Financial Statement

FIDELITY BANK

2013 Annual Report

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the next Annual General Meeting of Fidelity Bank Ghana Limited will be held at **Labadi Beach Hotel**, on **Friday, April 25, 2014** at **10.00 am** to transact the following business:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2013;
2. To declare a final dividend for the period ended 31st December 2013;
3. To re-elect a Director;
4. To authorize the Directors to fix the remuneration of the Auditors;
5. To approve the fees and allowances of Directors; and
6. To transact any other business appropriate to be dealt with at an Annual General Meeting.

Dated,
this 2nd day of April, 2014

BY ORDER OF THE BOARD
ANTHONY MENSAH
(COMPANY SECRETARY)

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting it must be completed and deposited at the offices of the Company Secretary, Fidelity Bank Ghana Limited, 2nd Floor, Ridge Tower, Accra not less than 48 hours before the appointed time of the meeting.

Financial Highlights

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	GROUP		BANK	
	2013	2012	2013	2012
At year end				
Total assets	1,691,611	1,349,922	1,689,670	1,333,031
Total loans and advances (net)	827,177	653,724	805,967	636,762
Total deposits	1,355,728	1,103,268	1,355,980	1,099,437
Shareholders equity	155,869	121,425	154,003	120,612
For the year ended 31 December				
Interest income	252,886	175,166	253,345	174,320
Profit before tax	62,722	36,521	62,579	36,638
Profit after tax	43,868	27,454	43,877	27,675
Dividend per share	0.46	0.325	0.46	0.325
Earnings per share	2.48	1.68	2.48	1.69
Return on average equity (%)	32	31	32	31
Return on average assets (%)	4	3	4	3
Number of staff	1,914	1,489	1,900	1,480
Number of branches	50	45	50	45
Number of ATMs	75	67	75	67

Contents

Building a showpiece of banking excellence, a legacy of Ghanaian entrepreneurship and a business with national relevance.

We are creating a brand of banking with excellence as the distinctive attribute.

In the highly competitive Ghanaian banking industry, Fidelity Bank is creating a brand that will resonate with the aspirations of the ordinary Ghanaian.

William Panford Bray
Chairman

Corporate Profile

Fidelity Bank was issued with its universal banking license on June 28th 2006, making Fidelity Bank Ghana Limited, the 22nd bank to be licensed by the Bank of Ghana under the new Banking Act, 2004 (Act 673). The Bank is owned by Ghanaian individuals and institutional investors including Africa Capital, SIC Life, SSNIT, and also by its senior executives.

The Bank was formerly Fidelity Discount House, the leading discount house in Ghana. After operating profitably for 8 years, the business environment in the country attracted investors to the idea of establishing a bank.

Fidelity Bank has a team of high calibre professionals with diverse skills and experience. The Bank has invested heavily in technology and continues to invest heavily in training to ensure that it is at par with the best in the world. Fidelity Bank offers a comprehensive range of products and services to meet the banking and financial needs of existing and potential customers.

Fidelity Bank has two corporate affiliates: Fidelity Asia Bank Limited (FABL), and Fidelity Securities Limited (FSL).

Fidelity Asia Bank Limited (FABL) was established in July 2012 as a wholly owned Asian subsidiary in Malaysia. FABL carries on the business of offshore banking.

Fidelity Securities Limited (FSL), a fully owned subsidiary of the bank, is the investment banking arm of the bank. Formerly known as Fidelity Asset Management, FSL's business involves providing advisory services, issuing of securities, raising of capital and undertaking portfolio investment management for clients.

Vision

Fidelity Bank's vision is to become a world-class financial institution that provides superior returns for all stakeholders as follows:

Our customers:
The best place to bank

Our shareholders:
The best place to invest

Our employees:
The best place to work

Our regulators:
The best place to benchmark

With strong people, technology and financial capital, Fidelity Bank is looking forward to active participation in the local banking industry.

Mission

To be amongst the top five banks in Ghana by December 2014, based on all key performance indicators: deposits, fees, quality of loan book, cost to income ratio, and anchored on three key pillars -

- our people
- our service and processes, and
- return to stakeholders.

This will be premised on exceptional Corporate Governance Standards', knowledge of the local market, professionalism, proactivity, innovation and above all its customer-centric culture. This will contribute positively to the development of the industry and by extension the Ghanaian economy.

Corporate Information

Board of Directors:	Mr. William Panford Bray [Chairman] Mr. Edward Effah [Managing Director] Mr. Jim Baiden [Deputy Managing Director] Mr. Kwamina Duker Mrs. Johanna Svanikier Mr. Paul Victor Obeng Mr. Emmanuel Barima Manu Mr. Alex Dodoo [Appointed: 12 November 2013]
Secretary:	Mr. Anthony Mensah [Acting]
Registered Office:	Fidelity Bank Ghana Limited Ridge Tower 10 Ambassadorial Enclave, West Ridge, Accra. Ghana
Solicitors:	Bari & Co Suite #1, 5th Floor Trust Towers, Adabraka P.O. Box CT 1466 Cantonments, Accra
Independent auditor	PricewaterhouseCoopers No. 12 Airport City, UNA Home,3rd Floor PMB CT 42, Cantonments, Accra, Ghana
Bankers	Ghana International Bank Citibank Commerzbank BHF Bank of China DBS Bank Medicapital Bank

Meet the Board

William Panford Bray
Chairman

Mr. William Panford Bray is a former Managing Director of Ghana Commercial Bank; from 1999-2002. He was Acting Chairman/Chief Executive Officer of Ghana Airways between 2002 and 2003. He has over 40 years of working experience in banking and finance including his long service at Barclays Bank of Ghana Ltd where he reached the position of Deputy Managing Director. He is a Fellow of the Chartered Institute of Bankers (FCIB).

Mr. Bray currently serves as the Chairman of Enyan Denkyira Rural Bank Limited and Opportunities Industrialization Centre, Ghana, as Director on the Boards of Unicredit Ghana Ltd, and Oak House Ltd, and as Council Member of the Association of Insolvency and Restructuring Advisors.

Mr. Bray has been honored with various awards including Life Fellow, International Biographical Association (LFIBA), International Man of the Year 2000 - 2001; International Who is Who of Professionals 2000 and as a Paul Harris Fellow.

Mr. Bray is a golfer and enjoys walking and gardening.

Edward Effah
Managing Director

Edward Effah is the Managing Director and Chief Executive Officer of Fidelity Bank Ghana Limited. He is also the founder of the Fidelity Group and has been its Chief Executive Officer since inception (1998).

Edward has over 20 years experience as a Senior Finance Executive. Previous positions held include: Resident Director of Global Emerging Markets Ghana Limited (GEM), Group Risk Manager of Rudolf Wolff, the City of London-based derivatives and foreign exchange trader and as a Management Consultant and Audit Manager with Coopers and Lybrand, London.

Other directorships held by Edward are: Jacana Partners Limited; Takoradi International Company Limited; Member of Council , University of Ghana; Chairman of College of Health Sciences and Africa Capital Limited.

Edward is a Chartered Accountant by profession and a member of the Institute of Chartered Accountants in England and Wales.

Meet the Board

Jim Baiden
Deputy Managing Director

Jim Baiden is the Deputy Managing Director and co-founder of Fidelity Bank, with responsibilities for Treasury and Wholesale Banking amongst others. Prior to that Jim served as Executive Director of Fidelity Discount House from 2002 after serving as the General Manager since the company's inception.

He has had an illustrious 20 year career as a leading Treasury Manager and Investment Banker in the Ghanaian money markets. In the mid 1980's Jim worked at National Investment Bank in various capacities including Eastern Regional head, overseeing branch banking and projects.

Jim has also gained extensive international experience as an alumnus of Gerard & National, London and the Darden School of Management, University of Virginia, USA. Jim holds a Masters Degree in Banking & Finance from the Finafrica Foundation, Milan, Italy and a Bachelor's degree in Economics with Statistics from the University of Ghana, Legon.

Mrs Johanna Svanikier
Non Executive Director

Johanna Odonkor Svanikier (LL.B, LL.M (Lond.), B.L., M.P.A. (Harvard), M.Sc (Oxon)) is a Doctoral Candidate in political science at the University of Oxford, United Kingdom and a research associate at the Oxford Centre for International Development. She is also a barrister, university lecturer and legal and development consultant.

She holds Bachelors and Masters Degrees in law from the London School of Economics, UK, a Masters in Public Administration from Harvard University, U.S.A. and a Masters in Political Science from the University of Oxford, U.K. She was a Fulbright Scholar at Harvard University. She has been called to the Bar in England and Wales and in Ghana.

She is the author of several publications including Women's Rights and the Law in Ghana.

Kwamina Duker
Non Executive Director

Kwamina Duker (K) is the CEO of OANDA Corporation, a leading provider of foreign exchange services. K initially joined OANDA as Managing Director for Asia Pacific and was responsible for overseeing the company's operations in the region.

Prior to joining OANDA, Mr. Duker headed Deutsche Bank's eFX business in Asia Pacific originating and implementing dbFX — the first retail online forex trading platform from a major bank.

K brings with him over two decades of experience in shaping the global Foreign Exchange industry and leading major foreign exchange technology platforms in Europe, the Americas and Asia Pacific.

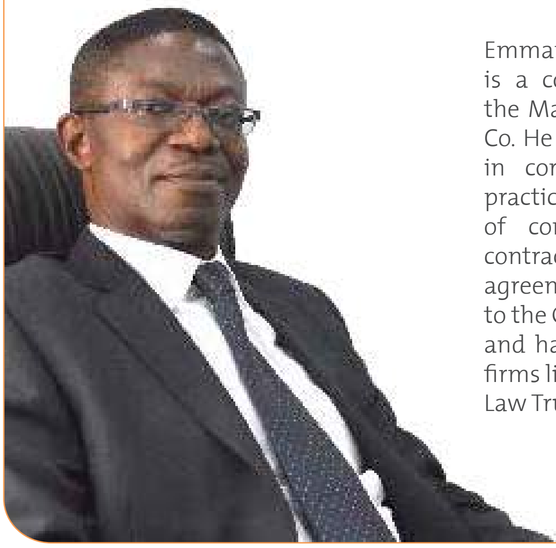
Kwamina Duker is chairman of FX Architects. He achieved his MBA from UCLA, Business School.

Meet the Board

Paul Victor Obeng
Non Executive Director

Mr. Obeng is the Executive Chairman of O B Associates. He has held various high positions in Ghana's political structure and government. Currently a Senior Presidential Advisor, he is also the Chairman of the National Development Planning Commission (NDPC).

A Board Member of Guinness Ghana Breweries Limited, Paul is a former Chairman of the board of Ghana Investment Promotion Centre.



Emmanuel Barima Manu LLB
Non Executive Director

Emmanuel Barima Manu LLB, is a co-founding member and the Managing Partner of Bari & Co. He has extensive experience in corporate and commercial practice including negotiation of commercial and business contracts and other varied agreements. Mr. Manu was called to the Ghana Bar in October 1989 and has worked with other law firms like Naoferg Chambers and Law Trust Company.

Barry has advised many clients on commercial transactions, contracts, corporate business and oil and gas laws including African Gold Group Inc, Bulk Oil Storage and Transportation Company Ltd, Elmina Beach Resort, Atholl Energy Limited, Allterrain Services Ghana Limited, Coco Palm Limited and ALTROM Ltd, Switzerland. He has also represented Fidelity Bank on numerous occasions as Lead legal adviser.

Alex Dodoo
Director, Public Sector Institutions

Alex is one of the pioneers of Fidelity Discount House. He was formally responsible for the money market desk and the Marketing Department, where he developed various money market products for the Discount House. Alex joined Fidelity from Ecobank Ghana Limited where he worked for two years in the Treasury function.

He has extensive exposure and experience in investments and foreign exchange, with previous work experience in diverse roles in Allied Dunbar, Mercury Funds Management and the National Bank of Greece, all in the UK (London).

Alex is an Economics graduate of the University of Ghana and an associate member of the Chartered Institute of Bankers (ACIB), London.

Executive Committee

Edward Opare Donkor
Director, Finance

Edward is a chartered accountant with over 15 years experience in the Financial Services Sector. He oversees Corporate Strategy, Financial / Management reporting of the Group, capital management, regulatory and tax reporting, budgeting and all finance-related issues. Prior to joining Fidelity, he worked at Enterprise Insurance Co. Ltd as Technical Trainee and at CDH Insurance Ltd as Senior Accounts Officer. Edward holds an Executive MBA degree from the University of Ghana Business School and a BA (Hons) in Economics from the same University.

He is a member of the Institute of Chartered Accountants, Ghana and has participated in various finance-based workshops in both Ghana and overseas including workshops at Harvard and Wharton.

Selom Cofie Atta
Director, Consumer Banking

Selom has over twelve years banking experience. She joined Fidelity Bank from Barclays in June 2006. During her time with Barclays, she was instrumental in the success of their Personal High Value Proposition. She won several Customer Service Excellence Awards and was one of the selected few on their Talent Development Programme, a programme which seeks to develop the next generation of Barclays Bank Leaders.

Since joining Fidelity as an Executive Relationship Manager with the Private Banking Department, Selom has held various roles – Head, Customer Care, Regional Sales & Service Manager - Southern Sector and is currently Director, Consumer Banking. She is credited with setting up the Customer Care Unit which contributed immensely towards the Bank's Customer Care Award in 2010.

Anthony Bennin
Director, Treasury Services

Tony is a young dynamic banker with banking experience in the Treasury function dating back to 2000. He joined Fidelity in September 2006 having previously worked with SG-SSB where he was instrumental in streamlining Treasury processes for value-creation. He was also a member of the pioneering Management Trainee group of SG-SSB. In 2008, Tony became the youngest Director of the bank after prior engagement as the Chief Dealer.

He holds a First degree in Agricultural Economics from the University of Ghana and a Masters Degree in Applied Economics from Youngstown State University, Ohio, USA.

Executive Committee

Biyi Olagbami
Chief Risk Officer

Biyi Olagbami is a seasoned risk management professional driven by a passionate desire to contribute to the formulation and implementation of best practices in business, governance, compliance and risk management in focused, ethical and merit-driven organisations in Africa.

He holds a M.SC in Architecture from the Obafemi Awolowo University, Nigeria and an MBA from IESE in Barcelona, Spain. He is a hands-on manager with knowledge and experience across the enterprise risk spectrum garnered from over 20 years of banking across West, Central and North Africa

He commenced his banking career as a Management Associate in Citibank and has held various senior positions in local and international banks. These include Chief Risk Officer, Central Africa for Citibank and Chief Risk & Compliance Officer for Bank PHB/Keystone Bank where he played a critical role through the period of the intervention and subsequent nationalisation of the Bank by the regulators in Nigeria.

As the Chief Risk Officer of Fidelity Bank Ghana Limited, he leads the transformation of the risk management function to support the Bank's vision of becoming a world class financial institution.

Leonard Gikunoo
Director, Corporate Banking

Leonard is a Corporate and Investment Banking professional with more than twelve years experience within financial services sector. He joined Fidelity Bank Ghana Limited in June 2013 as the Director in charge of Corporate Banking.

Prior to joining Fidelity Bank, he was the Vice President responsible for Large Local Corporates within the Corporate & Investment Banking Department of Barclays Bank of Ghana Limited. He spent close to ten years with Barclays Bank with senior sales relationship management and business development responsibilities across varied sectors including the public sector, multinational and local corporates.

Leonard before joining Barclays Bank also worked for Strategic African Securities Limited, an Investment Banking boutique firm in Ghana initially as a manager in charge of trading and research, and later as a Corporate Finance Advisor responsible for capital raising, client due diligence & valuation analysis, and mergers and acquisitions analysis, among other key responsibilities.

Leonard holds a BSc (Hons) degree in Business Administration from the University of Ghana, Legon and an MSc degree in International Securities, Investment and Banking from the Henley Business School, University of Reading, United Kingdom. Leonard has a keen interest in structured finance, project finance, risk management, deal structuring, business development and customer service.

Executive Committee

Shirley-Ann Awuletey-Williams
Director, Credit Management

Shirley-Ann joined Fidelity in May 2008 as a Corporate Account Manager and was transferred to the Risk Management Department in January 2009. She joined Fidelity Bank from Merchant Bank (Ghana) Limited with thirteen years banking experience in several departments including Operations, SME Banking and Corporate & Institutional Banking. She also managed the Credit Analysts & Corporate Support functions and was a Team Leader responsible for the Light Manufacturing Sector. Her core competencies include Account Relationship Management, Credit appraisal and Credit Risk Management.

Shirley-Ann holds a first degree in Agricultural Economics from the University of Ghana, Legon and an MBA in Finance from the University of Leicester. She is also a Professional Member of the Chartered Institute of Bankers, Ghana.

Angela Forson
Director, Institutional Banking

Angela became the first female director in charge of business at Fidelity Bank and is currently responsible for the Institutional Banking team.

Prior to this position, she had worked in many roles in the Bank, including being the head of the Telcoms and Utilities Desk in Corporate Banking.

In her previous job with Databank Financial Services, Angela worked as a Licensed broker/Investment advisor, traded on the Ghana Stock Market and also managed investment portfolios in asset management.

She acquired both her Executive MBA and Bachelors of Arts at the premier University of Ghana, Legon.

She recently became a Fortune/US State Department Mentoring Program Alumini.

Angela brings to the executive management team, her exposure to the equity markets, money markets and wholesale banking experience.

Executive Committee

John Maxwell Addo Jnr
Director, Human Resources

John is a senior human resources professional with over twelve years generalist and specialist experience gained mostly with top international banks across the Middle East, Africa and the United Kingdom. He has a breadth and depth of experience across Performance and Rewards Management, Talent and Succession Management, Career Development, Employee Engagement, Industrial Relations, Learning Management, Resourcing, Graduate Programmes, Organisational Development and Executive Coaching.

John has recently joined Fidelity Bank as HR Director. His last role with HSBC Bank was Regional Head of Learning, Talent, Resourcing & Organisational Development (LTROD) for HSBC's global businesses (Corporate Banking, Client Coverage and Advisory, Global Markets and Private Banking) in the Middle East and Global Head of LTROD for HSBC Amanah (the Islamic Finance Business of HSBC). He was also part of the Global Leadership team for the HSBC Business School. Prior to HSBC, John held various human resources roles for Standard Chartered in Ghana, the UK and the UAE.

John has a Master of Science degree in Industrial Relations and Human Resources Management from the London School of Economics (LSE), a Bachelor of Law from the University of Ghana and a Qualifying Certificate in Law from the Ghana School of law. He was called to the Ghana Bar in 2001.

Executive Committee

Dr. William Derban
Director, Financial Inclusion,
Corporate Social Responsibility(CSR)
& Project Management Office(PMO)

William is the Director for Financial Inclusion, CSR & PMO. He is responsible for the Bank's micro-finance, payment services and the innovative agency banking services. His objective is to provide basic banking services to the informal and largely unbanked market, providing services that improve lives. William has worked on significant financial services projects in Africa, Europe and the Middle East.

Dr William Derban is an alumnus of Nottingham Business School in the UK with a doctorate in Micro-finance and Development Finance. He provides lectures on sustainability and financial inclusion and is also a passionate speaker at various conferences on development across Africa, Middle East and Europe.

Dr. Derban has held the position as the Head of Community Relations with Barclays Africa and Emerging Markets where he managed the community investment strategy across 14 countries in Africa, Middle East and Asia. He also held various senior positions in the global community investment and financial inclusion departments.

Dr. William Derban holds many awards in recognition of his work, including the Clinton Global Initiative and the Business in the Community market place Awards, The prestigious Coffey award for excellence in corporate responsibility. His projects have been highlighted in the Financial Times, New African, The BBC, and have been used as case studies by the Harvard Kennedy School, UNDP growing inclusive markets and various academic reports. He is on the Africa regional board of Junior Achievement, an NGO promoting youth entrepreneurship, and was a member of the Investment Panel of experts for the UK Department of International Development (DFID) Financial Education Fund.

He was one of the founding members of the Micro-finance Club UK and a member of the UK All Parliamentary Group on Micro-finance.

Alfred A. Quaye
Director, Internal Control

Alfred joined Fidelity Bank in 2006 from Standard Trust Bank (now UBA), where he was the Head, of the Internal Control Department. Alfred started his career as a bank examiner with Bank of Ghana where he gained extensive experience in audit over his thirteen years stay with the Banking Supervision Department including leading on-site examination teams to examine some major commercial banks in Ghana. He holds a Bachelor of Arts degree in Economics, MBA from the University of Ghana and is a Fellow of the Association of Certified Chartered Accountants (UK).

Executive Committee

Jamal Inkoom
Ag Chief Technology Officer

Jamal has 8 years banking technology experience within which he has implemented core banking systems, electronic banking solutions and other critical banking technology platforms. He joined Fidelity in 2006 where he worked in various roles within technology and was appointed to the current role in 2013. Before Fidelity, he worked with Millicom International (TIGO) where he was instrumental in implementing intelligent networks for telecoms for the first time in Ghana. Jamal holds Bachelors in Computer Science and Mathematics from the University of Ghana. He is also a member of the PMI institute and a certified project management professional.

Anthony Mensah
Ag. Head Legal & Company Secretary

Anthony is a young astute lawyer with rich experience in Corporate Law and Banking and a firm grasp of Human Rights and Labour Law..

He started his career as a pupil lawyer with Zoe, Akyea & Co. where he applied himself diligently to learn the rudiments of the legal practice. He later went on to the Commission on Human Rights and Administrative Justice (CHRAJ) as a legal officer, assisting with investigating claims and writing legal opinions on varying issues, amongst other functions.

Tony moved to Fidelity Bank in 2011 in the role of a legal officer, drafting agreements and instruments, prosecuting matters in court, advising management on legal issues and occasionally acting in the absence of the substantive company secretary. Through dedication and hardwork , he became the Ag. Head of the Legal Dept and the Company Secretary, supervising all legal matters in the Bank, and holds that position to date. Additionally he is the Company Secretary for Fidelity Securities Limited.

He has a Qualifying Certificate in Law from the Ghana School of Law; an LLB from the University of Ghana, Legon; and a B. A. (Hons) in English and History also from the same university.

SPEARHEADING THE FINANCIAL INCLUSION AGENDA.

With world markets growing and technology and travel pulling us all closer together in an economic patchwork, too many people are sitting on the sidelines, idle. Most often, those on the sidelines are young people, women and families in extreme poverty.

They are the financially excluded.

Statistics indicate that there are about 2.5 billion unbanked individuals around the world and in Ghana; about 70% of the adult population is unbanked.

Fidelity Bank is therefore setting the pace for Ghana's journey to financial inclusion by introducing Agency Banking for the unbanked and under banked and taking banking to the door steps of Ghanaians.

With the approval of the Bank of Ghana, Fidelity Bank has contracted third party retail networks called Fidelity Smart Agents to provide services on its behalf.

Fidelity Smart Agents are your local neighborhood, convenience shops,pharmacies, supermarkets and utility payment vendors.

In order to use any of the Fidelity Smart Agents, one needs to open a Fidelity Smart Account. This account is designed to provide a full bank account in less than 5 minutes, and offers clients the opportunity to have both a Current and a Savings Account.

One requires only one piece of documentation, any valid Ghanaian ID, to open an account. This development, approved by the Bank of Ghana, is a significant improvement over the often multiple documentation that clients have to provide.

Account holders can withdraw and deposit money, check balances and request mini statements pay utility bills, top up credit on their

Special Feature

mobile phones and conduct Cardless transactions by transferring money to family and friends using their mobile phones.

The introduction of Fidelity Agency Banking is not just another product from another Bank to make money but an important journey by Fidelity Bank to offer all Ghanaians access to formal Banking.

In the 3 months pilot phase, 130,000 Accounts have been opened with about 100 Smart Agents and we are optimistic that with 500 Smart Agents, the Bank can open over a million Accounts every year. About 1,200 Smart Accounts are being opened every day because of proximity, convenience and the simplicity in opening the Smart Account.

This is just the first of an array of products to promote Financial Inclusion in Ghana. Other services such as insurance, Credit facilities, and investments will also be made available to Smart Account holders. We believe the only way to fight poverty is to grant everybody access to credit facilities.

Financial Inclusion has failed in the past but it is possible today because of technology and Ghana must take advantage of ICT to let Ghanaians accept formal banking as means to changing lives. Fidelity Bank is partnering with GIZ on Financial literacy programs to among other things erase the myths people have about banking. We are also working with CARE and VISA on linking Village Savings and loans to the Bank.

The Bank put in a lot of research including understudying many countries before coming out with Agency Banking, which has taken about three years to roll out.

Our contribution to the economy has been commended by all. The Bank is currently the leading bank financing the energy sector. We have also financed the housing sector, SMEs and other major infrastructure projects.

According to the Ministry of Finance, plans are in the offing to have a national Financial Inclusion Strategy and Fidelity Bank is proud to be at the forefront, pioneering Agency Banking in Ghana with its Smart Account.

Corporate Social Responsibility

At Fidelity Bank, one of our core values is serving the Community; this is in line with our resolve to reach out to the Communities in which we operate.

Over the years, the Bank has supported a number of institutions in Health, Education, sports among others.

NEW HORIZON SPECIAL SCHOOL

Fidelity Bank continues to align itself with the aim of New Horizon Special School thus developing every child's potential to the full so that they would live a productive life even if they are handicapped in one way or the other.

The Bank also recognizes the importance of education to the development of the economy and is committed to supporting the education of children particularly the less privileged in society.

The Bank financially supported the New Horizon Special School with ten thousand Cedis (GHS 10, 000) to help in the running of the school as it depends on the benevolence of individuals and corporate institutions like Fidelity Bank.

Staff of the Bank also spent some quality time with the Pupils by partaking in their health walk and fun Day activities in 2013.

GHANA'S FASTEST HUMAN

Fidelity Bank partnered with Tecno Mobile to organize the sporting event dubbed "Ghana's Fastest Human 2013.

Ghana's Fastest Human (GFH) was an athletic event meant to address the imbalance in present day athletics and create a platform for the development of Ghana athletics from the grassroots.

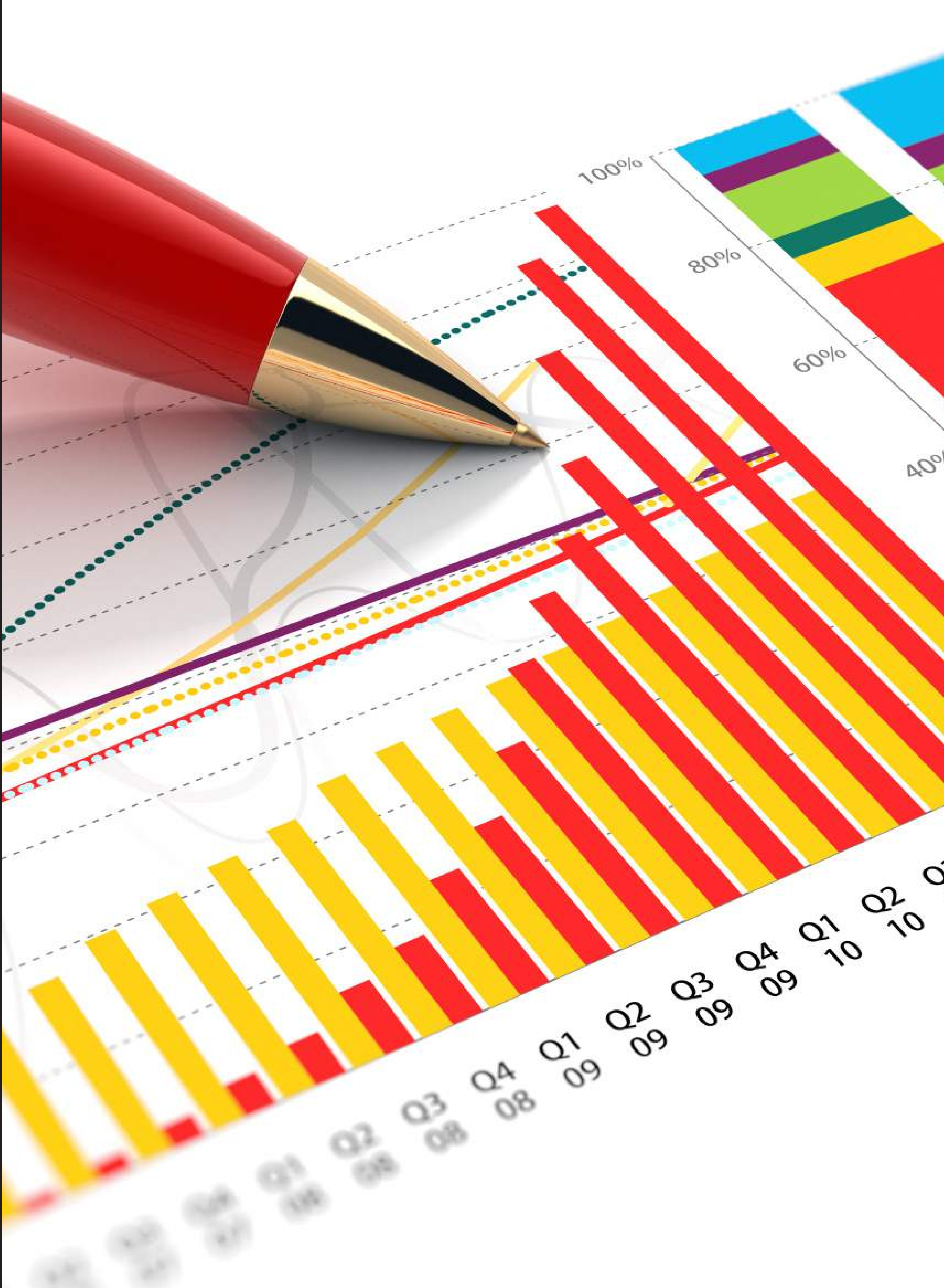
Fidelity Bank believes in sports development considering the contribution of Sports to National development. In this regard, the Bank supported Ghana's fastest Human 2013 with an amount of Thirty thousand US dollars ($ 30,000)

The project unearthed a number of male and female athletes who are now undergoing intensive training home and abroad in preparation for up-coming international competitions.

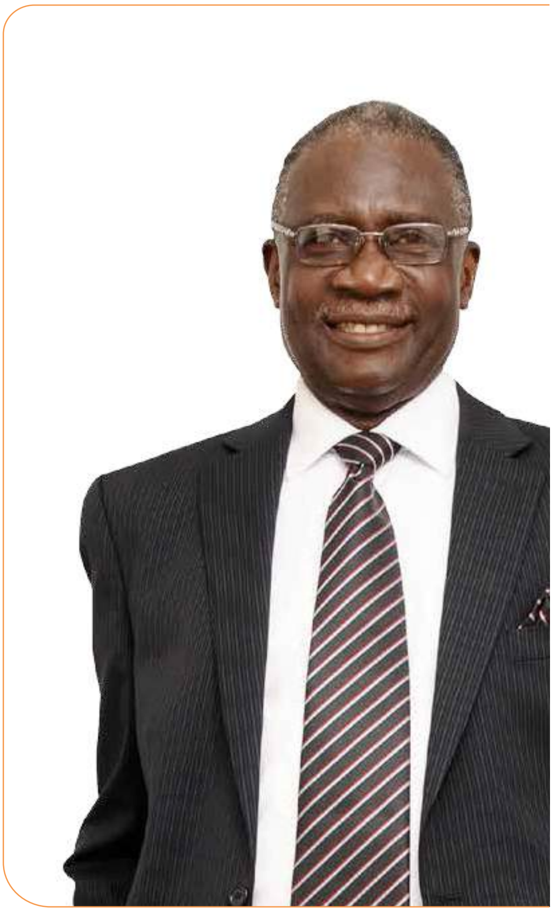
They would represent Ghana and it is expected that our support would help take Ghana back to the glory days when Ghana was a force to be reckoned with in the world of athletics.

In the coming year, we would embark on Community level Corporate Social Responsibility projects to meet the needs of the respective communities in which we operate. This would enable us touch the lives of as many people as possible.

2013 Financial Statement



Chairman's Statement



Dear Shareholders,

Another year is upon us and it is a privilege to present to you the performance of your bank for the year ended, 31st December 2013. As was the case in 2012, the year 2013 presented a very challenging environment to the Bank; however, I am pleased to inform you that, despite these challenges the Bank was able to navigate its operations profitably and deliver strong performance.

Operating Environment

Following a weak first half in 2013, global economic activity showed signs of improvement in the second half of the year. The Eurozone area began edging out of the prolonged recession of the previous years. The European Central Bank reduced its most important lending rate to a record 0.25%, which resulted in a GDP growth of a modest 2.4% for the year 2013. The US and Japan also embarked on massive bond buying programs during the year, which fuelled a surge in economic activity but had the attendant impact of reducing capital flows to emerging economies, leading to currency depreciation and unanticipated economic difficulties in the developing nations.

Locally, we started the year with an air of political uncertainty as the 2012 Election petition began at the turn of the New Year. This resulted in development partners and private investors adopting a "wait and see" approach and delaying major capital investment decisions until a clear election outcome was determined by the Supreme Court of Ghana in the 3rd quarter of 2013. All these created a difficult operational environment for mopping up deposits.

In terms of macroeconomic developments, the year 2013 saw a gradual slide in the benchmark 91 day Treasury bill rate from 23.12% in December 2012 to 19.22% by December 2013. The Monetary policy rate however remained stable at 16% for a greater part of the year. Inflation in 2013 overshot government's target of a single digit and hit double digits as early as February, ending the year at 13.5%. The withdrawal of subsidies on petroleum products and utility tariffs was the dominant force behind the upward trend in inflation. On the foreign exchange front, the Cedi depreciated against all the major trading currencies, losing about 15% of its value against the US Dollar.

Notwithstanding the above mentioned conditions, we performed well due to a combination of factors including: a steady growth in our current account and savings account balances, a fairly significant growth in our asset portfolio yield, and a more prudent management of our operational cost.

2013 Financial Performance

We continued to pursue our vision of creating value for all stakeholders and to this end, increased our balance sheet size by 27% to approximately GH¢1.7 billion and generated an operating income of over GH¢195 million representing a 41% increase over last year's figure.

In the course of 2013, the Bank expanded its retail network to close the year with a total of 50 branches and 75 ATMs across the country (45 branches and 67 ATMs as at December 2012) and increased the number of customer accounts from 400,000 to 485,000, thus expanding the bank's deposits base by 23% to a total value of GH¢1.36 billion. The increase in the Bank's deposit base was driven by innovative deposit mobilization and market penetration strategies undertaken by the Bank during the year; notably the Fidelity Bank Big Fat Zero Promotion and the introduction of Agency Banking in major towns and cities in the country.

The overall impact of these actions was a 71% increase in profit before tax to GH¢62.6 million (2012: GH¢36.6 million).

Dividends

In line with Bank of Ghana's guidelines on the provision of reserves and the receipt of additional capital, the Board is proposing the maximum allowable dividend of GH¢0.46 per share.

Strategy

In 2013, we continued our robust retail strategy in a manner that emphasized product innovation and market leadership. As part of our broad proposition to become a world class, Top tier bank in Ghana, the Board and management

Chairman's Statement

recognised the need for the bank to take bold initiatives in forging new ways of banking in Ghana to grow its business and expand its reach across the country. Accordingly in August 2013, the Bank embarked on an innovative deposit mobilization campaign through a customer loyalty reward programme dubbed the "Fidelity Bank Big Fat Zero Promo". The Bank's aim was to reward customers by encouraging them to build up on their deposit balances and qualify for a raffle draw that affords them the opportunity to win a zero that adds to their deposit balance. The Big Fat Zero promotion was a breakaway from the traditional Ghanaian approach of rewarding client loyalty with prizes like televisions, cars etc., and its success underscored Fidelity's uniqueness within the industry.

The Bank of Ghana in February 2013, gave approval to Fidelity Bank to roll out an Agency Banking Model, which is aimed at making banking services easily accessible to the unbanked and under banked 70% of the Ghanaian population through its SMART Account product proposition. Currently, this strategy has seen a total of over 130,000 'Smart Accounts' opened and a growing network of over 100 'Smart Agents' across the country.

Capital Injection

Following shareholders' approval, I am pleased to report to you today that a total of USD127.3 million has been sourced through Tier I and Tier II funding, with USD67.3 million and USD60 million raised through a combination of ordinary and preference shares, and long term subordinated debt instruments respectively. We have sought Bank of Ghana's approval and all the necessary requirements needed for completion of the transaction have been met, and consideration for the Tier I investment has been duly received by the Bank. The Tier II investment is expected to be closed shortly.

The emphasis of this Capital Raising, unlike the previous private placement in 2009, was on forging meaningful partnerships of strategic benefit. Hence, after careful consideration of investor bids, the Board selected three (3) key investors, namely, Amethis Africa Finance Ltd, Edmond de Rothschild Group and Kagiso Tiso Holdings Proprietary Ltd.

We would like to extend a warm welcome to our new investors and look forward to a strong, mutually beneficial partnership that fosters the Fidelity spirit and supports our mission to become a Top tier, world class bank.

Corporate Governance

To maintain competitiveness and live up to our reputation, the Bank continued to uphold excellent corporate governance structures to ensure compliance with regulatory provisions and globally accepted ethical standards in the conduct of banking business. The Board's Audit, Credit and Human Resource sub committees and the various senior management level committees worked together to ensure sound business practices throughout the Bank.

Directors

Throughout the 2013 financial year, we maintained the full complement of the members of the Board of Directors of the Bank. We are honoured to have 3 new directors, approved at our EGM on March 28, 2014. The new investor-nominated Non Executive Directors, Laurent Demey and Jacob Hinson of Amethis Africa Finance and KTH Africa Investments respectively have extensive experience in private equity and capital markets, with an added benefit of having deep knowledge of African markets. Mr. Alex Dodoo, Director of the Public Sector Department, Fidelity Bank, has also joined the board as an Executive Director. Alex has been with the Bank since its inception as a Discount House and has been very instrumental in the growth of the Bank's government-related business. We welcome our new directors and look forward to their valuable input and support.

In accordance with the regulations of the Bank and the Companies Code, Mrs. Johanna Svanikier is due for retirement by rotation and has offered herself for re-election.

Conclusion & Outlook for 2014

We at Fidelity have instituted measures to maintain an active role in Ghana's banking space in 2014 we have raised the requisite capital, developed a plan for continuous branch network expansion and introduced various banking channels to reach a wider range of clients. Altogether, we are poised to realise our vision of becoming a world class, Top tier bank in Ghana.

I wish to acknowledge the contribution of our Board, Management and staff to our growth to date and look forward to their continued support in rolling out our mission in the coming year and beyond.

William Panford Bray
Chairman

Managing Director's Report

Distinguished Shareholders,

It is with great pleasure that I present the performance of your bank for the financial year 2013. The Bank, having completed its 7th year of operations, has maintained its position as the 6th largest bank by deposit size, and my confidence in our drive to be in the league of Top tier banks in Ghana is greatly reinforced. I believe that with the implementation of the Bank's strategy for this year and beyond, 2014 will see Fidelity Bank taking its place among the Top tier banks in the industry.

Introduction

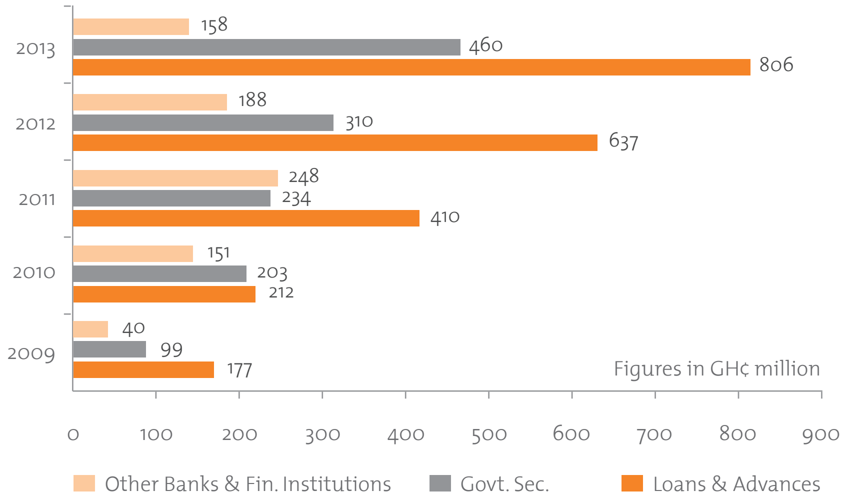
The year 2013 was an exceptionally challenging one. The anticipated recovery from the challenges of the Eurozone crises was slower than expected. Also, slow growth in key emerging markets as a result of a global decline in major commodity prices reduced domestic demand; leading to slowing credit, tighter monetary policies, currency depreciation and a lower rate of global economic growth.

In our local Ghanaian economy, there were a number of challenges that contributed to sluggish economic activity and a difficult operating environment in 2013. The entire country experienced a severe power crisis, depreciation of the Ghana Cedi which necessitated increases in utility prices. Petroleum prices increased as a result of subsidy removal, government expenditure increased significantly from the implementation of the single spine salary structure and the prices of Ghana's major exports, gold and cocoa fell on the international market, putting further strain on government's budget. All this occurred against the backdrop of the 2012 Election Petition which resulted in a delay in foreign investment and further slowed down business activity.
In spite of these difficulties, the bank was able to deliver strong results, and generate additional value to stakeholders.

2013 Financial Performance

Balance Sheet
The Bank managed to grow its balance sheet by 27%, closing the year with an asset base of GH¢1.7 billion. This growth was driven both by a 27% increase in loans and advances to customers, and a 48% increase in investments in securities.

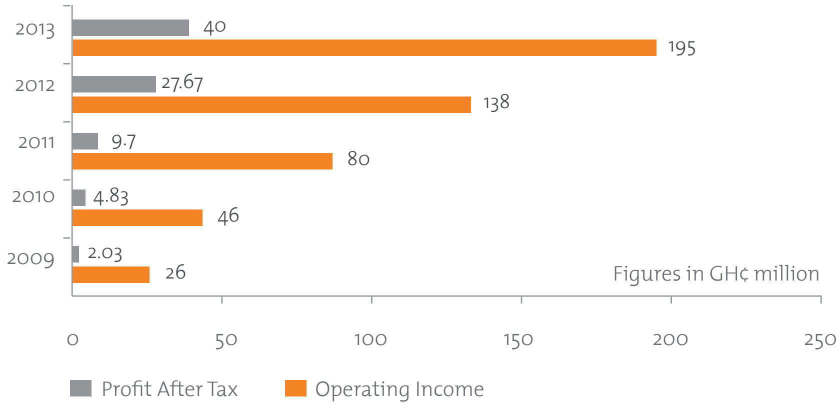
Historic Breakdown of Major Asset Classes



The total assets of the bank were financed by liabilities and shareholders' funds totaling GH¢1.54 billion and GH¢154 million respectively, driven by growth of 25% in liabilities and 28% in shareholders' funds. The 23% increase in our deposit base was largely attributable to the roll out of our Big Fat Zero deposit mobilization promotion to grow our current account and savings account portfolio.

Income Statement Analysis
Total Operating Income for the year 2013 was GH¢195 million, representing a growth of 41% over last year's figure of GH¢138 million. This amount resulted from a 46% increase in Net Interest Income from GH¢80 million in 2012 to GH¢117 million in 2013 and a 20% increase in Fees & Commissions from GH¢39 million to GH¢47 million over the same period.

Managing Director's Report



The net impact of our performance on the bottom line was a 71% increase in profit before tax of GH¢63 million; up from GH¢37million profit last year.

Notable Events
The year 2013 was a remarkable one for our Bank. We greatly enhanced and improved on our processes and service delivery, and expanded our reach in the Ghanaian banking landscape. The following are some notable developments:
Technology

In the year 2013, our Technology & E banking team, worked tirelessly to bring us to speed with current trends and developments in the application of technology in banking. These included the migration of the bank's email system onto the Google platform; listing of all the bank's branches and ATMs on Google Maps to enable our clients to easily locate a branch or an ATM from any internet device; and the introduction of cardless cash transactions on all Fidelity Bank ATMs.

Our partnership with MTN Mobile Money and Airtel Money, gives customers the option to use an ATM via their mobile phones without the use of an ATM card. These innovations, targeted at offering our clients more convenient banking options are fast making Fidelity Bank a force to be reckoned with in the banking industry in the area of technological innovations in banking.

Fidelity Bank Contact Centre
The Bank's Contact Centre was established in June of 2013, to provide a multi-faceted contact point for clients through inbound and outbound calls, emails and web based chats, all powered by the Avaya IT infrastructure platform which is recognized as one of the best Contact Centres in Ghana. The new call centre, the first of its kind in the Ghanaian banking environment, was set up with the aim of increasing customers' accessibility to the Bank, providing easy access to information and ensuring quicker response times.

Fidelity Agency Banking
As a market leader in many respects, Fidelity introduced Agency Banking in Ghana to reach the over 70% eligible Ghanaians who are currently either unbanked or under banked.

Agency banking is an innovative way of promoting financial inclusion by providing access to basic banking services from retail and convenience outlets that allow people to perform banking transactions without having to travel to a bank branch. From its inception in July 2013 to date, over 130,000 smart accounts have been opened through the 100 smart locations around the country. We hope to open at least 2,000 Agency Points across the country where our banking services could be accessed by ordinary Ghanaians.

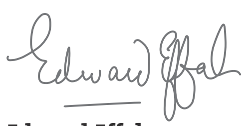
Capital Raising
In 2013, we focused extensively on raising significant capital to strengthen our balance sheet for growth and also on forming strategic alliances to enable the Bank move to its next level of transformational growth. We received both shareholders' and Bank of Ghana's approvals on March 28th for the Tier 1 capital investment US$67.3 million. We hope to complete the total investment of approximately US$127.3 million before the end of April 2014.

Staff Membership
Our staff has been fundamental to our progress as a bank. In the year under review, our staff strength increased significantly. Our permanent staff strength increased by 6% to 705 whilst our contract staff members grew by 37% to 411.

Conclusion
As the Bank has commenced another year of operations, the future holds a lot of promise for growth of our business and enhancement of the quality of services provided to our customers. As in previous years, we count on the support of our Board, Shareholders and management, and on the dedication of our staff to move our business forward.

We have made strides in strengthening our capital base, improving our service delivery, and bringing innovation to our customers; and we are poised to be a Top tier Bank in Ghana, and beyond.

Thank you.



Edward Effah
Managing Director

Directors' Report

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

The directors submit their report together with the audited financial statements of the Bank and its subsidiaries, together called the Group, for the year ended 31 December 2013.

Directors' responsibility statement

The Bank's directors are responsible for the preparation and fair presentation of the consolidated financial statements comprising the statement of financial position at 31 December 2013, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act 1963 (Act 179), the Banking Act, 2004 (Act 673) (as amended by the Banking (Amendment) Act, 2007 (Act 738).

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Principal activities

The company operates as a Bank under the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Nature of business

The Bank is licensed to carry out universal banking business in Ghana, and there was no change in the nature of the Bank's business during the period.

Holding company

Fidelity Bank Ghana Limited, a company incorporated in Ghana, wholly owns Fidelity Securities Limited and Fidelity Asia Bank Limited, companies incorporated in Ghana and Malaysia, respectively.

Fidelity Securities Limited (FSL) is the investment banking arm of the Bank. FSL's business involves providing advisory services, issuance of securities and publishing analysis and reports concerning securities for clients.

Fidelity Asia Bank Limited (FABL) carries on the business of offshore banking.

Directors' Report

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Financial report and dividend

The results for the year are set out below

	GROUP		BANK	
	2013	2012	2013	2012
Profit after tax (attributable to equity holders)	43,868	27,454	43,877	27,675
to which is added balance on income surplus account brought forward of	6,349	6,393	5,821	5,644
	50,217	33,847	49,698	33,319
Out of which is transferred to statutory reserve fund	(21,961)	(13,837)	(21,961)	(13,837)
Less transfer to regulatory credit risk reserve	(5,065)	(3,853)	(5,065)	(3,853)
Less transfer to stated capital (capitalisation issue)	-	(4,000)	-	(4,000)
Net change in fair value of equity instruments	(72)	-	44	-
Less ordinary share dividend paid for 2012	(5,693)	(3,973)	(5,693)	(3,973)
Less preference share dividend paid for 2013; and	(8,852)	(1,835)	(8,852)	(1,835)
Leaving a balance to be carried forward of	8,574	6,349	8,171	5,821

The directors recommend payment of a dividend of GH¢ 0.46 per share (2012: GH¢0.325).

Auditor

In accordance with Section 134(5) of the Companies Code, 1963 (Act 179), PricewaterhouseCoopers was appointed as auditor of the Bank at its last annual general meeting and will continue in office.

The consolidated financial statements of the Bank were approved by the Board of Directors on 27 March 2014 and signed on their behalf by:

BY ORDER OF THE BOARD

William Panford Bray
Chairman

Edward Effah
Managing Director

Corporate Governance

Commitment to Corporate Governance

Fidelity Bank Ghana Limited and its Subsidiaries operate in accordance with the Fidelity Group principles and practices on corporate governance. These principles and practices are guided by the Basel Committee standards on corporate governance which constitutes the best of international practice in this area.
The key guiding principles of the Group's governance practices are:
i. good corporate governance enhances shareholder value;
ii. the respective roles of shareholders, Boards of Directors and management in the governance architecture should be clearly defined; and
iii. the Boards of Directors should have majority membership of independent directors, defined broadly as directors who are not employed by the Group or Company, or who are not affiliated with organisations with significant financial dealings with the Group.

These principles have been articulated in a number of corporate documents, including the company regulations, a corporate governance charter, rules of procedures for Boards, a code of conduct for directors and rules of business ethics for staff.

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of the executive management.

As of 31 December 2013, the Board of Directors of Fidelity Bank Ghana Limited, consisted of eight members made up of an independent Non Executive Chairman, four (4) Non-Executive Directors, all of whom are independent and three (3) Executive Directors. The board members have wide experience and in-depth knowledge in management, industry and financial and capital markets which enables them to make informed decisions and valuable contributions to the Group's progress. The Board met four times during the year.

The Board has delegated various aspects of its work to its Audit, Credit and Human Resources Committees in order to strengthen its corporate governance and bring it in line with international best practice with the following membership and functions:

Audit Committee

Mr. Kwamina Duker	Chairman
Mr. William Panford Bray	Member

The Audit Committee is made up of non-executive directors and performs the following functions among others:

- nominates the auditors of the Bank for approval by shareholders;
- review of compliance with company policies;
- review of the external auditors report; and
- review of internal controls and systems.

Credit Committee

Mr. William Panford Bray	Chairman
Mr. Kwamina Duker	Member

The Credit Committee is made up of non-executive directors and performs the following functions among others:

- considering and approving credit exposures which exceed the approval limit of management's credit committee;
- setting and reviewing lending limits for various levels of authorisation;
- considering and approving inter-bank lending; and
- considering and approving facilities referred to it by the management credit committee.

Human Resources Committee

Mrs. Johanna Svanikier
Chairman
Mr. Emmanuel Barima Manu
Member
Mr. Jim Baiden
Member

The Human Resources Committee's main responsibility includes proposing and making recommendations on human resource issues and matters relating to terms and appointment of senior management and staff of the Bank.

The Board has adopted standard evaluation tools to help assess annually the performance of the Board, its committees and individual members.

Code of Conduct

As part of the Bank's corporate governance practice, management has communicated the principles of the Bank's code of conduct to all employees. The code of conduct provides a basic framework and guidance for behaviours and business conduct. The code of conduct also serves as a reference point in all aspects of employee's working relationships with other employees, customers, suppliers, government officials, regulators, joint venture partners, competitors and the broader community.

Anti-Money Laundering

The bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering Act 2008. These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Report Of The Independent Auditor

To The Members Of Fidelity Bank Ghana Limited

Report On The Financial Statements

We have audited the accompanying financial statements of Fidelity Bank Ghana Limited (the Bank) and its subsidiaries (together, the Group), as set out on pages 10 to 86. These financial statements comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Bank standing alone as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Bank 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 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) 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 audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank and the Group as at 31 December 2013 and of the financial performance and cash flows of the Bank and the Group 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 consolidated balance sheet (consolidated statement of financial position) and consolidated profit and loss account (part of the consolidated statement of comprehensive income are in agreement with the books of account).

In accordance with section 78(2) of the Banking Act 673, 2004 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.

Signed by
Michael Asiedu-Antwi
(ICAG/P/1138)
For and on behalf of:
PricewaterhouseCoopers
(ICAG/F/028)
Chartered Accountants
Accra, Ghana
28 March 2014

Consolidated Statement Of Comprehensive Income

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Year ended 31 December 2013

	Notes	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Interest income	6	252,886	175,166	253,345	174,320
Interest expense	7	(134,582)	(94,179)	(135,938)	(93,944)
Net interest income		118,304	80,987	117,407	80,376
Fees and commission income	8	48,084	40,345	47,391	39,496
Fees and commission expense	9	(1,069)	(561)	(1,069)	(561)
Net fees and commission income		47,015	39,784	46,322	38,935
Other operating income	10	31,792	19,050	31,690	18,934
Operating income		197,111	139,821	195,419	138,245
Operating expenses	11	(117,680)	(87,020)	(116,131)	(85,327)
Impairment charge on loans and advances	12	(16,709)	(16,280)	(16,709)	(16,280)
Profit before income tax and national fiscal stabilisation levy		62,722	36,521	62,579	36,638
Income tax expense	13	(17,280)	(9,067)	(17,137)	(8,963)
National fiscal stabilisation levy	13	(1,574)	-	(1,565)	-
Profit for the year		43,868	27,454	43,877	27,675
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Net change in value of available for sale investment securities	16	4,015	2,289	4,015	2,289
Loss on re-measuring to fair value the existing interest in equity investment	19	(72)	-	44	-
Currency translation differences for foreign subsidiary		1,178	285	-	-
Total other comprehensive income		5,121	2,574	4,059	2,289
Total comprehensive income for the year		48,989	30,028	47,936	29,964
Attributable to owners of the parent		48,989	30,028	47,936	29,964
Total comprehensive income for the year		48,989	30,028	47,936	29,964
Earnings per share					
Basic/diluted earnings per share (GH¢)	27	2.48	1.68	2.48	1.69

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 14.

The accompanying notes on pages 25 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement Of Financial Position

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

At 31 December 2013

	Notes	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Assets					
Cash and balances with Bank of Ghana	15	183,360	135,413	183,356	135,312
Government securities	16	460,812	310,398	460,337	310,398
Due from other banks and financial institutions	17	124,563	194,061	134,486	188,262
Loans and advances to customers	18	827,177	653,724	805,967	636,762
Investment in other equities	19	104	189	104	73
Investment in subsidiaries	20	-	-	8,264	6,384
Other assets	21	35,515	21,176	37,270	21,031
Deferred income tax asset	14	4,752	3,945	4,752	3,945
Property and equipment	22	43,376	22,727	43,228	22,604
Intangible assets	23	11,952	8,289	11,906	8,260
Total assets		1,691,611	1,349,922	1,689,670	1,333,031
Liabilities					
Customer deposits	24	1,355,728	1,103,268	1,355,980	1,099,437
Due to other banks		58,568	49,497	58,568	37,011
Borrowings	25	82,591	45,204	82,591	45,204
Interest payable and other liabilities	26	35,522	28,655	35,223	28,913
Current income tax liability	13	3,333	1,873	3,305	1,854
Total liabilities		1,535,742	1,228,497	1,535,667	1,212,419
Equity					
Stated capital	28	83,073	83,073	83,073	83,073
Statutory reserves		45,082	23,121	45,082	23,121
Available for sale reserves		8,123	4,108	8,123	4,108
Regulatory credit risk reserve		9,554	4,489	9,554	4,489
Translation reserve		1,463	285	-	-
Income surplus account		8,574	6,349	8,171	5,821
Total equity		155,869	121,425	154,003	120,612
Total liabilities and equity		1,691,611	1,349,922	1,689,670	1,333,031

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 25 to 87 were approved by the Board of Directors on 27 March, 2014 and signed on its behalf by:
BY ORDER OF THE BOARD

William Panford Bray
Chairman

Edward Effah
Managing Director

Consolidated Statement Of Changes In Equity

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

GROUP

Year ended 31 December, 2012	Stated capital	Statutory reserves	Available for sale reserves	Regulatory credit risk reserve	Income surplus account	Translation reserve	Total equity
Balance at 1 January 2012	38,185	9,284	1,819	636	6,393	-	56,317
Profit for the year	-	-	-	-	27,454	-	27,454
Change in fair value of available for sale investment securities after tax	-	-	2,289	-	-	-	2,289
Foreign currency translation differences for foreign subsidiary	-		-	-	-	285	285
Total comprehensive income	-	-	2,289	-	27,454	285	30,028
Capitalisation issue	4,000	-	-	-	(4,000)	-	-
Transfer to Statutory reserve	-	13,837	-	-	(13,837)	-	-
Transfer from regulatory credit risk reserve	-	-	-	3,853	(3,853)	-	-
Proceeds from preference share issue	37,987	-	-	-	-	-	37,987
Proceeds from ordinary share warrants	2,901	-	-	-	-	-	2,901
Dividend paid (ordinary shares)	-	-	-	-	(3,973)	-	(3,973)
Dividend paid (preference shares)	-	-	-	-	(1,835)	-	(1,835)
Total transactions with owners	44,888	13,837	-	3,853	(27,498)	-	35,080
Balance at 31 December 2012	83,073	23,121	4,108	4,489	6,349	285	121,425

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

GROUP

Year ended 31 December, 2013	Stated capital	Statutory reserves	Available for sale reserves	Regulatory credit risk reserve	Income surplus account	Translation reserve	Total equity
Balance at 1 January 2013	83,073	23,121	4,108	4,489	6,349	285	121,425
Profit for the year	-	-	-	-	43,868	-	43,868
Change in fair value of available for sale investment securities after tax	-	-	-	-	(72)	-	(72)
Change in fair value of available for sale investment securities after tax	-	-	4,015	-	-	-	4,015
Foreign currency translation differences for foreign subsidiary	-	-	-	-	-	1,178	1,178
Total Comprehensive income	-	-	4,015	-	43,796	1,178	48,989
Transfer to statutory reserve	-	21,961	-	-	(21,961)	-	-
Transfer to regulatory credit risk reserve	-	-	-	5,065	(5,065)	-	-
Dividend paid (ordinary shares)	-	-	-	-	(5,693)	-	(5,693)
Dividend paid (preference shares)	-	-	-	-	(8,852)	-	(8,852)
Total transactions with owners	-	21,961	-	5,065	(41,571)	-	(14,545)
Balance at 31 December 2013	83,073	45,082	8,123	9,554	8,574	1,463	155,869

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

BANK

Year ended 31 December, 2012	Stated capital	Statutory reserves	Available for sale reserves	Regulatory credit risk reserve	Income surplus account	Total equity
Balance at 1 January 2012	38,185	9,284	1,819	636	5,644	**55,568**
Profit for the year	-	-	-	-	27,675	**27,675**
Change in fair value of available for sale investment securities after tax	-	-	2,289	-	-	**2,289**
Total comprehensive income	-	-	2,289	-	27,675	**29,964**
Capitalisation issue	4,000	-	-	-	(4,000)	-
Transfer to statutory reserve	-	13,837	-	-	(13,837)	-
Transfer from regulatory credit risk reserve	-	-	-	3,853	(3,853)	-
Proceeds from preference share issue	37,987	-	-	-	-	**37,987**
Proceeds from ordinary share warrants	2,901	-	-	-	-	**2,901**
Dividend paid (ordinary shares)	-	-	-	-	(3,973)	**(3,973)**
Dividend paid (preference shares)	-	-	-	-	(1,835)	**(1,835)**
Total transactions with owners	44,888	13,837	-	3,853	(27,498)	35,080
Balance at 31 December 2012	83,073	23,121	4,108	4,489	5,821	120,612

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

BANK

Year ended 31 December, 2013	Stated capital	Statutory reserves	Available for sale reserves	Regulatory credit risk reserve	Income surplus account	Total equity
Balance at 1 January 2013	83,073	23,121	4,108	4,489	5,821	120,612
Profit for the year	-	-	-	-	43,877	43,877
Net change in fair value of equity instruments	-	-	-	-	44	44
Change in fair value of available for sale investment securities after tax	-	-	4,015	-	-	4,015
Total comprehensive income	-	-	4,015	-	43,921	47,936
Transfer to statutory reserve	-	21,961	-	-	(21,961)	-
Transfer from regulatory credit risk reserve	-	-	-	5,065	(5,065)	-
Dividend paid (ordinary shares)	-	-	-	-	(5,693)	(5,693)
Dividend paid (preference shares)	-	-	-	-	(8,852)	(8,852)
Total transactions with owners	-	21,961	-	5,065	(41,571)	(14,545)
Balance at 31 December 2013	83,073	45,082	8,123	9,554	8,171	154,003

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

OF CASH FLOW

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	Notes	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Cash flows from operating activities					
Profit before income tax		62,722	36,521	62,579	36,638
Adjustments:					
Depreciation	22	6,964	4,942	6,911	4,912
Amortisation	23	3,063	1538	3,049	1,535
Impairment charge on loans and advances	12	17,016	16,353	17,016	16,353
(Profit)/loss on disposal of property and equipment	22	(2)	17	-	17
Exchange difference on borrowings		7,163	8,495	7,163	8,495
Operating cash flow before investment in working capital		96,926	67,866	96,718	67,950
Changes in loans and advances to customers	18	(190,469)	(260,499)	(186,221)	(243,538)
Changes in other assets	21	(14,339)	(6,497)	(16,239)	(5,096)
Changes in customer deposits	24	252,460	188,076	256,543	184,245
Changes in mandatory reserve deposits		(23,089)	(16,582)	(23,089)	(16,582)
Changes in interest payable and other liabilities	26	6,867	20,521	6,310	20,634
Tax paid	13	(19,540)	(10,828)	(19,397)	(10,694)
Increase in operating assets and liabilities		11,890	(85,809)	17,907	(71,031)
Net cash flow generated from/(used in) operating activities		108,816	(17,943)	114,625	(3,081)
Cash flow from investing activities					
Purchase of property and equipment	22	(27,613)	(13,211)	(27,535)	(13,070)
Purchase of intangible assets	23	(6,726)	(5,451)	(6,695)	(5,417)
Proceeds on asset disposal	22	2	-	-	-
Purchase of government securities	16	(193,678)	(2,215)	(193,203)	(3,330)
Investment in subsidiaries	20	-	-	(1,880)	(6,283)
Disinvestment in other equity	19	13	83	13	83
Net cash flow used in investing activities		(228,002)	(20,794)	(229,300)	(28,017)
Cash flow from financing activities					
Proceeds from ordinary share issue	28	-	2,901	-	2,901
Proceeds from preference share issued	28	-	37,982	-	37,982
Dividends paid		(14,545)	(5,808)	(14,545)	(5,808)
Repayment of borrowings	25	(17,681)	(8,889)	(17,681)	(8,889)
Drawdown on borrowings	25	47,905	-	47,905	-
Net cash flow generated from financing activities		15,679	26,186	15,679	26,186
Decrease in cash and cash equivalents		(103,507)	(12,551)	(98,996)	(4,912)
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at 1 January		270,901	283,167	277,487	282,399
Gain on currency translation of foreign subsidiary		1,178	285	-	-
Change in cash and cash equivalents		(103,507)	(12,551)	(98,996)	(4,912)
Cash and cash equivalents at 31 December	34	168,572	270,901	178,491	277,487

The accompanying notes on pages 36 to 87 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Fidelity Bank Ghana Limited (FBGL) is a limited liability company, incorporated and domiciled in Ghana. The registered office is located at Ridge Tower, 10 Ambassadorial Enclave, West Ridge, Accra. FBGL operates under the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738). The consolidated financial statements of FBGL for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information 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) have been included, where appropriate. These consolidated financial statements have been prepared under the historical cost convention, except financial assets and financial liabilities that have been measured at fair value.

The financial statements comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flow and the notes. The financial statements of the Bank standing alone comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flow and the notes.

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. The figures shown in the financial statements are stated in thousands of Ghana cedis.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group'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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bank

The following standards have been adopted by the Bank for the first time for the financial year beginning on 1 January 2013 and have a material impact on the Bank:

Amendment to IAS 1, 'Presentation of Financial Statements regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment only affects presentation on the face of the statement of comprehensive income.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The impact of adopting of IFRS 12 has been increased disclosures in the financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13.

There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Bank.

(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 2013, 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 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Bank is yet to assess IFRS 9's full impact.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The impact of this on the bank relates to the payment of the National Fiscal Stabilisation Levy.

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.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Fidelity Bank Ghana Limited and its subsidiaries as at 31 December 2013.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases.

The Bank applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Bank. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Bank recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value However, non-controlling interest's that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets.
Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Bank's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling

interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Bank ceases to control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Bank had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Investment in associate

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. The Bank's investment in associates includes goodwill identified on acquisition.
If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.
The Bank's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount.
Profits and losses resulting from upstream and downstream transactions between the Bank and the associates are recognised in the Bank's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in 'Ghana cedi' (GH¢), rounded to the nearest thousand.

(b) 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, except when deferred in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within `finance income or costs'. All other foreign exchange gains and losses are presented within `Other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) all resulting exchange differences are recognised in other comprehensive income.

2.4 Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as available-for-sale financial investments, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payment or receipts. The adjusted carrying amount is calculated on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

2.5 Fee and commission income

The Bank earns fee and commission income from services it provides to its customers. Fee income is divided into the following two categories:

(a) Fee income earned from services provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or the other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Fee and commission expense relates mainly to transaction and service fees which are expensed as the services are rendered.

2.6 Dividend income

Dividend income is recognised when the Bank's right to receive the payment is established.

2.7 Net trading income

This comprises gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading.

2.8 Financial assets and liabilities

2.8.1 Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date i.e. the date that the Bank commits to purchase or sell the asset.

2.8.2 Initial recognition of financial instruments

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The directors determine the classification of its financial assets at initial recognition. The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit and loss, any directly attributable incremental costs of acquisition or issue.

(i) Financial assets and liabilities held for trading

Financial assets or financial liabilities held for trading other than derivatives are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income' according to the terms of the contract or when the right to the payment has been established.
Included in this classification are debt securities, equities and short position in debt securities which have been acquired principally for the purpose of selling or repurchasing in the future.

(ii) Financial assets and liabilities designated at fair value through profit or loss

Financial assets and financial

liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

• the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognised gains or losses on them on a different basis; or
• the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
• the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in 'Net gains or loss on financial assets and liabilities designated at fair value through profit or loss'. Interest earned or incurred is accrued in interest income or expense, respectively, according to the terms of the contract, while dividend income is recorded in 'other operating income' when the right to the payment has been established.
NOTES (continued)

(iii) Held to maturity financial instruments

Held to maturity financial instruments are those which carry fixed determinable payments and have fixed maturities and which the Bank has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'interest income' in the consolidated statement of comprehensive income. The losses arising from impairment of such investments are recognised in the consolidated statement of comprehensive income line 'Impairment losses on financial investments'.

(iv) Loans and advances

Loans and advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investments – available-for-sale' or 'Financial assets designated at fair value through profit or loss'. After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. The amortised cost is calculated by taking into account any discount on acquisition and fees and costs that are integral part of the effective interest rate. The amortisation is included in 'Interest income' in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income in 'Impairment charge on loans and advances'.

(v) Available for sale financial investments

Available-for-sale financial investments are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss, held-to-maturity or loans and advances. It includes equity investments, investments in mutual funds and money market and other debt instruments.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value. Unrealised gains and losses are recognised directly in equity in the 'Available-for-sale reserve'. When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognised in the consolidated statement of comprehensive income in 'Other operating income' or 'Other operating expenses'. Where the Bank holds more than one investment in the same security, it is deemed to be disposed off on a first-in first-out basis. Interest earned, whilst holding available-for-sale financial investments, is recognised in the consolidated statement of comprehensive income as 'Interest income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the consolidated statement of comprehensive income in 'Impairment losses on financial investments' and removed from the available-for-sale reserve.

(vi) Borrowed funds

After initial measurement, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

2.8.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

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.

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 (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value techniques are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Bank uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the Bank's credit spreads widen, the Bank recognises a gain on these liabilities because the value of the liabilities has decreased. When the Bank's credit spreads narrow, the Bank recognises a loss on these liabilities because the value of the liabilities has increased.

2.8.3 Determination of fair value

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Bank holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.8.4 De-recognition of financial assets and financial liabilities

(i) Financial assets

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

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

When the Bank has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8.5 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed, and if necessary separately accounted for.

2.8.6. Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Bank. Any cash received, including accrued interest, is recognised on the balance sheet reflecting its economic substance as a loan to the Bank.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the consolidated statement of financial position as the transactions are treated as collateralised loans. However where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.8.7. Impairment of financial assets

The Bank assesses at each balance sheet date whether objective evidence of impairment exists for any financial asset. A financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (loss event), and the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the borrower is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that it 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.

(i) Due from banks and loans and advances to customers

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

Where there is objective evidence of impairment, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflect the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss

experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.
Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews such renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective assessment, calculated using the loan's original effective interest rate.
NOTES (continued)

(ii) Held-to-maturity financial instruments

For held-to-maturity instruments the Bank assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.
If in a subsequent year the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the 'Impairment losses on financial investments'.

(iii) Available for sale financial instruments

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

In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the consolidated statement of comprehensive income. Reversals of impairment of equity shares are not recognised in the consolidated statement of comprehensive income. Increases in the fair value of equity shares after impairment are recognised directly in equity.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest Income. Reversals of impairment of debt securities are recognised in the consolidated statement of comprehensive income if in a subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income.

2.8.8. Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the consolidated statement of financial position.

2.9. Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the consolidated statement of financial position. Collateral received in the form of cash is recorded on the consolidated statement of financial position with a corresponding liability. These items are assigned to deposits received from bank or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.10. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) The Bank as a lessor

Finance leases

Assets leased to customers under agreements, which transfer substantially all the risks, and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

Operating leases

Assets leased to customers under agreements, which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. The leased assets are included within property, plant and equipment on the Bank's statement of financial position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight line basis over the period of the lease unless another systematic basis is more appropriate.

(ii) The Bank as a Lessee

Finance leases which transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in 'Property and equipment' with corresponding liability to the lessor included in 'Other liability'. Lease payments are apportioned between the finance charges and reduction on the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income in 'Interest expense'.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Bank will obtain ownership by the end of the lease term.

Operating lease payments are not recognised in the consolidated statement of financial position. Rentals payable are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term unless another systematic basis is more appropriate, and included in 'Other operating expenses'.

2.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement cash and cash equivalents comprise balances with 91 days or less from the date of acquisition including cash and balances with Bank of Ghana, treasury bills and other eligible bills and amounts due from other banks and dealing securities.

2.12. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and corresponding periods are as follows:

Leasehold buildings and improvements	the unexpired lease period
Motor vehicles	4 years
Computers : hardware	4 years
Furniture and equipment	4 years
Machinery	4 years

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

2.13. Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.14. Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees consisting of letters of credit, guarantees and acceptances. Such financial guarantees are given to banks, other financial institutions and bodies on behalf of customers to secure loans, overdrafts and other banking facilities, and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and payment of import duties. These financial guarantees are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

The fee and commission income receivable on these financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, in 'Other liabilities' and recognised in the consolidated statement of comprehensive income in 'Fees and commission income' on a straight line basis over the life of the guarantee.

2.15. 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 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.

2.16. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.17. Employee benefits

i. Defined contribution plans
Obligations for contributions to defined contribution plans are recognised as an expense in 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.

iii. Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A provision is recognised for the amount expected to be paid under

short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.18. Income tax

Current income tax
Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences, except;

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

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

- where deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in statement of changes in equity and not in the statement of comprehensive income.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19. Stated capital

i. Ordinary shares
Ordinary shares are classified as ‘stated capital’ in equity.

ii. Dividend on ordinary shares
Dividends on the Bank’s ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank’s shareholders.

2.20. Preference shares

i. Preference shares
Preference shares are classified as equity. These are non-voting, irredeemable and non-cumulative. They have the option of converting into ordinary shares as stated in the agreement.

ii. Dividend on preference shares
Dividends on the Bank’s preference shares are recognised in equity in the period in which they are paid.

3. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview
The Bank’s business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank’s risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank’s aim is to achieve an appropriate balance between risk and return and

minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

(b) Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. Under this framework, the Board has established a number of separate independent bodies responsible for managing and monitoring risks. These include, Board sub-committees, Credit Committee of management (CC), Risk Management Department, Asset and Liability Management Committee (ALCO), which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All Board committees 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 risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk and market risk

3.1 Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancements, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Bank's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team headed by the Chief Risk Officer, which reports to the Board of Directors and heads of each business unit regularly.
NOTES (continued)

3.1.1 Credit risk measurement

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Bank has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Bank considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (which determines the 'loss given default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

(i) Probability of default
The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. They are validated, where appropriate, by comparison with externally available data.

(ii) Exposure at default ("EAD")
EAD is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan, this is the face value. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss given default/loss severity
Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II.

3.1.2 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:

(a) Collateral
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:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.
Longer-term finance and lending to corporate entities are generally secured; 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.

(b) Financial covenants (for credit related commitments and loan books)
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(c) 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. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements is usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

3.1.3 Maximum exposure to credit risk before collateral held

Maximum exposure	2013	2012
Credit risk exposures relating to on balance sheet assets are as follows:		
Cash and balances with Bank of Ghana	183,356	135,312
Government securities	460,337	310,398
Due from other banks and financial institutions	134,486	188,262
Loans and advances to customers	805,967	636,762
Other assets	37,270	21,031
	1,621,416	1,291,765
Credit risk exposures relating to off balance sheet items are as follows		
Financial guarantees	173,779	32,582
	173,779	32,582
At 31 December	1,795,195	1,324,347

The above table represents a worse case scenario of credit risk exposure to the Group at 31 December 2013, 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 consolidated statement of financial position.

As shown above, 45% (2012: 49%) of the total maximum exposure is derived from loans and advances and investments held in government securities represents 25% (2012: 23%)

At 31 December 2013, the Bank's credit exposure were categorised as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities

The balances for each category have been analysed below:

	2013		2012	
BANK	Loans & advances to customers	Due from banks & financial institutions	Loans & advances to customers	Due from banks & financial institutions
Neither past due nor impaired	696,388	134,486	619,438	188,262
Past due but not impaired	102,864	-	9,353	-
Individually impaired	47,855	-	33,105	-
Gross	847,107	134,486	661,896	188,262
Less allowance for impairment	(41,140)	-	(25,134)	-
Net amount	805,967	134,486	636,762	188,262

(i) Neither past due nor impaired

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 Group for its internal grading purposes.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Loans and advances
Loans and advances graded current are not considered past due nor impaired

This category is made up as follows:

2013	Term loans	Overdrafts	Staff loans	Total
Grade:				
Current	507,191	176,942	12,255	696,388

2012	Term loans	Overdrafts	Staff loans	Total
Grade:				
Current	532,901	74,740	11,797	619,438

Due from banks and other financial institutions
Based on the Bank's internal assessment, the credit exposure to banks and other financial institutions are not impaired.

(ii) Loans and advances past due but not impaired
Loans and advances graded internally as OLEM may be past due but are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

2013	Term loans	Overdrafts	Staff loans	Total
Past due up to 30 days	8,895	4,525	28	13,448
Past due 30 to 60 days	1,804	1,213	-	3,017
Past due 60 to 90 days	77,662	8,737	-	86,399
Total	88,361	14,475	28	102,864

2012	Term loans	Overdrafts	Staff loans	Total
Past due up to 30 days	1,059	399	352	1,810
Past due 30 to 60 days	189	107	-	296
Past due 60 to 90 days	6,477	770	-	7,247
Total	7,725	1,276	352	9,353

(iii) Individually impaired loans
The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the bank as security, are as follows:

2013	Term loans	Overdrafts	Staff loans	Total
Individual impaired loans	32,050	15,805	-	47,855
Impairment allowance	(25,664)	(15,476)	-	(41,140)
Total	6,386	329	-	6,715
Fair value of collateral	9,439	1,023	-	10,462

2012	Term loans	Overdrafts	Staff loans	Total
Individual impaired loans	26,969	6,136	-	33,105
Impairment allowance	(20,430)	(4,704)	-	(25,134)
Total	6,539	1,432	-	7,971
Fair value of collateral	11,267	1,433	-	12,700

Loans and advances to customers in Ghana analysed by industry sector, as well as by customer type are shown in note 18 (b) & (c).

3.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Treasury and monitored by both Treasury and Risk Management departments separately. Regular reports are submitted to the Board of Directors and heads of each business unit.
Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Bank's retail and wholesale banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's held-to-maturity and available-for-sale financial assets.

3.2.1 Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank's Chief Risk Officer is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

The Group identifies market risk through daily monitoring of levels and profit and loss balances of trading and non trading positions. The Risk Management department monitors daily trading activities to ensure that risk exposures taken are within the approved price limits and the overall risk tolerance levels set by the Board.

In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer and the Risk Manager monitor market risk factors that affect the value of trading and non trading positions as well as income streams on non trading portfolios on a daily basis. They also track the liquidity indicators to ensure that the Group meets its financial obligations at all times.

3.2.2 Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Bank has adopted the Bank of Ghana requirement that banks maintain a total open position which is equal to 20% of their net worth. Within this limit, banks are also required to maintain single currency open positions equal to 10% of net worth.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Included in the table are the bank's assets and liabilities at carrying amounts categorised by currency:

At 31 December, 2013	EUR	GBP	USD	GHC	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Assets					
Cash and balances with Bank of Ghana	3,659	7,308	20,081	152,308	183,356
Government Securities	-	-	-	460,337	460,337
Due from other banks and financial institutions	9,470	1,973	87,535	35,508	134,486
Loans and advances to customers	125	1,865	221,286	582,691	805,967
Investment in other equity	-	-	-	104	104
Investment in subsidiary	-	-	8,163	101	8,264
Other assets	469	1,545	27,427	7,829	37,270
Deferred income tax asset	-	-	-	4,752	4,752
Property and equipment	-	-	-	43,228	43,228
Intangible assets	-	-	-	11,906	11,906
Total assets	13,723	12,691	364,492	1,298,764	1,689,670
Liabilities					
Customer deposits	6,173	12,387	205,501	1,131,919	1,355,980
Due to other banks	-	-	56,958	1,610	58,568
Term borrowings	-	-	82,591	-	82,591
Other liabilities	1,570	140	5,892	27,621	35,223
Current income tax liability	-	-	-	3,305	3,305
Total liabilities	7,743	12,527	350,942	1,164,455	1,535,667
Net on balance sheet position	5,980	164	13,550	134,309	154,003

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Included in the table are the bank's assets and liabilities at carrying amounts categorised by currency:

At 31 December, 2013	EUR	GBP	USD	GHC	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Assets					
Cash and balances with Bank of Ghana	5,523	1,310	13,364	115,115	135,312
Government Securities	-	-	-	310,398	310,398
Due from other banks and financial institutions	8,092	524	104,876	74,770	188,262
Loans and advances to customers	237	1,892	233,127	401,507	636,762
Investment in other equity	-	-	-	73	73
Investment in subsidiary	-	-	6,283	101	6,384
Other assets	254	476	1,794	18,506	21,030
Deferred tax asset	-	-	-	3,945	3,945
Property and equipment	-	-	-	22,604	22,604
Intangible assets	-	-	-	8,260	8,260
Total assets	14,105	4,202	359,444	955,279	1,333,031
Liabilities					
Customer deposits	13,247	3,224	209,232	873,734	1,099,437
Due to other banks	-	-	35,402	1,609	37,011
Term borrowings	-	-	45,204	-	45,204
Interest payable and other liabilities	-	-	-	28,913	28,913
Current tax liability	-	-	-	1,854	1,854
Total liabilities	13,247	3,224	289,838	906,110	1,212,419
Net on balance sheet position	859	978	69,606	49,169	120,612

Foreign currency sensitivity analysis

The Bank's principal foreign currency exposures are to the US Dollar, the Euro and the Pound Sterling. The table below illustrates the hypothetical sensitivity of the Bank's reported profit to a 10% decrease in the value of the Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Cedi weakens by 10%	Impact on statement of comprehensive income	
	2013	2012
US Dollar	1,355	6,961
Euro	598	86
Pound Sterling	16	98

Year end exchange rates applied in the above analysis are GH¢2.1616 (2012: GH¢1.8846) to the US dollar, GH¢2.9862 (2012: GH¢2.4848) to the Euro, and GH¢3.5726 (2012: GH¢3.0410) to the Pound Sterling. The strengthening of the Cedi will produce symmetrical results.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

3.2.3. Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

• differences between the timing of market interest rate changes and the timing of cash flows (re-pricing risk)

• changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and

• changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar re-pricing characteristics (basis risk).

The Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or re-price at various time periods in the future. The Bank may make judgmental assumptions about the behavior of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

The table below summarises the re-pricing profiles of the Bank's financial instruments and other assets and liabilities as at 31 December 2013 and 31 December 2012 respectively. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

31 December 2013						
Assets	Up to 1 month	1-3 months	3-12 months	over 1 year	Non interest bearing	Total
Cash and balances with Bank of Ghana	-	-	-	-	183,356	183,356
Government securities	138,056	153,473	162,398	6,410	-	460,337
Due from other banks and financial institutions	11,889	-	60,923	-	61,674	134,486
Loans and advances to customers	330,902	260,671	111,442	102,952	-	805,967
Investment in other equity	-	-	-	-	104	104
Financial assets	480,847	414,144	334,763	109,362	245,134	1,584,250
Liabilities						
Customer deposits	242,028	474,679	141,956	60	521,194	1,355,980
Due to other banks	53,164	-	5,404	-	-	58,568
Term borrowings	25,939	17,023	39,629	-	-	82,591
Interest payable and other liabilities	-	-	-	-	35,223	35,223
Financial liabilities	321,131	491,702	186,989	60	556,417	1,532,362
Total interest re-pricing gap	159,716	(77,558)	147,774	109,302		

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

31 December 2012						
Assets	Up to 1 month	1-3 months	3-12 months	over 1 year	Non interest bearing	Total
Cash and balances with Bank of Ghana	-	-	-	-	135,312	135,312
Government Securities	20,029	68,325	98,625	123,419	-	310,398
Due from other banks and financial institutions	37,250	9,423	58,442	-	83,147	188,262
Loans and advances to customers	112,484	274,408	133,429	116,441	-	636,762
Investment in other equity	-	-	-	-	73	73
Financial assets	169,763	352,156	290,496	239,860	218,532	1,270,807
Liabilities						
Customer deposits	6,679	208,191	149,937	156,429	578,201	1,099,437
Due to other banks	14,396	13,192	9,423	-	-	37,011
Term borrowings	18,846	12,957	13,401	-	-	45,204
Interest payable and other liabilities	-	-	-	-	28,913	28,913
Financial liabilities	39,921	234,340	172,761	156,429	607,114	1,210,565
Total interest re-pricing gap	129,842	117,816	117,735	83,431		

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

		Possible interest rate movements		
	Total interest re-pricing gap	+100bps	+100bps	+300bps
Up to 1 month	159,716	1,532	1,532	4,595
1-3 months	(77,558)	(648)	(648)	(1,944)
3-12 months	147,774	931	931	2,794
over 1 year	109,302	276	276	827
Total		2,091	2,091	6,272
Impact on net interest income (2013)		1.78%	1.78%	5.34%
Impact on net interest income (2012)		3.96%	3.96%	11.88%

3.3. Liquidity risk management

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Treasury Department, includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in the money market to enable this to happen;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements; and
- managing the concentration and profile of debt maturities.

Finally, the Bank is statutorily required to maintain a reserve of 9% of the local currency equivalent of foreign currency customer deposits held as well as 9% of local currency customer deposits in one account with the Bank of Ghana. These balances are used to support all inter-bank transactions.

3.3.2. Liquidity risk measurement

The Bank prepares and uses liability mismatch reports to manage funding needs. The weekly liquidity mismatch report is used to measure the ability of the Bank to meet maturing liability obligations. This is supplemented by weekly cash flow reports produced to show the projected cash flow on a daily basis incorporating projected customer withdrawals, including credit disbursements, as well as deposits.

The deposit concentration ratio is monitored monthly to ensure that decisions of individual and or groups of depositors do not severely impact on liquidity. Particular attention is given to wholesale borrowing. Due to their size, withdrawals of such funds tend to impact negatively on liquidity. As a rule, wholesale borrowing transactions are entered into as repurchase contracts where each transaction is collateralised with a treasury bill or bond. Alternatively, such transactions are contracted to support specific credits in a back-to-back transaction. The monthly deposit concentration report is examined as part of the Assets and Liabilities Committee (ALCO) process and the necessary preventive/remedial action taken.

In addition to the above, the Bank also ensures compliance with the regulatory requirements set by the Bank of Ghana such as effective volatile liability dependency ratio which is measured as (volatile funds – liquid assets) / long term investments. This measures the reliance on volatile funds to finance long term investments as well as other non-liquid assets. The Bank targets a negative ratio to be in compliance with BoG requirements. (Volatile funds are short term wholesale funds e.g. call accounts).

3.3.3 Liquidity crisis management

Liquidity crisis is defined as a condition where the Bank is unable to meet maturing liabilities/or regulatory reserve requirements due to inadequate liquid assets or a condition that arises from a sudden deterioration of the perceived safety and credibility of the Bank resulting in substantial withdrawal of funds by depositors.

This is deemed to have occurred when any of the following conditions exist:

- Liquidity guidelines/ratios have been breached for four consecutive weeks.
- Bank of Ghana (BoG) support facilities have been accessed for three or more consecutive weeks.

Management has put in place a Contingency Action Plan to manage liquidity crisis. The plan includes action points together with responsibilities for ensuring that steps are taken to manage the crisis.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

3.3.4 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the liquidity risk based on a different basis not resulting in a significantly different analysis.

At 31 December 2013	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Customer deposits	604,742	325,937	425,301	-	1,355,980
Due to other banks	24,393	34,175	-	-	58,568
Term borrowing	12,221	4,323	7,898	58,149	82,591
Interest payable and other liabilities	-	35,223	-	-	35,223
Current income tax liability	-	3,305	-	-	3,305
Total liabilities (contractual maturity date)	641,356	402,963	433,199	58,149	1,535,667
Assets					
Cash and balances with Bank of Ghana	183,356	-	-	-	183,356
Government Securities	138,056	153,473	162,398	6,410	460,337
Due from other banks and financial institutions	134,486	-	-	-	134,486
Loans and advances to customers	265,959	54,505	47,708	437,795	805,967
Other assets	46	30,541	553	6,130	37,270
Total assets held for managing liquidity risk (contractual maturity date)	721,903	238,519	210,659	450,335	1,621,416

At 31 December 2012	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Customer deposits	534,994	241,270	323,173	-	1,099,437
Due to other banks	33,471	3,540	-	-	37,011
Term borrowing	2,356	4,031	6,387	32,430	45,204
Interest payable and other liabilities	-	-	-	28,913	28,913
Current income tax liability	-	1,854	-	-	1,854
Total liabilities (contractual maturity date)	570,821	250,695	329,560	61,343	1,212,419
Assets					
Cash and balances with Bank of Ghana	135,312	-	-	-	135,312
Government Securities	89,119	36,676	60,789	123,814	310,398
Due from other banks and financial institutions	188,262	-	-	-	188,262
Loans and advances to customers	183,398	43,483	59,594	350,287	636,762
Other assets	-	19,538	-	1,493	21,031
Total assets	596,091	99,697	120,383	475,594	1,291,765

for the year ended 31 December 2013 [All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

3.3.5 Assets held for 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 Bank of Ghana;
- Certificates of deposit;
- Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Bank's trading portfolios.

3.3.6 Off balance sheet items

(a) Loan commitments
dates of the contractual amounts of the Bank's off-balance sheet financial instruments that it commits to extend credit to customers and other facilities are summarised in the table below.

(b) Operating lease commitments
The Bank currently has no long term operating lease. All operating lease payments made during the year relate to lease periods less than one year and are recorded in operating expenses.

(c) Other financial facilities
Other financial facilities are also included in the table below, based on the earliest contractual maturity date.

(d) Capital commitments
The Bank had no capital commitments at year end.

At 31 December 2013	No later than 1 year	1-5 years	Over 5 years	Total
Loan commitments	14,633	-	-	14,633
Acceptances and other financial facilities	173,779	-	-	173,779
Total	188,412	-	-	188,412

At 31 December 2012	No later than 1 year	1-5 years	Over 5 years	Total
Loan commitments	514	-	-	514
Acceptances and other financial facilities	32,582	-	-	32,582
Capital commitments	275	-	-	275
Total	33,371	-	-	33,371

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

3.4 Country analysis

An analysis of assets and total liabilities of the Bank held inside and outside Ghana is analysed below:

	2013		2012	
	Ghana GH¢	Outside GH¢	Ghana GH¢	Outside GH¢
Assets				
Cash and balances with Bank of Ghana	183,356	-	135,312	-
Government Securities	460,337	-	310,398	-
Due from other banks and financial institutions	23,619	110,867	133,739	54,523
Loans and advances to customers	805,967	-	636,762	-
Investment in other equity	104	-	73	-
Investment in subsidiary	101	8,163	101	6,283
Other assets	36,773	497	21,031	-
Deferred income tax asset	4,752	-	3,945	-
Property and equipment	43,228	-	22,604	-
Intangible assets	11,906	-	8,260	-
	1,570,143	119,527	1,272,225	60,806
Liabilities				
Customer deposits	1,355,980	-	1,099,437	-
Due to other banks	44,518	14,050	27,588	9,423
Term borrowings	-	82,591	-	45,204
Interest payable and other liabilities	35,223	-	28,369	544
Current income tax liability	3,305	-	1,854	-
	1,439,026	96,641	1,157,248	55,171

3.5 Fair value of financial instruments

(a) Financial instruments not measured at fair value
The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value:

	Carrying value		Fair value	
	2013	2012	2013	2012
Financial assets				
Loans and advances	868,317	678,858	827,177	653,724
Investment securities	10,252	-	9,613	-
Financial liabilities				
Customer deposits	1,355,980	1,080,889	1,355,980	1,080,889

(i) Loans and advances
Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(ii) Investment securities
The estimated fair value of held to maturity investment securities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Customer deposits
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

(b) Fair value hierarchy
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

• Level 2 – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).

• Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

3.5.1 Assets and liabilities measured at fair value
This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3
Government securities (available for sale)	-	143,998	-
Investment in other equity	-	-	104
	-	143,998	104

3.6 Capital management

The Bank's objectives when managing capital are:
(i) to comply with the capital requirements set by the Bank of Ghana;
(ii) to safeguard the Bank's ability to continue as a going concern; and
(iii) to maintain a sufficient capital base to ensure strong credit ratings and to support its business and maximise shareholder value.

Compliance with capital adequacy ratios set by the Bank of Ghana is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Finance Director.
Under the current capital requirements set by the Bank of Ghana, banks have to maintain a ratio of regulatory capital to risk weighted assets ("capital adequacy ratio") above 10%.

Regulatory capital as defined by the Bank of Ghana has two (2) components:
• Tier 1 capital: share capital arising on permanent shareholders' equity, retained earnings and reserves created; and
• Tier 2 capital: qualifying subordinated loan capital, and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

For an instrument to qualify as subordinated loan capital, it should possess the following attributes:
• should be unsecured;
• repayment is subordinated to other debt instruments;
• should have a minimum original fixed term to maturity of over 5 years; and
• not available to absorb the losses of a bank which continues trading;

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

The table below summarises the composition of regulatory capital, total weighted risk assets and the capital adequacy ratios of the Bank for the years ended 31 December 2013 and 2012.

	2013	2012
Paid-up capital	83,073	83,073
Disclosed reserves	70,931	37,538
Other adjustments	(16,102)	(16,059)
Tier 1 capital	137,902	104,552
Total capital	137,902	104,552
Risk weighted assets	995,224	674,481
Tier 1 capital adequacy ratio	13.9%	15.5%
Total capital adequacy ratio	13.9%	15.5%

4 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(a) Fair value of financial instruments
The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

(b) Impairment losses on loans and advances
The Bank reviews its loan portfolios to assess whether an allowance for impairment should be recorded in the consolidated 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.

(c) Held-to-maturity instruments
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 judgement. In making this judgement, 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.

(d) Impairment of equity investments
The Bank treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exits. The Bank treats 'significant' generally

as 20% or more and 'prolonged' as greater than 6 months. In addition, The Bank evaluates other factors such as the share price volatility.

(e) 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.

(f) 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.

5 SEGMENT INFORMATION

For management purposes, the Bank is organised into seven operating segments based on products and services as follows;

- Corporate banking: Principally responsible for providing loans and other credit facilities, as well as deposits and other transactions and balances to corporate clients.
- Institutional banking: Principally responsible for providing loans and other credit facilities, as well as deposits and other transactions and balances to institutional clients.
- Public Sector banking: Principally responsible for providing loans and other credit facilities, as well as deposits and other transactions and balances to public sector entities.
- Consumer banking: Provides loans and overdrafts, as well as handles the deposits and other transactions of individual customers such as funds transfers, standing orders and ATM card services.
- Treasury: Undertakes the Bank's funding and centralised risk management activities through borrowings, and investing in liquid assets such as short-term placements and government debt securities.
- Investment banking: Investment banking services including corporate finance, merger and acquisitions advice, specialised financial advice and trading
- Offshore banking: Principally responsible for providing loans and other credit facilities, as well as deposits and other transactions and balances to offshore customers in the Asia Pacific region.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Interest income is reported net, as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

For the purpose of segmental reporting, interest is allocated to the business units based on a pool rate determined by Treasury using the Bank's cost of funds.

The table below shows an analysis of the performance of the business units of the Group.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	BANK					FSL	FABL	
2013	Corporate Banking	Institutional Banking	Public Sector Banking	Consumer Banking	Treasury	Investment Banking	Offshore Banking	Total
Interest income	65,148	14,668	57,030	36,170	79,324	376	170	252,886
Interest expense	(33,478)	(18,729)	(2,095)	(41,915)	(38,351)	-	(14)	(134,582)
Inter-segment (Net funds transfer pricing)	24	10,506	(45,864)	57,760	(22,426)	-	-	-
Net interest income	31,694	6,445	9,071	52,015	18,547	376	156	118,304
Fees and commission income	21,502	4,754	5,243	15,855	-	730	-	48,084
Fees and commission expense	-	-	-	-	(1,069)	-	-	(1,069)
Net fees and commission income	21,502	4,754	5,243	15,855	(1,069)	730	-	47,015
Other operating income	-	-	-	104	31,586	89	13	31,792
Operating income	53,196	11,199	14,314	67,974	49,064	1,195	169	197,111
Operating expenses	(27,172)	(10,585)	(10,420)	(53,120)	(14,814)	(615)	(954)	(117,680)
Impairment charge on loans and advances	(6,612)	(252)	(1,267)	(8,578)	-	-	-	(16,709)
Reportable segment profit/(loss)	19,412	362	2,627	6,276	34,250	580	(785)	62,722
Income tax expense								(17,280)
National fiscal stabilisation levy								(1,574)
Profit for the year								43,868
Reportable segment assets (Loans and advances)	429,315	43,445	166,073	167,134	-	-	21,210	827,177
Reportable segment liabilities (Customer deposits)	339,617	118,087	36,711	687,775	173,286	252	-	1,355,728

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	BANK					FSL	FABL	
2012	Corporate Banking	Institutional Banking	Public Sector Banking	Consumer Banking	Treasury	Investment Banking	Offshore Banking	Total
Interest income	49,288	4,683	40,392	38,606	41,352	287	558	175,166
Interest expense	(30,101)	(8,134)	(2,946)	(27,027)	(25,735)	-	(236)	(94,179)
Inter-segment (Net funds transfer pricing)	4,382	5,735	(25,433)	29,380	(14,064)	-	-	-
Net interest income	23,569	2,284	12,013	40,959	1,553	287	322	80,987
Fees and commission income	19,352	4,072	6,971	9,100	-	850	-	40,345
Fees and commission expense	-	-	-	-	(561)	-	-	(561)
Net fees and commission income	19,352	4,072	6,971	9,100	(561)	850	-	39,784
Other operating income	-	-	-	71	18,862	109	8	19,050
Operating income	42,921	6,356	18,984	50,130	19,854	1,246	330	139,821
Operating expenses	(19,733)	(7,289)	(7,802)	(40,288)	(10,214)	(843)	(851)	(87,020)
Impairment charge on loans and advances	(6,940)	(223)	(974)	(8,143)	-	-	-	(16,280)
Reportable segment profit/(loss)	16,248	(1,156)	10,208	1,699	9,640	403	(521)	36,521
Income tax expense								(9,067)
Profit for the year								27,454
Reportable segment assets (Loans and advances)	146,315	13,902	119,903	111,251	245,391	-	16,962	653,724
Reportable segment liabilities (Customer deposits)	354,549	82,264	38,940	540,113	83,571	3,831	-	1,103,268

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

The Group operated in two geographic markets: Ghana and Malaysia. The following tables show the distribution of operating profit and non-current assets allocated based on the location of the customers and assets respectively for the years ended 31 December 2013 and 2012;

2013	Ghana	Malaysia	Total
Interest income	252,716	170	252,886
Interest expense	(134,568)	(14)	(134,582)
Net interest income	118,148	156	118,304
Fees and commission income	48,084	-	48,084
Fees and commission expense	(1,069)	-	(1,069)
Net fees and commission income	47,015	-	47,015
Other operating income	31,779	13	31,792
Operating income	196,942	169	197,111
Operating expenses	(116,726)	(954)	(117,680)
Impairment charge on loans and advances	(16,709)	-	(16,709)
Operating profit/(loss)	63,507	(785)	62,722
Property, equipment and intangible assets	55,134	120	55,254

2012	Ghana	Malaysia	Total
Interest income	174,608	558	175,166
Interest expense	(93,943)	(236)	(94,179)
Net interest income	80,665	322	80,987
Fees and commission income	40,345	-	40,345
Fees and commission expense	(561)	-	(561)
Net fees and commission income	39,784	-	39,784
Other operating income	19,042	8	19,050
Operating income	139,491	330	139,821
Operating expenses	(86,169)	(851)	(87,020)
Impairment charge on loans and advances	(16,280)	-	(16,280)
Operating profit/(loss)	37,042	(521)	36,521
Property, equipment and intangible assets	30,881	134	31,016

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	GROUP		BANK	
6 Interest income	2013	2012	2013	2012
Cash and short term funds	6,647	6,924	7,997	6,636
Investments securities	70,836	33,939	70,462	33,939
Loans and advances	175,403	134,303	174,886	133,745
	252,886	175,166	253,345	174,320
7 Interest expense				
Savings accounts	10,725	5,980	10,725	5,980
Time and other deposits	98,615	71,078	99,971	71,078
Overnight and call accounts	19,075	12,780	19,075	12,780
Current accounts	500	811	500	811
Term borrowings	5,667	3,530	5,667	3,295
	134,582	94,179	135,938	93,944
8 Fees and commission income				
Trade finance fees	17,444	16,891	17,444	16,891
Credit related fees and commission	16,434	15,923	16,434	15,082
Cash management	11,769	6,331	11,769	6,331
Other fees and commission	2,437	1,200	1,744	1,192
	48,084	40,345	47,391	39,496
9 Fees and commission expense				
Direct charges for services	1,069	561	1,069	561
10 Other operating income				
Foreign exchange:				
transaction gains less losses	19,025	11,991	19,012	11,991
translation gains less losses	12,574	6,878	12,574	6,871
Sundry income	193	181	104	72
	31,792	19,050	31,690	18,934

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

11 Operating expenses	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Staff expenses	53,587	41,257	52,201	40,376
Depreciation	6,964	4,941	6,911	4,912
Amortisation	3,063	1538	3,049	1,535
Advertising and marketing	9,377	6,593	9,368	6,585
Audit fees	115	135	100	90
Directors' remuneration	624	652	624	652
Utilities	8,103	6,283	8,096	6,256
Repairs and maintenance	17,132	9,744	17,127	9,733
Stationery and print expenses	2,283	1,752	2,273	1,749
Outsourced services	3,571	2,162	3,571	2,162
Other operating expenses	8,317	6,449	7,984	6,041
Legal and consultancy fees	2,839	3,785	3,126	3,534
Training	1,552	1,717	1,548	1,690
Donations and sponsorship	153	12	153	12
	117,680	87,020	116,131	85,327
Staff expenses comprise:				
Wages, salaries, bonus and allowances	25,923	24,376	25,022	23,526
Social security fund contribution	3,528	2,411	3,475	2,410
Provident fund contribution	2,231	1,570	2,149	1,543
Other employee cost	21,905	12,900	21,555	12,897
	53,587	41,257	52,201	40,376

The number of persons employed by the Group at the end of the year was 1914 (2012: 1,489)

12 Impairment charge on loans and advances	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Impairment charge on loans and advances	17,016	16,353	17,016	16,353
Recoveries	(307)	(73)	(307)	(73)
	16,709	16,280	16,709	16,280
Movement on impairment charge on loans and advances is as follows:				
At 1 January	25,134	13,734	25,134	13,734
Increase in impairment	17,016	16,353	17,016	16,353
Amounts written off as uncollectible	(1,010)	(4,953)	(1,010)	(4,953)
At 31 December	41,140	25,134	41,140	25,134

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	GROUP		BANK	
13 Income tax expense	2013	2012	2013	2012
Current income tax	19,426	12,509	19,283	12,405
Deferred income tax (Note 14)	(2,146)	(3,442)	(2,146)	(3,442)
Income tax expense	17,280	9,067	17,137	8,963
National fiscal stabilisation levy	1,574	-	1,565	-
	18,854	9,067	18,702	8,963

The tax on the Group and Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Profit before tax	62,722	36,521	62,579	36,638
Corporate tax rate at 25% (2012: 25%)				
Tax calculated at corporate tax rate	15,681	9,130	15,645	9,159
Tax impact on expenses not deductible for tax purposes	1,599	(63)	1,492	(196)
National fiscal stabilisation levy at 5% (2012:nil)	1,574	-	1,565	-
Income tax expense	18,854	9,067	18,702	8,963

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Current income tax
The movement on current income tax is as follows:

Group Year of assessment	At 1 January	Paid during the year	Charge for the year	At 31 December
Current income tax				
Up to 2012	1,863	-	-	1,863
2013	-	(18,455)	19,426	971
	1,863	(18,455)	19,426	2,834
National fiscal stabilisation levy				
Up to 2012	10	-	-	10
2013	-	(1,085)	1,574	489
	10	(1,085)	1,574	499
	1,873	(19,540)	21,000	3,333

Bank Year of assessment	At 1 January	Paid during the year	Charge for the year	At 31 December
Current income tax				
Up to 2012	1,854	-	-	1,854
2013	-	(18,325)	19,283	958
	1,854	(18,325)	19,283	2,812
National fiscal stabilisation levy				
2013	-	(1,072)	1,565	493
	1,854	(19,397)	20,848	3,305

The National Fiscal Stabilisation Act, 2009 (Act 785) was introduced in the second half of 2009. The Act was repealed in late 2011 and reintroduced in 2013 as the National Fiscal Stabilisation Levy Act, 2013. The Act became effective from 15 July 2013. Under the Act, an additional 5% levy will be charged on profit before tax and is payable quarterly.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

14 Deferred income tax

Deferred tax assets and liabilities are attributable to the following:

	2013			2012		
GROUP	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment	-	1,587	1,587	-	2,208	2,208
Impairment allowances for loan losses	(9,047)	-	(9,047)	(7,522)	-	(7,522)
Gains on available for sale investments	-	2,708	2,708	-	1,369	1,369
Net tax (assets)/liabilities	(9,047)	4,295	(4,752)	(7,522)	3,577	(3,945)
BANK						
Property and equipment	-	1,587	1,587	-	2,208	2,208
Impairment allowances for loan losses	(9,047)	-	(9,047)	(7,522)	-	(7,522)
Gains on available for sale investments	-	2,708	2,708	-	1,369	1,369
Net tax (assets)/liabilities	(9,047)	4,295	(4,752)	(7,522)	3,577	(3,945)

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Deferred income tax is calculated using the enacted income tax rate of 25% (2012: 25%). Deferred income liabilities and deferred income tax charge in the statement of comprehensive income are attributable to the following items:

2013	At 1 January	movement	At 31 December
Property and equipment	2,208	(621)	1,587
Impairment allowance for loan losses	(7,522)	(1,525)	(9,047)
Deferred tax expense through comprehensive income	(5,314)	(2,146)	(7,460)
Deferred tax expense through equity (gains on available for sale investments)	1,369	1,339	2,708
Total	(3,945)	(807)	(4,752)

2012	At 1 January	movement	At 31 December
Property and equipment	1,562	646	2,208
Impairment allowance for loan losses	(3,434)	(4,088)	(7,522)
Deferred tax expense through comprehensive income	(1,872)	(3,442)	(5,314)
Deferred tax expense through equity (gains on available for sale investments)	605	764	1,369
Total	(1,267)	(2,678)	(3,945)

	GROUP		BANK	
15 Cash and balances with Bank of Ghana	2013	2012	2013	2012
Cash in hand	48,935	37,155	48,931	37,054
Balances with Bank of Ghana	134,425	98,258	134,425	98,258
	183,360	135,413	183,356	135,312
Less mandatory reserve	(122,038)	(98,949)	(122,038)	(98,949)
Unrestricted cash and bank balances	61,322	36,464	61,318	36,363

Mandatory reserve deposits are not available for use in the bank's day to day operations.
Cash in hand and balances with Bank of Ghana are non-interest-bearing.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

	GROUP		BANK	
16 Government securities	2013	2012	2013	2012
At 1 January	310,398	234,338	310,398	234,338
Additions	353,037	580,272	352,562	580,272
Redeemed on maturity	(213,454)	(509,689)	(213,454)	(509,689)
Gains from changes in fair value	10,831	5,477	10,831	5,477
At 31 December	460,812	310,398	460,337	310,398
maturing within 90 days of acquisition	41,255	89,873	41,255	89,873
maturing after 90 days but within 182 days	113,035	36,321	113,035	36,321
maturing after 182 days of acquisition	109,344	60,199	109,344	60,199
maturing after 1 year of acquisition	197,178	124,005	196,703	124,005
Total	460,812	310,398	460,337	310,398

Investment in government securities are financial assets classified as available-for-sale or held to maturity, and are carried at fair value and amortised cost respectively as shown below:

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Available-for-sale	439,729	304,921	439,506	304,921
Gains from changes in fair value	10,831	5,477	10,831	5,477
	450,560	310,398	450,337	310,398
Held to maturity	10,252	-	10,000	-
	460,812	310,398	460,337	310,398

17 Due from other banks and financial institutions

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Nostro account balances	43,631	62,604	42,776	57,734
Items in course of collection	18,898	25,413	18,898	25,413
Placement with other banks	62,034	106,044	72,812	105,115
	124,563	194,061	134,486	188,262

Amounts due from banks and other financial instruments are current.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

18 Loans and advances to customers

	GROUP		BANK	
(a) Analysis by type:	2013	2012	2013	2012
Term loans	649,026	581,028	627,816	564,066
Overdrafts	207,008	85,681	207,008	85,681
Staff	12,283	12,149	12,283	12,149
Gross loans and advances to customers	868,317	678,858	847,107	661,896
Impairment allowance (Note 12)	(41,140)	(25,134)	(41,140)	(25,134)
Net loans and advances to customers	827,177	653,724	805,967	636,762
Current	586,404	455,287	565,194	413,191
Non current	281,913	223,571	281,913	248,705
	868,317	678,858	847,107	661,896

(b) Analysis by type of customer:

Individuals	146,294	143,746	146,294	143,746
Private enterprises	538,676	366,111	517,466	349,150
State enterprise and public institutions	171,064	156,852	171,064	156,852
Staff	12,283	12,149	12,283	12,149
	868,317	678,858	847,107	661,897
Impairment allowance (Note 12)	(41,140)	(25,134)	(41,140)	(25,134)
Net loans and advances to customers	827,177	653,724	805,967	636,763

(c) Analysis by business segment

Agriculture, forestry and fishing	9	688	9	688
Mining	39,300	-	39,300	-
Manufacturing	81,981	153,861	81,981	153,861
Construction	57,442	77,554	57,442	77,554
Electricity, gas and water	207,922	20,694	207,922	20,694
Commerce and finance	161,248	135,313	140,038	135,313
Transport, storage and communication	48,301	4,916	48,301	4,916
Services	270,692	282,630	270,692	265,669
Miscellaneous	1,422	3,202	1,422	3,202
	868,317	678,858	847,107	661,897
Impairment allowance (Note 12)	(41,140)	(25,134)	(41,140)	(25,134)
Net loans and advances to customers	827,177	653,724	805,967	636,763

(d) Key ratios on loans and advances

Loan loss provision ratio	4.74%	3.70%	4.86%	3.80%
50 largest exposures to total exposures	70%	54%	70%	54%

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

19 Investment in other equities

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Fidelity Equity Fund 1	-	13	-	13
Jacana Partners Limited	104	176	104	60
	104	189	104	73

Movement in investment in other equity

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
At 1 January	189	189	73	73
Additions	-	-	-	-
Disposals	(13)	-	(13)	-
Fair value adjustment	(72)	-	44	-
At 31 December	104	189	104	73

Fidelity Equity Fund I

Fidelity Equity Fund I is a venture capital fund incorporated in Ghana. The Bank held a 2.06% preference share interest in the Fund. In September 2013, the Bank liquidated its holding in the Fund.

Jacana Partners Limited

The Bank holds an 18.67% stake in Jacana Partners Limited (formerly Fidelity Capital Partners Limited).

20 Investment in subsidiaries

The principal subsidiaries of the Bank are;

Name	Nature of business	Country of incorporation	Type of shares	Percentage holding	2013	2012
Fidelity Securities Limited	Fund management	Ghana	Ordinary shares	100	101	101
Fidelity Asia Bank Limited	Banking	Malaysia	Ordinary shares	100	8,163	6,283
Total					8,264	6,384

In January 2013, the shareholders resolved to issue a further additional 1,000,000 ordinary shares for cash in Fidelity Asia Bank Limited, amounting to GH¢1.88 million.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

21 Other assets

	GROUP		BANK	
	2013	2012	2013	2012
Prepayments	11,246	5,704	11,246	5,704
Interest earned not collected	14,836	10,259	16,068	10,259
Sundry assets	9,386	5,166	8,987	3,575
Amounts due from associated companies	47	47	969	1,493
	35,515	21,176	37,270	21,031

22 Property and equipment

GROUP

Year ended December 2013	At 1 January	Additions	Transfers	Disposals	At 31 December
Cost					
Motor vehicles	5,327	2,687	-	(2)	8,012
Computers – Hardware	11,836	878	413	-	13,127
Equipment	6,310	583	151	-	7,044
Furniture and fittings	2,800	575	256	-	3,631
Leasehold improvement	7,310	248	1,143	-	8,701
Land	-	14,400	4,054	-	18,454
Capital work-in-progress	1,645	8,242	(6,017)	-	3,870
Total	35,228	27,613	-	(2)	62,839
Accumulated depreciation	At 1 January	Charge for the year		Disposals	At 31 December
Motor vehicles	1,752	1,706		(2)	3,456
Computers – Hardware	4,663	2,617		-	7,280
Equipment	3,066	1,297		-	4,363
Furniture and fittings	1,475	565		-	2,040
Leasehold improvement	1,545	779		-	2,324
Total	12,501	6,964		(2)	19,463
Carrying value:					
At 31 December 2013	22,727				43,376

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

BANK

Year ended December 2013	At 1 January	Additions	Transfers	At 31 December
Cost				
Motor vehicles	5,300	2,623	-	7,923
Computers – Hardware	11,777	868	413	13,058
Equipment	6,297	583	151	7,031
Furniture and fittings	2,767	571	256	3,594
Leasehold improvement	7,253	248	1,143	8,644
Land	-	14,400	4,054	18,454
Capital work-in-progress	1,645	8,242	(6,017)	3,870
Total	35,039	27,535	-	62,574
Accumulated depreciation	At 1 January	Charge for the year		At 31 December
Motor vehicles	1,726	1,698		3,424
Computers – Hardware	4,641	2,602		7,243
Equipment	3,064	1,291		4,355
Furniture and fittings	1,470	558		2,028
Leasehold improvement	1,534	762		2,296
Total	12,435	6,911		19,346
Carrying value:				
At 31 December 2013	22,604			43,228

GROUP

Movement on disposal of assets

	2013	2012
Cost	2	242
Accumulated depreciation	(2)	(225)
Net book value	-	17
Proceeds on disposal	(2)	-
(Profit)/loss on disposal	(2)	17

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

22 Property and equipment

GROUP

Year ended December 2012	At 1 January	Additions	Transfers	Disposals	At 31 December
Cost					
Motor vehicles	2,716	2,853	-	(242)	5,327
Computers – hardware	6,700	1,775	3,361	-	11,836
Equipment	4,621	1,089	600	-	6,310
Furniture and fittings	2,007	606	187	-	2,800
Leasehold improvement	5,748	370	1,192	-	7,310
Capital work-in-progress	467	6,518	(5,340)	-	1,645
	22,259	13,211	-	(242)	35,228
Accumulated depreciation	At 1 January	Charge for the year		Disposal	At 31 December
Motor vehicles	1,123	854		(225)	1,752
Computers – Hardware	2,811	1,852		-	4,663
Equipment	1,863	1,203		-	3,066
Furniture and fittings	1,057	418		-	1,475
Leasehold improvement	930	615		-	1,545
	7,784	4,942		(225)	12,501
Carrying value:					
At 31 December 2012	14,475				22,727

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

BANK

Year ended December 2012	At 1 January	Additions	Transfers	Disposals	At 31 December
Cost					
Motor vehicles	2,689	2,853	-	(242)	5,300
Computers – Hardware	6,680	1,736	3,361	-	11,777
Equipment	4,621	1,076	600	-	6,297
Furniture and fittings	2,006	574	187	-	2,767
Leasehold improvement	5,748	313	1,192	-	7,253
Capital work-in-progress	467	6,518	(5,340)	-	1,645
	22,211	13,070	-	(242)	35,039

Accumulated depreciation	At 1 January		Charge for the year	Released on Disposal	At 31 December
Motor vehicles	1,097		854	(225)	1,726
Computers – Hardware	2,801		1,840	-	4,641
Equipment	1,863		1,201	-	3,064
Furniture and fittings	1,057		413	-	1,470
Leasehold improvement	930		604	-	1,534
	7,748		4,912	(225)	12,435
Carrying value:					
At 31 December 2012	14,463				22,604

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

23 Intangible assets

GROUP

Year ended December 2013	At 1 January	Additions	Transfers	At 31 December
Cost				
Computer software	7,228	4,014	4,456	15,698
Capital work in progress	4,517	2,712	(4,456)	2,773
	11,745	6,726	-	18,471
Accumulated amortisation	At 1 January	Charge for the year		At 31 December
Computer software	3,456	3,063		6,519
Carrying value:				
At 31 December 2013	8,289			11,952

BANK

Year ended December 2012	At 1 January	Additions	Transfers	At 31 December
Cost				
Computer software	7,194	3,983	4,456	15,633
Capital work in progress	4,519	2,712	(4,456)	2,775
	11,713	6,695	-	18,408
Accumulated amortisation	At 1 January	Charge for the year		At 31 December
Computer software	3,453	3,049		6,502
Carrying value:				
At 31 December 2013	8,260			11,906

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

GROUP

Year ended December 2012	At 1 January	Additions	Transfers	At 31 December
Cost				
Computer software	4,233	1,607	1,388	7,228
Capital work in progress	2,061	3,844	(1,388)	4,517
	6,294	5,451	-	11,745
Accumulated amortisation	At 1 January	Charge for the year		At 31 December
Computer software	1,918	1,538		3,456
Carrying value:				
At 31 December 2013	4,376			8,289

BANK

Year ended December 2012	At 1 January	Additions	Transfers	At 31 December
Cost				
Computer software	4,233	1,573	1,388	7,194
Capital work in progress	2,063	3,844	(1,388)	4,519
	6,296	5,417	-	11,713
Accumulated amortisation	At 1 January	Charge for the year		At 31 December
	1,918	1,535		3,453
Carrying value:				
At 31 December 2013	4,378			8,260

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

24 Customer deposits

	GROUP		BANK	
	2013	2012	2013	2012
Current accounts	473,282	423,017	473,534	418,969
Call accounts	113,261	111,109	113,261	111,109
Savings accounts	188,645	109,766	188,645	109,766
Time deposits	580,540	459,376	580,540	459,593
	1,355,728	1,103,268	1,355,980	1,099,437
Current	473,282	423,017	473,534	418,969
Non current	882,446	680,251	882,446	680,468
	1,355,728	1,103,268	1,355,980	1,099,437
Analysis by type of depositor:				
Individuals and other private enterprises	1,168,814	1,001,913	1,169,066	998,082
Government departments & agencies	186,914	101,355	186,914	101,355
	1,355,728	1,103,268	1,355,980	1,099,437
20 largest depositors to total deposit ratio	27%	41%	27%	41%

25 Borrowings (the Group and the Bank)

Movement in borrowings is shown as follows:

2013	At 1 January	Draw downs	Repayments	Exchange difference	At 31 December
Cost	18,845	-	(4,929)	2,295	16,211
Computer software	-	9,942	(1,019)	804	9,727
Capital work in progress	12,957	9,862	(8,129)	2,333	17,023
	13,402	28,101	(3,604)	1,731	36,630
	45,204	47,905	(17,681)	7,163	82,591
Current	12,774				24,442
Non current	32,430				58,149
	45,204				82,591

No subsidiary had any outstanding borrowing outside the Group at year end.

for the year ended 31 December 2013 [All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

Borrowings (the Group and the Bank)

2012	At 1 January	Repayments	Exchange difference	At 31 December
DEG	15,841	-	3,004	18,845
FMO	14,851	(4,634)	2,740	12,957
PROPARCO	12,673	(1,675)	2,404	13,402
SSNIT	2,233	(2,580)	347	-
	45,598	(8,889)	8,495	45,204

Details of borrowings are as follows:

(a) Deutsche Investitions-und entwicklungsgesellschaftmbh (DEG)
Deutsche Investitions-und entwicklungsgesellschaftmbh (DEG) made available to the Bank a loan of US$10 million by an agreement dated 25 November, 2011, to exclusively finance eligible projects by means of sub-loans to local small and medium scale enterprises over a period of 4years. Interest on the loan is at an aggregate interest rate of 3 months USD LIBOR rate plus 4.5% p.a.

(b) Ghana International Bank Plc (GHIB)
Ghana International Bank Plc (GHIB) made available to the Bank a loan amount of US$5 million by an agreement dated 3 April, 2013, for on-lending to the Bank's customers or for general corporate purposes. Interest rate applicable to the loan is the sum of the applicable US Prime rate and the margin of 2.75% per annum over a 5 year period.

(c) NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO)
NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO) made available to the bank a USD term facility in an aggregate amount of US$ 15 million,by an agreement dated 8 September 2010, in two phases; Phase 1 to the maximum aggregate amount of US$ 10 million and Phase 2 to the maximum aggregate amount of US$5 million. The purpose of the loan is to finance SME's in Ghana that generate USD or EUR revenues. The facility is for a period of 5 years at an aggregate interest rate of the 3 months USD LIBOR plus 4.35% p.a.

(d) Societe de Promotion et de Participation Pour la Cooperation Economique (PROPARCO)
A loan of US$ 8 million was granted the bank from Societe de Promotion et de Participation Pour la Cooperation Economique (PROPARCO) by an agreement dated on 13 July, 2011. The loan facility is for the purposes of on-lending to its customers over a period of 5 years. The interest rate is the sum of 6 months LIBOR USD rate, the basis swap rate on the determination date and the applicable margin of 4.35%. A further US$ 13 million was granted to the Bank on 31 December 2013 for the purposes of on-lending to its customers. The facility is for a period of ten (10) years at an interest rate of the sum of 6 months LIBOR USD rate, the basis swap rate on the determination date of 0.175% p.a. and the applicable margin of 4.475% p.a.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

26 Interest payable and other liabilities

(a) Analysis by type:	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Accrued interest payable	1,445	367	898	367
Other creditors and accruals	34,077	28,288	34,325	28,002
Amounts due to associated companies	-	-	-	544
	35,522	28,655	35,223	28,913

27 Earnings per share

The calculation of basic earnings per share as at 31 December 2013 was based on the profit attributable to ordinary shareholders of GH¢43.9m (2012; GH¢27.4m) and a weighted average number of ordinary shares outstanding of 17.675m (2012: 16.361m), calculated as follows;

	GROUP 2013	GROUP 2012	BANK 2013	BANK 2012
Profit attributable to ordinary shareholders				
Net profit for the year	43,868	27,454	43,877	27,675
Weighted average number of ordinary shares (000' of shares)				
Issued ordinary shares at 1 January	17,675	16,129	17,675	16,129
Effect of additional issue of shares	-	232	-	232
Weighted average number of ordinary shares at 31 December	17,675	16,361	17,675	16,361
Basic earnings per share (GH¢)	2.48	1.68	2.48	1.69
Diluted earnings per share (GH¢)	2.48	1.68	2.48	1.69

There were no potentially dilutive instruments outstanding at the date of the statement of financial position.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

28 Stated capital

	2013	2012
a. Summary		
Ordinary shares	33,091	33,091
Preference shares	49,982	49,982
Total stated capital	83,073	83,073
b. Ordinary shares		
Authorised		
Ordinary shares of no par value ('000)	100,000	100,000
Issued and fully paid:		
Issued for cash ('000)	17,675	16,129
Issued for consideration other than cash	-	1,546
At 31 December	17,675	17,675

The movement in ordinary shares is as follows:

	Number of shares ('000)		Proceeds	
At 1 January	2013	2012	2013	2012
Issued for cash	17,675	16,129	33,091	26,190
Issued for consideration other than cash:	-	-	-	2,901
Capitalisation issue in accordance with Section 74 (1) of Act 179	-	1,546	-	4,000
At 31 December	17,675	17,675	33,091	33,091

In 2012, the shareholders resolved to ratify the transfer of GH¢4million from the income surplus account to stated capital in accordance with Section 66 (1) (c) of the Companies Act, 1963, (Act 179) and to issue and credit as fully paid, 1,546,000 ordinary shares in accordance with Section 74 (1) of Act 179.

There is no unpaid liability on any ordinary shares and there are no call or instalments unpaid. There are no treasury shares.

c. Preference shares

	2013	2012
Authorised		
Preference share ('000)	10,000	10,000
Issued and fully paid		
Issued	6,400	6,400

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

The movement in preference shares is as follows:

	Number of shares ('000)		Proceeds	
	2013	2012	2013	2012
At 1 January	6,400	2,400	49,982	12,000
Issued for cash	-	4,000	-	37,982
At 31 December	6,400	6,400	49,982	49,982

In 2012, the shareholders approved for the Bank to issue four million (4,000,000) non voting, non cumulative, non redeemable convertible 11.75% preference shares in favour of AIAK Capital Limited in the sum of GH¢38m.

The preference shares are perpetual securities and have no maturity date. They have the option of converting into ordinary shares as stated in the agreement.

29 Income surplus account

This represents the accumulated profits over the years after appropriations. The balance is available for distribution to shareholders.

30 Statutory reserve

This is a non-distributable reserve representing transfer of 50% of profit after tax. It is an accumulation of amounts set-aside in accordance with Section 29 of The Banking Act, 2004 (Act 673) as amended by the Banking Act, 2007 (Act 738). The movement is included in the statement of changes in equity.

31 Regulatory credit risk reserve

This is an accumulation of transfers from the income surplus account to meet the minimum regulatory requirements in respect of allowance for credit losses for non-performing loans and advances. The movement is included in the statement of changes in equity.

32 Available for sale reserve

This is used to report the fair value gains/(losses) on available for sale investments. The movement is included in the statement of changes in equity.

33 Translation reserve

This is an accumulation of exchange differences arising on the consolidation of Fidelity Asia Bank Limited (foreign subsidiary) in the financial statements. The movement is included in the statement of changes in equity.

[All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

34 Cash and cash equivalents

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

	GROUP		BANK	
	2013	2012	2013	2012
Unrestricted cash and balances with Bank of Ghana (Note 15)	61,322	36,464	61,318	36,363
Due from banks and other financial institutions (Note 17)	124,563	194,061	134,486	188,262
Government securities maturing within 91 days	41,255	89,873	41,255	89,873
	227,140	320,398	237,059	314,498
Less due to other banks and financial institutions	(58,568)	(49,497)	(58,568)	(37,011)
Cash and cash equivalents	168,572	270,901	178,491	277,487

35 Related party disclosures

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions with subsidiaries, key management personnel and officers and other employees.

(i) Transactions with subsidiaries

Transactions between Fidelity Bank Ghana Limited and its subsidiaries meet the definition of related party transactions.

Transactions with subsidiaries are shown below:

	2013	2012
Interest income	1,003	236
Interest expense	1,370	558
Other expenses	513	626

Balances held at year end are as follows:

Placement	11,889	12,220
Customer deposits	300	1,040
Due from subsidiaries	922	1,446
Due to subsidiaries	-	544

for the year ended 31 December 2013 [All amounts are expressed in thousands of Ghana cedis unless otherwise stated]

(ii) Transactions with key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of Fidelity Bank Ghana Limited and comprise the Directors and officers of Fidelity Bank Ghana Limited.

Loan balances due from the following related parties are as follows:

	2013	2012
Executive directors	1,037	785
Non executive directors	2,262	2,059
Officers and other employees	14,280	11,365
	17,579	14,209

Interest rates charged on balances outstanding from staff loans are at rates below what would be charged in an arm's length transaction. Secured loans granted are secured over property of the respective borrowers. No impairment losses have been recorded against balances outstanding during the period with key management and therefore no specific allowances have been made for impairment losses on balances with key management.

Key management personnel compensation;

	2013	2012
Salaries and short-term employee benefits	2,424	1,881
Social security fund contribution	220	161
Provident fund contribution	171	124
	2,815	2,166

36 Contingencies and commitments

(a) Guarantees and indemnities
The Bank had outstanding guarantees and indemnities at the year ended of GH¢92.2m (Dec 2012: GH¢12m)
(b) Contingent liability
The Bank had contingent liabilities at year end of GH¢81.5m (Dec 2012: GH¢20.5m)
(c) Commitments
There were no commitments outstanding at the end of the year (Dec 2012: GH¢274,586)

37 Regulatory disclosures

(i) Non-Performing Loans Ratio
Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) 5.68% (Dec 2012: 6.41%).
(ii) Breaches in Statutory Liquidity
Generally, the Bank complied with all requirements with respect to statutory liquidity.

Shareholder Information

Top 20 Ordinary Shareholders as at 31 December 2013

	Name of shareholder	2013 Shareholding	
		No. of Shares	Percentage
1	Africa Capital LLC	7,636,250	43.20%
2	Social Security & National Insurance Trust	2,400,000	13.58%
3	ENO International LLC	2,235,000	12.64%
4	SIC Life Company Limited	1,065,818	6.03%
5	Kwamina Duker	800,000	4.53%
6	Lifeforms Limited	690,000	3.90%
7	Mr. Edward Effah	395,000	2.23%
8	Mrs. Johanna Svanikier	249,970	1.41%
9	Bernard Lind	237,500	1.34%
10	Fidelity Trust	218,394	1.24%
11	Mr. Jim Baiden	185,000	1.05%
12	Mr. Philip Addison	150,000	0.85%
13	Mr. Jonathan Adjetey	125,000	0.71%
14	Ghana Commercial Bank	125,000	0.71%
15	Business Development Consultancy	125,000	0.71%
16	Mr. David Boatin	100,000	0.57%
17	Mr. Alex Dodoo	82,424	0.47%
18	Mr. Victor & Mrs. Doris Attafua	60,000	0.34%
19	Prof. John & Dr.(Mrs.) Margaret Gyapong	60,000	0.34%
20	Mr. William Panford Bray	52,424	0.30%
	Total	16,992,780	96.14%
	Others	682,220	3.86%
	Grand Total	17,675,000	100%

Shareholder Information

Analysis of shareholding as at 31 December 2013

Category	Number of Shareholders	Number of Shares	% Holding
1 - 50,000	26	682,220	3.86%
50,001 - 500,000	14	2,165,712	12.25%
500,001 - 1,000,000	2	1,490,000	8.43%
Over 1,000,000	4	13,337,068	75.46%
Total	46	17,675,000	100.00%

Directors' holding

Directors	Number of Shares	% Holding
William Panford Bray	52,424	0.30%
Edward Effah	395,000	2.23%
Kwamina Duker	800,000	4.53%
Johanna Svanikier	249,970	1.41%
Jim Baiden	185,000	1.05%
Alex Dodoo	82,424	0.47%
Total	1,764,818	9.99%

Preference Shareholders as at 31 December, 2013

Shareholder	No. of Pref shares	% Holding
AIAK	4,000,000	62.50%
SSNIT	1,400,000	21.88%
SIC LIFE	1,000,000	15.63%
Total	6,400,000	100.00%

Proxy Form

FIDELITY BANK GHANA LIMITED

Proxy Form for use at the Annual General Meeting to be held at **Labadi Beach Hotel**, Accra on **Friday, April 25, 2014** at **10.00 am**.

1/We...of...
being a Member of the above-named Company hereby appoint...
or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Members to be held on **Friday, April 25, 2014** and at any adjournment thereof. Please indicate with an "**X**" in the spaces below how you wish your votes to be cast.

	RESOLUTIONS FOR THE AGM	FOR	AGAINST
1	To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2013;		
2	To declare the final dividend for the period ended 31st December 2013;		
3	To re-elect Mrs. Johanna Svanikier as a Director;		
4	To authorize the Directors to fix the remuneration of the Auditors;		
5	To approve the fees and allowances of Directors; and		
6	To transact any other business appropriate to be dealt with at an Annual General Meeting.		

Dated this........................ day of................................ 2014

Shareholders Signature/Seal..

This proxy form should not be sent to the Company Secretary if the member will be attending the meeting.

NOTES:
1. If executed by a Company the Proxy Form should bear its common seal or be signed on its behalf by a Director. Please sign and deliver Proxy Form to reach the Company Secretary at the registered office not later than 10.00am on Wednesday, April 23, 2014.

FIDELITY BANK

Believe with us.