FIRST NATIONAL BANK GHANA LIMITED

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

CONTENTS

CORPORATE INFORMATION

Board of Directors	Michael Larbie (Chairman) Richard Hudson (Chief Executive Officer) Seth Asante Leonard Haynes Stephan Claassen Joseph Tetteh (Appointed on 3 February 2015) Pierre Joubert (Resigned on 10 November 2015)
Company secretary	Annita Bedzra 6th Floor Accra Financial Centre Corner of Independence Avenue and Liberia Road Accra, Ghana
Independent auditor	PricewaterhouseCoopers No. 12 Airport City UNA Home, 3rd Floor PMB CT 42, Cantonments Accra, Ghana
Registered office	6th Floor Accra Financial Centre Corner of Independence Avenue and Liberia Road Accra, Ghana
Correspondent banks	CitiBank, New York Unicredit, Germany FirstRand Bank Limited, South Africa

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2015 in accordance with the Companies Act 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act,2007, (Act 738) which discloses the state of the affairs of the Bank.

Directors responsibility statement

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank and the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007, (Act 738).

The directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Bank. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial results and dividend

	GH¢'000
Loss for the year ended 31 December 2015 before tax is	(4,678)
from which is deducted income tax expense of	(114)
giving a loss for the year after tax of	(4,792)
when added to the balance brought forward on income surplus of	268
leaving a deficit carried forward on income surplus account of	(4,524)

The board of directors do not recommend the payment of dividend for the year ended 31 December 2015.

REPORT OF THE DIRECTORS (CONTINUED)

Nature of business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking. The Bank commenced banking operations on 14 October 2015.

Holding company

The Bank is controlled by FirstRand EMA Holdings Limited, a company incorporated in South Africa. FirstRand EMA Holdings Limited is a subsidiary of FirstRand Limited. The ultimate holding company is FirstRand Limited.

Auditor

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

Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on 30 March 2016 and are signed on their behalf by:

....	....
Michael Larbie	Richard Hudson
Chairman	*Chief Executive Officer*

CORPORATE GOVERNANCE

Strict adherence to good Corporate Governance and international best practices remains high on the agenda of First National Bank Ghana Limited. As such, the Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place to facilitate best practices for the Board of Directors (the Board) and senior management in order to maximise stakeholder value.

There are currently five (5) main committees through which the Board of Directors discharge their functions; the Audit Committee, the Risk, Capital and Compliance Committee, the Director's Affairs and Governance Committee, the Remuneration Committee and the Credit Risk Committee. Executive committee members may be requested depending on their role to be in attendance at these meetings. The Company Secretary is the secretary to all committees of the Board.

1.0 Board of Directors

The six (6)-member Board of Directors of First National Bank Ghana Limited is composed of a non-executive Chairman, two (2) other non- executive directors , two (2) independent directors and one (1)executive director who is the Chief Executive Officer (CEO) , each bringing diverse but rich experience, with enviable records of achievement in their various fields of endeavour. The directors possess the requisite skills and experience, time tested integrity and business acumen to bring well balanced judgment to bear on board deliberations for the good of the Bank.

The roles of the Chairman and the CEO are separate as the Chairman of the Board shall not serve simultaneously as the CEO.

The Board is responsible for determining strategic objectives and policies of the Bank to deliver such long-term value, providing overall strategic direction within a framework of rewards, incentives and controls. It ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

The Board is also responsible for ensuring that management maintains a system of internal control, which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulations. The Board meets four times in the year.

1.1 The Audit Committee

The Audit Committee is made up of two (2) non-executive directors and one (1) independent director. It is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board.

The Audit Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The internal and external auditors have unrestricted access to the Audit Committee to ensure their continued independence. The Audit Committee also seeks for explanations and additional information, where relevant, from the internal and external auditors. A report is provided to the full Board at each sitting. The Audit Committee meets four times in the year.

CORPORATE GOVERNANCE (CONTINUED)

1.2 Risk, Capital and Compliance Committee (RCCC)

The RCCC is a committee of the Board and discharges its duties and responsibilities in respect of its charter on behalf of the Board. The RCCC is made up of three (3) non-executive directors and one (1) independent director.

The primary objective of the RCCC is to assist the Board in discharging its responsibilities with regard to overseeing risk management across the Bank. Without removing itself from the primary responsibility, the committee has delegated the responsibility of managing the different risk types arising from the nature, complexity and risks inherent in its operations to specialist risk management subcommittees. The RCCC submits its reports and findings to the Board. The RCCC operates independently in order to provide effective oversight and make recommendations to the Board for consideration and final approval. The RCCC meets four times during the year.

1.3 Director's Affairs and Governance Committee (DAGC)

The DAGC's prime objective is to assist the Board in discharging its responsibilities in respect of governance, board and committee structures, board continuity, executive succession among other objectives. The DAGC reviews the structure and composition of the Board. The committee ensures that the Board is at all times in compliance with all applicable laws, regulations and codes of conduct and practices. The DAGC meets twice yearly.

1.4 Remuneration Committee (Remco)

Remco is constituted as a committee of the Board and is answerable to the Board and reports to the Board. Remco ensures that remuneration and benefits practices are appropriate and conform with the general philosophy of rewarding performance at the Bank. Remco is made up of two (2) non-executive directors and one (1) independent director and meets twice yearly.

1.5 Credit Risk Committee

The charter is in place. Per the charter, the Committee is a sub-Committee of the Board of First National Bank Ghana Limited.
The Chairperson of the Committee is the Chief Risk Officer of the Bank. The Committee comprises of an executive director, senior executive management, non-executive senior management and independent non-executive directors.
The prime objective of the Committee is to assist the Board in discharging its responsibilities relative to:

- The granting of credit facilities in the Retail, Commercial & Wholesale Segments; and
- The management of the total Credit Portfolio (Gross Advances across all Segments) of the Bank.

The Committee is responsible for the independent monitoring and oversight of the credit risk management process within the Bank as well as the approval of risk procedures, frameworks, policies and methodologies applied in the management of the Bank's credit exposures.

The Committee is yet to be constituted.

CORPORATE GOVERNANCE (CONTINUED)

2. Management Committees

Management Committees are various committees comprising of senior management of the Bank. The Committees are risk driven as they are basically set up to identify, analyse and make recommendations on risks arising from the day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers. The key Management Committees in the Bank are four (4) and are the Executive Committee (EXCO), the Risk Committee (RISCO), the Asset, Liability and Capital Committee (ALCCO) and the Procurement Committee (PC).

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF FIRST NATIONAL BANK GHANA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of First National Bank Ghana Limited (the Bank) as set out on pages 9 to 52. These financial statements comprise the statement of financial position as at 31 December 2015, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of First National Bank Ghana Limited as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007, (Act 738).

REPORT ON OTHER LEGAL REQUIREMENTS

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

iii) the balance sheet (statement of financial position) and profit and loss account (included in the statement of comprehensive income) are in agreement with the books of account.

In accordance with section 78(2) of the Banking Act, 2004 (Act 673) we hereby confirm that;

i) we were able to obtain all the information and explanations required for the efficient performance of our duties as auditors;

ii) in our opinion, the accounts give a true and fair view of the state of the Bank's affairs and its results for the year under review;

iii) in our opinion, the Bank's transactions were within its powers; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2016/028)

Chartered Accountants

Signed by: Oseini Amui (ICAG/P/1139)

Accra, Ghana

30 March 2016

pwc

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in thousands of Ghana Cedis)

	Note	**Year ended 31 December 2015**	Period ended 31 December 2014
Interest income	6	**13,436**	-
Interest expense	7	**(10)**	-
Net interest income		**13,426**	-
Fees and commission income	8	**7**	-
Other operating income	9	**8,491**	399
Total operating income		**21,924**	399
Impairment charge on loans and advances	10	**(33)**	-
Personnel expenses	11	**(9,300)**	-
Operating lease expense	12	**(2,476)**	-
Depreciation	20	**(1,188)**	-
Other operating expenses	13	**(13,605)**	(32)
(Loss) / profit before income tax		**(4,678)**	367
Income tax expense	14	**(114)**	(99)
(Loss) /profit after income tax		**(4,792)**	268
Other comprehensive income		-	-
Total comprehensive income for the year (deficit)		**(4,792)**	268

The notes on pages 13 to 52 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands of Ghana Cedis)

	Note	As at 31 December 2015	2014
Assets			
Cash and bank balances	15	**33,311**	122,259
Due from other banks	16	**1,679**	-
Government securities	19	**95,870**	-
Loans and advances to staff	17	**1,365**	-
Property and equipment	20	**10,261**	461
Other assets	22	**5,084**	-
Total assets		**147,570**	122,720
Liabilities			
Deposits from customers	23	**1,464**	-
Deferred income tax liability	21	**213**	99
Other liabilities	24	**13,659**	493
Total liabilities		**15,336**	592
Equity			
Stated capital	25	**136,758**	120,000
Contributions towards capital	26	**-**	1,860
Income surplus (deficit)	27	**(4,524)**	268
Total		**132,234**	122,128
Total liabilities and equity		**147,570**	122,720

The financial statements were approved by the Board on 30 March 2016 and signed on its behalf by:

....	....
Michael Larbie	Richard Hudson
Chairman	Chief Executive Officer

The notes on pages 13 to 52 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana Cedis)

Year ended 31 December 2015	Note	**Stated capital**	**Contributions towards capital**	**Income surplus (deficit)**	**Total**
At 1 January 2015		**120,000**	**1,860**	**268**	**122,128**
Loss for the year		**-**	**-**	**(4,792)**	**(4,792)**
Total comprehensive income		**-**	**-**	**(4,792)**	**(4,792)**
Transactions with owners:					
Issue of ordinary shares	25	**14,898**	**-**	**-**	**14,898**
Transfer to stated capital	25	**1,860**	**(1,860)**	**-**	**-**
Total transaction with owners		**16,758**	**(1,860)**	**-**	**14,898**
At 31 December 2015		**136,758**	**-**	**(4,524)**	**132,234**
Period ended 31 December 2014					
Profit for the period		-	-	268	268
Total comprehensive income		-	-	268	268
Transactions with owners:					
Issue of ordinary shares	25	120,000	-	-	120,000
Contribution from shareholder	26	-	1,860	-	1,860
Total transaction with owners		120,000	1,860	-	121,860
Balance at 31 December 2014		120,000	1,860	268	122,128

The notes on pages 13 to 52 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana Cedis)

	Note	Year ended 31 December 2015	Period ended 31 December 2014
Cash flows from operating activities			
(Loss)/profit before tax		**(4,678)**	367
Adjustments for:			
Depreciation	20	**1,188**	-
Impairment on loans and advances	10	**33**	
Change in loans and advances		**(1,398)**	-
Change in government securities		**(95,870)**	-
Change in other assets		**(5,084)**	-
Change in mandatory reserve deposits		**(810)**	-
Change in deposits from customers		**1,464**	-
Change in other liabilities		**13,166**	493
Net cash (used in)/generated from operating activities		**(91,989)**	860
Cash flows from investing activities			
Purchases of property and equipment	20	**(10,988)**	(461)
Net cash used in investing activities		**(10,988)**	(461)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	25	**14,898**	120,000
Capital contribution from shareholder	26	**-**	1,860
Net cash generated from financing activities		**14,898**	121,860
Net (decrease)/increase in cash and cash equivalents		**(88,079)**	122,259
Cash and cash equivalents at 1 January	31	**122,259**	-
Cash and cash equivalents at 31 December	31	**34,180**	122,259

The notes on pages 13 to 52 are an integral part of these financial statements.

NOTES

1. REPORTING ENTITY

First National Bank Ghana Limited ('the Bank') is a private limited liability company incorporated and domiciled in Ghana established to provide banking services. The Bank is wholly owned by FirstRand EMA Holdings Limited, and the ultimate holding company is FirstRand Limited. The holding and ultimate holding companies are all incorporated in the Republic of South Africa. The address of its registered office is 6th Floor Accra Financial Centre, Corner of Independence Avenue and Liberia Road, Accra.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS. The requirements of the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) have been included, where appropriate. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy below.

The preparation of financial statements is in conformity with IFRS and requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bank

There are no new IFRSs and International Financial Reporting Interpretation Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the Bank's financial statements.

(ii) New and amended standards not yet adopted by the Bank

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

IFRS 9, Financial Instruments: Classification and Measurement

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

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Bank (continued)

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

IFRS 15, Revenue from Contracts with Customers'

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Bank is assessing the impact of IFRS 15.

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

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

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

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

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Bank (continued)

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

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

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

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

The amendments are effective from 1 January 2016.

Amendments to IFRS 11, Joint arrangements

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

Amendments to IAS 1, Presentation of Financial Statements

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

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency transactions

2.3.1 Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Cedis (GH¢), which is the Bank's functional currency.

2.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

2.4 Financial assets and liabilities

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

2.4.1 Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables and held-to-maturity financial assets. The directors determine the classification of its financial assets at initial recognition.

(a) Loans and receivables

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

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

(ii) those that the Bank upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of its initial investment.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and liabilities (continued)

2.4.1 Financial assets (continued)

(a) Loans and receivables (continued)

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest method.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors have the positive intention and ability to hold to maturity, other than:

(a) those that the Bank upon initial recognition designates as at fair value through profit or loss;
(b) those that the Bank designates as available-for-sale; and
(c) those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

2.4.2 Financial liabilities

The Bank's holding in financial liabilities represents mainly deposits from banks and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

2.4.3 Recognition

The Bank 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 are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. The Bank uses the trade date accounting for regular way contracts when recording financial asset transactions.

2.4.4 Derecognition

The Bank derecognises 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 Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and liabilities (continued)

2.4.4 Derecognition (continued)

The Bank enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks or 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 derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions where the Bank 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 rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

2.4.5 Offsetting financial instruments

Financial assets and liabilities are set-off and the net amount presented in the balance sheet when, and only when, the Bank 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 accounting standards, or for gains and losses arising from a group of similar transactions.

2.4.6 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

2.4.7 Determination of fair value

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

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

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and liabilities (continued)

2.4.7 Determination of fair value (continued)

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

2.4.8 Classes of financial instruments

The Bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The classification made can be seen in the table as follows:

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</th><th colspan="2">Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="5">Financial assets</td><td rowspan="3">Loans and receivables</td><td rowspan="3">Loans and advances to customers</td><td>Deposits with other banks</td><td>Due from other banks</td></tr>
<tr><td rowspan="2">Loans to staff</td><td>Staff personal loans</td></tr>
<tr><td>Staff Mortgages</td></tr>
<tr><td rowspan="2">Held-to-maturity Investments</td><td colspan="2" rowspan="2">Government securities</td><td>Government bonds</td></tr>
<tr><td>Government treasury bills</td></tr>
<tr><td rowspan="2">Financial liabilities</td><td rowspan="2">Financial liabilities at amortised costs</td><td colspan="2" rowspan="2">Deposits from customers</td><td>Individuals</td></tr>
<tr><td>Corporate entities</td></tr>
</table>

The carrying amounts of the respective financial instruments are disclosed in the related notes.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets and liabilities (continued)

2.4.9 Impairment of financial assets

Financial assets carried at amortised cost

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments of amount due, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred on the Bank's loan and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in profit or loss.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

2.6 Fees and commission

Fees and commission are generally recognised on an accrual basis when the service has been provided. Account servicing fees, transaction and service fees, which are expensed as the services are received.

2.7 Net trading income

Net trading income comprises gains less losses related to foreign exchange transactions undertaken on behalf of customers.

2.8 Leases

Leases of property and equipment where the Bank, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Bank will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Bank as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Bank is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date in the countries where the Bank and its subsidiary operate and generate taxable income. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.10 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 Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at cost in the statement of financial position.

2.11 Property and equipment

All property and equipment used by the Bank are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

All other expenditure is recognised in the statement of comprehensive income when incurred.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives of the assets as follows:

Leasehold improvements	over the lease period
Computer equipment	3 – 5 years
Furniture and fittings	6 years
Office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'other income' in profit or loss.

2.12 Impairment of non-financial assets

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

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

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

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

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions

A provision is recognised if, as a result of a past event, the Bank 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 Bank 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 Bank 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 Bank recognises any impairment loss on the assets associated with that contract.

2.14 Employee benefits

i. Defined contribution plans

The Bank contributes to defined pension schemes. These defined contributions schemes are approved by the regulatory authority. A defined contribution scheme is a pension plan under which the entity pays fixed contributions into a separate entity. The Bank has no further payment obligations once the contributions have been paid.

The Bank's obligations to defined contribution plans are recognised as an expense in the profit or loss when they are due.

ii. Termination benefits

Termination benefits are recognised as an expense when the Bank 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 Bank 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.

NOTES (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Share based payments

The Bank recognises a liability and an expense for share options granted by the parent company to employees of the Bank. The provision is based on the number of options that are expected to vest as determined by the parent company.

2.16 Stated capital

Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

3. FINANCIAL RISK MANAGEMENT

3.1 Risk Management Framework

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Bank's Asset and Liability Committee (ALCCO) and Management Credit Committee and the Risk Management Unit, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board Committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Board Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NOTES (CONTINUED)

3. FINANCIAL RISK MANAGEMENT

3.2 Credit risk

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

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. A separate Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Heads. Larger facilities require approval by the Chief Executive Officer, Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.

- *Reviewing and assessing credit risk.* Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- *Developing and maintaining the Bank's risk gradings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The Risk grades are subject to regular reviews by the Risk Management unit of the Bank.

- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Risk Management unit of the Bank on the credit quality of local portfolios and appropriate corrective action is taken.

- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement Bank's credit policies and procedures, with credit approval authorities authorised by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to local management of the Board Credit Committee and respond to issues at the Bank's Criticised Assets Committee (CAC). Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

- *Regular review of business units and credit quality* are undertaken by internal audit function of the Bank and the parent company.

NOTES (CONTINUED)

3. FINANCIAL RISK MANAGEMNT – (CONTINUED)

3.2 Credit risk (continued)

3.2.1 Management of credit risk (continued)

i. Key ratios on loans and advances

The total loans loss provision made by the bank constitutes 1% (2014: 0%) of the gross loans.

The twenty largest exposure (gross funded and non-funded) to total exposure is 93% (2014: 0%).

ii. Allowances for impairment

The Bank 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 Banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

iii. Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default.

Some other specific control and mitigation measures are outlined below:

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

(a) Collateral

Mortgages over residential properties.

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

3. FINANCIAL RISK MANAGEMNT – (CONTINUED)

3.2 Credit risk (continued)

3.2.1 Management of credit risk (continued)

iii. Risk limit control and mitigation policies (continued)

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

Revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

3.2.2 Impairment and provisioning policies

Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment.

3.2.3 Maximum exposure to credit risk before collateral held or other credit enhancements

Maximum exposure	**2015**	2014
Credit risk exposures relating to on balance sheet assets are as follows:		
Government securities	**95,870**	-
Due from other banks	**1,679**	-
Other assets (excluding prepayments)	**1,137**	-
Loans and advances to staff	**1,365**	-
	100,051	-

The above table represents a worst case scenario of credit risk exposure to the Bank without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 96% of the total maximum balance sheet exposure is derived from government securities.

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

3. FINANCIAL RISK MANAGEMNT – (CONTINUED)

3.2 Credit risk (continued)

3.2.4 Loans and advances

At 31 December 2015, the Bank's credit exposure were categorised as follows:

The balances for each category have been analysed below:

	Loans and advances to staff	Due from banks and financial institutions
At 31 December		
Neither past due nor impaired	1,398	1,679
Gross	1,398	1,679
Collective impairment	(33)	-
Net	1,365	1,679

(i) Neither past due nor impaired loans

The quality of credit exposure to customers and banks and other financial institutions that were neither past due nor impaired were assessed with reference to the Bank of Ghana credit grading guidelines adopted by the Bank for its internal grading purposes.

This category is made up as follows:

2015	**Staff loans**
Grade:	
Current	1,398

Loans and advances

Loans and advances graded current are not considered past due nor impaired and are analysed by type of advance.

NOTES (CONTINUED)

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

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.2 Credit Risk (continued)

Credit concentration

The Bank monitors concentrations of credit risk by product, by industry and by customer.

An analysis of concentrations of credit risk in respect of loans and advances at the reporting date is shown below:

	2015	2014
Carrying amount	1,365	-
Concentration by product		
Staff loan and mortgages	1,398	-
Gross	1,398	-
Less: Impairment	(33)	-
Net	1,365	-
Concentration by industry		
Staff loans and mortgages	1,398	-
Gross	1,398	-
Less: Impairment	(33)	-
Net	1,365	-
Concentration by customer		
Staff loans	1,398	-
Gross	1,398	-
Less: Impairment	(33)	-
Net	1,365	-

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

NOTES (CONTINUED)

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

i. Management of liquidity risk

The Bank'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 Bank's reputation.

Treasury unit receives information 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. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank. The liquidity requirements of business units are met through short-term loans and investments from Treasury department to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The Bank maintains liquidity limit imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury department monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.

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

ii. Exposure to liquidity risk

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

iii Assets used in managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with central banks, due from other banks and investments securities.

Government bonds and securities are readily acceptable in repurchase agreements with the Central Bank.

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

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.3 Liquidity risk (continued)

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

	Total	**0 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 12 months**
At 31 December 2015					
Deposits from customers	1,466	1,181	285	-	-
Other liabilities	13,659	11,405	-	1,717	537
	15,125	**12,586**	**285**	**1,717**	**537**

Assets for the management of liquidity risk are summarised below:

	Total	**0 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 12 months**
At 31 December 2015					
Cash and bank balances with Bank of Ghana	33,311	33,311	-	-	-
Due from other banks	1,679	1,679	-	-	-
Loans and advances to staff	1,365	-	-	-	1,365
Other assets (excluding prepayments)	1,137	-	-	1,137	-
Government securities	95,870	-	-	59,795	36,075
	133,362	**34,990**	**-**	**60,932**	**37,440**
Liquidity gap	**118,237**	**22,404**	**(285)**	**59,215**	**36,903**

	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
At 31 December 2014					
Other liabilities	493	-	-	-	493
Cash and bank balances	122,259	122,259	-	-	-
Liquidity gap	121,766	122,259	-	-	(493)

NOTES (CONTINUED)

3. FINANCIAL RISK MANAGEMENT – CONTINUED

3.4 Market risks

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 Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. All foreign exchange risk within the Bank are monitored by the Treasury department. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

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

3.4.1 Exposure to interest rate risk – non-trading portfolios

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

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

3. FINANCIAL RISK MANAGEMENT – CONTINUED

3.4.1 Interest rate risks (continued)

At 31 December 2015	Total	Less than 3 months	6 to 12 months	1 to 5 years	Non-interest bearing
Cash and bank balances with Bank of Ghana	33,311	32,488	-	-	823
Due from other banks	1,679	1,679	-	-	-
Government securities	95,870	-	59,795	36,075	-
Other assets (excluding prepayments)	1,137	-	-	-	1,137
Loans and advances to staff	1,365	-	-	1,365	-
Total financial assets	**133,362**	**34,167**	**59,795**	**37,440**	**1,960**
Deposits from customers	1,464	1,464	-	-	-
Total financial liabilities	**1,464**	**1,464**	**-**	**-**	**-**
Total interest repricing gap		**215**	**59,795**	**37,440**	
At 31 December 2014					
Cash and bank balances with Bank of Ghana	122,259	-	-	-	122,259
Total financial assets	122,259	-	-	-	122,259

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

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCCO is the monitoring body for compliance with these limits and is assisted by Risk Management Committee in its day-to-day monitoring activities. Standard scenarios that are considered on a regular basis include a 100 basis point (bp) parallel fall or rise in prime rates.

Sensitivity analysis

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

Sensitivity Analysis of interest rate risks – increase /decrease of 100 basis points in net interest margin

	2015
Interest income impact	**134**
Interest expense impact	**1**
Net impact on profit before tax	**133**

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

The Bank monitors interest and exchange rates to facilitate trading by the Treasury department. This will help the Bank to know the market developments and where opportunities are present to make gains from high interest rates. The Bank does not hedge its interest rate risk and foreign currency risk.

3.4.2 Exposure to other market risks – Non-trading portfolios

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury department and equity price risk is subject to regular monitoring by the Bank's Risk Management Unit, but is not currently significant in relation to the overall results and financial position of the Bank.

Overall non-trading interest rate risk positions are managed by theTreasury department, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Bank's non-trading activities.

3.4.3 Foreign exchange risk

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

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

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.4.3 Foreign exchange risk (continued)

At 31 December 2015	Ghana Cedi	USD	EUR	GBP	ZAR	Total
Assets						
Cash and bank balances with Bank of Ghana	33,179	124	-	8	-	**33,311**
Due from other banks	579	905	38	-	157	**1,679**
Government securities	95,870	-	-	-	-	**95,870**
Other assets (excluding prepayments)	1,137	-	-	-	-	**1,137**
Loans and advances to staff	1,365	-	-	-	-	**1,365**
Total financial assets	**132,130**	**1,029**	**38**	**8**	**157**	**133,362**
Liabilities						
Deposits from customers	1,191	265	8	-	-	**1,464**
Total financial liabilities	**1,191**	**265**	**8**	-	-	**1,464**
Net on-balance sheet financial position	**130,939**	**764**	**30**	**8**	**157**	**131,898**

At 31 December 2014	USD	Total
Assets		
Cash and bank balances with Bank of Ghana	122,259	122,259
Total financial assets	122,259	122,259
Net on-balance sheet financial position	122,259	122,259

Sensitivity analysis

A 10% strengthening of the Ghana cedi against foreign currencies at 31 December 2015 would have increased equity and profit / (loss) by GH¢ 123,159 (2014: GH¢ 12,225,910).

A best case scenario 10% weakening of the Ghana cedi against foreign currencies at 31 December would have had the equal but opposite effect on the amount shown above.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

NOTES (CONTINUED)

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.4.4 Fair value hierarchy

Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities and equity securities.

Investments classified as Level 2 primarily include government securities and certain corporate debt securities, such as private fixed maturities. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined utilising relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value. These valuation methodologies have been studied and evaluated by the Bank and the resulting prices determined to be representative of exit values. Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, benchmark securities, bids, offers and reference data.

Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement. This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2015, the were no investments securities that were classified under any of these categories.

3.5 Capital management

Regulatory capital

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

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

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale. The Bank currently does not have tier 2 capital.

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

Banking operations are categorised mainly as 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.

NOTES (CONTINUED)
(All amounts are in Ghana Cedis unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.5 Capital management (continued)

The Bank'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 Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

There have been no material changes in the Bank's management of capital during the period.

Capital adequacy ratio

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

	2015	2014
Tier 1 capital		
Ordinary issued share	**136,758**	120,000
Disclosed reserves	**(4,524)**	268
Shareholders' fund	**132,234**	120,268
Less:		
Intangible assets as per Bank of Ghana guideline	**3,947**	-
Total qualifying tier 1 capital	**128,287**	120,268
Tier 2 capital		
Fair value reserve for available	**-**	-
for sale securities	**-**	-
Total qualifying tier 2 capital	**-**	-
Total regulatory capital	**128,287**	120,268
Adjusted risk-weighted assets	**15,661**	-
Risk weighted contingent liabilities	**-**	-
Adjusted operational risk	**32,573**	-
Risk adjusted net open position	**776**	-
Risk-weighted assets	**49,010**	-
Total regulatory capital expressed as a percentage of total risk-weighted assets is	**262%**	-

NOTES (CONTINUED)

4. USE OF ESTIMATES AND JUDGEMENT – (CONTINUED)

4.2 Critical accounting judgments in applying the Bank's accounting policies

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

a. Impairment loss on loans and advances

The Bank reviews its loan portfolios to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This take into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated GH¢327 higher or GH¢327 lower.

b. Held-to-maturity investments

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

If all held-to-maturity investments were to be so reclassified, the carrying value would decrease by GH¢ 662,822 with a corresponding entry in the fair value reserve in shareholders' equity.

c. Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES (CONTINUED)

4. USE OF ESTIMATES AND JUDGEMENT – (CONTINUED)

4.2 Critical accounting judgments in applying the Bank's accounting policies (continued)

d. Income tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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

5. Financial assets and liabilities

Accounting classification, measurement basis and fair values

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

	Held-to-maturity	**Loans and receivables**	**Amortised cost**	**Total**	**Fair value**
At 31 December 2015					
Cash and bank balances with Bank of Ghana	-	33,311	-	**33,311**	**33,311**
Due to other banks	-	1,679	-	**1,679**	**1,679**
Loans and advances to staff	-	3,216	-	**3,216**	**1,365**
Government securities	95,870	-	-	**95,870**	**95,207**
Other assets (excluding prepayments)	-	1,137	-	**1,137**	**1,137**
Total financial assets	95,870	39,343	-	**135,213**	**132,699**
Deposits from customers	-	-	1,464	**1,464**	**1,464**
Due to related parties	-	9,548	-	**9,548**	**9,548**
Total financial liabilities	-	9,548	1,464	**11,012**	**11,012**

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

	Held-to-maturity	Loans and receivables	Amortised cost	Total	Fair value
At 31 December 2014					
Cash and bank balances	-	122,259	-	122,259	122,259
Total financial assets		122,259	-	122,259	122,259
Due to related parties	-	461	-	461	461
Total financial liabilities	-	461		461	461

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

6. Interest income

	2015	2014
Government securities	13,356	-
Loans and advances to staff	80	-
	13,436	-

7. Interest expense

	2015	2014
Current accounts	7	-
Savings accounts	2	-
Term deposits accounts	1	-
	10	-

8. Fees and commission income

	2015	2014
Fees from banking activities	7	-

9. Other operating income

Foreign exchange:

	2015	2014
Gains on trading activities	18	-
Exchange gain on revaluation	8,473	399
	8,491	399

10. Net impairment charge on loans and advances

	2015	2014
Collective impairment charge	33	-

Movement on impairment charge on loans and advances is as follows:

	2015	2014
At 1 January	-	-
Unidentified impairment charge	33	-
At 31 December	33	-

NOTES (CONTINUED)

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

11. Personnel expenses

	2015	2014
Wages and salaries	8,901	-
Employer's social security contributions	235	-
Other staff costs	164	-
	9,300	-

The average number of persons employed by the Bank at the end of year ended 31 December 2015 was 79 (2014: Nil).

12. Operating lease expense

	2015	2014
Rentals on vehicles	649	-
Rentals on office premises	1,827	-
	2,476	-

13. Other operating expenses

Administrative expenses	12,580	-
Software licensing	364	-
Directors' emoluments	458	-
Auditors remuneration	203	32
	13,605	32

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

14. Income tax expense

	2015	2014
Deferred income tax charge (Note 21)	114	99

Current income tax

The chargeable income of the Bank for the year ended subject to income tax is nil (2014: Nil).

The tax on the Bank's loss income tax differs from the theoretical amount that would arise using statutory income tax rate as follows:

	2015	2014
(Loss) /profit before income tax	(4,678)	367
Tax calculated at tax rate (25%)	(1,170)	92
Effect of:		
Expenditure permanently disallowed	21	-
Current losses for which no deferred tax was recognised	1,263	7
Income tax expense	114	99

15. Cash and cash equivalents

	2015	2014
Cash on hand	1,969	
Balances with Bank of Ghana	31,342	122,259
	33,311	122,259
Less: mandatory reserves	(810)	-
Unrestricted cash and bank balances	32,501	122,259

Included in balances held with Bank of Ghana above is the mandatory reserve deposit of GH¢ 810,384 (2014: Nil). The reserve is not available for use in the Bank's day to day operations.

16. Due from other banks

	2015	
Deposits with other banks	1,679	-

Amount due from other banks are current.

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

17. Loans and advances to staff

	2015	2014
Loans and advances to staff	1,398	-
Collective impairment	(33)	-
	1,365	-
Non –current	1,365	-

18. Impairment allowance on loans and advances

At 1 January	-	-
Impairment loss for the year:		
- collective allowances	33	-
At 31 December	33	-

19. Government securities

Treasury bills	59,795	-
Government bonds	36,075	-
	95,870	-
Movement is as follows:		
Additional investment	192,870	-
Redeemed on maturity	(97,000)	-
At 31 December	95,870	-
- maturing after 182 days of acquisition but within 1 year	59,795	-
- maturing after 1 year of acquisition	36,075	-
	95,870	-

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

The Bank has not pledged any government securities to counterparties.

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

20. Property and equipment

Year ended 31 December 2015	**Leasehold Improvement**	**Furniture Fittings and office equipment**	**Computer and Accessories**	**Capital work in progress**	**Total**
Cost					
At 1 January	-	-	-	461	**461**
Transfer	-	461	-	(461)	**-**
Additions	7,273	2,160	1,555	-	**10,988**
At 31 December	7,273	2,621	1,555	-	**11,449**
Accumulated depreciation					
Charge for the year	357	634	197	-	**1,188**
At 31 December	357	634	197	-	**1,188**
Net book amount					
At 31 December 2015	**6,916**	**1,987**	**1,358**	-	**10,261**
Period ended 31 December 2014					
Cost					
Additions				461	461
At 31 December				461	461
Net book amount					
At 31 December 2014				461	461

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

21. Deferred income tax

Movements in temporary differences during the year is as follows:

	2015	2014
At 1 January	**99**	-
Charge to profit or loss	**114**	99
At 31 December	**213**	99

Deferred income tax is calculated using the enacted income tax rate of 25% (2014: 25%). Deferred income tax assets and liabilities, deferred income tax charge in the income statement and deferred income tax charge in other comprehensive income are attributable to the following items:

	At 1 January	Recognised in profit or loss	At 31 December
Year ended 31 December 2015			
Accelerated depreciation	-	173	**173**
Other temporary differences	99	(59)	**40**
Net deferred income tax liability	**99**	**114**	**213**
Year ended 31 December 2014			
Other temporary differences	-	99	99
Net deferred income tax liability	-	99	99

22. Other assets

	2015	2014
Prepaid expenses	**3,947**	-
Amount due from related parties (Note 30)	**574**	-
Other receivables	**563**	-
Current	**1,137**	-
Non -current	**3,947**	-
	5,084	-

23. Deposits from customers

	2015	2014
By type of deposit		
Current and call accounts	**1,364**	-
Savings accounts	**41**	-
Term deposit accounts	**59**	-
	1,464	-

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

23. Deposits from customers (continued)

	2015	2014
Current	**1,464**	-

At 31 December, the twenty largest depositors constitutes 69% of the total deposit.

By type of customer

	2015	2014
Individuals and other private enterprises	**1,464**	-

24. Other liabilities

	2015	2014
Amount due to related parties (Note 30)	**9,548**	461
Other payables	**4,111**	32
	13,659	493
Current	**13,122**	-
Non - current	**537**	493
	13,659	493

25. Stated capital

The authorised shares of the Bank are 500,000,000 ordinary shares of no par value out of which 136,758,000 (2014: 120,000,000) ordinary shares has been issued as follows:

	2015		2014	
	No of shares	**Proceeds**	No of shares	Proceeds
At 1 January	**120,000,000**	**120,000**	-	-
Issue of ordinary shares for cash consideration	**14,898,000**	**14,898**	120,000,000	120,000
Transfer from contributions towards capital	**1,860,000**	**1,860**	-	-
At 31 December	**136,758,000**	**136,758**	120,000,000	120,000

On 10 August 2015, the Bank issued 14,898,000 ordinary shares of no par value to the shareholder, FirstRand EMA Holdings Limited. The cash consideration for the ordinary shares issued amount to GH¢14,898,000.

There are no calls or unpaid instalments. There are no treasury shares.

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

26. Contributions towards capital

Contributions towards capital represents monies received from shareholders towards capital contribution. The Bank issued 1,860,000 ordinary shares of no par value as consideration for the transfer of this amount to stated capital. The movement is as follows:

	2015	2014
At 1 January	**1,860,000**	-
Capital contribution	-	1,860,000
Ordinary shares issued	**(1,860,000)**	-
At 31 December	**-**	1,860,000

27. Income surplus

Income surplus represents the residual of cumulative earnings retained. The movement in the income surplus account is shown as part of the statement of changes in equity.

28. Leasing

The Bank acts as lessee under operating leases and lessor under finance leases, leasing assets for its own use and providing asset financing for its customers.

i. Finance Lease

The Bank did not have any finance lease receivables at 31 December 2015 (2014: Nil).

ii. Operating Lease

The Bank leases various office and other premises under non-cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The outstanding balance is accounted for as a prepayment in other assets.

There are no contingent rents payable.

Non - cancellable operating lease rentals are payable as follows:

	2015
Less than one year	**7,408**
Between one and five years	**637**
	8,045

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

29. Contingencies

i. Claims and litigation

The Bank has no contingent liabilities in respect of legal claims arising in the ordinary course of business as at 31 December 2015.

ii. Contingent liabilities

There were no contingent liabilities as at 31 December 2015 (2014: Nil).

iii. Commitments

The Bank did not have any commitments as at 31 December 2015 (2014: Nil).

30. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The Bank is controlled by FirstRand EMA Holdings Limited.

FirstRand EMA Holdings is a subsidiary of FirstRand Limited, the ultimate holding company.

i. Transactions with related parties

Transactions between First National Bank Ghana Limited, and its related parties are carried out on commercial terms and conditions. The following transactions were carried out with related parties:

	Nature of transactions	**2015**	2014
FirstRand Limited	Expenses settled on behalf of the Bank	-	461
FNB International SA	Expenses settled on behalf of the Bank	5,337	-
FNB International SA	Purchase of property and equipment	3,393	-
FREMA Holdings (Pty) Limited	Purchase of property and equipment	357	-
FNB Lesotho	Transfer of share options liability to Bank	207	-
FirstRand Bank Limited	Purchase of property and equipment	412	-
FirstRand Bank Limited	Transfer of share options liability to Bank	367	-

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

30. Related parties (continued)

ii. Year end balances arising from the sale/purchases of goods/services

Amount due to related parties (Note 24)

	2015	2014
FNB Tanzania	17	-
FNB Lesotho	32	-
First Rand Limited	-	461
FirstRand Bank Limited	412	-
FNB International SA	8,730	-
Frema Holdings(Pty) Limited	357	-
	9,548	461

Amount due from related parties (Note 22)

	2015	2014
FNB Lesotho	207	-
FirstRand Bank Limited	367	-
	574	-

iii. Transactions with key management personnel

The Bank's key management personnel, includes directors (executive and non-executive) members of the Executive Committee, Company Secretary and the Head of Internal Audit. The loans advanced to key management are at the agreed terms and conditions.

Loans and advances

	2015	2014
Secured loans	149	-

No impairment losses have been recorded against the loans and allowances during the period with key management personnel.

Compensation

The compensation paid to key management for employee services is shown below.

	2015	2014
Salaries and other short term benefits	1,728	-

There were no short-term employee and post-employment benefits outstanding as at 31 December 2015 (2014: Nil).

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

30. Related parties (continued)

iii. Transactions with key management personnel (continued)

The share – based payment arrangements with key management personnel is shown below:

	2015	2014
Share options	**536**	-

Transactions with directors

The compensation paid to non-executive directors is shown below.

Fees and emoluments	**49**	-

31. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise the following:

	2015	2014
Unrestricted cash and balances with Bank of Ghana (Note 15)	**32,501**	122,259
Due from other banks (Note 16)	**1,679**	-
Cash and cash equivalents	**34,180**	122,259