 2020;
- Urged Member States to work assiduously to meet the new target year of 2020;
- Directed WAMI to implement the revised ECOWAS set of six macroeconomic convergence criteria during its subsequent surveillance missions; whilst taking steps to bring to the attention of the Authority concerns expressed regarding the downgrading of central bank financing criterion from a primary to a secondary criterion;
- Encouraged the ECOWAS Commission to fund activities of the ECOWAS single currency programme;
- Urged ECOWAS and member states to strengthen the regional monetary institutions (WAMA & WAMI) to enable them to implement their redefined roles effectively;
- Directed WAMI to present a detailed position paper on the proposed transformation of the Institute to a Commission. This was envisaged to speed up the integration process in ECOWAS and provide a forum to make meaningful dialogue on the issue among Member States.
- Directed WAMI to re-examine the proposals on quoting and trading in West African currencies with a view to determining the appropriate role of central banks for consideration at the next statutory meeting;
- Encouraged the re-invigoration of the WAMZ Trade Ministers' Forum to make its decisions more effective and urged the Ministers to attend the meetings;
- Urged the ECOWAS Commission to consider adopting WAIFEM as an ECOWAS Training Institute.

College of Supervisors of WAMZ

The College of Supervisors of WAMZ continued to provide the platform for enhancing financial stability and collaboration among regulators in the Zone including the harmonisation of banking supervisory processes. The Institute published the December 2013 edition of the WAMZ Financial Stability Report and organised three quarterly meetings of the College including a high-level seminar on the supervision of financial holding companies.

Activities of the College of Supervisors of WAMZ slowed down in the second half of the year as the scheduled examinations of Nigerian bank subsidiaries in the Ebola affected member countries could not take place.

6.7 The West African Monetary Agency (WAMA)

The Ordinary Meeting of the Committee of Governors of the Central Banks of ECOWAS Member States was held at the Bank of West African States (BCEAO) headquarters in Dakar, Senegal on June 30, 2014. During the meeting, the Governors noted the low level of performance in terms of the convergence despite the high growth performance of member countries. They also noted the difficulties in mobilising adequate financial resources and the slow pace of some policy harmonisation programmes and institutional arrangements.

Box 6.2: West African Monetary Agency Meeting

Venue:	Date:
Dakar, Senegal	June 28, 2014

Major Decisions and Recommendations

Member countries should:

- Strengthen collaboration and experience sharing among themselves;
- Strengthen the modernisation of revenue collection mechanism as well as improve governance structures of tax administration to minimise incidence of tax leakages through wider use of improved technology and automation;
- Rationalise public expenditure, especially wage bill, interest payments, transfers and payments to contain budget deficits;
-
- Accelerate export diversification efforts in the context of value addition to help sustain foreign exchange earnings;
- Consolidate efforts to resolve the security concerns in the region in order to enhance economic activities.

WAMA should:

- Take into account factors relating to inclusive growth and youth employment in its convergence reports;
- Make the necessary arrangement in order to fast-track preparations towards the implementation of the ECOWAS Exchange Rate Mechanism;
- Establish a regional payment system Project Implementation Committee comprising the BCEAO, and national central Banks, ECOWAS Commission, UEMOA Commission, WAMA, WABA, WACMIC, and a representative of e- payment Association of West Africa.

6.8 West African Institute for Financial and Economic Management (WAIFEM)

The Board of Governors of WAIFEM held its 28th meeting on the 16th of January, 2014 in Banjul, The Gambia. The Governors reviewed the progress of work of the previous year and approved the budget for 2014. WAIFEM executed 19 out of the 27 planned training programmes for the year. The shortfall in the executed training programmes was due to a slowdown in activities towards the end of the year due to the outbreak of the Ebola Virus Disease and its associated travelling challenges within the sub-region.

FINANCIAL STATEMENTS 2014

CHAPTER 7: FINANCIAL STATEMENTS

GENERAL INFORMATION

BOARD OF DIRECTORS

Dr. Henry A. K. Wampah	Governor / Chairman
Mr. Millison Narh	Deputy Governor
Dr. Abdul-Nashiru Issahaku	Deputy Governor
Dr. Sydney Laryea	Non-Executive Director
Dr. David Obu Andah	Non-Executive Director
Mr. Kwaku Bram-Larbi	Non-Executive Director
Mr. Sam Appah	Non-Executive Director
Mrs. Diana Amewu Ayettey	Non-Executive Director
Mr. Alexander Y. Kyei	Non-Executive Director
Prof. Kwabena Asomanin Anaman	Non-Executive Director
Mr. Cassiel Ato Forson	Non-Executive Director
Mrs. Clara Arthur	Non-Executive Director (resigned on 7th August, 2014)
Dr. Augustine Fritz Gockel	Non-Executive Director (appointed on 14th August, 2014)

REGISTERED OFFICE

1 Thorpe Road
P. O. Box GP 2674
Accra, Ghana.

AUDITORS

Ernst & Young
Chartered Accountants
G15, White Avenue
Airport Residential Area
P. O. Box KA 16009
Airport, Accra, Ghana.

SECRETARY

Mrs. Caroline Otoo
Bank of Ghana
Head Office, 1 Thorpe Road
P. O. Box GP 2674
Accra, Ghana

REPORT OF THE DIRECTORS TO THE MINISTER OF FINANCE AND ECONOMIC PLANNING

The directors have pleasure in presenting the financial statements of the Bank and the Group.

MISSION STATEMENT

The mission of the Bank is to pursue sound monetary and financial policies aimed at price stability and create an enabling environment for sustainable economic growth.

The primary objective of the Bank is to maintain stability in the general level of prices and, without prejudice to this primary objective, promote economic growth and an effective and efficient banking and credit system. The Bank is engaged in the business of central banking. There was no change in the nature of the business of the Bank during the 2014 financial year.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statements for each accounting period, which give a true and fair view of the state of affairs of the Bank as at the end of the accounting period.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

Accordingly, the financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Bank of Ghana Act, 2002 (Act 612) and the Financial Administration Act, 2003 (Act 654) of Ghana.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Bank and enable the Bank to ensure that the financial statements comply with relevant legislations and accounting standards. They are also responsible for safeguarding the assets of the Bank and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

BOARD OF DIRECTORS

There was one change in the membership of the Board of Directors as the Board was reconstituted in July 2013. Dr. Augustine Fritz Gockel was appointed on 14th August 2014 to replace Mrs. Clara Arthur who resigned on 7th August, 2014.

COMPLIANCE WITH RELEVANT LEGISLATION AND ACCOUNTING FRAMEWORK

The financial statements, including comparative year information, are prepared in accordance with the Bank of Ghana Act, 2002 (Act 612), Financial Administration Act, 2003 (Act 654) and International Financial Reporting Standards (IFRS).

CHANGES IN ACCOUNTING POLICY

As discussed in note 2b (iv) of the financial statements, the Group revised its accounting policies to achieve compliance with the requirements of both the Bank of Ghana Act, 2002 (Act 612) and IFRS with regards to the treatment of foreign exchange revaluation of Gold, SDR and foreign securities.

SUBSIDIARY COMPANIES

The Bank owns 51% of the issued shares of Ghana International Bank Plc, a company incorporated in the United Kingdom, which carries on the business of commercial banking.

The Bank also owns 100% shares of Ghana Interbank Payment and Settlement Systems Limited, a company incorporated in Ghana which carries on the business of setting up and operation of a national payments system.

In 2014, Bank of Ghana disinvested 30% of its shares in the Central Securities Depository (GH) Limited(CSD) for the Ghana Stock Exchange Depository, a company that was liquidated and merged into the operations of CSD. Bank of Ghana now owns 70% shares of the merged entity. The Central Securities Depository (GH) Limited is a company incorporated in Ghana to carry out the business of immobilization and dematerialization of securities.

DIVIDEND

The directors have declared a dividend of GH¢600 million (2013: GH¢400 million)subsequent to the reporting date after ensuring that the net loss of GH¢599.6 million on the Revaluation Account had been offset. The dividend declared will be used to reduce government indebtedness in the books of the Bank. These are in accordance with Sections 6 and 7 of the Bank of Ghana Act, 2002 (Act 612).

GOING CONCERN

The directors have assessed the ability of the Group to continue as a going concern. The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, we continue to adopt the going concern basis in preparing the annual consolidated and separate financial statements.

Chairman (Governor)

Date: 31st March, 2015

Director

Date: 31st March, 2015

INDEPENDENT AUDITORS' REPORT TO THE HONOURABLE MINISTER OF FINANCE

Report on the Consolidated Financial Statements

We have audited the consolidated and separate annual financial statements of Bank of Ghana set out on pages 41 to 93, which comprise the statements of financial position as at 31 December 2014, and the statements of profit or loss, the statements of other comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Bank's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Bank of Ghana Act 2002 (Act 612) and the Financial Administration Act, 2003 (Act 654), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 these consolidated and separate 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 consolidated and separate 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 and fair presentation of the financial statements 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bank of Ghana as at 31 December 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Bank of Ghana Act 2002 (Act 612) and the Financial Administration Act, 2003 (Act 654).

Pamela Des Bordes (ICAG/P/1329)
For and on behalf of Ernst & Young (ICAG\F\2015\126)
Chartered Accountants
Accra, Ghana

Date: 31st March, 2015

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014

		The Bank		The Group	
		2014	2013 Restated	2014	2013 Restated
	NOTE	GH¢'000	GH¢'000	GH¢'000	GH¢'000
OPERATING INCOME					
Interest and Similar Income	5(i)	1,759,057	1,298,532	1,803,145	1,322,119
Fee and Commission Income		78,390	63,589	104,085	80,469
Other Operating Income		10,797	20,057	88,511	63,574
Exchange Differences	5(ii)	430,775	(55,320)	449,517	(43,759)
Dividend Income		14,949	12,280	-	12,280
Total Operating Income		2,293,968	1,339,138	2,445,258	1,434,683
OPERATING EXPENSES					
Interest Expense and Similar Charges	5(iii)	(890,307)	(661,764)	(901,818)	(666,517)
Administration	6	(315,368)	(290,824)	(369,626)	(320,456)
Premises and Equipment	7	(51,091)	(25,118)	(56,108)	(34,155)
Currency and Issue	8	(68,985)	(59,260)	(68,985)	(59,260)
Total Operating Expense		(1,325,751)	(1,036,966)	(1,396,537)	(1,080,388)
Impairment Recognised	9(a)	(68,864)	-	(63,739)	-
Profit Before Taxation		899,353	302,172	984,982	354,295
Taxation	10b(ii)	-	-	(21,071)	(12,973)
Operating Profit for the year		899,353	302,172	963,911	341,322
Surplus Attributed to:					
Equity Shareholders of the Bank		899,353	302,172	925,063	320,626
Non-controlling Interest		-	-	38,848	20,696
		899,353	302,172	963,911	341,322

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

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	The Bank 2014 GH¢'000	The Bank 2013 GH¢'000	The Group 2014 GH¢'000	The Group 2013 GH¢'000
Profit for the year	899,353	302,172	963,911	341,322
Other comprehensive income to be reclassified to profit or loss insubsequent periods:				
Foreign currency translation reserve	-	-	158,639	53,778
Tax effect	-	-	-	-
	-	-	158,639	53,778
Gains/(loss) on available for sale financial assets	-	-	(7,484)	1,815
Tax effect	-	-	1,609	(422)
	-	-	(5,875)	1,393
			-	-
Net other comprehensive income to be reclassified to profit orloss in subsequent periods	-	-	152,764	55,171
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains (losses) on defined benefit plans	-	(21,661)	-	(21,661)
Tax effect	-	-	-	-
	-	(21,661)	-	(21,661)
			-	-
Total comprehensive income for the year, net of tax	899,353	280,511	1,116,675	374,832
Attributable to:				
Equity holders of the parent	899,353	280,511	1,002,973	332,593
Non-controlling interest	-	-	113,702	42,239
			1,116,675	374,832

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		The Bank			The Group		
	NOTE	2014 GH¢'000	2013 Restated GH¢'000	As at 1st Jan 2013 GH¢'000	2014 GH¢'000	2013 Restated GH¢'000	As at 1st Jan 2013 GH¢'000
ASSETS							
Cash and Amounts due from Banks	11	**3,124,595**	1,164,818	1,950,951	**2,701,705**	451,254	958,700
Gold	12	**1,076,257**	743,314	877,012	**1,076,257**	743,314	877,012
Balances with International Monetary Fund	13	**2,740,937**	2,050,748	1,815,448	**2,740,937**	2,050,748	1,815,448
Securities	14	**20,210,481**	14,994,838	10,817,144	**20,534,898**	15,361,129	11,233,222
Loans and Advances	15	**9,860,436**	5,602,805	3,330,704	**12,752,713**	7,625,430	4,803,494
Derivatives Asset	16	-	-	128,573	-	-	128,573
Other Assets	17	**465,100**	1,021,479	710,501	**482,360**	1,038,513	722,823
Investments	18	**179,686**	180,736	176,739	**51,685**	38,181	38,000
Property, Plant and Equipment	19	**361,465**	287,142	250,599	**385,312**	306,686	277,316
Deferred tax		-	-	-	-	-	581
Total Assets		**38,018,957**	26,045,880	20,057,671	**40,725,867**	27,615,255	20,855,169
LIABILITIES							
Deposits	20	**15,482,435**	7,342,466	5,820,247	**17,591,218**	8,535,882	6,321,278
Derivative Financial Liability	21	**141,842**	281,024	-	**141,842**	281,024	-
Liabilities under Money Market Operations	22	**2,684,153**	3,924,219	1,657,867	**2,684,153**	3,920,894	1,656,117
Allocations of Special Drawing Rights	23a	**1,640,641**	1,195,297	1,022,503	**1,640,641**	1,195,297	1,022,503
Liabilities to International Monetary Fund	23b	**3,928,395**	2,733,252	2,395,435	**3,928,395**	2,733,252	2,395,435
Taxation		-	-	-	8,052	7,187	5,417
Other Liabilities	24	**3,003,536**	1,787,676	956,505	**3,065,026**	1,827,345	998,588
Currency in Circulation	26	**7,735,046**	6,197,407	5,555,472	**7,735,046**	6,197,407	5,555,472
Total Liabilities		**34,616,048**	23,461,341	17,408,029	**36,794,373**	24,698,288	17,954,810
SHAREHOLDERS FUNDS							
Capital	27	**10,000**	10,000	10,000	**10,000**	10,000	10,000
Asset Revaluation Reserve	28	**115,522**	115,522	115,522	**115,522**	115,522	115,522
Statutory Reserves	29	**28,760**	28,760	28,760	**28,760**	28,760	28,760
Other Reserves	30	**3,248,627**	2,430,257	2,495,360	**3,403,016**	2,507,939	2,539,414
Retained Earnings		-	-	-	**67,156**	46,457	40,613
Total Equity attributable to equity holders of the Bank		3,402,909	2,584,539	2,649,642	**3,624,454**	2,708,678	2,734,309
NON-CONTROLLING INTEREST		-	-	-	**307,040**	208,289	166,050
TOTAL EQUITY		**3,402,909**	2,584,539	2,649,642	**3,931,494**	2,916,967	2,900,359
TOTAL LIABILITIES AND EQUITY		**38,018,957**	26,045,880	20,057,671	**40,725,867**	27,615,255	20,855,169

Chairman (Governor)________________ Director________________

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

The Bank 2014	Stated Capital (note 27) GH¢'000	Asset Revaluation Reserves (note 28) GH¢'000	Statutory Reserves (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
Balance as at January 1, 2014	10,000	115,522	28,760	2,430,257	-	2,584,539
Profit for the Year	-	-	-	-	899,353	899,353
Total comprehensive income					899,353	899,353
Securitised prior year revaluation deficit on gold	-	-	-	324,017	-	324,017
Utilisation of Research Fund	-	-	-	(5,000)	-	(5,000)
Dividend	-	-	-	(400,000)	-	(400,000)
Movements in gold and other foreign assets	-	-	-	(6,348)	6,348	-
Transfer from Revaluation Account	-	-	-	(599,603)	599,603	-
Transfer to Other Reserve	-	-	-	1,505,304	(1,505,304)	-
Balance as at 31st December 2014	**10,000**	**115,522**	**28,760**	**3,248,627**	**-**	**3,402,909**

The Bank 2013	Stated Capital (note 27) GH¢'000	Asset Revaluation Reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
Balance as at 1 January2013	10,000	115,522	28,760	2,495,360	-	2,649,642
Profit for the year	-	-	-	-	302,172	302,172
Other comprehensive income	-	-	-	-	(21,661)	(21,661)
Total comprehensive income	-	-	-	-	280,511	280,511
Dividend	-	-	-	(500,000)	-	(500,000)
Securitised prior year revaluation deficit on gold	-	-	-	154,386	-	154,386
Movements in gold and other foreign assets	-	-	-	(271,016)	271,016	-
Transfer from Revaluation Account	-	-	-	(324,016)	324,016	-
Transfer to other Reserve	-	-	-	875,543	(875,543)	-
Balance at 31 December 2013	**10,000**	**115,522**	**28,760**	**2,430,257**	**-**	**2,584,539**

The Group 2014	Stated Capital (note 27) GH¢'000	Asset Revaluation Reserve (note 28) GH¢'000	Statutory Reserve (note 29) GH¢'000	Other Reserve (note 30) GH¢'000	Foreign Currency Translation Reserve (note 30) GH¢'000	Available for Sale (AFS) Reserve GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling Interest GH¢'000	Total GH¢'000
Balance at 1Jan 2014	10,000	115,522	28,760	2,430,345	76,883	711	46,457	2,708,678	208,289	2,916,967
Profit for the year	-	-	-	-	-	-	925,063	925,063	38,848	963,911
Other comprehensive income	-	-	-	-	79,623	(2,916)	-	76,707	75,007	151,714
Total comprehensive income					79,623	(2,916)	925,063	1,001,770	113,855	1,115,625
Securitised prior year revaluation deficit on gold	-	-	-	324,017	-	-	-	324,017	-	324,017
Gains on translation of foreign operation			-	-	-		(5,011)	(5,011)	-	(5,011)
Dividend paid by group	-	-	-	(400,000)	-	-	-	(400,000)	(16,155)	(416,155)
Utilisation of research fund	-	-	-	(5,000)	-	-	-	(5000)	-	(5000)
Sale of interest to NCI	-	-	-	-	-	-	-	-	1,051	1,051
Net revaluation surplus/(deficit)	-	-	-	(599,603)	-	-	599,603	-	-	-
Transfer to statutory reserves	-	-	-	1,505,304	-	-	(1,505,304)	-	-	-
Price & Exchange movement in gold, and other foreign assets	-	-	-	(6,348)	-	-	6,348	-	-	-
Balance at 31 Dec 2014	10,000	115,522	28,760	3,248,715	156,506	(2,205)	67,156	3,624,454	307,040	3,931,494

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

The Group 2013

	Stated Capital (note27)	Asset Revaluation Reserve (note 28)	Statutory Reserve (note 29)	Other Reserve (note 30)	Foreign Currency Translation Reserve (note 30)	Available for Sale (AFS) Reserve	Retained Earnings	Total	Non-Controlling Interest	Total
Balance at 1 January2013	10,000	115,522	28,760	2,495,448	43,966	-	40,613	2,734,309	166,050	2,900,359
Profit for the year	-	-	-	-	-	-	320,626	320,626	20,696	341,322
Other comprehensive income	-	-	-	-	32,917	711	21,661	11,967	21,543	33,510
Total comprehensive income	-	-	-	-	32,917	711	298,965	332,593	42,239	374,832
Securitised prior year revaluation deficit on gold	-	-	-	154,386	-	-	-	154,386	-	154,386
Dividend Paid	-	-	-	(500,000)	-	-	(12,610)	(512,610)	-	(512,610)
Transfer from revaluation account	-	-	-	(324,015)	-	-	324,015			
Price & Exchange movement in gold, and other foreign assets	-	-	-	(271,017)	-	-	271,017	(271,017)	-	(271,017)
Transfer to Other Reserves	-	-	-	875,543	-	-	875,543)	-	-	-
Balance at 31 Dec 2013	10,000	115,522	28,760	2,430,345	76,883	711	46,457	2,708,678	208,289	2,916,967

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	The Bank 2014 GH¢'000	The Bank 2013 GH¢'000	The Group 2014 GH¢'000	The Group 2013 GH¢'000
Cash outflows from Operating Activities	35	1,339,207	(687,978)	1,647,354	(398,955)
Cash flows from Investing Activities					
Proceeds from disinvestment		713	-	713	-
Proceeds from disposal		2,806	13	3,008	14
Increase in investment		-	(3,997)	(13,504)	(180)
Property, Plant & Equipment purchased	19	(101,740)	(52,552)	(105,317)	(54,096)
Net cash used in Investing Activities		**(98,221)**	**(56,536)**	**(115,100)**	**(54,262)**
Cash Flows from Financing Activities					
Dividend paid	30	(400,000)	(500,000)	(400,000)	(500,000)
Increase in IMF liabilities	23a	808,782	337,817	808,782	337,817
Dividend paid to Non-controlling interest (NCI)		-	-	(16,153)	(12,610)
Net cash from financing activities		408,782	-162,183	392,629	(174,793)
Net change in cash and cash equivalents		1,649,768	(906,697)	1,924,883	(628,010)
Balance at 1 January		1,164,818	1,950,951	451,254	958,700
Net foreign exchange difference		310,009	120,564	325,568	120,564
Balance at 31 December	11	3,124,595	1,164,818	2,701,705	451,254

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

1. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Ghana (the Bank) is wholly owned by the Government of Ghana, and operates as Ghana's Central Bank. Its operations are governed by the Bank of Ghana Act, 2002 (Act 612).

The principal objectives and functions of the Bank are:

- To maintain stability in the general level of prices; and
- Without prejudice to the above, to support the general economic policy of the Government and promote economic growth and effective and efficient operation of the banking and credit systems in the country, independent of instructions from the Government or any other authority.

In order to meet the above objectives the Bank shall, in summary:

- Formulate and implement monetary policy;
- Promote stabilisation of the currency by monetary measures, and institute measures favourable to the balance of payments, state of public finance and general national economic development;
- Undertake prudential supervision of the banking sector and ensure smooth operation of the financial sector;
- Promote, regulate and supervise the payments system;
- Issue and redeem currency notes and coins;
- Ensure effective maintenance and management of Ghana's external financial relations;
- License, regulate, promote and supervise non-bank financial intermediaries;
- Act as banker and financial advisor to the Government;
- Promote and maintain relations with international banking and financial institutions and perform all other functions incidental or conducive to the functions under the Bank of Ghana Act or any other enactment.

The consolidated financial statements of the Bank for the year ended 31 December 2014 comprise the Bank and its subsidiaries, together referred to as "The Group".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance and Basis of Preparation

The consolidated and separate financial statements have been prepared in accordance with the Bank of Ghana Act 2002 (Act 612), the Financial Administration Act, 2003 (Act 654) and the International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

Going Concern

The Group has reviewed its business activities, together with the factors likely to affect its future development, performance and position. Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Group continues to adopt the going concern basis of accounting in preparing the annual separate and consolidated financial statements.

b. (i) New and Amended Standards and Interpretations

The Group considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2014. However, these standards and amendments as detailed below, do not impact the annual consolidated financial statements of the Group.

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

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.

In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.

- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

The amendment is effective for periods beginning at 1 January 2014. This amendment has no impact on the Group.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

b. (ii) Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

b. (iii) Improvements to International Financial Reporting Standards

Annual Improvements 2010-2012 Cycle

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

IFRS 2 Share-Based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements 2011-2013 Cycle

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

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Properties

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

b. (iv) Changes in Accounting Policy

The Bank of Ghana is the Central Bank of Ghana. It is governed by a statute – Bank of Ghana Act, 2002 Act 612. Section 7 of the Act provides that:

- Profits or losses arising from a revaluation of the Bank's liabilities in gold, special drawing rights or foreign securities, Change in the par value of the cedi or of any change in the currency unit of any other country shall be excluded from the annual profits or losses of the Bank.

- The profits and losses arising under subsection (I) shall be carried to a special account to be known as the 'Revaluation Account'.

Previously Management complied with the requirement of the Act by recording gains / losses arising from revaluation of those assets / liabilities in the "Revaluation Account" which was reporting into other assets or liabilities depending on whether it is a gain or loss and not P&L. This was a departure from IAS 21 under which these gains and losses will have been recorded in profit or loss. This departure resulted in a modified audit opinion on the Bank's financial statements.

On 1 January 2014 the Group elected to change this method of accounting to achieve compliance with IFRS. Under the revised accounting policy, the Group records gains and losses arising from a revaluation of the Bank's assets or liabilities in gold, special drawing rights or foreign securities as a result of a change in the par value of the cedi or of any change in the par value of the currency unit of any other country in profit or loss in accordance with IAS 21. These amounts are subsequently transferred from retained earnings to special reserve designated for this purpose in the statement of changes in equity. This is to achieve compliance with provisions of Section 6 requiring the Group to exclude these gains from profit or loss.

In accordance with IAS 8, the change in policy was applied retrospectively. The impact of the change in policy has been presented below by restating each of the affected financial statement line items for the prior periods, as follows:

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

Impact on Equity (increase/decrease)

	31 December 2013 GHc'000	1st January 2013 GHc'000
Other assets (revaluation account)	(324)	(154)
Other reserve	(271	(50)
Net impact on equity	(595)	(204)

Impact on profit or loss

	31 December 2013 GHc'000
Exchange loss	(324)
Price and exchange movements	(271)
Net impact on profit	(595)

	31 December 2013 GHc'000

c. Basis of Measurement

These consolidated financial statements are presented in Ghana cedi, which is the Bank's functional currency, rounded to the nearest thousand.

They are prepared on the historical cost basis except for the financial assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments that are fair valued through profit or loss and financial instruments classified as available-for-sale as well as property plant and equipment which is carried on the revaluation model. The Group's accounting policies have been applied consistently with those used in the previous year, except where otherwise indicated.

d. Use of Significant Estimates, Assumptions and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the Judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. Details on fair value determination and the fair value hierarchy have been disclosed in note 32.

Taxes

Though the Bank of Ghana is not subject to tax, the subsidiaries are. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile. As the Group assesses the probability for any litigation with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Details on the Group's tax position are disclosed in note 10.

Pension Benefits

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details on the Group's pension benefit scheme are disclosed in note 24 and 25.

Impairment Losses on Loans and Advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, management judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Factors considered include the nature and values of any collateral held against these facilities. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears), and judgements to the effect of concentrations of risks and economic data. Details on the Group's impairments are disclosed in note 9.

The following accounting policies have been approved by the Board and have been applied consistently to all periods presented in these financial statements by the Bank and its subsidiaries in dealing with items that are considered material in relation to the Bank's financial statements.

e. Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the proportion of the equity held by non-controlling interests changes, the Group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

(ii) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(iii) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

f. Dividends Received

Dividends are recognised in profit or loss when the Bank's right to receive payment is established, which is generally when shareholders approve the dividend.

g. Interest Income and Expense

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost are recognised in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability.

Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the profit or loss in the period they arise.

h. Fees and Commissions

Fees and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

i. Other Operating Income

Other operating income comprises other income including gains or losses arising on fair value changes in trading assets and liabilities, available for sale reserves derecognized on sale of financial assets, and foreign exchange differences.

j. Foreign Currency

(i) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of Group entities using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, and retranslated to the functional currency at the exchange rate at the date that the fair value was determined if they are carried at fair value. The resulting foreign exchange gains and losses are recognised in the profit or loss as appropriate except for the following:

Exchange gains and losses arising from translation of holdings in gold, Special Drawing Rights (SDRs) held with the International Monetary Fund (IMF) or holdings of foreign securities are recognised into Revaluation account in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612). To achieve compliance with IFRS, these gains and losses are passed through the profit or loss and subsequently transferred to the special revaluation account as required by the Bank of Ghana Act.

(ii) Financial Statements of Foreign Operations

The Bank considers its subsidiary Ghana International Bank (GIB) as a foreign entity. Accordingly, the assets and liabilities of the foreign operation, including any goodwill and fair value adjustments arising on acquisition are translated into Ghana Cedis at the foreign exchange rates ruling at the reporting date. The revenues and expenses of the subsidiary are translated to Ghana Cedis at the average rate for the year. Foreign exchange differences arising on these translations are recognised directly into equity, being foreign currency translation reserve.

When a foreign operation is disposed off, in part or full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

The following were the average and closing rates for the year ended.

Currency	Average Rate GH¢	Closing Rate GH¢
US Dollar	2.8975	3.2001
GBP	4.7628	4.9893
EURO	3.8140	3.8813

k. Special Drawing Rights and International Monetary Fund Related Transactions

The Bank, on behalf of Government of Ghana, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 2(j) above.

l. Leases

(i) Classification

Leases where the Group assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

m. Financial Assets and Liabilities

(i) Classification of Financial Assets and Liabilities

The Group classifies its financial assets into the following categories: financial assets held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Financial liabilities are classified as either at fair value through profit or loss or at amortised cost. Management determines the categorisation of its financial assets and liabilities on initial recognition.

(ii) Initial Recognition

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, available for sale financial assets and liabilities are recognised on trade date (the date the Group commits to the contractual provisions of the instrument). Loans and receivables are recognised when cash is advanced to customers or borrowers.

Financial liabilities are initially recognised at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs

(iii) Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent 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 investments are carried at amortised cost using the effective interest method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

(iv) Financial Assets and Liabilities held at Fair Value through Profit or Loss

This category has two sub-categories: financial assets and liabilities held for trading. A financial asset or liability is classified as held for trading if acquired principally for the purpose of selling in the short-term. Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a Group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

(v) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit making. The groups' loans and receivables include cash and amounts due from banks and loans and advances.

(vi) Available for Sale Financial Assets

Available-for-sale financial assets are those financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivable and held to maturity.

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

(vii) Financial Liabilities Measured at Amortised Cost

This relates to all other liabilities that are not designated at fair value through profit or loss.

(viii) Subsequent Measurement

Available-for-sale financial assets are subsequently carried at fair value with the resultant fair value changes recognised in other comprehensive income. The fair value changes on available-for-sale financial assets are recycled to profit or loss when the underlying asset is sold, matured or derecognized as well as impaired. Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value with the resultant fair value changes recognised in profit or loss. Loans and receivables, held-to-maturity instruments and other liabilities are subsequently carried at amortised cost using the effective interest method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(ix) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(x) Fair Value Measurement

The Group measures financial instruments, such as, derivatives, and w assets such as investment properties, at fair value at reporting. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy disclosed in note 32.

(xi) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a currently enforceable legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(xii) Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR.

(xiii) Identification and Measurement of Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan and other observable data that suggests adverse changes in the payment status of the borrowers.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the 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.

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the 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 the loss is recognised in profit or loss. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Available for Sale Financial Assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Impairment recognised'.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Interest and similar income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'.

Impairment Losses are Recognised in Profit or Loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Impairment recognised'.

(xiv) Designation at Fair Value through Profit or Loss

The Group has designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Note 31 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss.

(xv) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

n. Gold

Gold holdings are included in the statement of financial position at the prevailing closing spot market price on the London Bullion Market on that date. Changes in the fair value of gold holdings and investments arising from price changes as well as related foreign exchange gains and losses are passed through profit or loss and subsequently transferred to other reserves in the statement of changes in equity. The foreign exchange gains and losses on gold holdings are for the account of the Government of Ghana and consequently such gains and losses are transferred to Revaluation Account in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612).

o. Loans and Advances

Loans and advances originated by the Bank are classified as loans and receivables. Loans and advances are stated in the statement of financial position at the estimated recoverable amounts in accordance with Note m (iv) and m (viii).

The recoverable amounts of loans and advances are the present value of expected future cash flows, discounted at the instruments' original effective interest rate.

p. Securities

Domestic Securities

Domestic securities consist of Government of Ghana redeemable, negotiable and interest bearing securities. These securities are classified as held to maturity and are stated in the statement of financial position at amortised cost.

Foreign Securities

This represents interest bearing short-term instruments with fixed maturities held with correspondent banks. These securities are classified as held to maturity and are stated in the statement of financial position at amortised cost.

Long-Term Government Securities

This represents interest bearing and non-interest bearing fixed maturity securities issued by the Government of Ghana to cover the Bank in respect of net exchange losses arising on holdings of gold, SDRs or foreign securities recognised in the Revaluation Account in accordance with section 7 of the Bank of Ghana Act, 2002. These securities are classified as held to maturity and are stated in the statement of financial position at amortised cost.

q. Property, Plant and Equipment

(i) Recognition and Measurement

Items of property and equipment except land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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 labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. 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, plant and equipment ("PPE") have different useful lives, they are accounted for as separate items (major components) of PPE.

(ii) 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 the profit and loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment in order to reduce the value to residual value over the useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The annual depreciation rates generally in use for the current and comparative year are as follows:

	%
Buildings	4
Plant and Equipment	10 - 33 1/3
Motor Vehicles	20- 33 1/3
Furniture and Fittings	20 -33 1/3

Capital work-in-progress is recorded at cost. Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed and adjusted if necessary at the reporting date.

An item of property, plant and equipment and any significant part is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are included in profit or loss.

(iv) Revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. Where assets carrying amount is increased as a result of revaluation, the increase is credited to other comprehensive income under the heading of Asset Revaluation Reserve. However, the increase is recognised in profit or loss account to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Conversely, where the carrying amount is decreased as a result of revaluation, the decrease shall be recognised in profit and loss. However, the decrease shall be debited directly to other comprehensive income under the heading Asset Revaluation Reserve to the extent of any credit balance existing in the Asset Revaluation Reserve in respect of that asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

r. Deposits

This is mainly made up of customer, government, commercial banks and other financial institutions' deposit accounts. They are categorized as financial liabilities carried in the statement of financial position at amortised cost. Interest bearing deposits are stated at amortised cost. Non-interest bearing deposits are carried at cost.

s. Capital and Reserves

Stated capital represents non-distributable capital of the Bank. With respect to the distribution of surplus for the year, the Bank of Ghana Act provides that after allowing for specified provisions, surplus for the year is distributed as follows:

- transfer of one half of the net profit to the General Reserve, if the balance in the Reserve is less than the paid up capital of the Bank; or
- transfer of one quarter of net profit to the General Reserve, if the balance in the Reserve is less than twice the amount of paid up capital;
- any residual to be utilised to settle Government of Ghana indebtedness and/or where none exists, to be paid into the Consolidated Fund.

Except that where there is a net loss on the Revaluation Account, the net surplus for the year shall be credited to it.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

t. Employee Benefits

(i) Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Defined Benefit Plans

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under administration expenses in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(iii) Termination Benefits

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the group can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made.
- The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date.
- The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. An accrual is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. When an employee has rendered service to the group during an accounting period, the group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

u. Taxation

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 other comprehensive income or equity in which case it is recognised in other comprehensive income or equity.

The Bank is not subject to tax in respect of its functions under the Bank of Ghana Act.

Tax on the profit of the Bank's subsidiaries, Ghana International Bank Plc and Ghana Interbank Payments and Settlements Systems Ltd for the year, comprises current tax charge and the change in deferred tax. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities on the taxable income for the year, using the tax rates (and tax laws) that have been enacted or substantively enacted by the financial reporting date.

Deferred Taxation

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the 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.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

v. Events after the Reporting Date

Events subsequent to reporting date are adjusted only to the extent that they provide evidence of conditions that existed at the end of the reporting period and their effect is material.

w. Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the financial statements.

x. Provisions and Contingencies

A provision is recognised if, as a result of past obligating event, the settlement amount 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 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 net present value of the lower of the expected cost to 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.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognise a contingent liability. The group only discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

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 exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 assessment of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

y. 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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, 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 best estimate of the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

z. Currency in Circulation

The Bank recognises liability in respect of currencies circulating in the public domain. Consequently, currencies issued by the Bank but which are not in circulation (i.e. held by the Central Bank and its Branches/Agencies) are excluded from the liability position at year end.

3. COMMITMENTS AND CONTINGENT LIABILITIES

The Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain some risk and are therefore disclosed below:

(a) Capital Expenditure Commitment

The Group had capital expenditure commitments of GH¢107.201 million not provided for in the financial statements as at 31 December 2014(2013: GH¢95.27 million). Capital expenditure commitments include capital expenditure contracts that have been awarded but have not yet been executed.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

(b) Pending Legal Claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH¢ 2,972.06 million (2013: GH¢1,937.63 million). The contingent liabilities above relate to a number of outstanding cases. The disclosure of the individual cases in the financial statements is practicable.

(c) Documentary Credits

Contingent liabilities in respect of letters of credits for the group amounted to GH¢168.245 million (2013: GH¢49.984 million)

(d) Guarantees and Performance Bonds

The Bank enters into various commitments in the normal course of its business. The maximum exposure of the Group in respect of guarantees and performance bonds outstanding as at 31 December 2014 was GH¢1.96 billion (2013: GH¢405.570 million).

(e) Securities & Pledges

The Bank has pledged GH¢707.25 million(2013: GH¢404.570 million) as security for its short term borrowings. The pledge is against the value of foreign securities.

4. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets were in the following ranges:

	2014 GH¢'000	2013 GH¢'000
Assets		
Securities – Government	10 - 26.41%	10 - 23.07%
External securities	0.06 - 2.76%	0.05 - 3.00%
Loans and Advances	6.00 - 21.00%	6.00 - 16.00%
Liabilities		
Deposits	0%	0%
Liabilities under Money Market Operations	11.74 - 27.73%	11.74 - 27.33%

5(i) INTEREST AND SIMILAR INCOME

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Interest on overnight lending, government securities, medium/long-term notes and bonds	1,133,587	700,642	1,133,587	689,486
Interest on foreign accounts and foreign investments	83,979	73,385	83,979	73,385
Total interest on held to maturity instruments	1,217,566	774,027	1,217,566	762,871
Interest on loans and advances-Loans and receivables	279,615	344,785	323,703	379,528
Total interest Income	1,497,181	1,118,812	1,541,269	1,142,399
Discount on treasury bill operations	261,876	179,720	261,876	179,720
	1,759,057	1,298,532	1,803,145	1,322,119

5(ii) EXCHANGE DIFFERENCE

	The Bank		The Group	
		Restated		Restated
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Transactional exchange difference	169,685	47,913	188,427	59,474
Exchange rate equalization	860,693	491,799	860,693	491,799
Exchange difference on Gold, SDR and foreign securities	(599,603)	(595,032)	(599,603)	(595,032)
	430,775	(55,320)	449,517	(43,759)

Exchange difference comprises realised 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.

5(iii) INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
IMF & SDR allocations	491	226	491	226
Foreign loans and credits	45,052	3,913	45,052	3,913
Interest on money market instruments	782,749	616,559	782,749	616,559
Repo expense and other commissions paid	62,015	41,066	73,526	45,819
	890,307	661,764	901,818	666,517

All interest expense recognised was on financial instruments measured at amortised cost.

6. ADMINISTRATIVE EXPENSES

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Personnel Cost	205,960	209,940	236,226	228,773
Foreign and Domestic Travel	17,360	8,392	17,538	8,503
Motor vehicle Maintenance/Running	14,950	9,691	15,112	9,740
Communication Expenses	10,245	4,553	11,789	4,731
Banking College and Monetary Institutes	4,348	3,201	4,348	3,201
Computer Related Expenses	4,050	3,947	4,137	4,617
Banking Supervision Expenses	1,707	1,759	1,707	1,759
Auditor's Remuneration	300	215	733	480
Directors' Remuneration	2,112	1,381	9,451	5,763
Expense on Foreign Currency Importation	562	344	562	344
Depreciation – Motor Vehicles	5,185	4,964	5,834	5,015
Other Administrative Expenses	48,589	42,437	62,189	47,530
	315,368	290,824	369,626	320,456

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

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

	The Bank		The Group	
	2014	2013	**2014**	2013
Directors	**12**	11	**20**	33
Staff	**1,622**	1,590	**1,674**	1,700
	1,634	1,601	**1,694**	1,733

7. PREMISES AND EQUIPMENT EXPENSES

	The Bank		The Group	
	2014	2013	**2014**	2013
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Rent and Rates	**1,959**	1,294	**1,961**	1,294
Electricity, Water and Conservancy	**5,264**	3,414	**5,274**	3,719
Repairs and Renewals	**18,126**	6,054	**18,159**	9,396
Insurance – Premises and Equipment	**196**	8	**247**	15
Depreciation – Premises & Equipment	**22,034**	10,473	**26,162**	13,311
Generator Running Expenses	**278**	228	**279**	261
General Premises and Equipment Expenses	**3,234**	3,647	**4,026**	6,159
	51,091	25,118	**56,108**	34,155

8. CURRENCY AND ISSUE EXPENSES

	The Bank		The Group	
	2014	2013	**2014**	2013
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Agency Fees	**1,278**	988	**1,278**	988
Notes Printing	**66,759**	57,845	**66,759**	57,845
Other Currency Expenses	**948**	427	**948**	427
	68,985	59,260	**68,985**	59,260

9(a) IMPAIRMENT LOSSES

	The Bank		The Group	
	2014	2013	**2014**	2013
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Balance at 1 January	**99,650**	104,153	**107,312**	107,440
Impairment loss recognised	**68,864**	-	**68,864**	-
Recovery of loan impairment losses	**-**	(4,503)	**(5,125)**	(4,503
Exchange difference	**-**	-	**-**	4,375
Balance at 31 December (9b)	**168,514**	99,650	**171,051**	107,312

This is in respect of impairment made on loans and advances, other assets and investments, disclosed in notes 15, 17 and 18 respectively whose recoverability has become doubtful.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT

The Bank 2014	Loans and Advances (note 15) GH¢'000	Other Assets (note 17) GH¢'000	Development Loans and Advances (note 18) GH¢'000	Total 2014 GH¢'000
At 1/1/2014	98,072	1,107	471	99,650
Impairment losses recognised	68,864	-	-	68,864
At 31/12/2014	**166,936**	**1,107**	**471**	**168,514**

The Group 2014	Loans and Advances (note 15)	Other Assets (note 17)	Development Loans and Advances (note 18)	Total 2014
At 1/1/2014	105,734	1,107	471	107,312
Recovery of loan impairment losses	(5,125)	-	-	(5,125)
Impairment losses recognised	68,864	-	-	68,864
At 31/12/2014	**169,473**	**1,107**	**471**	**171,051**

The Bank 2013	Loans and Advances (note 15) GH¢'000	Other Assets (note 17) GH¢'000	Development Loans and Advances (note 18) GH¢'000	Total 2014 GH¢'000
At 1/1/2013	100,626	2,638	889	104,153
Impairment losses reversal	(2,554)	(1,531)	(418)	(4,503)
At 31/12/2013	**98,072**	**1,107**	**471**	**99,650**

The Group 2013	Loans and Advances (note 15)	other Assets (note 17)	Development Loans and Advances (note 18)	Total 2014
At 1/1/2013	103,913	2,638	889	107,440
Impairment losses recognised	4,375	-	-	4,375
Impairment losses reversal	(2,554)	(1,531)	(418)	(4,503)
At 31/12/2013	**105,734**	**1,107**	**471**	**107,312**

10. TAXATION

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

As explained under 10(a) above, the Bank is exempt from payment of income taxes.
The disclosure below therefore relates to the subsidiary - Ghana International Bank Limited – which has a tax charge.

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

	2014 GH¢'000	2013 GH¢'000
Profit on ordinary activities before tax	97,703	55,264
Tax at 21.50 %(2013; 23.25 %)	21,007	12,848
Depreciation of non-qualifying assets	76	54
Expenses disallowed for other tax purposes	11	7
Effect of change in tax rate	(16)	74
Prior year adjustment	(7)	(10)
	21,071	12,973

(ii) Current Tax Charge

	2014 GH¢'000	2013 GH¢'000
Current year	20,855	12,874
Movement in deferred tax	-	18
Prior year adjustment	(8)	81
Total current tax charge	20,847	12,973
Deferred tax charge		
Current year	241	18
Effect on change in tax rate	(17)	1
Prior year adjustment	-	(19)
Overall tax charge	21,071	12,973

11. CASH AND AMOUNTS DUE FROM BANKS

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Correspondent Bank Balances	3,017,654	1,099,020	2,594,764	385,456
Notes and Coins Holdings	106,941	65,798	106,941	65,798
	3,124,595	1,164,818	2,701,705	451,254

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

12. GOLD

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Bank of England Gold set aside	423,252	292,337	423,252	292,337
Federal Reserve Bank NY Gold	295,798	204,306	295,798	204,306
UBS Gold Investment	318,040	219,618	318,040	219,618
Gold-local holdings	39,167	27,053	39,167	27,053
	1,076,257	743,314	1,076,257	743,314

Gold coin and bullion consists of 280,872.439 fine ounces of gold at the market price of USD1, 197.33 per ounce (2013: 280,872.439 fine ounces at USD1,206.55 per ounce).

13. BALANCES WITH INTERNATIONAL MONETARY FUND (IMF)

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Holdings	1,030,142	804,340	1,030,142	804,340
Quota	1,710,795	1,246,408	1,710,795	1,246,408
	2,740,937	2,050,748	2,740,937	2,050,748

Membership in the fund is quota based and is determined upon admission and periodically increased under general quota reviews. The IMF quota account reflects initial and subsequent quota payments. The Holdings account represents the Special Drawing Right holdings with the IMF.

14. SECURITIES

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Long-Term Government securities	7,887,892	5,281,533	7,887,892	5,281,533
Money Market instruments	2,012,930	1,377,692	2,012,930	1,377,826
Short-Term Securities	10,309,659	8,335,613	10,309,659	8,335,606
Others	-	-	324,417	366,164
	20,210,481	14,994,838	20,534,898	15,361,129

(i) Long-Term Government Securities

This represents securities which have been issued by the Government of Ghana to cover among others 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.

iii) Other Securities

This represents securities that the group has designated as available for sale. These include certificate of deposits and government and other securities.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

15. LOANS AND ADVANCES

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Government	7,615,894	2,741,977	7,615,894	2,741,977
Financial Institutions	242,709	832,020	2,545,730	2,381,605
Lending	2,168,769	2,126,880	2,760,562	2,607,582
Gross Amount	10,027,372	5,700,877	12,922,186	7,731,164
Less: Impairment Losses (9b)	(166,936)	(98,072)	(169,473)	(105,734)
Carrying Amount	9,860,436	5,602,805	12,752,713	7,625,430

16. DERIVATIVE ASSETS

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Swap Receivable	-	-	-	-

This representsthe fair value at reporting date of all currency swap transactions entered into by the Bank with various banks in Ghana.

17. OTHER ASSETS

	The Bank		The Group	
		Restated		Restated
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Items in course of Collection	154,885	84,865	154,885	84,865
Accrued Interest on Securities	157,601	648,342	157,601	648,342
Other Receivables	153,721	289,380	170,981	306,413
	466,207	1,022,587	483,467	1,039,620
Less: Impairment Losses (note 9b)	(1,107)	(1,107)	(1,107)	(1,107)
	465,100	1,021,480	482,360	1,038,513

Included in other receivables are imprest and sundry receivables.

18. INVESTMENTS

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment in Subsidiaries	149,524	150,574	-	-
Other Investments	30,633	30,633	52,156	38,652
	180,157	181,207	52,156	38,652
Impairment Losses	(471)	(471)	(471)	(471)
	179,686	180,736	51,685	38,181

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

The investment in subsidiaries is made up of:

- GH¢70,164,525 (2013: GH¢70,164,525) representing 51% equity holding in Ghana International Bank Plc, a commercial bank incorporated in the United Kingdom;
- GH¢76,909,229 (2013: GH¢76,909,229) representing 100% holdings in Ghana Interbank Payment and Settlement System (GhIPSS), a company incorporated in Ghana; and
- GH¢2,450,000 (2013: GH¢3,500,000) representing 70% in Central Securities Depository, a company incorporated in Ghana. In 2014, Bank of Ghana sold 30% of its holding in CSD to the Ghana Stock Exchange.

The other investments are held to maturity investments carried at amortised cost.

The per centage holdings of Bank of Ghana in the various subsidiaries are as follows:

Subsidiaries	Holding 2014	2013	Nature of Business
	%	%	
Ghana International Bank Plc (GHIB)	51	51	Banking
Ghana Interbank Payment and Settlement Systems	100	100	Operation of national payment and settlement systems
Central Securities Depository	70	100	Operation of national securities depository

All subsidiaries except GHIB are incorporated in the Republic of Ghana. Investment in subsidiaries has been carried at cost in the Bank's separate financial statements. GHIB is a limited liability company incorporated in the United Kingdom (UK).

Material partly-owned subsidiary

Ghana International Bank Limited is the only subsidiary which has non-controlling interest which is material to the Group. Financial information relating to this subsidiary is provided below:

Proportion of equity interest held by non-controlling interests: Name	Country of incorporation and operation	2014	2013
Ghana International Bank Limited	United Kingdom	49%	49%

	2014 GH¢ 000	2013 GH¢ 000
Accumulated balances of material non-controlling interest:	304,688	208,291
Profit allocated to material non-controlling interest:	33,989	21,404

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss for 2014:

Continuing Operations	2014 GH¢ '000	2013 GH¢ '000
Income		
Interest receivable and similar income	65,039	34,741
Other income arising from debt and other fixed income securities	30,244	18,733
Total Interest Income	95,283	53,474
Interest expense and similar charges	(11,514)	(4,755)
Net Interest Income	83,769	48,719
Fees and commission income	25,693	16,881
Foreign currency gains	18,743	11,575
Investment income	4,042	2,230
Other income	1,268	119
Total Non-Interest Income	49,746	30,805
Operating Income	133,516	79,525
Staff costs	(24,095)	(14,180)
Other administrative expenses	(15,255)	(8,839)
Depreciation and amortisation	(1,585)	(1,241)
Operating Expenses	(40,935)	(24,260)
Net recovery of loan impairment losses	5,122	-
Profit before Taxation	97,702	55,264
Taxation	(21,072)	(12,974)
Profit for the Year	76,630	42,289
Other comprehensive income	(7,263)	1,392
Total comprehensive income	69,367	43,682
Attributable to Non-controlling interest	33,989	21,404
Dividends paid to non-controlling interest	16,155	19,662

Summarised Statement of Financial Position as at:	31/12/2014 GH¢ '000	31/12/2013 GH¢ '000
Cash and balances at banks including items in course of collection	296,750	90,813
Placements with and loans and advances to banks	2,303,026	1,549,586
Loans and advances to customers	589,254	473,041
Unlisted certificates of deposits	75,166	164,106
Government and other securities	240,941	202,047
Prepayments and accrued income	3,763	2,702
Property, plant and equipment	4,628	3,572
Deferred tax asset	566	584
Liabilities		
Deposits by banks	(1,630,178)	(1,153,052)
Amounts owed to depositors	(1,200,682)	(870,011)
Provision for corporation tax	(8,051)	(7,187)
Other liabilities	(43,944)	(23,971)
Accruals and deferred income	(9,426)	(7,146)
Total equity	**621,813**	**425,084**
Attributable to:		
Equity holders of parent	317,124	216,793
Non-controlling interest	304,688	208,291
Summarised cash flow information for year ending	**31/12/2014**	**31/12/013**
Operating	166,247	-98,949
Investing	182,450	89,226
Financing	-32,968	-25,735
Forex on cash and cash equivalents	329	287
Net increase/(decrease) in cash and cash equivalents	**316,058**	**-35,171**

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

19a. PROPERTY, PLANT AND EQUIPMENT

The Bank 2014	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
Gross Value						
At 1/1/14	155,726	24,911	4,652	72,054	85,516	342,859
Additions	7,952	657	1,269	28,636	63,225	101,739
Disposals	(50)	(446)	(18)	(36)	-	(550)
Balance at 31/12/14	163,628	25,122	5,903	100,654	148,741	444,048
Accumulated Depreciation & Impairment Losses						
At 1/1/14	14,860	11,539	2,666	26,652	-	55,717
Charge for the year	8,704	5,185	1,077	12,249	-	27,215
Disposals	-	(311)	(18)	(20)	-	(349)
Balance at 31/12/14	23,564	16,413	3,725	38,881	-	82,583
Carrying Amounts						
Balance at 31/12/14	**140,064**	**8,709**	**2,178**	**61,773**	**148,741**	**361,465**

The Group 2014	Land and Buildings	Motor Vehicles	Furniture and Fittings	Plant and Equipment	Work in Progress	Total
Gross Value	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1/1/14	162,189	25,768	6,288	106,827	90,431	391,503
Additions	7,952	1,540	1,309	30,106	64,410	105,317
Disposals	(50)	(446)	(18)	(36)	-	(550)
Translation Adjustment	-	588	-	4,921	-	5,509
Balance at 31/12/14	170,091	27,450	7,579	141,818	154,841	501,779
Accumulated Depreciation and Impairment Losses						
At 1/1/14	17,182	13,310	4,363	49,962	-	84,817
Charge for the Year	8,783	5,348	1,152	13,070	-	28,353
Released on Disposal	-	(311)	(17)	(20)	-	(348)
Translation Adjustment	-	81	-	3,564	-	3,645
Balance at 31/12/14	25,965	18,428	5,498	66,576	-	116,467
Carrying Amounts						
Balance at 31/12/14	**144,126**	**9,022**	**2,081**	**75,242**	**154,841**	**385,312**

19b. PROPERTY, PLANT AND EQUIPMENT

The Bank 2013	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
Gross Value						
At 1/1/13	151,951	13,536	3,227	65,742	56,491	290,947
Additions	4,230	5,498	1,452	12,347	29,025	52,552
Disposals	(455)	(34)	(27)	(123)	-	(639)
Balance at 31/12/13	155,726	19,000	4,652	77,966	85,516	342,860
Accumulated Depreciation and Impairment Losses						
At 1/1/13	12,973	6,661	1,943	18,771	-	40,348
Charge for the year	1,942	7,788	743	5,069	-	15,542
Disposals	(55)	(9)	(20)	(88)	-	(172)
Balance at 31/12/13	14,860	14,440	2,666	23,752	-	55,718
Carrying Amounts						
Balance at 31/12/13	140,866	4,560	1,986	54,214	85,516	287,142

The Group 2013	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
Gross Value						
At 1/1/13	158,414	14,343	4,850	97,718	60,826	336,151
Additions	4,230	11,499	1,465	7,297	29,605	54,096
Disposals	(454)	(123)	(28)	(208)		(813)
Translation Adjustment	-	49	-	2,020	-	2,069
Balance at 31/12/13	162,190	25,768	6,287	106,827	90,431	391,503
Accumulated Depreciation and Impairment Losses						
At 1/1/13	14,216	7,252	3,348	34,019	-	58,835
Charge for the Year	3,021	6,123	818	14,860	-	24,822
Released on Disposal	(55)	(88)	(20)	(9)	-	(172)
Translation Adjustment	-	23	217	1,092	-	1,332
Balance at 31/12/13	17,182	13,310	4,363	49,962	-	84,817
Carrying Amounts						
Balance at 31/12/13	145,008	12,458	1,924	56,865	90,431	306,686

20. DEPOSITS

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Government	10,044,610	3,726,482	10,044,610	3,726,482
Financial Institutions/Banks	4,420,396	2,998,247	6,529,179	4,191,663
Other Deposits	1,017,429	617,737	1,017,429	617,737
	15,482,435	7,342,466	17,591,218	8,535,882

21. DERIVATIVE FINANCIAL LIABILITY

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Swap Payable	141,842	281,024	141,842	281,024

This represents the fair value at reporting date of all currency swap transactions entered into by the Bank with various banks in Ghana.

22. LIABILITIES UNDER MONEY MARKET OPERATIONS

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Bank of Ghana Instruments	2,684,153	3,924,219	2,684,153	3,920,894

These are securities (bills carrying a fixed rate of interest)issued by the Bank for monetary policy purpose and are shown as a liability of the Central Bank of Ghana to the buyers. These instruments include 91 day and 182 day instruments.

23a. ALLOCATION OF SPECIAL DRAWING RIGHTS

The Bank, on behalf of Government of Ghana, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). The allocation of SDR represent Ghana's share of SDRs distributed by decision of the IMF based on the country's IMF quota.

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Allocations of Special Drawing Rights	1,640,641	1,195,297	1,640,641	1,195,297

23b. LIABILITIES TO INTERNATIONAL MONETARY FUND

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
(i) IMF Currency Holdings				
Operational Account	49,654	54,653	49,654	54,653
IMF Securities	1,660,820	1,191,759	1,660,820	1,191,759
(ii) IMF Facilities				
Poverty Reduction and Growth Facility	2,217,921	1,486,840	2,217,921	1,486,840
	3,928,395	2,733,252	3,928,395	2,733,252

24. OTHER LIABILITIES

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Accruals and Account Payable	144,487	245,058	144,487	252,206
Defined Pension Fund Liability (Note 25)	997	62,363	997	62,363
Short Term Facilities	2,560,080	1,316,040	2,560,080	1,316,040
Other Payables	298,064	164,215	359,462	196,736
	3,003,628	1,787,676	3,065,026	1,827,345

The short-term facilities were obtained from the Bank for International Settlements (BIS). These facilities had three months maturity period with a roll over option and with fixed rates of interest.

25. DEFINED BENEFIT PLAN

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A full actuarial valuation by a qualified independent actuary is carried out every two years. An estimate is made to adjust the benefit obligation on a yearly basis. The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrealised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the long-term government bond rates. The value of defined benefit assets and obligations at the year-end are as follows:

	The Bank		The Group	
	2014	2013	2014	2013
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Defined benefit obligation	(992,922)	(827,435)	(992,922)	(827,435)
Plan assets	991,925	765,072	991,925	765,072
Total Recognised Benefit Liability	(997)	(62,363)	(997)	(62,363)

The defined benefit pension plan is a final salary plan for Bank of Ghana employees. It requires contributions to be made to a separately administered fund. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. Each year, the Board of Trustees reviews the level of funding in the plan and makes recommends for additional contributions to be made as appropriate.

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Plan Assets

Balance at 1 January	**765,072**	555,095	**765,072**	555,095
Contributions by employer during the year	**226,853**	209,977	**226,853**	209,977
Fund Assets in Investments	**991,925**	765,072	**991,925**	765,072

Fund Liability

	The Bank		The Group	
	2014	2013	**2014**	2013
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Balance as at 1 January	**827,435**	638,219	**827,435**	638,219
Pension Payments	**(23,478)**	(19,694)	**(23,478)**	(19,694)
Interest Expense	**179,404**	147,260	**179,404**	147,260
Actuarial Losses	-	21,661	-	21,661
Service Cost	**9,561**	39,989	**9,561**	39,989
Value of Fund Obligation at 31 December	**992,922**	827,435	**992,922**	827,435

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on behalf of the Bank in 2013. The present value of the defined benefit obligation and the related service cost are measured using the projected unit credit method.

	2014	2013
Actuarial Assumptions		
Discount rate at 31 December	**18.5%**	18.5%
Salary increment rate	**20%**	20%

The sensitivity of the present values of the defined benefit obligations are presented below:

	Salary Increment Rate		
Discount Rate	18%	22%	24%
	GH¢'000	GH¢'000	**GH¢'000**
19.25%	587,667	934,883	1,230,084
18.25%	654,933	1,075,394	1,440,950
20.25%	532,410	820,846	1,061,652

26 (a) CURRENCY IN CIRCULATION

	The Bank		The Group	
	2014	2013	**2014**	2013
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Notes and Coins Issued	**21,991,242**	19,554,442	**21,991,242**	19,554,442
Less: Cash Account & Agencies	**(14,256,196)**	(13,357,035)	**(14,256,196)**	(13,357,035)
	7,735,046	6,197,407)	**7,735,046**	6,197,407

26(b) CURRENCY IN CIRCULATION BY DENOMINATION

	The Bank		The Group	
DENOMINATION	2014	2013	2014	2013
Notes in Circulation	GH¢'000	GH¢'000	GH¢'000	GH¢'000
GH¢50	2,201,016	1,640,274	2,201,016	1,640,274
GH¢20	2,778,207	1,936,352	2,778,207	1,936,352
GH¢10	1,581,970	1,423,105	1,581,970	1,423,105
GH¢5	772,728	809,906	772,728	809,906
GH¢2	94,702	93,101	94,702	93,101
GH¢1	160,110	157,207	160,110	157,207
Total Notes in Circulation	7,588,733	6,059,945	7,588,733	6,059,945
Coins in Circulation				
GH¢1	24,093	23,103	24,093	23,103
50GP	35,504	32,802	35,504	32,802
20GP	36,490	31,196	36,490	31,196
10GP	22,708	19,184	22,708	19,184
5GP	8,712	7,957	8,712	7,957
1GP	921	889	921	889
Total Coins in Circulation	128,428	115,131	128,428	115,131
New currency in circulation	7,717,162	6,175,076	7,717,162	6,175,076
Old currency in circulation	17,884	22,331	17,884	22,331
Total Currency in Circulation	7,735,046	6,197,407	7,735,046	6,197,407

27. STATED CAPITAL

	Number of Shares		Proceeds	
	2014	2013	2014	2013
	'000	'000	GH¢'000	GH¢'000
Authorised Number of shares	700,000	700,000		
Issued and Paid				
For Cash Consideration	100	100	10	10
Other than Cash	99,900	99,900	9,990	9,990
	100,000	100,000	10,000	10,000

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

28. ASSET REVALUATION RESERVE

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

29. 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).

30. OTHER RESERVES

The Bank-2014	Price & Exchange Movement GH¢'000	Transfer from Surplus GH¢'000	Transfer to other Reserve GH¢'000	2014 GH¢'000
Balance at 1 January	601,737	2,652,622	(824,102)	2,430,257
Securitised prior year revaluation deficit on gold	-		324,017	324,017
Dividend	-	-	(400,000)	(400,000)
Utilisation of research fund	-	-	(5,000)	(5,000)
Profit for the year	-	899,353	-	899,353
Revaluation surplus/(deficit)	-	599,603	(599,603)	-
(Decrease)/Increase in the year	(6,348)	6,348	-	-
Balance at 31 December	**595,389**	**4,157,926**	**(1,504,688)**	**3,248,627**

The Bank 2013	Price & Exchange Movement GH¢'000	Transfer from Surplus GH¢'000	Transfer to other Reserve GH¢'000	2013 GH¢'000
Balance at 1 January 2013	872,753	1,777,079	(86)	2,649,746
Dividend	-	-	(500,000)	(500,000)
Revaluation Surplus/(deficit)	-	-	(324,016)	(324,016)
(Decrease)/Increase in the year	(271,016)	875,543	-	604,527
Balance at 31 December	**601,737**	**2,652,622**	**(824,102)**	**2,430,257**

The Group-2014	Price & Exchange Movement GH¢'000	Foreign currency Translation Reserve GH¢'000	Available for sale reserves GH¢'000	Transfer From Surplus GH¢'000	Total 2014 GH¢'000
Balance at 1 January	601,739	76,883	711	1,828,606	2,507,939
Dividend	-	-	-	(400,000)	(400,000)
Securitised prior year revaluation deficit on gold	-	-	-	324,016	324,016
Net revaluation deficit	-	-	-	(599,603)	(599,603)
Utilisation of research fund	-	-	-	(5,000)	(5,000)
(Decrease)/Increase in the year	(6,348)	79,623	(2,916)	1,505,305	1,575,664
Balance at 31 December	**595,391**	**156,506**	**(2,205)**	**2,653,324**	**3,403,016**

The Group-2013	Price &Exchange Movement GH¢'000	Translation Reserve GH¢'000	Available for sale reserves	Transfer from Surplus GH¢'000	Total 2013 GH¢'000
Balance at 1 Jan	872,755	43,966	-	1,777,079	2,693,800
Dividend	-	-	-	(500,000)	(500,000)
Revaluation surplus/(deficit)	-			(324,016)	(324,016)
(Decrease)/Increase in the year	(271,016)	32,917	711	875,543	638,155
Balance at 31 December	**601,739**	**76,883**	**711**	**1,828,406**	**2,507,939**

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).

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31. 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 statement of financial position.

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

Assets

i. The Bank 2014

	Notes	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
Cash and balances with correspondent banks	11	-	-	-	3,124,595	3,124,595	3,124,595
Balances with IMF	13	-	-	-	2,740,937	2,740,937	2,740,937
Government securities	14	7,887,892	-	-	-	7,887,892	7,887,892
Money market instruments	14	2,012,930	-	-	-	2,012,930	2,012,930
Short-term securities	14	10,309,659	-	-	-	10,309,659	10,309,659
Loans and Advances	15	-	-	-	9,860,436	9,860,436	9,860,436
Investments	18	-	-	-	179,686	179,686	179,686
Total at 31/12/2014		20,210,481	-	-	15,905,654	36,116,135	36,116,135

Assets

ii. The Bank 2013

	Notes	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
Cash and balances with correspondent banks	11	-	-	-	1,164,818	1,164,818	1,164,818
Balances with IMF	13	-	-	-	2,050,748	2,050,748	2,050,748
Government securities	14	5,281,533	-	-		5,281,533	5,281,533
Money market instruments	14	1,377,692	-	-		1,377,692	1,377,692
Short-term securities	14	8,335,043	-	-		8,335,043	8,335,043
Loans and Advances	15	-	-	-	5,602,805	5,602,805	5,602,805
investments	18	-	-	-	180,736	180,736	180,736
Total at 31/12/2013		14,994,972	-	-	8,999,107	23,993,375	23,993,375

Assets

i. The Group 2014

	Notes	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 GH¢000	Fair Value GH¢000
Cash and balances with correspondent banks	11	-	-	-	2,701,705	2,701,705	2,701,705
Balances with IMF	13	-	-	-	2,740,937	2,740,937	2,740,937
Government securities	14	7,887,892	-	-	-	7,887,892	7,887,892
Money market instruments	14	2,012,930	-	-	-	2,012,930	2,012,930
Short-term securities	14	10,309,659	-	324,417	-	10,634,076	10,634,076
Loans and advances	15	-	-	-	12,752,713	12,752,713	12,752,713
Investments	18	-	-	-	51,685	51,685	51,685
Total at 31/12/13		20,210,481	-	324,417	18,247,040	38,781,938	38,781,938

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

Assets

ii. The Group 2013

	Notes	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 GH¢000	Fair Value GH¢000
Cash and balances with correspondent banks	11	-	-	-	451,254	451,254	451,254
Balances with IMF	13	-	-	-	2,050,748	2,050,748	2,050,748
Government securities	14	5,281,533	-	-	-	5,281,533	5,281,533
Money market instruments	14	1,377,826	-	-	-	1,377,826	1,377,826
Short-term securities	14	8,335,613	-	366,162	-	8,701,775	8,701,775
Loans and advances	15	-	-	-	7,625,430	7,625,430	7,625,430
Investments	18	-	-	-	38,181	38,181	38,181
Total at 31/12/13		14,994,972	-	366,162	10,165,613	25,526,747	25,526,747

Liabilities

i. The Bank 2014

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at Amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	10,044,610	10,044,610
Due to Banks and Financial Institutions	20	-	-	4,420,396	4,420,396
Other Short-Term Deposits	20	-	-	1,017,429	1,017,429
Derivative liabilities	21	-	141,842	-	141,842
Money Market Instruments	22	-	-	2,684,153	2,684,153
Liabilities to IMF	23	-	-	3,928,395	3,928,395
Total at 31/12/14		-	141,842	22,094,983	22,236,825

Liabilities

ii. The Bank 2013

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at Amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	3,726,482	3,726,482
Due to Banks and Financial Institutions	20	-	-	2,998,247	2,998,247
Other Short-Term Deposits	20	-	-	617,737	617,737
Derivative liabilities	21	-	281,024	-	281,024
Money Market Instruments	22	-	-	3,924,219	3,924,219
Liabilities to IMF	23	-	-	2,733,252	2,733,252
Total at 31/12/13		-	281,024	13,999,937	14,280,961

Liabilities

i. The Group 2014	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at Amortised cost GH¢000	Total GH¢000
Government Deposits	20	-	-	10,044,610	10,044,610
Due to Banks and Financial Institutions	20	-	-	4,420,396	4,420,396
	20				
Other Short-Term Deposits		-	-	1,017,429	1,017,429
Derivative liabilities	21	-	141,842	-	141,842
Money Market Instruments	22	-	-	2,684,153	2,684,153
Liabilities to IMF	23	-	-	3,928,395	3,928,395
Total at 31/12/14		-	141,842	22,094,983	22,236,825

Liabilities

ii) The Group 2013	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at Amortised Cost GH¢000	Total GH¢000
Government Deposits	20	-	-	3,726,482	3,726,482
Due to Banks and Financial Institutions	20	-	-	4,191,663	4,191,663
	20				
Other Short-Term Deposits		-	-	617,737	617,737
Derivative liabilities	21	-	281,024	-	281,024
Money Market Instruments	22	-	-	3,920,894	3,920,894
Liabilities to IMF	23	-	-	2,733,252	2,733,252
Total at 31/12/13		-	281,024	15,190,028	15,471,052

32. FAIR VALUE HIERARCHY

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts. The inputs used include the Bank of Ghana published rates and discounted cash flow techniques. Also included in this level are items of property, plant and equipment carried at market values. The main input into the valuation is recent market transactions.

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2014 and 31 December 2013, the Group did not hold any level 3 financial assets and / or liabilities.

This hierarchy requires the use of observable market data when available. The Group considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year. Financial instruments measured at fair value at 31 December 2014 and 31 December 2013 were classified as follows:

The Bank	Fair Value Measurement Using					
	Quoted Prices in Active Market (Level 1) The Bank		Significant Observable Inputs (Level 2) The Bank		Significant Unobservable inputs (Level 3) The Bank	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Assets measured at fair value:						
Liabilities measured at fair value:						
Derivative Financial Liability			141,842	281,023	-	-

The Group	Level 1 The Group		Level 2 The Group		Level 3 The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
Assets measured at fair value:						
AFS securities	-	-	324,417	366,164	-	-
Financial liabilities at fair value through profit or loss						
Derivative Financial Liability	-	-	141,842	281,023	-	-

There have been no transfers between Level 1 and Level 2 during the period.

33. RELATED PARTY TRANSACTIONS

Transactions with Government of Ghana/IMF

The Bank of Ghana is wholly owned by the Government of Ghana. The Bank and the Government of Ghana have borrowings from the IMF, which have been undertaken through the Bank. The Central Bank is a member of the IMF/World Bank. The Government's IMF borrowings, as shown on the statement of financial position of the Bank, have been matched by a receivable from the Government.

Loans and advances to governments as well as securities issued to government are made at rates of interest agreed between the Ministry of Finance and the Bank of Ghana in accordance with the Bank of Ghana act. Interest on any overdraft by government is charged at the Bank of Ghana's normal rate of interest. There are currently no impairments held in respect of loans, advances and securities to government. The balances on loans and security transactions with government have been disclosed in notes 14, 15 and 20 respectively.

Key management personnel compensation for the period comprised

The Bank	2014 GH¢'000	2013 GH¢'000
Short-Term Employee Benefits	1,307	920
Termination Benefit	548	334
Post-employment Benefits	247	150
	2,102	1,404

Key management personnel include directors and top level management.
Transactions with related companies in the year under review are as follows:

Name of Subsidiary	% Ownership	Deposits by Subsidiary with Bank of Ghana GH¢'000
Ghana International Bank	51	722,071
Ghana Interbank Payments and Settlement Systems	100	69
Central Securities Depository	70	(544)

The balances on these transactions are included in the respective assets and liabilities in the books of the bank.

34. RISK MANAGEMENT DISCLOSURES

The Bank maintains active trading positions in non-derivative financial instruments. To carry out its functions, the Bank carries an inventory of money market instruments and maintains access to market liquidity by dealing with other market makers. As dealing strategies adopted by the Bank depend on its specific function as a central bank, its positions are managed in concert to maximise net trading income by defining acceptable risk levels and endeavouring to maximise income at those levels.

The Bank manages its activities by type of risk involved and on the basis of the categories of investments held. The discussion below sets out the various risks to which the Bank is exposed as a result of its operational activities, and the approach taken to manage those risks. Further details of the steps taken to measure and control risk are set out in the Bank's risk management and control procedures.

- Credit Risk

The Group is subject to credit risk through its lending and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

Credit risk associated with trading and investing activities is managed through the Group's credit risk management process.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparts of good credit standing.

Concentrations of credit risk (whether on or off statements of financial position) that arise from financial instruments exist for banks and for counter parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank deals with counter parties of good credit standing. The nature of the Group's operation as a Central Bank makes its loan portfolio not lend itself to normal aging analysis as the case is for commercial banks.

Exposure to Credit Risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks at the reporting date was:

	The Bank		The Group	
	2014 GH¢'000	2013 GH¢'000	2014 GH¢'000	2013 GH¢'000
ASSETS				
Cash and Amounts due from Banks	**3,124,595**	1,164,818	**2,701,705**	451,254
Balances with IMF	**2,740,937**	2,050,748	**2,740,937**	2,050,748
Securities	**20,210,481**	14,994,838	**20,534,898**	15,361,127
Other Assets (excluding other receivables) Note 17	**312,486**	733,207	312,486	733,207
Loans and Advances	**9,860,436**	5,602,805	**12,752,714**	7,625,430
	36,248,935	24,546,416	39,042,740	26,221,766

• Liquidity Risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets to appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet its goals and targets set in terms of overall Bank strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy. The following are contractual maturities of financial assets and liabilities:

The Bank 2014	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	5 years GH¢ '000	Total GH¢ '000
ASSETS						
Cash and Amounts due from Banks	3,124,595	-	-	-	-	3,124,595
Gold	27,053	719,050	330,154	-	-	1,076,357
Balances with IMF	1,030,142	1,710,795	-	-	-	2,740,937
Securities	10,391,866	844,667	159	9,573,547	6,960,077	27,770,316
Loans and Advances	6,116,446	-	1,592,811	61,521	3,901,889	11,672,667
Investments	-	52,156	-	-	-	52,156
Total	**20,690,102**	**3,326,668**	**1,923,124**	**9,635,068**	**10,861,966**	**46,436,928**
LIABILITIES						
Allocations of SDR	1,640,641	-	-	-	-	1,640,641
Deposits	15,482,435	-	-	-	-	15,482,435
Liabilities to IMF	49,654	-		3,059,951	4,086,376	7,195,981
Derivative financial liability	-	-	141,842	-	-	141,842
Bridging facilities	-	-	2,560,080	-	-	2,560,080
Liabilities under Money Market Operations	974,328	880,714	820,403	16,042	-	2,691,481
TOTAL	**18,147,058**	**880,714**	**3,522,325**	**3,075,993**	**4,086,376**	**29,712,466**
Maturity Surplus/(shortfall)	**2,543,044**	**2,445,954**	**(1,599,201)**	**6,559,075**	**6,775,590**	**16,742,462**

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The Bank 2013	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months & 1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	5 years GH¢ '000	Total GH¢ '000
Assets						
Cash and Amounts due from Banks	1,164,818	-	-	-	-	1,164,818
Gold	27,053	496,643	219,618	-	-	743,314
Balances with IMF	804,340	1,246,408	-	-	-	2,050,748
Securities	8,505,507	703,735	27,254	7,925,271	1,614,098	18,775,865
Loans and Advances	5,661,168	-	-	-	-	5,661,168
Investments	164	-	-	-	293,433	293,433
Total	16,163,050	2,446,786	246,872	7,925,271	1,907,531	28,689,510
LIABILITIES						
Currency in Circulation	-	-	-	-	6,197,407	6,197,407
Allocations of SDR	1,195,297	-	-	-	-	1,195,297
Deposits	7,342,466	-	-	-	-	7,342,466
Liabilities to IMF	-	-	-	1,486,840	1,246,412	2,733,252
Derivative Financial Liability	-	-	281,023	-	-	281,023
Bridging Facilities	-	-	1,480,545	-	-	1,480,545
Liabilities under Money Market Operations	-	-	827,404	3,587,343	-	4,414,747
Total	8,537,763	-	2,588,972	5,074,183	7,443,819	23,644,737
Maturity Surplus/(shortfall)	7,625,287	2,446,786	(2,342,100)	2,851,088	(5,536,288)	5,044,773

The Group 2014 ASSETS	Up to 1 month GH ¢ '000	Between 1 month& 3 months GH ¢ '000	Between 3 months & 1 year GH ¢ '000	Between 1 year & 5 years GH ¢ '000	5 years GH ¢ '000	Total GH¢ '000
Cash and Amounts due from Banks	2,701,705	-	-	-	-	2,701,705
Gold	27,053	719,050	330,154	-	-	1,076,257
Balances with IMF	1,030,142	1,710,795	-	-	-	2,740,937
Securities	10,391,866	918,486	14,127	5,344,637	3,865,782	20,534,898
Loans and Advances	7,534,519	369,567	1,960,497	730,880	2,157,249	12,752,712
Investments	-	-	-	-	51,685	51,685
TOTAL	21,685,285	3,717,898	2,304,778	6,075,517	6,074,716	39,858,194
LIABILITIES						
Currency in Circulation	-	-	-	-	7,735,046	7,735,046
Allocations of Special Drawing Rights	1,640,641	-	-		-	1,640,641
Deposits	16,202,306	447,840	941,022	49	-	17,591,217
Liabilities to IMF	49,654	-	-	1,660,819	2,217,922	3,928,395
Derivative financial liability	-	-	141,842	-	-	141,842
BIS Bridging Facility	-	-	2,560,080	-	-	2,560,080
Liabilities under Money Market Operations	974,329	880,714	820,403	8,706	-	2,684,152
Total	18,866,930	1,328,554	4,463,347	1,669,574	9,952,968	36,281,373
Assets-Liability Gap	2,818,355	2,389,344	(2,158,569)	4,405,943	(3,878,252)	(3,576,821)

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The Group 2013 ASSETS	Up to 1 month GH¢ '000	B/n 1 month & 3 months GH¢ '000	B/n 3 months & 1 year GH¢ '000	B/n 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and Amounts due from Banks	451,254	-	-	-	-	451,254
Gold	27,053	496,643	219,618		-	743,314
Balances with IMF	804,340	1,246,408	-	-	-	2,050,748
Securities	8,505,646	766,227	169,687	8,117,527	1,712,633	19,271,720
Loans and Advances	6,591,173	359,666	295,400	756,543	41,108	8,043,890
Investments	164	-	-	-	61,781	61,945
TOTAL	16,379,630	2,868,944	684,705	8,874,070	1,815,522	30,622,871
LIABILITIES						
Currency in Circulation	-	-	-	-	6,197,407	6,197,407
Allocations of Special Drawing Rights	1,195,297	-	-		-	1,195,297
Deposits	7,355,543	615,636	558,423	6,280	-	8,535,882
Liabilities to IMF	-	-	-	1,486,840	1,246,412	2,733,252
Derivative Financial liability	-	-	3,269,537	-	-	3,269,537
BIS Bridging Facility	-	-	1,480,545	-	-	1,480,545
Liabilities under Money Market Operations	-	-	-	6,371,453	-	6,371,453
Total	8,550,840	615,636	5,308,505	7,864,573	7,443,819	29,783,373
Assets-Liability Gap	7,828,790	2,253,308	(4,623,800)	1,009,497	(5,628,297)	839,498

Market Risk

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable. The instruments are recognised at fair value, and all changes in market directions directly affect net trading income.

The Bank manages its use of trading instruments in response to changing market conditions. Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have an increase/decrease on profit or loss, and equity by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2013.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
The Bank 2014		
Average for the Period	97,419	(97,419)
Maximum for the Period	108,714	(108,714)
Minimum for the Period	84,252	(84,252)
The Bank 2013		
Average for the Period	81,631	(81,631)
Maximum for the Period	83,315	(83,315)
Minimum for the Period	78,885	(78,885)

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Interest Rate Risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts.

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Group's strategies.

Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

The following show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

The Bank 2014	3 months or less GH¢'000	B/n 3 & 12 months GH¢'000	Over 1 year GH¢'000	Non-Interest bearing GH¢'000	TOTAL GH¢'000	2013 GH¢'000
ASSETS						
Cash and Amounts due from Banks	3,017,654	-	-	106,941	3,124,595	1,164,818
Balances with IMF	-	2,740,937	-		2,740,937	2,050,748
Securities	2,012,930	10,309,659	7,887,892		20,210,481	14,994,838
Loans and Advances	7,615,894	242,709	2,001,833		9,860,436	5,602,805
					-	-
Total Assets	12,646,478	13,383,305	9,889,725	106,941	36,026,292	25,626,581
LIABILITIES						
Liabilities to IMF	-	3,928,395			3,928,395	2,733,252
Liabilities under Money Market Operations	1,855,043	829,110			2,684,153	3,924,219
Derivative liability	-	141,842	-	-	141,842	281,023
Total Liabilities	1,855,043	4,615,663	-		34,616,141	23,399,690
Assets-Liability Gap	10,791,435	8,767,485	9,889,725	106,941	29,555,586	2,226,891

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

The Bank 2013	3 months or less GH¢'000	B/n 3 & 12 months GH¢'000	Over 1 year GH¢'000	Non-Interest bearing GH¢'000	TOTAL GH¢'000	2012 GH¢'000
ASSETS						
Cash and Amounts due from Banks	1,099,020	-	-	65,798	1,164,818	1,950,951
Balances with IMF	-	2,050,748	-	-	2,050,748	1,815,448
Securities	8,471,079	100,691	6,423,068	-	14,994,838	10,817,144
Loans and Advances	3,224,059	250,400	2,098,808	29,538	5,602,805	3,330,704
Total Assets	12,794,158	2,401,839	8,521,876	95,336	23,813,209	17,914,247
LIABILITIES						
Allocations of SDR	-	-	-	1,195,297	1,195,297	1,022,503
Deposits	-	-	-	7,342,466	7,342,466	5,820,247
Liabilities to IMF	-	2,733,252			2,733,252	2,395,435
Liabilities under Money Market Operations	-	3,924,219			3,924,219	1,657,867
Derivative liability	-	281,023	-	-	281,023	-
Total Liabilities	-	6,938,494	-	8,537,763	15,476,257	10,896,052
Assets-Liability Gap	12,794,158	(4,536,655)	8,521,876	(8,442,427)	8,336,952	7,018,195

The Group 2014	3 months or less GH¢'000	B/n 3 & 12 months GH¢'000	Over 1 year GH¢'000	Non-interest bearing GH¢'000	TOTAL GH¢'000	2013 GH¢'000
ASSETS						
Cash and Amounts due from Banks	2,056,505	178,167	360,091	106,941	2,701,704	958,700
Balances with IMF	-	2,740,937	-	-	2,740,937	1,815,448
Securities	2,248,156	10,131,339	8,155,402	-	20,534,897	11,233,222
Loans and Advances	7,904,086	1,960,497	2,888,130	-	12,752,713	4,803,494
Total Assets	12,208,747	15,010,940	11,403,623	106,941	38,730,251	18,810,864
LIABILITIES						
Deposits	719,871	1,388,862	49	15,482,435	17,591,217	6,321,278
Liabilities to IMF	-	3,928,395	-	-	3,928,395	2,395,435
Liabilities under Money Market Operations	1,855,043	829,110	-	-	2,684,153	1,656,117
Derivative liability	-	141,842	-	-	141,842	-
Total Liabilities	2,574,914	6,288,209	49	15,482,435	24,345,607	10,372,830
ASSETS-LIABILITY GAP	9,633,833	8,722,731	11,403,574	(15,375,494)	14,384,644	8,438,034

The Group 2013	3 months or less GH¢'000	B/n 3 & 12 months GH¢'000	Over 1 year GH¢'000	Non-Interest Bearing GH¢'000	TOTAL GH¢'000	2012 GH¢'000
ASSETS						
Cash and Amounts due from Banks	385,286	-	-	65,968	451,254	958,700
Balances with IMF	-	2,050,748	-	-	2,050,748	1,815,448
Securities	8,837,368	100,691	6,311,413	111,657	15,361,129	11,233,222
Loans and Advances	4,408,459	821,461	2,365,972	29,538	7,625,430	4,803,494
Derivative Asset	-	-	-	-	-	128,173
Total Assets	13,631,113	2,972,900	8,677,385	207,163	25,488,561	18,939,037
LIABILITIES						
Deposits	823,834	-	-	7,712,048	8,535,882	6,321,278
Liabilities to IMF	-	2,733,252	-		2,733,252	2,395,435
Liabilities under Money Market Operations	-	3,920,894	-	-	3,920,894	1,656,117
Derivative Liability	-	281,023	-	-	281,023	-
Total Liabilities	823,834	6,935,169	-	7,712,048	15,471,051	10,372,830
ASSETS-LIABILITY GAP	12,807,279	(3,692,269)	8,677,385	(7,504,885)	10,017,510	8,566,207

Currency Risk

The Bank is exposed to currency risk through transactions in foreign currencies. It owns a foreign subsidiary and therefore it is also exposed to foreign currency conversion risk.

The Bank prepares and presents its financial statements in Ghana cedi. As a result movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities impacts these financial statements.

The Group's foreign currency denominated transactions and balances give rise to exchange gains and losses that are recognised in the financial statements in accordance with note 3(f).

The foreign currency exposures are as follows:

CURRENCY EXPOSURE ANALYSIS

ASSETS	The Bank 2014 GH¢'000	The Bank 2013 GH¢'000	The Group 2014 GH¢'000	The Group 2013 GH¢'000
USD	14,351,134	9,981,147	16,683,052	9,980,922
GBP	556,056	312,575	719,374	314,313
EUR	90,328	69,363	310,783	69,438
SDR	2,740,937	2,101,990	2,740,937	2,101,989
OTHER	91,803	131,022	97,964	131,030
GHS	20,183,699	16,399,030	20,173,756	17,966,808
TOTAL	38,018,957	28,995,127	40,725,866	30,564,500

LIABILITIES & EQUITY	The Bank 2014 GH¢'000	The Bank 2013 GH¢'000	The Group 2014 GH¢'000	The Group 2013 GH¢'000
USD	11,811,658	7,105,139	14,150,274	7,105,123
GBP	116,376	68,445	272,726	69,975
EUR	233,068	139,885	453,837	139,958
SDR	3,351,115	2,502,719	3,351,115	2,502,719
OTHER	10,205	75,984	16,324	75,993
GHS	22,496,535	19,102,955	22,481,590	20,670,732
TOTAL	38,018,957	28,995,127	40,725,866	30,564,500

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2014

NET POSITION	The Bank 2014 GH¢'000	The Bank 2013 GH¢'000	The Group 2014 GH¢'000	The Group 2013 GH¢'000
USD	2,539,476	2,876,008	2,532,778	17,086,045
GBP	439,680	244,130	446,648	384,288
EUR	(142,740)	(70,522)	(143,054)	209,396
SDR	(610,178)	(400,729)	(610,178)	4,604,708
OTHER	81,598	55,038	81,640	207,023
GHS	(2,312,836)	(2,703,925)	(2,307,834)	38,637,540

CURRENCY EXPOSURE ANALYSIS

The following significant exchange rates applied during the year:

	Average Rate 2014 GH¢	Average Rate 2013 GH¢	Closing Rate 2014 GH¢	Closing Rate 2013 GH¢
US Dollar	**2.8975**	1.9497	**3.2001**	2.1934
GBP	**4.7628**	3.0546	**4.9893**	3.6336
EURO	**3.8139**	2.5927	**3.8813**	3.0211
SDR	**4.5517**	2.9343	**4.6363**	3.4622

Sensitivity Analysis

A 10% strengthening of the Ghana Cedi against the following currencies at 31 December will have an increase / (decrease) on profit or loss by the amount shown below.

This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis for 2013.

31 December 2014	Profit or (Loss)/Equity GH¢'000
US Dollar	(175,562)
GBP	(36,997)
EURO	9,817
SDR	61,017

31 December 2013	Profit or (loss)/Equity GH¢'000
US Dollar	(287,601)
GBP	(24,413)
EURO	7,052
SDR	40,073

A 10% weakening of the Ghana cedi against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

• Capital Management

The Bank does not have any regulator that sets and monitors its capital requirements. The subsidiary's banking operations are directly supervised by its local regulators.

There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets, for example. The Bank of Ghana Act stipulates the authorised number of shares to be seven hundred billion of no par value to be taken up from time to time by the Government, which may be increased from time to time. The Act further stipulates that the shares shall not be transferable or subject to any encumbrance. There has not been any noncompliance with capital management requirements of the Bank of Ghana Act.

The provisions of the Act seek to ensure that the Government of Ghana continues to own a hundred per cent stake to bear all financial risks and rewards.

(a) The Bank

Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

		2014 GH¢'000	2013 GH¢'000
Operating Profit for the Year		899,354	302,172
Change in securities	14	(5,215,642)	(4,177,694)
Change in deposit accounts	20	8,139,969	1,522,219
(Decrease)/Increase in advances	15	(4,257,631)	(2,272,101)
Increase in liabilities under Money Market Operations	22	(1,240,066)	2,266,352
Increase in Currency in Circulation	26	1,537,640	641,935
Payment for research expense	30	(5,000)	-
		(141,376)	(1,717,117)
Non–Cash Items included in Profit before Tax			
Change in other assets	16,17	3,505,663	(1,207,053)
Change in other liabilities	21,24	(1,548,553)	2,269,567
Depreciation	20	27,216	15,542
Change in reserves		-	(771,017)
Price change in gold	12	(332,943)	133,698
Change in allocation of SDRs	23a	445,344	172,794
Change in balances with IMF (assets & liabilities)	14,23b(i)	(303,828)	(235,300)
Effect of exchange rate fluctuations on cash held		(310,009)	(120,564)
Loss on disposal of PPE		(2,307)	455
Net cash Inflows from Operating Activities		1,339,207	(687,978)

(b) The Group

Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	2014 GH¢'000	2013 GH¢'000
Operating Profit for the Year	984,982	354,295
Change in securities	(5,173,771)	(4,127,904)
Change in deposit accounts	9,055,335	2,214,604
Payment for research expense	(5,000)	-
Increase in liabilities under Money Market Operations	(1,236,741)	2,264,777
Increase in currency in circulation	1,537,640	641,935
Decrease in advances	(5,127,283)	(2,821,936)
	35,162	(1,474,229)
Tax Paid	(20,205)	(10,622)
Non–Cash Items Included in Profit before Tax		
Change in other assets	3,505,402	(1,211,768)
Change in other liabilities	(1,526,731)	2,267,154
Change in reserves	69,831	(54,433)
Depreciation	28,352	24,822
(Profit)/Loss on sale of property, plant & equipment	(3,519)	627
Price change in gold	(332,943)	133,698
Effect of exchange rate fluctuations on cash held	(325,568)	(120,564)
Change in allocation of SDRs	445,344	172,794
Change in balances with IMF	(303,828)	(235,300)
Movement in NCI	76,057	-
Net cash inflows/(outflows) from operating activities	1,647,354	(398,955)

36. Events after Reporting Date

The directors have declared a dividend of GH¢600,000,000 subsequent to the reporting date which would be used to offset government indebtedness in the books of the Bank in accordance with Section 6 of the Bank of Ghana Act, 2002 (Act 612).

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