

GHANA



REPUBLIC OF GHANA

GAZETTE

Published by Authority

No. 27

TUESDAY, 12TH APRIL

2011

CONTENTS

Page

State Land—Takoradi Site for Bulk Oil Storage and Transportation Company Limited (BOST) Instrument, 2011 (E.I. 35)	553
Curfew (Bawku Municipality) (No. 13) Instrument, 2011 (E.I. 36)	553
Curfew (Gushiegu Township) (No. 13) Instrument, 2011 (E.I. 37)	553



BANK OF GHANA AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
31 DECEMBER 2010**28. The Group**

	Price & Exchange Movement GH¢'000	Translation Reserve GH¢'000	Transfer from Surplus GH¢'000	2010 GH¢'000	2009 GH¢'000
Balance at 1 January	636,880	33,120	-	670,000	444,617
Retrospective correction of error (Note 34)	(25,000)	-	-	(25,000)	(108,658)
Restated balance at 1 Jan	611,880	33,120	-	645,000	335,959
(Decrease)/Increase in the year	<u>112,507</u>	<u>(705)</u>	<u>109,962</u>	<u>221,764</u>	<u>334,041</u>
Balance at 31 December	<u>724,387</u>	<u>32,415</u>	<u>109,962</u>	<u>866,764</u>	<u>670,000</u>

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

28(b). The amount relates to an adjustment in the accounts of GhIPSS to correct a prior period misstatement.

29. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

Assets

i. The Bank 2010

	Notes	Trading	Held to Maturity	Designated at fair value through P&L	Available for Sale	Loans & receivables	Total Carrying Amount	Fair Values
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
Cash and balances with correspondent banks	12					1,650,021	1,650,021	1,650,021
Government securities	16		1,239,034			1,239,034	1,239,034	1,239,034
Money market instruments	16		273,328			273,328	273,328	273,328
Short term securities	16		3,806,327			3,806,327	3,806,327	3,806,327
Loans and Advances	15				50,000	1,008,367	1,058,367	1,058,367
Other Assets	17					842,907	842,907	842,907
Total at 31/12/10			5,318,689		50,000	3,501,295	8,819,984	8,819,984

ii. The Bank 2009

	Notes	Held for Trading	Held to Maturity	Designated at fair value through P&L	Available for Sale	Total Loans & Receivables	Carrying Amount	Fair Values
		GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000	GH¢000
Cash and balances with correspondent banks	12					257,200	257,200	257,200
Government securities	16		1,245,456			1,245,456	1,245,456	1,245,456
Money market instruments	16		398,340			398,340	398,340	398,340
Short term securities	16		3,157,202			3,157,202	3,157,202	3,157,202
Loans and Advances	15					1,530,936	1,530,936	1,530,936
Other Assets	17					300,529	300,529	300,529
Total at 31/12/09			4,800,998			2,088,665	6,889,663	6,889,663

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

Assets

i. The Group 2010

	Notes	Trading GH¢000	Held to Maturity GH¢000	Designated at fair value through P&L GH¢000	Available for Sale GH¢000	Loans & Receivables GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Cash and balances with correspondent banks	12	-	-	-	-	1,283,190	1,283,190	1,283,190
Government securities	16	-	1,239,034	-	-	1,239,034	1,239,034	1,239,034
Money market instruments	16	-	273,328	-	-	273,328	273,328	273,328
Short-term securities	16	-	3,608,940	-	-	3,608,940	3,608,940	3,608,940
Loans and advances	15	-	-	-	-	2,241,600	2,241,600	2,241,600
Other assets	17	-	-	-	-	858,502	858,502	858,502
Total at 31/12/10			5,121,302	-	-	4,383,292	9,504,594	9,504,594

Assets

The Group 2009

	Notes	Trading GH¢000	Held to Maturity GH¢000	Designated at fair value through P&L GH¢000	Available for Sale GH¢000	Loans & Receivables GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Cash and balances with correspondent banks	12	-	-	-	-	281,676	281,676	281,676
Government securities	16	-	1,245,456	-	-	-	1,245,456	1,245,456
Money market instruments	16	-	618,520	-	-	-	618,520	618,520
Short-term securities	16	-	3,157,202	-	-	-	3,157,202	3,157,202
Loans and advances	15	-	-	-	-	2,542,520	2,542,520	2,542,520
Other assets	17	-	-	-	-	312,642	312,642	312,642
Total at 31/12/09			5,021,178	-	-	3,136,838	5,615,496	5,615,496

BANK OF GHANA AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2010

Liabilities

ii. The Bank 2010

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Government Deposits	21	-	-	1,069,368	1,069,368	1,069,368
Due to Banks and Financial Institutions	21	-	-	1,361,563	1,361,563	1,361,563
Other Short-Term deposits	21	-	-	885,731	885,731	885,731
Money Market Instruments	23	-	941,879	-	941,879	941,879
Other Liabilities	24	-	-	475,406	475,406	475,406
Total at 31/12/10		-	941,879	3,792,068	4,733,947	4,733,947

Liabilities

ii. The Bank 2009

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Government Deposits	21	-	-	1,556,744	1,556,744	1,556,744
Due to Banks and Financial Institutions	21	-	-	955,928	955,928	955,928
Other Short-Term deposits	21	-	-	383,027	383,027	383,027
Money Market Instruments	23	-	790,237	-	790,237	790,237
Other Liabilities	24	-	-	266,013	266,013	266,013
Total at 31/12/09		-	790,237	3,161,712	3,951,949	3,951,949

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

29. FINANCIAL INSTRUMENTS CLASSIFICATION AND SUMMARY (CONT'D)

Liabilities

iii. The Group 2010

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Government Deposits	21	-	-	1,069,368	1,069,368	1,069,368
Due to Banks and Financial Institutions	21	-	-	1,368,427	1,368,427	1,368,427
Other Short-Term deposits	21	-	-	1,333,947	1,333,947	1,333,947
Money Market Instruments	23	-	939,484	-	939,484	939,484
Other Liabilities	24	-	-	508,272	508,272	508,272
Total at 31/12/2010		-	939,484	4,280,014	5,219,498	5,219,498

iv. Liabilities

The Group 2009

	Notes	Trading GH¢000	Designated at Fair Value through P&L GH¢000	Financial Liabilities at amortised cost GH¢000	Total Carrying Amount GH¢000	Fair Values GH¢000
Government Deposits	21	-	-	1,556,744	1,556,744	1,556,744
Due to Banks and Financial Institutions	21	-	-	1,593,322	1,593,322	1,593,322
Other Short-Term deposits	21	-	-	849,636	849,636	849,636
Money Market Instruments	23	-	790,237	-	790,237	790,237
Other Liabilities	24	-	-	285,862	285,862	285,862
Total at 31/12/09		-	790,237	4,285,564	5,075,801	5,075,801

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

30. RELATED PARTY TRANSACTIONS

Transactions with Government of Ghana/IMF

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

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

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

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

Government Bank Accounts

Government budget organisations and other government organisations have normal customer banking arrangements with the Bank.

Key management personnel compensation for the period comprised

The Bank

	2010	2009
	GH¢'000	GH¢'000
Short-term employee benefits	624	436
Termination Benefit	276	219
Post-employment benefits	<u>124</u>	<u>99</u>
	<u>1,024</u>	<u>754</u>

31. RISK MANAGEMENT DISCLOSURES

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

The Bank manages its activities by type of risk involved and on the basis of the categories of investments held.

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

♦ **Credit Risk**

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONTINUED)

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

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

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

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. To manage the level of credit risk, the Bank deals with counter parties of good credit standing. The credit risk on debt instruments is evaluated at one of the two highest quotations of two internationally acknowledged credit rating agencies.

Exposure to Credit Risks

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

	The Bank		The Group	
	2010 GH¢'000	2009 GH¢'000	2010 GH¢'000	2009 GH¢'000
Loans and advances	1,058,367	1,530,936	2,241,600	2,542,520
Cash and cash equivalent	<u>1,650,021</u>	<u>257,200</u>	<u>1,283,190</u>	<u>281,676</u>
	<u>2,708,388</u>	<u>1,788,136</u>	<u>3,524,790</u>	<u>2,824,196</u>

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONTINUED)

♦ **Liquidity Risk**

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

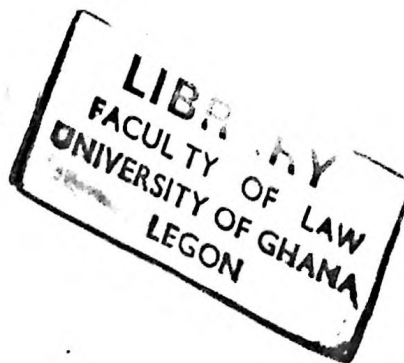
The Group usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

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

The following are contractual maturities of financial liabilities:

a. **The Bank 2010**

	Amount GH¢'000	3 months or less GH¢'000	3 to 6 months GH¢'000
Non-derivative Financial Liabilities			
Government Deposits	1,069,368	1,069,368	
Deposits by banks and Financial Institutions	1,361,563	1,361,563	
Other short term Deposits	885,731	885,731	
Money Market Instruments	941,879	365,675	576,204
Other Liabilities	475,406	475,406	
Balance at 31/12/10	<u>4,733,947</u>	<u>4,157,743</u>	<u>576,204</u>



BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONTINUED)

The Bank 2009

	Amount GH¢'000	6 months or less GH¢'000	3 to 6 months GH¢'000
Non-derivative Financial Liabilities			
Government Deposits	1,556,744	1,556,744	-
Deposits by banks and Financial Institutions	955,928	955,928	-
Other short term Deposits	383,027	383,027	-
Money Market Instruments	790,237	214,032	576,205
Other Liabilities	<u>266,013</u>	<u>266,013</u>	<u>-</u>
Balance at 31/12/09	<u>3,951,949</u>	<u>3,375,744</u>	<u>576,205</u>

b. The Group 2010

	Amount GH¢'000	3mths or less GH¢'000	3 to 6 months GH¢'000
Non-derivative Financial Liabilities			
Government Deposits	1,069,368	1,069,368	-
Deposits by banks and Financial Institutions	1,368,427	1,368,427	-
Other short term Deposits	1,333,947	1,333,947	-
Money Market Instruments	<u>939,484</u>	<u>363,280</u>	<u>576,204</u>
Balance at 31/12/10	<u>4,711,226</u>	<u>4,135,022</u>	<u>576,204</u>

The Group 2009

	Amount GH¢'000	3mths or less GH¢'000	3 to 6 months GH¢'000
Non-derivative Financial Liabilities			
Government Deposits	1,593,322	1,593,322	-
Deposits by banks and Financial Institutions	849,636	849,636	-
Other short term Deposits	<u>790,237</u>	<u>214,032</u>	<u>576,205</u>
Money Market Instruments	<u>3,233,195</u>	<u>2,656,990</u>	<u>576,205</u>
Balance at 31/12/09			

♦ **Market Risk**

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

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have increased/decreased profit or loss by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2009.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31-Dec-10		
Average for the Period	(8,430)	8,430
Maximum for the Period	6,908	(6,908)
Minimum for the Period	(10,345)	10,345
31-Dec-09		
Average for the Period	1,089	(1,089)
Maximum for the Period	1,782	(1,782)
Minimum for the Period	692	(692)

♦ **Interest Rate Risk**

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

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

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

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

MATURITY PROFILE ANALYSIS-Liquidity Risk

The Bank 2010

	Up to 1 mth Gh c '000	Between 1-3 months Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation						
Allocations of Special					3,262,719	3,262,719
Drawing Rights	801,194					801,194
Deposits	3,316,662					3,316,662
Liabilities to IMF						
Liabilities under Money				576,440	835,462	1,411,902
Market Operations	8,275	12,760		920,844		941,879
Other Liabilities	3,550	0		0	471,856	475,406
Total	4,129,681	12,760		1,497,284	4,570,037	10,209,762

The Bank 2009

	Up to 1 mth Gh c '000	Between 1-3 months Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation	-	-	-	-	2,343,798	2,343,798
Allocations of Special						
Drawing Rights	797,054	-	-	-	-	797,054
Deposits	2,895,699	-	-	-	-	2,895,699
Liabilities to IMF	-	-	152,092	1,050,110	-	1,202,202
Liabilities under Money						
Market Operations	369,098	28,929	86,284	305,926	-	790,237
Other Liabilities	116,917	-	-	-	149,096	266,013
Total	4,178,768	28,929	238,376	1,356,036	2,492,894	8,295,003

The Group 2010

	Up to 1 mth Gh c '000	BC/n 1 mth & 3 mths Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	>5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation					3,262,719	3,262,719
Allocations of Special						
Drawing Rights	801,194					801,194
Deposits	3,204,014	493,283	74,445			3,771,742
Liabilities to IMF				576,440	835,462	1,411,902
Provision for corporation tax				4,031		4,031
Liabilities under Money				920,844		939,484
Market Operations	8,275	10,365		7,722	447,865	508,272
Other Liabilities	3,550	49,135				
Deferred Income						
Total	4,017,033	552,783	74,445	1,509,037	4,546,046	10,699,344

The Group 2009

	Up to 1 mth Gh c '000	BC/n 1 mth & 3 mths Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	>5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation					2,343,798	2,343,798
Allocations of Special						
Drawing Rights	797,054		65,229			797,054
Deposits	3,388,412	546,061	152,092	1,050,110		3,999,702
Liabilities to IMF						1,202,202
Liabilities under Money						
Market Operations	369,098	28,929	86,283	305,927		790,237
Other Liabilities		35,216	32,133	1,750	216,763	285,862
Deferred Income			306	1,530	625	2,461
Total	4,554,564	610,206	336,043	1,359,317	2,561,186	9,421,316

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have increased/decreased profit or loss by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2009.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31-Dec-10		
Average for the Period	(8,430)	8,430
Maximum for the Period	6,908	(6,908)
Minimum for the Period	(10,345)	10,345
31-Dec-09		
Average for the Period	1,089	(1,089)
Maximum for the Period	1,782	(1,782)
Minimum for the Period	692	(692)

♦ **Interest Rate Risk**

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

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

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

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

MATURITY PROFILE ANALYSIS-Liquidity Risk

The Bank 2010

	Up to 1 mth Gh c '000	Between 1-3 months Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation						
Allocations of Special Drawing Rights					3,262,719	3,262,719
Deposits	801,194					801,194
Liabilities to IMF	3,316,662					3,316,662
Liabilities under Money Market Operations				576,440	835,462	1,411,902
Other Liabilities	8,275	12,760		920,844		941,879
	<u>3,550</u>	<u>0</u>		<u>0</u>	<u>471,856</u>	<u>475,406</u>
Total	<u>4,129,681</u>	<u>12,760</u>		<u>1,497,284</u>	<u>4,570,037</u>	<u>10,209,762</u>

The Bank 2009

	Up to 1 mth Gh c '000	Between 1-3 months Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation						
Allocations of Special Drawing Rights					2,343,798	2,343,798
Deposits	797,054					797,054
Liabilities to IMF	2,895,699					2,895,699
Liabilities under Money Market Operations			152,092	1,050,110		1,202,202
Other Liabilities	369,098	28,929	86,284	305,926		790,237
	<u>116,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,096</u>	<u>266,013</u>
Total	<u>4,178,768</u>	<u>28,929</u>	<u>238,376</u>	<u>1,356,036</u>	<u>2,492,894</u>	<u>8,295,003</u>

The Group 2010

	Up to 1 mth Gh c '000	BC/n 1 mth & 3 mths Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	>5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation					3,262,719	3,262,719
Allocations of Special Drawing Rights	801,194					801,194
Deposits	3,204,014	493,283	74,445			3,771,742
Liabilities to IMF				576,440	835,462	1,411,902
Provision for corporation tax				4,031		4,031
Liabilities under Money Market Operations	8,275	10,365		920,844		939,484
Other Liabilities	3,550	49,135		7,722	447,865	508,272
Deferred Income						
Total	<u>4,017,033</u>	<u>552,783</u>	<u>74,445</u>	<u>1,509,037</u>	<u>4,546,046</u>	<u>10,699,344</u>

The Group 2009

	Up to 1 mth Gh c '000	BC/n 1 mth & 3 mths Gh c '000	B/n 3 mths & 1 yr Gh c '000	B/n 1 yr & 5 yrs Gh c '000	>5years Gh c '000	Total GHC '000
LIABILITIES						
Currency in Circulation						
Allocations of Special Drawing Rights						797,054
Deposits	797,054		65,229			3,999,702
Liabilities to IMF	3,388,412	546,061	152,092	1,050,110		1,202,202
Liabilities under Money Market Operations			86,283	305,927		790,237
Other Liabilities	369,098	28,929	32,133	1,750	216,763	285,862
Deferred Income		35,216	306	1,530	625	2,461
Total	<u>4,554,564</u>	<u>610,206</u>	<u>336,043</u>	<u>1,359,317</u>	<u>2,561,186</u>	<u>9,421,316</u>

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

INTEREST RATE REPRICING ANALYSIS

The Bank 2010	3 mths or less GHC'000	B/n 3 & 12 mths GHC'000	Over 1 yr GHC'000	Non Interest bearing GHC'000	TOTAL GHC'000	2009 GHC'000
ASSETS						
Cash and Amounts due from Banks	1,606,189			43,832	1,650,021	257,200
Gold		197,247		381,108	578,355	441,828
Balances with IMF		1,495,006			1,495,006	1,487,700
Securities	3,836,619	118,583	1,014,746	348,740	5,318,689	4,800,998
Loans and Advances				1,058,367	1,058,367	1,530,936
Other Assets				842,907	842,907	300,529
Property, Plant and Equipment				167,039	167,039	118,704
Development Loans and Investments				120,346	120,346	108,263
Total Assets	5,442,809	1,810,835	1,014,746	2,962,340	11,230,730	9,046,158
LIABILITIES						
Currency in Circulation				3,262,719	3,262,719	2,343,798
Allocations of Special Drawing Rights				801,194	801,194	797,054
Deposits				3,316,662	3,316,662	2,895,699
Liabilities to IMF		1,411,902			1,411,902	1,202,202
Liabilities under Money Market Operations		941,879			941,879	790,237
Other Liabilities		0		475,406	475,406	266,013
Total Liabilities		2,353,781		7,855,980	10,209,762	8,295,003
						(755,155)
Assets-Liability Gap	5,442,809	(542,945)	1,014,746	(4,893,640)	1,020,969	257,200
The Bank 2009						
ASSETS						
Cash and Amounts due from Banks	191,353					
Gold						
Balances with IMF		149,281		65,846	257,200	269,028
Securities		1,485,488		292,547	441,828	294,075
Loans and Advances	3,109,914	70,620	1,200,723	2,213	1,487,700	688,485
Other Assets				423,741	4,800,998	3,478,779
Property, Plant and Equipment				1,530,936	1,530,936	542,245
Development Loans and Investments				300,529	300,529	381,654
				118,704	118,704	116,020
Total Assets	3,301,267	1,705,389	1,200,723	108,263	108,263	5,084
LIABILITIES						
Currency in Circulation				2,842,779	9,046,158	5,775,370
Allocations of Special Drawing Rights						
Deposits				2,343,798	2,343,798	1,896,111
Liabilities to IMF				797,054	797,054	117,111
Liabilities under Money Market Operations		1,202,202		2,895,699	2,895,699	1,619,997
Other Liabilities		790,237			1,202,202	872,624
Total Liabilities		1,992,439		266,013	790,237	244,792
					266,013	482,205
Assets-Liability Gap	3,301,267	(287,050)	(1,200,723)	6,302,564	8,295,003	5,232,840
					(755,155)	(542,530)

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

INTEREST RATE REPRICING ANALYSIS

The Group 2010

	3 mths or less GHC'000	B/n 3 & 12 mths GHC'000	Over 1 yr GHC'000	Non-interest bearing GHC'000	TOTAL GHC'000	2009 GHC'000
ASSETS						
Cash and Amounts due from Banks	1,206,109			77,081	1,283,190	281,676
Gold		197,247		381,108	578,355	441,828
Balances with IMF		1,495,006			1,495,006	1,487,700
Securities	3,522,796	205,255	1,044,512	348,740	5,121,303	5,021,178
Loans and Advances	945,774	123,322	114,136	1,058,367	2,241,599	2,542,520
Other Assets				858,502	858,502	312,642
Property, Plant and Equipment				194,698	194,698	143,557
Development Loans and Investments				54,595	54,595	50,163
Deferred Tax Assets	-	-	-	179	179	162
Total Assets	5,674,679	2,020,830	1,158,648	2,973,270	11,827,427	10,281,426
LIABILITIES						
Currency in Circulation	-			3,262,719	3,262,719	2,343,798
Allocations of Special Drawing Rights	-			801,194	801,194	797,054
Deposits	394,709	68,760		3,308,272	3,771,742	3,999,702
Liabilities to IMF		1,411,902			1,411,902	1,202,202
Provision for corporation tax				4,031	4,031	1,505
Liabilities under Money Market Operations		939,484			939,484	790,237
Other Liabilities				508,272	508,272	285,862
Deferred Income	-	-	-	-	-	2,461
Total Liabilities	394,709	2,420,146	-	7,884,488	10,699,344	9,422,821
Assets-Liability Gap	5,279,970	(399,316)	1,158,647	(4,911,218)	1,128,083	858,605

The Group 2009

	3 mths or less GHC'000	B/n 3 & 12 mths GHC'000	Over 1 yr GHC'000	Non-interest bearing GHC'000	TOTAL GHC'000	2008 GHC'000
ASSETS						
Cash and Amounts due from Banks	215,828			65,848	281,676	111,029
Gold		149,281		292,547	441,828	294,075
Balances with IMF		1,485,488		2,212	1,487,700	688,485
Securities	3,233,992	120,541	1,226,429	440,216	5,021,178	3,633,248
Loans and Advances	825,939	78,407	107,238	1,530,846	2,542,520	1,223,855
Other Assets				312,642	312,642	376,715
Property, Plant and Equipment				143,557	143,557	140,417
Development Loans and Investments				50,163	50,163	162
Deferred Tax Assets				162	162	164
Total Assets	4,275,759	1,833,717	1,333,667	2,838,283	10,281,426	6,468,150
LIABILITIES						
Currency in Circulation	-			2,343,798	2,343,798	1,896,111
Allocations of Special Drawing Rights	-			797,054	797,054	117,111
Deposits	490,928	65,229		3,443,545	3,999,702	2,208,097
Liabilities to IMF		1,202,202			1,202,202	872,624
Liabilities under Money Market Operations		790,237			790,237	244,792
Other Liabilities				285,862	285,862	514,365
Deferred Income	-	-	-	2,461	2,461	2,767
Total Liabilities	490,928	2,057,668	-	6,872,720	9,421,316	5,855,867
Non-controlling	490,928	2,057,668	-	52,822	52,822	37,939
Total liabilities and NCI	490,928	2,057,668	-	6,925,542	9,474,138	5,893,806
Assets-Liability Gap	3,784,831	(223,951)	1,333,667	(4,087,259)	912,932	650,222

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

INTEREST RATE REPRICING ANALYSIS

◆ **Currency Risk**

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

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

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

The foreign currency exposures are as follows:

CURRENCY EXPOSURE ANALYSIS

The Bank

ASSETS	December 2010 GH¢'000	December 2009 GH¢'000
Cedi		
US Dollar	3,543,441	5,752,042
Pound Sterling	5,688,605	1,452,947
Euro	244,536	17,438
Special Drawing Rights	143,416	164,050
Others	1,495,006	1,618,172
Total	<u>115,726</u>	<u>41,509</u>
LIABILITIES & EQUITY	<u>11,230,730</u>	<u>9,046,158</u>
Cedi		
US Dollar		
Pound Sterling	(8,328,745)	6,290,450
Euro	(1,097,632)	1,003,623
Special Drawing Rights	(47,590)	45,017
Others	(41,310)	41,164
Total	<u>(1,636,656)</u>	<u>1,621,187</u>
	<u>(78,797)</u>	<u>44,717</u>
NET POSITION	<u>(11,230,730)</u>	<u>9,046,158</u>
Cedi		
US Dollar		
Pound Sterling	(4,785,304)	(538,408)
Euro	4,590,973	449,324
Special Drawing Rights	196,946	(27,579)
Others	102,106	122,886
Total	<u>(141,650)</u>	<u>(3,015)</u>
	<u>36,929</u>	<u>(3,208)</u>

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

CURRENCY EXPOSURE ANALYSIS

The Group

	December 2010 GH¢'000	December 2009 GH¢'000
ASSETS		
Cedi	3,535,931	6,079,896
US Dollar	5,688,605	2,019,464
Pound Sterling	848,743	287,886
Euro	143,416	231,775
Special Drawing Rights	1,495,006	1,618,172
Others	<u>115,726</u>	<u>44,233</u>
Total	<u>11,827,427</u>	<u>10,281,426</u>
LIABILITIES & EQUITY		
Cedi	(8,336,252)	6,618,304
US Dollar	(1,097,632)	1,626,451
Pound Sterling	(636,780)	256,695
Euro	“(41,310)	111,312
Special Drawing Rights	(1,636,656)	1,621,187
Others	<u>(78,797)</u>	<u>47,477</u>
Total	<u>(11,827,427)</u>	<u>10,281,426</u>
NET POSITION		
Cedi	(4,800,321)	(538,408)
US Dollar	4,590,973	393,013
Pound Sterling	211,963	31,191
Euro	102,106	120,463
Special Drawing Rights	(141,650)	(3,015)
Others	<u>36,929</u>	<u>(3,244)</u>

The following significant exchange rates applied during the year:

Currency	Average rate		Closing Rate	
	2010 GH¢	2009 GH¢	2010 GH¢	2009 GH¢
US Dollar	1.42340	1.4132	1.4699	1.4270
GBP	2.19166	2.2025	2.2929	2.3077
EURO	1.89176	1.9620	1.9688	2.0448
SDR	2.16930	2.2048	2.2524	2.2524

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

31. RISK MANAGEMENT DISCLOSURES (CONT'D)

Sensitivity Analysis

A 10% strengthening of the Ghana Cedi against the following currencies at 31 December will have increased (decreased) profit or loss by the amount shown below.

This analysis assumes that all other variables, in particular interest rates remains constant. The analysis is performed on the same basis for 2008.

	Profit or (loss)
	GH¢'000
31 December 2010	(459,097)
US Dollar	(19,694)
GBP	(10,211)
EURO	14,165
SDR	
31 December 2009	Profit or (loss)
	GH¢'000
US Dollar	(44,932)
GBP	2,758
EURO	(12,289)
SDR	301

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

◆ **Capital Management**

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

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

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

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

32. NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(a) The Bank

	2010 GHC'000	2009 GHC'000
Surplus for the year	109,962	295,626
Change in Other Assets	(542,378)	81,126
Change in Other Liabilities	184,402	(216,193)
Depreciation	12,485	14,523
Movement in Reserves	130,931	(87,000)
Change in Deposit Accounts	420,963	1,275,702
Change in Advances	472,569	(988,691)
Price change in Gold	(136,528)	(147,754)
Exchange gain on cash & cash equivalent	-	30,161
Change in Securities	(517,691)	(1,322,219)
Net cash inflows/(outflows) from operating activities	<u>134,715</u>	<u>(1,125,041)</u>

(b) The Group

Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	2010 GHC'000	2009 GHC'000
Surplus for the year	121,466	302,934
Change in Other Assets	(545,860)	75,863
Change in Other Liabilities	194,952	(228,504)
Change in Reserves	9,061	(56,330)
Depreciation	16,757	18,329
Profit/loss on Sale of Property, Plant & Equipment	298	10
Write off	6,103	-
Change in Deposit Accounts	(227,960)	1,791,605
Change in Advances	300,920	(1,318,665)
Change in Advances	111,801	(147,753)
Price change in Gold	-	31,084
Exchange gain on cash & cash equivalent	(236,652)	(1,387,930)
Change in Securities	(249,106)	(981,525)
Net cash inflows/(outflows) from operating activities	<u>(249,106)</u>	<u>(981,525)</u>

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

33. DEPARTURES FROM IFRS

The following represent material departure from IFRS to comply with Bank of Ghana Act.

(a) Treatment of Exchange Differences on Specified Balances

As discussed in Note 3(f), net unrealised foreign exchange gain of GH¢128 million (2009: GH¢96 million) on gold, Special Drawing Rights (SDRs) with the International Monetary Fund or holdings of foreign securities were charged directly to Revaluation Account included in other assets under note 17 in accordance with requirement under Section 7 of the Bank of Ghana Act, 2002 (Act, 612) instead of the income statement as required by IAS 21.

The impact of the departure stated above on the financial statements is shown below:

	The Bank		The Group	
	2010	2009	2010	2009
	GH¢	GH¢	GH¢	GH¢
Income Statement				
Surplus for the year	109,962	295,626	121,466	290,755
Exchange gain/(loss) charged to Revaluation Account	<u>128,337</u>	<u>96,657</u>	<u>112,507</u>	<u>96,657</u>
Surplus/(Deficit)- for the year restated	<u>238,299</u>	<u>392,283</u>	<u>233,973</u>	<u>387,412</u>
Equity/Net Assets				
Net assets reported	1,020,968	751,155	1,069,960	858,605
Restatements per above	<u>128,337</u>	<u>96,657</u>	<u>112,507</u>	<u>96,657</u>
Net assets re-stated	<u>1,149,305</u>	<u>847,812</u>	<u>1,182,467</u>	<u>955,262</u>

34. RETROSPECTIVE CORRECTION OF ERROR

The restatement in Other Reserves (Note 28) represents additional provision for Pension Liability in the current year in respect of under provision in the prior years. As it is impracticable to determine the period's specific effect of this adjustment, this has been effected on the opening balance of Other Reserves for 2010.

The effect on the financial statement is summarized below.

Effect on 2010

	The Bank GH¢'000	The Group GH¢'000
Other Reserves	841,772	841,764
Additional Provision for Pension Fund	<u>25,000</u>	<u>25,000</u>
Restated balance at 1 January 2010	<u>866,772</u>	<u>866,764</u>

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

35. *Relevant Standards, Amendments & Interpretations that have been issued but not yet effected*

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This listing is of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date. The Bank intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduced a partial exemption of disclosure requirements for government related entities. The company does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the Boards work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in mid 2011. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets. However, the Bank determined that the effect shall be quantified in conjunction with the other phases when issued to present a comprehensive picture.

The Board had previously decided to retain the existing IAS 39 classification and measurement requirements for financial liabilities not designated at fair value through profit or loss using the Fair Value Option (FVO) (i.e., financial liabilities at amortised cost and held for trading liabilities). The Board also decided to retain the criteria within IAS 39 for using the FVO for financial liabilities. As a result, the changes resulting from the Amendments only affect the measurement of FVO liabilities. All other requirements in IAS 39 in respect of liabilities are carried forward into IFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Amendments.

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (OCI). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

The Amendments prohibit any recycling through profit or loss of amounts recognised in OCI upon derecognition of the liability. Instead, these amounts may be transferred to retained earnings upon derecognition. This is similar to the treatment of fair value changes on equity investments designated as fair value through OCI.

Liabilities arising from certain derivatives on unquoted equity instruments will no longer be able to be measured at cost and will be required to be measured at fair value.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding

BANK OF GHANA AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Company.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Company.

IAS 12: Income tax

The amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted.

The amendments required that:

- Deferred tax on investment property measured at fair value is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale
- The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale
- Deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 will always be determined on a sale basis

IFRS 7: New disclosures for derecognition of financial instruments

The amendment impact an entity who have "transferred" assets as defined in IAS 39. If the transfer results in the derecognition of the transferred assets in their entirety and the entity have continuing involvement in the derecognised assets then the entity must disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. If the transfer does not result in the derecognition of the transferred assets in their entirety, then disclosures needs to be made that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Bank:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

The Bank however, expects no impact from the adoption of the amendments on its financial position or performance.

LIBRARY
FACULTY OF LAW
UNIVERSITY OF GHANA
LECON



PRINTED BY THE GHANA PUBLISHING COMPANY LIMITED, ASSEMBLY PRESS, BARNES ROAD, P.O. BOX 124, ACCRA, GHANA.
GPC/L/A229/280/4/2011 Website: www.ghanapublishingcompany.com Email: info@ghanapublishingcompany.com