ACCESS BANK (GHANA) LIMITED

FINANCIAL STATEMENTS
31 DECEMBER 2011

ACCESS BANK (GHANA) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

I N D E X

ACCESS BANK (GHANA) LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Frank Beecham (*Chairman-Appointed-30/11/2011*) Yomi Akapo (*Managing Director*) Nkum Adipa Iyabode Soji-Okusanya Obeahon Asekhame Ohiwerei
SECRETARY	Abla Masoperh Access Bank Ghana Limited Accra, Ghana
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive Abelenkpe P.O. Box GP 242 Accra, Ghana
REGISTERED OFFICE	9 La Tebu Crescent, Off Giffard Road East Cantonments Accra, Ghana
BANKERS	Access Bank Nigeria Plc Access Bank, UK Bank of Ghana Barclays Bank Ghana Limited Citi Bank (New York) Intercontinental Bank Ghana Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ACCESS BANK (GHANA) LIMITED

Report of the Directors

The directors in submitting to the shareholders their report and financial statements of the Bank and its subsidiary for the year ended 31 December 2011 report as follows:

Statements of Directors' Responsibilities

The Bank's directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting standards, and in the manner required by the Companies Code 1963 (Act 179) and Banking Act, 2004 (Act 673) as amended by the Banking Amendment Act, 2007(Act 738) and for such controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Access Bank Plc acquired Intercontinental Bank Plc and as a result, Access Bank Plc became the ultimate beneficiary majority owner of Intercontinental Bank (Ghana) Limited. Access Bank Plc resolved to merge its subsidiary in Ghana with Intercontinental Bank (Ghana) Limited.

Assets and liabilities of Intercontinental Bank (Ghana) Limited will be merged with Access Bank (Ghana) Limited and Intercontinental Bank (Ghana) Limited will cease to operate as a going concern in March 2012, where management anticipate to obtain all the necessary approval from the Regulator.

Results and Dividend

The directors of the group do not recommend the payment of dividends for the period under consideration.

The directors consider the state of the group’s affairs to be satisfactory in so far as it is within their powers. The directors have made an assessment of the ability of the group to operate as a going concern for the year ahead, and have no reason to believe the group would not be a going concern.

Financial Report

	31 December 2011	
	The Group	**The Bank**
	GH¢ ‘000	**GH¢’000**
Profit before taxation is	13,034	12,968
from which is deducted taxation of	(4,566)	(4,550)
	-------	--------
Giving profit for the period after taxation of	8,468	8,418
less transfer to statutory reserve fund and other reserve of	(5,467)	(5,467)
	-------	-------
Leaving a balance	3,001	2,951
When added to a balance brought forward on retained earnings of	3,634	3,034
	-------	-------
Leaves a balance of	6,635	5,985
	====	====

In accordance with Section 29(c) of the Banking Act, 2004 (Act 673) as amended, an amount of GH¢ 4,209,000 (2010: GH¢4,141,000) was transferred to the reserve fund from the retained earnings account (income surplus), bringing the cumulative balance on the statutory reserve fund to GH¢8,577,000 (2010: GH¢4,368,000) at the year end.

REPORT OF THE DIRECTORS – (CONT'D)
TO THE MEMBERS OF
ACCESS BANK (GHANA) LIMITED

Nature of Business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking. It obtained full banking license from Bank of Ghana in May 2009. There was no change in the nature of the Bank's business during the year.

Subsidiary

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

Holding Company

The bank is a subsidiary of Access Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to carry out the business of universal banking.

Approval of the Financial Statements

The financial statements of the group were approved by the board of directors on 14 February, 2012 and were signed on their behalf by:

....
DIRECTOR **DIRECTOR**

KPMG

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

ACCESS BANK (GHANA) LIMITED

Report on the Financial Statements

We have audited the consolidated financial statements of Access Bank (Ghana) Limited and its subsidiary which comprise the consolidated statement of financial position at 31 December 2011, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and consolidated statements of cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies as set out on pages 7 to 48.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007(Act 738) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 management, 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 financial statements give a true and fair view of the financial position of Access Bank (Ghana) Limited and its subsidiary as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

INDEPENDENT AUDITOR'S REPORT – (CONT'D)

TO THE MEMBERS OF

ACCESS BANK (GHANA) LIMITED

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Code, 1963 (Act 179), and Section 78 of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendments) Act, 2007 (Act 738).

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position and comprehensive income and the statement of changes in equity are in agreement with the books of account.

The Bank's transactions were within its powers and the Bank complied with the relevant provisions of the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

KPMG

CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P. O. BOX GP 242
ACCRA, GHANA

16 February, 2012

ACCESS BANK (GHANA) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

		The Group		The Bank	
		2011	2010	2011	2010
	Note	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets					
Cash and cash equivalents	11	38,250	17,481	37,381	16,861
Short term investments	12	34,450	29,956	34,450	29,956
Long term investments	12	114,498	123,014	114,498	123,014
Loans and advances	14	77,035	18,211	77,035	18,211
Property, plant and equipment	17	7,837	6,338	7,608	5,773
Intangible assets	18	630	526	630	526
Other assets	21	8,353	2,149	8,470	2,423
Investment in subsidiaries	27	-	-	20	20
Total assets		**281,053**	**197,675**	**280,092**	**196,784**
Liabilities					
Due to other banks	13	6,349	11,407	6,349	11,407
Deposits from customers	22	165,285	91,845	165,285	91,845
Other liabilities	23	8,462	3,096	8,438	3,076
Tax payable	25	1,022	3,598	796	3,388
Deferred tax liabilities	20	970	457	909	396
Total liabilities		**182,088**	**110,403**	**181,777**	**110,112**
Equity					
Stated capital	26(a)	81,162	77,937	81,162	77,937
Statutory reserve	26(b)	8,577	4,368	8,577	4,368
Credit risk reserve	26(c)	2,591	1,333	2,591	1,333
Retained earnings	26(d)	6,635	3,634	5,985	3,034
Total Equity		**98,965**	**87,272**	**98,315**	**86,672**
Total equity and liabilities		**281,053**	**197,675**	**280,092**	**196,784**

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DIRECTOR **DIRECTOR**

ACCESS BANK (GHANA) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

		The Group		The Bank	
		2011	2010	2011	2010
	Note	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	5	27,977	20,728	27,977	20,728
Interest expense	5	(12,705)	(5,651)	(12,705)	(5,646)
Net interest income		**15,272**	**15,077**	**15,272**	**15,082**
Commission and fees	6	3,122	1,803	3,122	1,803
Other operating income	7	6,990	5,845	6,569	5,209
Net Fees and Commissions		**10,112**	**7,648**	**9,691**	**7,012**
Total operating income		**25,384**	**22,725**	**24,963**	**22,094**
Impairment loss on financial assets	15	(829)	(662)	(829)	(662)
Personnel expenses	8	(3,925)	(4,139)	(3,925)	(4,139)
Depreciation and amortization	17, 18	(1,781)	(1,068)	(1,592)	(833)
Other operating expenses	9	(5,815)	(4,553)	(5,649)	(4,458)
Total operating expenses		**(12,350)**	**(10,422)**	**(11,995)**	**(10,092)**
Profit before tax		13,034	12,303	12,968	12,002
Taxation	10	(4,566)	(3,808)	(4,550)	(3,721)
Profit after tax		**8,468**	**8,495**	**8,418**	**8,281**
Other comprehensive income		-	-	-	-
Total comprehensive income for the period attributable to equity holders of the Bank		**8,468**	**8,495**	**8,418**	**8,281**
Earnings per share					
Basic & Diluted	31	11Gp	11Gp	10GP	10Gp

ACCESS BANK (GHANA) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

The Group

	Ordinary Shares GH¢'000	Statutory Reserve GH¢'000	Credit risk Reserve GH¢'000	Retained Earnings GH¢	Total GH¢'000
Balance as at 1 Jan 2010	77,927	227	719	(106)	78,767
Issued during the period	10	-	-	-	10
Profit attributable to shareholders of the group	-	-	-	8,495	8,495
Transfer to credit risk reserve	-		614	(614)	-
Transfer to statutory reserve	-	4,141	-	(4,141)	-
Balance at 31 December 2010	77,937	4,368	1,333	3,634	87,272
Movement in issued share capital	3,225	-	-	-	3,225
Profit attributable to shareholders of the group	-	-	-	8,468	8,468
Transfer to credit risk reserve	-	-	1,258	(1,258)	-
Transfer to statutory reserve	-	4,209	-	(4,209)	-
Balance at 31 December 2011	81,162	8,577	2,591	6,635	98,965

The Bank

	Ordinary Shares GH¢'000	Statutory Reserve GH¢'000	Credit risk Reserve GH¢'000	Retained Earnings GH¢	Total GH¢'000
Balance as at 01 Jan 2010	77,927	227	719	(492)	78,381
Issued during the period	10	-	-	-	10
Profit attributable to shareholders of the bank	-	-	-	8,281	8,281
Transfer to credit risk reserve	-	-	614	(614)	-
Transfer to statutory reserve	-	4,141	-	(4,141)	-
Balance at 31 December 2010	77,937	4,368	1,333	3,034	86,672
Movement in issued share capital	3,225	-	-	-	3,225
Profit attributable to shareholders of the bank	-	-	-	8,418	8,418
Transfer to credit risk reserve	-	-	1,258	(1,258)	-
Transfer to statutory reserve	-	4,209	-	(4,209)	-
Balance at 31 December 2011	81,162	8,577	2,591	5,985	98,315

ACCESS BANK (GHANA) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	The Group		The Bank	
	2011	**2010**	**2011**	**2010**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Profit before tax	13,034	12,303	12,968	12,002
Adjustments for:				
Depreciation and amortization	1,781	1,068	1,592	833
(Profit)/Loss on disposal of property, plant and equipment	(102)	(25)	(22)	64
	14,713	**13,346**	**14,538**	**12,899**
Changes in:				
Long term investments	8,516	(123,014)	8,516	(123,014)
Loans and advances	(58,824)	(5,278)	(58,824)	(5,278)
Other assets	(6,204)	(56)	(6,047)	(886)
Due to other bank	(4,991)	9,000	(5,043)	9,000
Customer deposits	73,440	84,867	73,440	84,867
Other liabilities	5,427	(314)	5,361	615
	32,077	(34,795)	31,941	(34,696)
Tax paid	(6,629)	(212)	(6,629)	(156)
Net cash flow from/(used) operating Activities	**25,448**	**(21,661)**	**25,312**	**(21,953)**
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	203	173	91	10
Acquisition of property, plant and equipment	(3,208)	(2,214)	(3,209)	(2,214)
Acquisition of intangible assets	(405)	(343)	(405)	(343)
Net cash flow used in investing activities	**(3,410)**	**(2,384)**	**(3,523)**	**(2,547)**
Financing activities				
Repayment of long-term borrowings	-	(2,664)	-	(2,664)
Proceeds from issue of shares	3,225	10	3,225	10
Net cash flow from/(used in) financing activities	**3,225**	**(2,654)**	**3,225**	**(2,654)**
Net increase/ (decrease) in cash and cash equivalents	25,263	(26,699)	25,014	(27,154)
Cash and cash equivalents:				
Balance at beginning	47,437	74,136	46,817	73,971
Cash and cash equivalents at 31 December	72,700	47,437	71,831	46,817
Cash and bank balances	38,250	17,481	37,381	16,861
Short and long term investments	34,450	29,956	34,450	29,956
Cash and cash equivalent at 31 December	**72,700**	**47,437**	**71,831**	**46,817**

ACCESS BANK (GHANA) LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1. REPORTING ENTITY

Access Bank Ghana Limited "(the Bank)" is a company domiciled in Ghana. The Bank's registered office is No. 9 La Tebu Crescent, off Giffard Road, East Cantonments, Accra. The financial statements of the Bank for the year ended 31 December 2011 includes the bank and its subsidiary BTH Limited (together referred to as the group). The group principally is involved in corporate and retail banking as well as leasing operations.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements which comprise the consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Board of Directors on……………………2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and liabilities required to be measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are presented in notes 15(a), 17, 18 and 23.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

3. BASIS OF PREPARATION – (CONT'D)

(e) Foreign currency transactions (Cont'd)

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in income statement except for differences arising in the retranslation of available for sale financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the group entities.

(a) Basis of consolidation

Business combination is accounted for using the purchase method as at the acquisition date which is the date on which control is transferred to the group. Control is the power to govern the financial and operational policies of the entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration the potential voting rights that currently are exercisable.

(i) Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Transactions eliminated on consolidation

Intra-group balances and income and expenses (except foreign currency translation gains and losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as intra-group gains but only to the extent that there is no evidence of impairment.

(b) Interest income and expenses

Interest income and expense are recognised in statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income is interest on financial assets and liabilities at amortised cost on an effective interest rate.
Fair value changes on other financial assets and liabilities carried at fair value through income statement are presented in trading income in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(c) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate of financial assets or financial liabilities 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 fees and syndication fees, are recognised as the related services are performed.
When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(d) Dividends

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income based on the underlying classification of the equity instrument.

(e) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(f) 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 recognized directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

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

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(g) Financial assets and liabilities

(i) Recognition

The group initially recognises loans and advances, deposits; debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. The group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions. In transactions where the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.
The group also derecognises certain assets when it charges off balances pertaining to the assets deemed to be uncollectible.

(iii) 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 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 bank of similar transactions such as in the group's trading activity.

(iv) Amortized cost measurement

The amortized 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.

(v) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(v) Fair value measurement (Cont'd)

The group uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the group uses proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions. When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase, in fair value indicated by valuation techniques is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

(vi) Identification and measurement of impairment

At each reporting date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the group on terms that the group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics. In assessing collective impairment the group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling.

Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through income statement.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(vi) Identification and measurement of impairment (Cont'd)

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of other comprehensive income to profit or loss. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in other comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

(h) 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 amortized cost in the statement of financial position.

(i) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the group does not intend to sell immediately or in the near term.

When the group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.
When the group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the group's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except when the group chooses to carry the loans and advances at fair value through profit or loss.

(j) Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale.

(i) Held-to-maturity

Held-to-maturity investments are non-derivative 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 amortized cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the group from classifying investment securities as held-to-maturity for the current and the following two financial years.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(j) Investment securities (Cont'd)

(ii) Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in income statement using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in income statement.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in profit or loss.

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

(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 income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. The estimated depreciation rate applicable to items of property plant and equipment for the period are as follows:

• Buildings	2%
• Equipment	20%
• Computers	33.33%
• Fixtures and fittings	20%
• Motor Vehicle	25%

Depreciation methods, useful lives and residual values of items of property plant and equipment are reassessed annually and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(l) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries.

Acquisitions on or after 1 January 2004

For acquisitions on or after 1 January 2004, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the fair of assets acquired in a business combination transaction exceeds the purchase consideration, the resultant difference is recognised in income in the period.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Software

Software acquired by the group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognised in income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(m) Leased assets – lessee

Leases in terms of which the group assumes substantially all the risks and rewards of ownership 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 the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the group's statement of financial position.

(n) Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than investment property and 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. The recoverable amount of goodwill is estimated at each reporting date.An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(o) Impairment of non-financial assets

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

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

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

(p) Deposits, debt securities issued and subordinated liabilities

The group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The group's redeemable preference shares bear non-discretionary coupons and are redeemable by the holder, and are therefore included within subordinated liabilities.

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

(q) Provisions

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

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognizes any impairment loss on the assets associated with that contract.

(r) 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.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(r) Financial guarantees (Cont'd)

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in income statement when they are due.

(ii) Termination benefits

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.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision 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.

(t) Share capital and reserves

(i) Share capital

The group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The group's share capital is not redeemable by holders, and bears an entitlement to distributions that is non-cumulative and at the discretion of the directors. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

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

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(t) Share capital and reserves (Cont'd)

(iii) Statutory Reserve:

Transfer into the statutory reserves is made based on the requirement of section 29(i) of the Banking Act 2004 (as amended). In this regard, an amount more or equivalent to:

- 50% of the bank's net profit for the period if the bank's reserve fund is less than 50% of its paid up capital;
- 25% of the bank's net profit for the period if the bank's reserve fund is less than 100% of its paid up capital; and
- 12.5% of the bank's net profit for the period if the Bank's reserve fund is equal to 100% or more of its paid up capital.

(iv) Credit risk reserve:

This reserve is created to set aside the excess of the amount recognized as impairment loss of loans and advances over the provision for bad and doubtful debts as required by the Bank of Ghana prudential guidelines.

(u) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards effective and interpretations are not yet effective for the year ended 31 December 2011 and have not been applied in preparing these consolidated financial statements. Below are the relevant new standards and interpretations:

IFRS 9 Financial Instruments

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39.

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

3. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(v) New standards and interpretations not yet adopted (Cont'd)

Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

This standard is effective for financial reporting periods commencing on or after 1 January 2013.

Below is a summary of amendments/improvements to standards and interpretations that are not yet effective:

	Amendment/Improvement	**Effective Date**
IAS 12	IAS 12: Deferred tax: recovery of underlying assets	1 January 2012
IAS 1	IAS 1: Presentation of financial statements.	1 July 2012
IFRS 9	IFRS 9: Financial Instruments. To replace IAS 39 Financial Instruments: Recognition and Measurement	1 January 2013
IFRS 10	IFRS 10: Consolidated Financial statements. Replaces the Consolidation requirements in SIC-12 Consolidation- Special purpose entities and IAS 27 Consolidated and Separate Financial Statements	1 January 2013
IFRS 11	IFRS 11: Joint Arrangements.	1 January 2013
IFRS 12	IFRS 12: Disclosure of Interests in other entities	1 January 2013
IFRS 13	IFRS 13: Fair Value Measurement	1 January 2013
IAS 19	IAS 19: Employee Benefits	1 January 2013
IAS 27	IAS 27: Consolidated and Separate Financial Statements. Consequential amendments from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 28	IAS 28: Investments in Associates. Consequential amendments from the issue of IFRS 10,11 and 12.	

4. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview
The group has exposure to the following risks arising from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

This note presents the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, as well as the bank's management of capital.

(b) Risk management framework

The overall responsibility of risk management throughout the group rests with the Board of Directors.

The Board is assisted in discharging its risk management responsibilities through the Risk Management and Compliance Division which provides oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

The division is complemented by the Financial Control and Corporate Affairs Departments in the management of strategic and reputational risks respectively. The Risk Management and Compliance Division co-ordinates the process of monitoring and reporting of risks in the Bank.

In addition, Internal Control Department has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis.

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

- Establishment of the Bank's risk philosophy, culture and objectives;

- Establishment of the Bank's risk management governance framework;

- Articulation of the Bank's risk management to stakeholders and development of an action plan to meet their risk management expectations; and

- Establishment of policies and procedures to identify, measure, monitors, report and control the risks the Bank faces.

  Access Banks' risk management framework places significant emphasis on:

- Establishing a strong, independent Risk Management Function to champion, coordinate and monitor the enterprise-wide risk methodology across the Bank and subsidiaries;

- Formally assigning accountability and responsibility for risk management; and

- Breaking the Bank's risk universe down into manageable, tailored, well-resourced and specialized components.

4. FINANCIAL RISK MANAGEMENT - (CONT'D)

(c) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The Management Credit Committee is responsible for managing credit risks in the Bank. The members of the committee include all group heads and Head, Credit Risk.

This Committee with the assistance of the Credit Risk Management function:

a) reviews Credit Policy recommendations for Board approval;

b) approves individual credit exposure in line with its approval limits;

c) agree on portfolio plan/strategy for the Bank;

d) reviews monthly credit risk reports and remedial action plan; and

e) co-ordinates the Bank's response to material events that may have an impact on the credit portfolio.

The Bank/The Group

	At 31 December 2011			At 31 December 2010		
	Loans & Advances GH¢'000	Advances under Finance Lease GH¢'000	Total GH¢'000	Loans & Advances GH¢'000	Advances under Finance Lease GH¢'000	Total GH¢'000
Carrying amount	75,740	1,295	77,035	16,629	1,582	18,211
Individually impaired						
Grade 6 impaired	232	42	274	1,234	1,107	2,341
Grade 7 impaired	3	-	3	4	178	182
Grade 8 impaired	2,926	407	3,333	58	720	778
Gross amount	3,161	449	3,610	1,296	2,005	3,301
Allowance for impairment	(1,719)	(156)	(1,875)	(95)	(1,050)	(1,145)
Carrying amounts	1,442	293	1,735	1,201	955	2,156
Collectively impaired						
Grade 1 – 3: Low – fair risk	72,337	961	73,298	15,261	186	15,447
Grade 4 – 5: Watch list	2,098	62	2,160	218	449	667
Gross amount	74,435	1,023	75,458	15,479	635	16,114
Allowance for impairment	(137)	(21)	(158)	(51)	(8)	(59)
Carrying amount	74,298	1,002	75,300	15,428	627	16,055

4. FINANCIAL RISK MANAGEMENT - (CONT'D)

The Bank/The Group

	At 31 December 2011			At 31 December 2010		
	Loans & Advances GH¢'000	**Advances under Finance Lease GH¢'000**	**Total GH¢'000**	**Loans & Advances GH¢'000**	**Advances under Finance Lease GH¢'000**	**Total GH¢'000**
Past due but not impaired						
Grade 1 – 3: Low – fair risk	349	6	356	216	86	302
Grade 4 – 5: Watch list	347	19	366	218	449	667
Gross amount	696	26	722	434	535	969
Neither past due nor impaired						
Grade 1 – 3: Low to fair risk	73,739	997	74,736	15,045	100	15,145
Gross amount	73,739	997	74,736	15,045	100	15,145
Total gross amounts	74,435	1,023	75,458	15,479	635	16,114
Allowance for impairment	(137)	(21)	(158)	(51)	(8)	(59)
Carrying value	74,298	1,002	75,300	15,428	627	16,055

ii. Impaired loans and securities

Impaired loans and securities are loans and securities for which the group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan /securities agreement(s). These loans are graded 6 to 8 in the group's internal credit risk grading system.

iii. Past due but not impaired

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the group.

iv. Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

v. Allowance for impairment

The group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

4. FINANCIAL RISK MANAGEMENT - (CONT'D)

v. **Allowance for impairment (Cont'd)**

The Group writes off a loan/security balance (and any related allowances for impairment losses) when Group Credit determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

The group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2011 or 31 December 2010.

Below is an analysis of collateral held by the group against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees:

	2011 GH¢'000	**2010 GH¢'000**
Against individually impaired		
Property	1,352	1,511
Other	115,462	245
	116,814	1,756
Against collectively impaired		
Property	34,353	5,561
Other	7,316	22,763
	41,669	28,324
Against past due but not impaired		
Property	12,050	2,387
Other	3,256	2,010
	15,306	4,397
Against neither past due nor impaired		
Property	22,303	3,174
Other	4,060	20,754
	26,363	23,928
Total	**158,483**	**30,081**

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

d. Settlement risk

The group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the group mitigates this risk by conducting settlements through a settlement agent to ensure that the trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits from part of credit approval. Acceptance of settlement risk on free settlements trades requires transaction specific or counter party specific approval from group risk department.

4.2 Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn; the consequence of which may be the failure to meet obligations to repay depositors and fulfil commitments to lend in a timely and cost-effective manner without incurring unacceptable cost or losses.

Liquidity risk in the group can arise from the inability of the group to manage unplanned decreases or changes in funding sources or from the group's failure to recognize and address changes in market condition that can affect its ability to liquidate assets quickly and with minimal loss in value.

a. Management of liquidity risk

The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Central treasury department receives from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Central treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the group as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Central Treasury department to cover short term fluctuations and longer term funding to address any structural liquidity requirement.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. Daily reports cover the liquidity position of both the group and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to the board.

4.3 Liquidity risk exposure

The key measure used by the group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

4.3 Liquidity risk exposure (Cont'd)

A similar, but not identical, calculation is used to measure the group's compliance with the liquidity limit established by the group's lead regulator, the Bank of Ghana of net liquid assets to deposits of customers at the reporting date and during the reporting period were as follows:

	31 December 2011		31 December 2010	
	The Group	The Bank	The Group	The Bank
At period – end	9%	9%	16%	16%
Average for the period	12%	12%	20%	20%
Maximum for the period	16%	16%	54%	54%
Minimum for the period	9%	9%	9%	9%

4.3 *(ii)* Residual contractual maturities of financial liabilities

The Group

	Carrying Amount GH¢'000	Gross Nominal (outflow) GH¢'000	Less than 1 Month GH¢'000	1 – 3 Months GH¢'000	3 Months to 1 year GH¢'000
2011					
Non – derivative liabilities					
Customer deposits	165,285	168,143	91,018	37,119	40,006
Due to other banks	6,349	6,387	6,387	-	-
Other liabilities	8,462	8,756	6,232	2,229	295
	180,096	183,286	103,637	39,348	40,301
2010					
Non – derivative liabilities					
Customer deposits	91,845	93,456	18,421	32,025	43,010
Due to other banks	11,407	11,475	10,724	751	-
Other liabilities	3,096	3,811	3,811	-	-
	106,348	108,742	32,956	32,776	43,010
The Bank 2011					
Non – derivative liabilities					
Customer deposits	165,285	168,143	91,018	37,119	40,006
Due to other banks	6,349	6,387	6,349	38	-
Other liabilities	8,437	8,732	6,355	2,082	295
	180,071	183,262	103,722	39,239	40,301
2010					
Non – derivative liabilities					
Customer deposits	91,845	93,456	43,010	32,025	18,421
Due to other banks	11,407	11,475	10,724	751	-
Other liabilities	3,076	3,791	3,791	-	-
	106,328	108,722	57,525	32,776	18,421

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

The previous table shows the undiscounted cash flows on the group's financial liabilities on the basis of their earliest possible contractual maturity. The group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

a. Market risk

The Banks exposure to market risk arises from both interest rate risk and foreign exchange risk.
Exposure to foreign exchange risk arises when the experience an economic or accounting benefit due to movements in exchange rates. This risk may arise as a result of:

- business activities or operations in foreign markets;
- investments in securities issued by overseas entities;
- investments in securities which are denominated in foreign currencies and
- foreign funding.

Interest rate risk is the risk that changes in prevailing interest rate will adversely affect the earnings of the group resulting in reduced net interest income.

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

b. Management of market risks

The group's exposure to market risk arises from non-trading portfolios and transactions denominated in foreign currency.

Overall authority for market risk is vested in the board of directors and assisted by the treasury and credit administration departments. Group Risk is responsible for the development of detailed risk

c. Exposure to interest rate risk – non trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The board of directors is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

c. Exposure to interest rate risk – non trading portfolios

The summary of the group's interest rate gap position on non trading portfolios is as follows:

31 December 2011	Carrying Amount GH¢'000	Gross Nominal (outflow) GH¢'000	Less than 1 Month GH¢'000	1 – 3 Months GH¢'000	3 Months to 1 year GH¢'000
The Group/The Bank					
Loans and advances	77,035	79,068	18,833	41,017	19,218
Short term investments	34,450	34,450	22,300	12,150	-
Long term investments	114,498	114,498	-	-	114,498
	225,983	228,016	41,133	53,167	133,716
Due to other banks	6,349	6,387	6,387	-	-
Deposit from customers	165,285	168,143	91,018	37,119	40,006
	171,634	174,530	97,405	37,119	40,006
Interest rate gap	53,349	53,486	(56,272)	16,048	93,710

31 December 2010	Carrying Amount GH¢'000	Gross Nominal (outflow) GH¢'000	Less than 1 Month GH¢'000	1 – 3 Months GH¢'000	3 Months to 1 year GH¢'000
The Group/The Bank					
Loans and advances	18,211	21,853	3,417	4,578	13,858
Short term investments	29,956	33,551	5,500	28,051	-
Long term investments	123,014	141,466	-	-	141,466
	171,181	196,870	8,917	32,629	155,324
Due to other banks	11,407	11,475	10,724	751	-
Deposit from customers	91,845	93,456	18,421	32,025	43,010
	103,252	104,931	29,145	32,776	43,010
Interest rate gap	67,929	91,939	(20,228)	(147)	112,314

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

c. Exposure to interest rate risk – non trading portfolios

A change in interest rates by 100 basis points will impact on profit as follows:

	2011		2010	
	The Group GH¢'000	The Bank GH¢'000	The Group GH¢'000	The Bank GH¢'000
Impact on profit	95	95	346	346
	==	==	==	==

d. Exposure to foreign currency risk

The group holds balances in foreign currencies. Its exposure arises mainly from transactions in US Dollars (US$), Great British Pounds (GBP) and the Euro. The concentration of foreign currency denominated assets and liabilities are as follows:

The Group and the Bank

	31 December 2011			
	US$ 000	**GBP 000**	**EURO 000**	**Total 000**
Assets				
Cash and cash equivalents	7,496	113	809	8,418
Loans and advances	35,466	-	511	35,977
	-------	------	-------	-------
	42,962	113	1,320	44,395
Liabilities				
Deposit from customers	48,159	64	928	49,151
Interbank takings and Other borrowings	5,510	-	149	5,659
Line facilities and LCs	37,548	-	15,611	53,159
	--------	-----	-------	--------
Net exposure	(48,255)	49	(15,368)	(63,574)
	=====	===	====	=====

The Group and the Bank

	31 December 2010			
	US$	**GBP**	**EURO**	**Total**
Assets				
Cash and cash equivalents	5,599	57	274	5,930
Loans and advances	7,077	-	-	7,077
	--------	-----	------	--------
	12,676	57	274	13,007
Liabilities				
Deposit from customers	6,532	12	274	6,818
Interbank takings and Other borrowings	4,779	-	-	4,779
Line facilities and LCs	14,156	-	-	14,156
	-------	-----	-----	--------
Net exposure	(12,791)	45	-	(12,746)
	=====	===	===	=====

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

d. Exposure to foreign currency risk – (Cont'd)

A change in exchange rates by 100 basis will impact on profit as follows:

	The Group GH¢'000	The Bank GH¢'000
Impact on profit		
2011		
US$	92	92
GBP	4	4
	==	==
2010		
US$	88	88
GBP	3	3
	==	==

4.4 Operational risk

Operational risk arises from other sources of risk aside credit risk, liquidity risk, and market risk. This may include risks like reputation risk, compliance risk etc.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations and are faced by all business entities.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with group standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the group.

4. FINANCIAL RISK MANAGEMENT – (CONT'D)

4.5 Capital management

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

Various limits are applied to elements of the capital base. The amount of innovative tier 1 securities cannot exceed 15 percent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

d. Capital adequacy ratio

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

	2011		**2010**	
	The Group GH¢'000	**The Bank GH¢'000**	**The Group GH¢'000**	**The Bank GH¢'000**
Tier 1 Capital				
Ordinary share capital	81,162	81,162	77,937	77,937
Disclosed reserves	15,212	14,562	8,002	7,402
Total shareholder's fund/regulatory capital	96,374	95,724	85,939	85,339
Risk weighted assets				
Adjusted risk weighted assets	91,512	90,551	30,791	30,023
Risk weighted contingent liabilities	64,242	64,242	27,190	27,190
Risk adjusted net open position	5,328	5,328	472	472
Total risk weighted assets	161,082	160,121	58,453	57,685
Total regulatory capital expressed as a percentage of total risk weighted capital	**52%**	**52%**	**113%**	**115%**

5. INTEREST INCOME/EXPENSES

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Loans, overdraft and placements	6,912	1,904	6,912	1,904
Finance lease	492	848	492	848
Investments and securities	20,573	17,976	20,573	17,976
Total interest income	27,977	20,728	27,977	20,728
Interest expense				
Savings and customer deposits	10,908	4,164	10,908	4,164
Other facilities	1,797	1,487	1,797	1,482
Total Interest Expense	12,705	5,651	12,705	5,646
Net interest income	15,272	15,077	15,272	15,082

An analysis of interest income by sources are as follows:

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
From lending financial institutions	1,372	3,564	1,372	3,564
Non – banking customers	6,032	906	6,032	906
Securities and treasury bills	20,573	16,258	20,573	16,258
Total Interest Incom	27,977	20,728	27,977	20,728

6. COMMISSION AND FEES

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Commission income	1,010	797	1,010	797
Fee income	2,112	1,006	2,112	1,006
	3,122	1,803	3,122	1,803

7. OTHER OPERATING INCOME

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Exchange difference	4,143	1,119	4,143	1,119
Operating lease rental income	919	781	578	234
Bond trading income	1,354	3,289	1,354	3,289
Preference share income	-	631	-	631
Loss/Gain on disposal of property, plant & equip.	102	25	22	(64)
Other fees and charges	472	-	472	-
	6,990	5,845	6,569	5,209

Preference share income represents obligation in respect of redeemable preference shares transferred to Access Bank during the takeover of HFLC. However, by the resolution of the Board in December 2010 at the Bank's AGM, this obligation was transferred to the shareholders of HFLC still having shares in Access Bank. As a result, the preference shares were derecognised in December 2010 and recognised as part of receivables.

8. PERSONNEL EXPENSES

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Severance and gratuity allowance	-	744	-	744
Wages and salaries	1,951	1,497	1,951	1,497
Allowance	1,493	1,342	1,493	1,342
Staff benefits	481	556	481	556
	-------	-------	------	-------
	3,925	4,139	3,925	4,139
	====	====	====	====

Severance and gratuity allowances relates to benefits paid to staff of Horizon Finance and Leasing Company Limited who were retrenched in 2009 and 2010 as a result of the take-over.

9. OTHER GENERAL AND ADMINISTRATIVE EXPENSES INCLUDE

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Donation and gift	2	4	2	4
Auditor's remuneration	68	50	60	50
Professional service fees	84	84	95	77
Director's remuneration	264	104	264	104
	===	===	===	===

10(a). TAXATION EXPENSE

Current tax				
Current period tax charge	3,452	3,085	3,436	2,972
Deferred tax				
Original and reversal of temporary differences	513	169	513	195
National fiscal stabilisation levy				
Charge for the period	601	554	601	554
	------	------	-------	-------
Total Tax Expense	4,566	3,808	4,550	3,721
	====	====	====	====

10(b). Reconciliation of effective tax rate

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Profit before tax	13,034	12,303	12,968	12,002
	=====	====	=====	===
Income tax using the domestic tax rate	3,258	3,076	3,242	3,000
Non – deductible expenses	834	304	834	304
Tax except income	909	1,074	909	1101
Tax incentives	(435)	(646)	(435)	(684)
	------	----	------	------
Income tax expense in income statement	4,566	3,808	4,550	3,721
	====	===	====	====

11. CASH AND CASH EQUIVALENTS

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Cash on hand	3,358	1,446	3,358	1,446
Balances with Central Bank	19,719	11,266	19,719	11,266
Balances held with local Banks	7,173	3,745	6,304	3,125
Placements with Banks	8,000	1,024	8,000	1,024
	38,250	17,481	37,381	16,861

Included in cash and cash balances are amount of GH¢14,920,650. (2010: GH¢8,266,050) held as mandatory reserve with the Bank of Ghana.

12. SHORT AND LONG TERM INVESTMENTS

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Treasury bills	34,450	29,956	34,450	29,956
Government of Ghana bonds	114,498	123,014	114,498	123,014
	148,948	152,970	148,948	152,970

These represent Treasury bill and Government of Ghana Bonds held by the bank.

13. DUE TO OTHER BANKS COMPRISE:

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Items in the course of collection	6,349	1,483	6,349	1,483
Deposit from other banks	-	9,924	-	9,924
	6,349	11,407	6,349	11,407

14. LOANS AND ADVANCES

Loans	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Balances with customers	76,942	16,243	76,942	16,243
Balances with staff	654	532	654	532
	--------	--------	---------	--------
	77,596	16,775	77,596	16,775
Advances under finance lease				
Balance with customers	1,472	2,640	1,472	2,639
	--------	--------	--------	---------
Gross amount of loans and advances	79,068	19,415	79,068	19,414
Impairment loss on loans and advances				
Impairment loss – specific allowance	(1,875)	(1,145)	(1,875)	(1,144)
Impairment loss – collective allowance	(158)	(59)	(158)	(59)
	--------	--------	--------	--------
Net Loans and Advances	77,035	18,211	77,035	18,211
	=====	=====	=====	=====

14(b) Loans and advances – Analysis by Sector

The group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2011 The Group	2010 The Group	2011 The Bank	2010 The Bank
	Finance Leases		*Loans and Advances*	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Finance and Insurance	-	-	1,021	-
Construction and real estate	-	58	-	1,700
Credit and financial analysis	-	171	-	822
General Commerce	42	333	48,955	1,243
Government	-	-	-	1,524
Manufacturing	324	334	7,703	9,427
Mining, Oil and Gas	476	268	8,862	1,920
Transport and Communication	630	418	9,558	3
Real Estate	-	-	1,497	-
	-------	-------	--------	--------
	1,472	1,582	77,596	16,629
	====	====	=====	=====

14(c) Loans and advances – Analysis by Customer

The Group and the Bank

	Gross GH¢'000	***Impairment* Loss GH¢'000**	**Net GH¢'000**
31 December 2011			
Loans and advances			
Individuals	495	(11)	484
Other private enterprise	63,837	(1,527)	62,310
Joint private and state enterprises	12,609	(302)	12,307
Staff loans	654	(16)	638
	77,595	(1,856)	75,739
Finance lease advances			
Individuals	54	(7)	47
Other private enterprises	1,419	(170)	1,249
	79,068	(2,033)	77,035

The Group and the Bank

	Gross GH¢'000	***Impairment Loss GH¢'000***	***Net GH¢'000***
31 December 2010			
Loans and advances			
Individuals	173	2	171
Other private enterprise	16,071	1,195	14,786
Joint private and state enterprises	-	-	-
Staff loans	532	-	532
Finance lease advances			
Individuals	196	-	196
Other private enterprises	2,443	7	2,436
	19,415	1,204	18,211

15(a) IMPAIRMENT LOSS ALLOWANCE ACCOUNT

	2011 The Group GH¢'000	**2010 The Group GH¢'000**	**2011 The Bank GH¢'000**	**2010 The Bank GH¢'000**
Loans				
Impairment loss allowance at the beginning	1,204	542	1,204	542
Impairment loss for the period:				
Specific allowance for impairment loss	730	667	730	667
Collective allowance for impairment loss	99	(5)	99	(5)
	829	662	829	662
Impairment loss allowance at the end	2,033	1,204	2,033	1,204

15(b) Allowance for impairment

The Group and the Bank

	At 31/12/11 GH¢'000	At 31/12/10 GH¢'000
Specific allowance for impairment loss		
Balance at beginning	1,204	542
Impairment loss charge for the period	829	662
	-------	------
Balance at close	2,033	1,204
	====	====

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Finance lease receivables				
Net investment in finance leases, receivable:				
Less than one year	522	575	522	575
Between one and five years	950	1,007	950	1,007
	------	------	-------	-------
Net investment in finance leases	1,472	1,582	1,472	1,582
	====	====	=====	=====

16. OFF BALANCE SHEET COMMITMENTS

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Guarantee	14,150	4,091	14,150	4,091
Letters of credit	49,118	10,573	49,118	10,573
Transaction related bonds and guarantees	974	12,801	974	12,801
	--------	-------	--------	--------
	64,242	27,465	64,242	27,465
	=====	====	=====	=====

17. PROPERTY, PLANT & EQUIPMENT

The Group

31 December 2011

	Land & Building GH¢'000	Equipment GH¢'000	Furniture & Fitting GH¢'000	Motor Vehicles GH¢'000	Capital Work-in-Progress GH¢'000	Computers GH¢'000	Total GH¢'000
Cost							
Balances at beginning	3,589	1,185	454	2,343	25	226	7,822
Additions	406	525	82	2,101	-	94	3,207
Disposals	-	(423)	(19)	(808)	-	-	(1,250)
Reclassification	-	38	(38)	-	-	-	-
Transfers	(10)	(2)	-	-	-	-	(12)
Balance at close	3,985	1,322	479	3,636	25	320	9,767
Depreciation and Impairment Losses							
Accumulated depreciation beginning	140	201	96	1,069	-	93	1,599
Depreciation for the period	167	278	125	828	-	82	1,480
Disposal	-	(376)	(15)	(758)	-	-	(1,149)
Balance at 31 December 2011	307	103	206	1,139	-	175	1,930
Carrying amounts							
Balance at 31 December 2011	3,678	1,219	273	2,497	25	145	7,837

December 31 2010

	Land & Building GH¢'000	Equipment GH¢'000	Furniture & Fitting GH¢'000	Motor Vehicles GH¢'000	Capital Work-in-Progress GH¢'000	Computers GH¢'000	Total GH¢'000
Cost							
Balances at beginning	2,787	644	251	1,858	-	134	5,674
Additions	802	556	203	536	25	92	2,214
Disposals	-	(15)	-	(512)	-	-	(527)
Balance at close	3,589	1,185	454	1,882	25	226	7,361
Depreciation and Impairment Losses							
Accumulated depreciation beginning	42	45	21	374	-	33	515
Depreciation for the period	98	160	75	494	-	60	887
Disposal	-	(4)	-	(375)	-	-	(379)
Balance at 31 December 2010	140	201	96	493	-	93	1,023
Carrying amounts							
Balance at 31 December 2010	3,449	984	358	1,389	25	133	6,338

17. PROPERTY, PLANT & EQUIPMENT – (CONT'D)

The Bank

31 December 2011	**Land & Building GH¢'000**	**Equipment GH¢'000**	**Furniture & Fitting GH¢'000**	**Motor Vehicles GH¢'000**	**Capital Work-in-Progress GH¢'000**	**Computers GH¢'000**	**Total GH¢'000**
Cost							
Balances at beginning	3,589	1,185	454	1,116	25	226	6,595
Additions	406	524	82	2,101	-	94	3,207
Disposals	-	(423)	(19)	(519)	-	-	(961)
Reclassification	-	38	(38)	-	-	-	-
Transfers	(10)	(2)	-	-	-	-	(12)
Balance at close	3,985	1,322	479	2,698	25	320	8,829
Depreciation and Impairment Losses							
Accumulated depreciation beginning	140	201	96	292	-	93	822
Depreciation for the period	167	277	125	640	-	82	1,291
Disposal	-	(376)	(15)	(501)	-	-	(892)
Balance at 31 December 2011	307	102	206	431	-	175	1,222
Carrying amounts							
Balance at 31 December 2011	3,678	1,220	273	2,267	25	145	7,608
31 December 2010							
Cost							
Balance beginning	2,787	644	251	659	-	134	4,475
Additions during the period	802	556	203	536	25	92	2,214
Disposals	-	(15)	-	(79)	-	-	(94)
Balance at close	3,589	1,185	454	1,116	25	226	6,595
Depreciation and impairment loss							
Accumulated depreciation beginning	42	45	21	51	-	33	192
Charge for the period	98	160	75	259	-	60	652
Disposals	-	(4)	-	(18)	-	-	(22)
Balance at close	140	201	96	292	-	93	822
Carrying amounts							
Balance at 31 December 2010	3,449	984	358	824	25	133	5,773

Included in item of property, plant and equipment of the group are motor vehicles under operating leases with net book value of GH¢1,816,304 (The Bank: GH¢979,000).

17. PROPERTY, PLANT & EQUIPMENT – (CONT'D)

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Profit on disposal of property, plant and equipment				
Cost of property, plant and equipment	1,372	527	1,083	94
Accumulated depreciation on PPE	(1,271)	(379)	(1,014)	(20)
	------	-----	----	----
Carrying value at period end	101	148	69	74
Proceed on disposal	203	173	91	10
	----	----	----	----
Profit/Loss on disposal	102	25	22	(64)
	===	==	==	==

18. INTANGIBLE ASSETS

	2011	2010
Cost		
Opening balance	848	505
Addition	405	343
	------	-----
Total intangible assets	1,253	848
Amortization		
Amortization at January 1	322	141
Amortization for period	301	181
	----	-----
Amortization at December 31	623	322
	-----	-----
Net Book Value	630	526
	===	===

The software relates to the Bank's operating software.

19. CAPITAL COMMITMENT

There was no capital commitment at the reporting date and as at 31 December 2010.

20. DEFERRED TAXES

The Group

31 December 2011

	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
Property and Equipment	-	(1,404)	(1,404)
Intangible Assets – Software	-	(90)	(90)
Others	585	-	585
	-----	--------	------
Net Tax Assets (Liabilities)	585	(1,494)	(909)
	===	=====	====

20. DEFERRED TAXES –(CONT'D)

	Assets GH¢'000	Liabilities GH¢'000	Net GH¢'000
The Bank			
31 December 2011			
Property and Equipment	-	(1,404)	(1,404)
Intangible assets – software	-	(90)	(90)
Others	585	-	585
	-----	-------	-----
Net tax assets	585	(1,494)	(909)
	==	====	===
31 December 2010			
Property and Equipment	-	(362)	(362)
Intangible assets – software	-	(34)	(34)
	---	----	-----
Net tax assets	-	(396)	(396)
	==	===	===

Movements in temporary differences

	Opening Balances GH¢'000	Income Statement GH¢'000	Closing Balance GH¢'000
The Group			
31 December 2011			
Property and equipment	(423)	(1,042)	(1,465)
Intangible assets – software	(34)	(56)	(90)
Others	-	585	585
	------	------	-------
Net deferred tax assets (liabilities)	(457)	(513)	(970)
	====	====	====

	Opening Balances GH¢'000	Income Statement GH¢'000	Closing Balance GH¢'000
The Bank			
31 December 2011			
Property and equipment	(362)	(1,042)	(1,404)
Intangible assets – software	(34)	(56)	(90)
Others	-	585	585
	------	------	------
Net deferred tax assets (liabilities)	(396)	(513)	(909)
	====	====	====

21. OTHER ASSETS

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Prepaid expenses	1,302	823	1,302	823
Other receivables	7,051	1,326	7,168	1,600
	8,353	2,149	8,470	2,423

22. DEPOSITS FROM CUSTOMERS

Individual				
Current account deposits	4,141	2,231	4,141	2,231
Term deposits	4,608	3,165	4,608	3,165
Other deposits	2,074	671	2,074	671
Corporate customers				
Term deposit	112,816	62,146	112,816	62,146
Current account deposit	40,056	20,981	40,056	20,981
Other	1,590	2,651	1,590	2,651
	165,285	91,845	165,285	91,845
Deposit from Banks	-	-	-	-
Other sources	165,285	91,845	165,285	91,845
	165,285	91,845	165,285	91,845

23. OTHER LIABILITIES

	2011 The Group GH¢'000	2010 The Group GH¢'000	2011 The Bank GH¢'000	2010 The Bank GH¢'000
Interest payable	6,328	2,681	6,328	2,681
Accruals and other payables	499	397	462	377
Sundry creditors	1,635	18	1,648	18
	8,462	3,096	8,438	3,076

24. EMPLOYEE BENEFITS

Defined contribution scheme – Social Security and National Insurance Trust Contributions
Access Bank Ghana contributes to the Social Security and National Insurance Trust (SSNIT) pension scheme ran by the Government of Ghana.

25. CURRENT TAX LIABILITIES

The Group

	Opening Balance GH¢'000	Payment GH¢'000	Charge for Period GH¢'000	Closing Balance GH¢'000
Income Tax	3,082	(6,392)	3,452	142
Stabilization levy	516	(237)	601	880
	3,598	(6,629)	4,053	1,022
The Bank				
Income Tax	2,872	(6,392)	3,436	(84)
National Fiscal Stabilisation Levy	516	(237)	601	880
	3,388	(6,629)	4,037	796

26. EQUITY AND RESERVES

(a) Stated capital

	No. of Shares at December 2011	No. of Shares at December 2010
Authorised ('000)	100,000	100,000
Issued for cash ('000)	80,487	80,066

	Proceeds 2011 GH¢'000	Proceeds 2010 GH¢'000
Issued		
For cash	77,937	78,327
Share issue expenses	-	(400)
Movements in shares	3,225	10
Total stated capital	81,162	77,937

(b) Statutory Reserve

Statutory Reserve represents transfer of 50% of the banks profit for the period to a non-distributable reserve as required by the Banking Act 2004 section 29(1a) as amended.

(c) Retained Earnings

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

(d) Credit Risk Reserve

The transfer to credit risk reserve represents the excess of provision for bad and doubtful debt as per the Bank of Ghana's prudential guidelines over impairment loss on financial assets.

27 INVESTMENT IN SUBSIDIARY

Investment in subsidiary represents Access Bank's investments in BTH, a subsidiary of Access Bank which is in the business of acquiring for rent/sale residential and commercial real estate properties.

28. RELATED PARTY TRANSACTIONS

The bank is controlled by Access Bank Plc, a bank incorporated in the Federal Republic of Nigeria which owns more than 90% shares of the Bank.

Below are Access Bank Ghana's outstanding balances with related companies:

	Nature of Transaction	**2011 GH¢'000**	**2010 GH¢'000**
Access Bank Plc – Nigeria	Cash and Bank balance	839	698
Access Bank Plc – Nigeria	Accounts Payable	193	-
Access Bank – Gambia	Cash and Bank balance	-	442
Access Bank – UK	Cash and Bank balance	4,748	1,712
BTH	Account receivable	706	706
		------	-------
		6,486	3,558
		====	====

Amount receivable from Access Bank-UK includes cash collateral of GH¢28,000 (2010: GH¢77,000)

29. ACCOUNTING CLASSIFICATION AND FAIR VALUES – FINANCIAL ASSETS AND LIABILITIES

The bank is controlled by Access Bank Plc, a bank incorporated in the Federal Republic of Nigeria which owns more than 90% shares of the Bank.

	Loans & and Receivables GH¢'000	Other Financial Liabilities GH¢'000	Total GH¢'000	Fair Value GH¢'000
31 December 2011				
Cash and cash equivalents	37,381	-	37,381	37,381
Short Term investments	34,450	-	34,450	34,450
Long term investments	114,498	-	114,498	114,498
Loans and advances	77,035	-	77,035	77,035
Other assets	11,590	-	11,590	11,590
	274,954	-	274,954	274,954
Due to other banks	-	6,349	6,349	6,349
Deposit from customers	-	165,285	165,285	165,285
Other liabilities	-	8,462	8,462	8,462
	-	180,096	180,096	180,096
31 December 2010				
Cash and cash equivalents	16,861	-	16,861	16,861
Short Term investments	29,956	-	29,956	29,956
Long term investments	123,014	-	123,014	123,014
Loans and advances	18,211	-	18,211	18,211
Other assets	2,249	-	2,249	2,249
	190,291	-	190,291	190,291
Due to other banks	-	11,407	11,407	11,407
Deposit from customers	-	91,845	91,845	91,845
Other liabilities	-	3,096	3,096	3,096
Other loans	-	-	-	-
	-	106,348	106,348	106,348

30. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of the group and bank respectively of GH¢ 8,468 and GH¢8,418 (December 2010: GH¢8,495 and GH¢8,281) and a weighted average number of ordinary shares outstanding of 80,487 (December 2010:80,066) calculated as follows:

	31 Dec 2011 The Group GH¢'000	**31 Dec 2010 The Group GH¢'000**	**31 Dec 2011 The Bank GH¢'000**	**31 Dec 2010 The Bank GH¢'000**
Net profit attributable to ordinary shareholders	8,468	8,495	8,418	8,281
Weighted average number of ordinary shares at period	80,487	80,066	80,487	80,066
Basic	11Gp	11Gp	10Gp	10Gp
Diluted	11Gp	11Gp	10Gp	10Gp