Standard Chartered

Annual Report 2016

Driving investment, trade and the creation of wealth in Ghana

Notice and Agenda

Notice is hereby given that the Annual General Meeting of Standard Chartered Bank Ghana Limited will be held at the National Theatre, opposite the Efua Sutherland Children's Park, Accra on Tuesday June 6, 2017 at 11.00 a.m for the ordinary business of the Company.

Agenda

1. To receive and consider the reports of the directors and auditors, the balance sheet as at December 31, 2016 together with the profit and loss and income surplus accounts for the year ended on that date.

2. To declare a dividend for the year ended December 31, 2016.

3. To elect a director.

4. To approve directors' remuneration.

5. To approve the remuneration of the auditors.

Special Business

6. To consider and approve the directors' recommendation to transfer GH¢60 million from retained earnings to stated capital in order to comply with the minimum capital requirement as required by the Banks and Specialised Deposit Taking Institutions Act 2016, (Act 930) and in line with Section 66 (1c) of the Company's Act 1963, (Act 179).

Dated this 24th day of February, 2017

BY ORDER OF THE BOARD

ANGELA NAA SAKUA OKAI
(COMPANY SECRETARY)

Note: A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such a proxy need not be a member of the Company. A form of proxy is attached. (Please see page 105 of the report)

Unless otherwise stated, "The Group" or "Group" used in this document refers to Standard Chartered PLC.

For more information please visit sc.com/gh

Follow Standard Chartered Bank Ghana Ltd. on

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Ghana at a glance

Who we are and how we have performed in 2016

About us

Standard Chartered Bank Ghana Limited is Ghana's premier bank drawing its history from the Bank of British West Africa established in 1896. Our heritage and values are expressed in our brand promise, Here for good. The Bank is made up of client segments supported by business functions.

Standard Chartered Bank Ghana Limited is listed on the Ghana Stock Exchange (GSE). The Board is chaired by Mr. Ishmael Yamson. The Management Team is led by Chief Executive, Mansa Nettey and supported by Chief Financial Officer, Kweku Nimfah-Essuman.

Ishmael Yamson | Mansa Nettey | Kweku Nimfah-Essuman

Operating Income GH¢ 620.78m

Profit before taxation GH¢ 345.60m

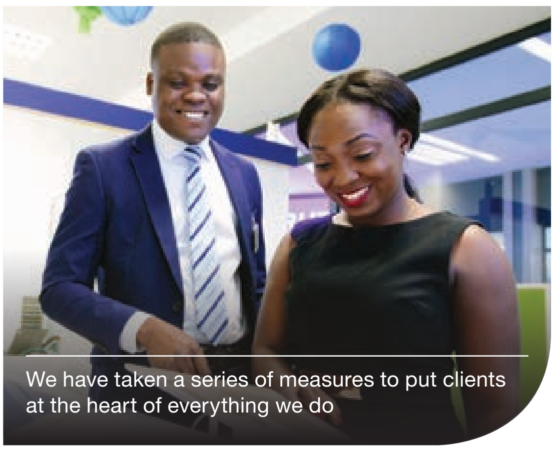
Common Equity Tier 1 ratio 21.59%

Earnings per share GH¢1.92

Our client segments

We have three client segments: Corporate & Institutional Banking with clients supported by relationship managers with global oversight.

Commercial Banking and Retail Banking are run locally with global oversight of segment strategy, systems and products. Clients are served by relationship managers with deep knowledge of the market.



We have taken a series of measures to put clients at the heart of everything we do

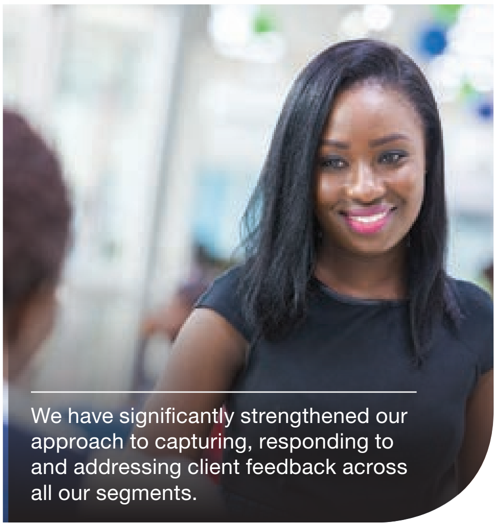
Corporate & Institutional Banking GH¢ 374.24m Operating income

Commercial Banking GH¢ 60.17m Operating income

Retail Banking GH¢ 179.13m Operating income

Our business functions

The client segments are supported by six business functions which work together to ensure the day-to-day operations run smoothly and are compliant with banking regulations.



We have significantly strengthened our approach to capturing, responding to and addressing client feedback across all our segments.

FINANCE
Manage the finances of the Bank, with complete oversight over the balance sheet and operating profit.

IT AND OPERATIONS
Responsible for the operation, systems development and technology infrastructure.

LEGAL
Identifies, manages and mitigates legal-related risk and provides legal support to the business to help it deliver on the strategic objectives.

CORPORATE AFFAIRS AND BRAND AND MARKETING
Responsible for promoting and protecting the Bank's reputation.

RISK AND COMPLIANCE
Responsible for the sustainability of our business through good management of risk across the Bank. Ensuring that business is conducted in line with regulatory expectations.

HUMAN RESOURCES
Recruits and builds talent while providing learning and development opportunities to motivate employees.

Chairman's statement

> *The 2016 results clearly show that we have made great strides in the execution of our strategy putting the business back on a growth trajectory in line with trends our shareholders are used to*

Distinguished Shareholders, Ladies and Gentlemen, it is my pleasure to welcome you to the 2016 Annual General Meeting and to present to you the Standard Chartered Bank Ghana Limited Annual Report and Financial Statements for the year ended 31 December 2016.

In 2015, the Bank globally and in Ghana undertook major strategic revisions to respond to the changing risk models of the banking industry and to reposition the business for growth. Following two years of slow growth, we embarked on a strategy to restore the Bank's operating performance to an attractive growth trajectory.

The year under review was a challenging one following the severe macroeconomic challenges from the preceding two years. The impact of low global commodity prices and low oil and gold production, the flow through effects of the Government's fiscal consolidation programme, the tightening of the monetary policy by the Central Bank and uncertainties in the run up to the general elections led to a general slowdown in business activities and an adverse impact on banks.

The various strategic actions we initiated to improve the resilience of our business to external shocks including tightening of our risk and control measures have positively impacted our results.

The 2016 results clearly show that we have made great strides in the

Dividend per share

2016: GH¢1.12 2015: GH¢0.37

execution of our strategy putting the business back on a growth trajectory in line with trends our shareholders are used to.

Business Performance

The Management Team in 2016 took clear actions to drive business growth. Actions included restructuring and recovering of impaired assets, taking a conservative approach to asset growth, driving operational efficiencies while maintaining strong capital and liquidity. These actions delivered positive returns.

Profit before tax increased by 279 per cent to GH¢346 million from GH¢91 million in 2015. This is on the back of increased revenue and continuous cost efficiency measures implemented throughout the year. Earnings per share grew by 256 per cent to GH¢1.92 from GH¢0.54 in 2015.

The Management Team is committed to building on the foundations laid in 2016 by ensuring that clients remain at the center of our coverage and raising the bar on conduct.

Dividend

The Board is committed to ensuring continuous generation of sufficient returns to our shareholders and to create shareholder value. In doing this, we must underscore the need to balance returns with investment into the business to ensure sustained future growth. We understand the importance of dividend to our shareholders and as the business showed significant growth in 2016, the Board is recommending a much higher dividend at GH¢1.12 per share compared to GH¢0.37 per share paid out last year.

Board Changes

In 2016, Mr. Herbert Morrison stepped down from the Board. Mr. Kweku Nimfah-Essuman was appointed Executive Director of the Bank by the Board in November 2016, following his appointment as Chief Financial Officer of the Bank to replace Mr. Dayo Omolokun. More recently, Mr. Kweku Bedu-Addo has stepped down from the Board following his appointment as Chief Executive of Standard Chartered Bank South Africa and Southern Africa Region.

The Board has appointed Mrs. Mansa Nettey as the Chief Executive and Managing Director of the Bank to replace Mr. Kweku Bedu-Addo. Her appointment takes effect from March 1, 2017.

The Bank's 120th Anniversary

2016 marked the Bank's 120th anniversary in Ghana. From June 1896 with one branch in Accra when, this Bank began operating in the Gold Coast as the Bank of British West Africa we have supported productive sectors of the economy including mining, manufacturing, trade and lately petroleum with our capital, knowledge and expertise. We held a number of activities to mark the anniversary celebrations which included:

• A high profile public lecture under the theme "120 years of commercial banking in Ghana; What next?". The well attended lecture had Professor Kwesi Botchwey, former Chairman of the National Development Planning Commission and former Finance Minister as the key note speaker with Mr. Yaw Osafo-Maafo; Senior Minister and Mr. Alex Ashiagbor former Governor of the Central Bank (1977 - 1982) as members of a panel.

• Client appreciation event for about 150 of the Bank's key clients where we presented some of our clients with awards for their loyalty and long standing relationship with the Bank.

• A special Employee Volunteering event was held as part of our community engagement agenda. We chose the Ayalolo Cluster of Schools where our staff shared their knowledge in Financial Literacy and Sanitation. There was also special eye screening held for the students of the school.

Sustainability

Given our heritage and legacy, operating in Ghana for 120 years, the Bank plays a vital role in promoting social and economic development in Ghana. Our sustainability agenda is integrated into how we do business focusing on three priorities; contributing to sustainable economic growth, being a responsible company and investing in communities.

We continue to collaborate with our partners to deliver programmes focused on health and education in our communities. In 2016 our staff contributed 1,042 volunteering days. Our flagship programme; Seeing is Believing provides funds to tackle avoidable blindness. In 2016 through fundraising and bank matching from Staff and public donations the Group invested GH¢1 million to support SiB programmes in Ghana. These programmes have impacted over 7 million people across 35 districts in Ghana.

We focus on building financial capability of youth through our Financial Education programme. In 2016 working with Senior High Schools and our communities we reached 2,991 young people including 46 per cent girls in financial literacy.

Summary

The external operating environment remains uncertain. The banking sector continues to evolve impacted by increasingly stringent local and global regulations coupled with rapid technological advancement.

Our outlook on 2017 remains one of cautious optimism. There is renewed investor confidence in Ghana's economy. Ghana's projected economic growth for 2017 is 6.3 per cent largely driven by increased oil production and its associated revenue targets, and the Government is pursuing aggressive growth over the medium to long term with focus on infrastructure development and increased energy production to boost the manufacturing sector. The Bank is well positioned to take advantage of the opportunities presented by the market.

The Board is confident that as market conditions improve the Bank's performance will show strong growth and maintain an upward trajectory in line with market expectations.

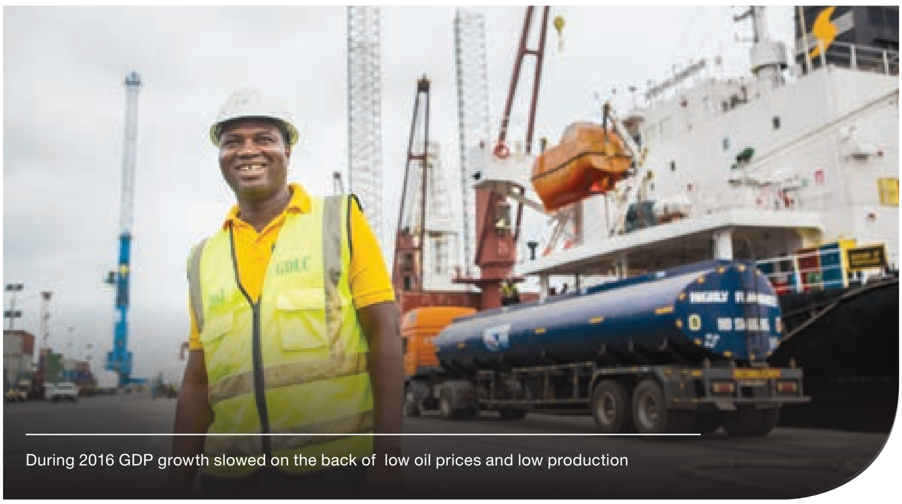
On behalf of the Board I would like to thank our clients for their loyalty to our brand and our staff for their dedication and focus in executing the strategy throughout this challenging period. We are also grateful to you; our shareholders for your support and commitment to the Bank.

Ishmael Yamson
Chairman

24 February, 2017

Economic environment

Ghana's economy faced significant headwinds in 2016, amidst a tight fiscal and monetary policy regime. Headline inflation peaked at 19.2 per cent in March and subsequently continued to trend downwards, closing the year at 15.3 per cent. The fiscal deficit (on a cash basis) deteriorated to an estimated 8.7 per cent of GDP against a target of 5.3 per cent of GDP, set under the International Monetary Fund supported programme. This was largely due to lower-than-expected oil and non-oil revenues, as well as expenditure overruns ahead of the 2016 general elections. As a result, earlier successes in reducing the public debt ratio were reversed, with the debt-to GDP ratio rising to 72.5 per cent of GDP at the end of 2016. The Monetary Policy Committee kept its benchmark rate tight at 26 per cent for the greater part of the year, despite the treasury yield curve dropping sharply lower by 300 basis points on average. Interest rate gains were mostly recorded on the back of a more constructive view by investors about Ghana's economic outlook. The Ghana Cedi's depreciation was contained in the first half of the year, with depreciation held at 2 per cent. A subsequent build up of demand saw the US Dollar (USD) to Ghana Cedi rates rise to GH¢4.29 (total depreciation of 12.01 per cent) by the end of the year.



During 2016 GDP growth slowed on the back of low oil prices and low production

The outlook for 2017

The Government promises to focus on economic growth in 2017, by implementing a number of tax reforms, promoting strong industrialisation and maintaining a more prudent debt management strategy. The Government is targeting a fiscal deficit of 6.5 per cent in 2017 and is projecting a 6.3 per cent GDP growth rate. Government revenues are expected to improve from higher oil prices and increased oil production with projected increase production at the Jubilee field after technical difficulties in 2016 and new output from TEN and Sankofa fields, should also help. Improved power availability and slower inflationary trends and expected reduction in interest rates should also drive faster growth. Private-sector credit growth should recover as firmer repayment plans are put in place and lower inflation allows for continued monetary easing. Ghana still faces significant fiscal risks, requiring a continued commitment to fiscal consolidation. Debt service cost reduction will be a key focus, with the Authorities looking to extend the domestic yield curve and create benchmark securities. Additionally, further reforms of public financial management will be a priority, especially in light of the slippages which occurred in the 2016 fiscal year.

Medium-term outlook

Emerging markets are likely to remain sensitive to US monetary and fiscal policy shocks, against a backdrop of increased anti-globalisation and anti-trade era. Global growth is likely to remain below pre-global financial crisis levels in the medium term. Ghana, on the other hand, is likely to benefit from increased oil and gas production as well as a possible oil price recovery. A stronger USD, together with higher US Treasury yields could pose downside risk for Ghana's ability to refinance upcoming maturing Eurobonds. Reflationary policies in developed markets that rely more on fiscal than monetary accommodation are likely to drive local currency bond yields higher, raising the risk premium that investors demand from less liquid Sub-Saharan Africa markets. This may be reflected in higher Sub-Saharan Africa Eurobond spreads. A favourable reform track record supporting a return to faster growth and sustainable fiscal trends would keep external markets open to potential future issues. However, should investors perceive faltering growth and a patchy commitment to reform, confidence is likely to take longer to return.

Business model

HOW WE AIM TO CREATE VALUE

The Bank is well positioned to serve the needs of our clients through our strategic actions. We have a robust business model structured to withstand market volatility. Our aim is to create shareholder value and a sustainable business.

We have a sustainable approach to business and we strive to achieve high standards of conduct...

Focusing on clients

We build and deepen long-term relationships with clients

Contributing to sustainable economic growth

We seek to ensure that our core business of banking supports sustainable growth

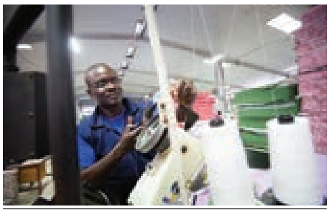
Being a responsible company

We commit to a strong conduct framework, ensuring fair outcomes for our stakeholders

Investing in communities

We work with our communities to promote social and economic development

...using a robust Risk Management Framework to maintain a stable organisation...



Risk management

We strive to manage our risks to build a sustainable business that is in the interest of all our stakeholders

Risk appetite

We take risk within our Board approved risk appetite levels, which set out the maximum amount of risk we are willing to take in pursuit of our strategy

Risk profile

We actively manage our risk profile to maintain low probability of an unexpected loss event that could materially undermine the confidence of our investors

Risk awareness

We seek to anticipate material future risks, learn lessons from past events that have produced adverse outcomes and ensure awareness of known risks

...so that we can use our strengths to offer our stakeholders a distinct proposition...

Strong brand

We are Ghana's premier bank and a member of a leading international Group with 120 year presence in the country. We have clear strategic objectives and a strong focus on client engagement

International network

We leverage our international network to provide our clients with access to markets, assets and capital

Local connectivity

We have a deep understanding of the local market having been in this market since 1896

Investment approach

We invest continously in our business and its systems to improve our services and drive long-term value for our stakeholders

Our people

We employ a diverse workforce who strive to do the right thing for our stakeholders

...through our three main client segments that are run on either a global or local basis...

Corporate and Institutional Banking

Corporate and Institutional Banking allows companies and financial institutions to operate and trade globally by serving them across markets

Retail Banking

Offers our priority, business and personal clients a full spectrum of banking solutions

Commercial Banking

Provides mid-sized companies with financial solutions and services that help them achieve their expansion and growth ambitions

...to provide banking solutions that meet the evolving needs of our clients...

Retail Products

Deposits, savings, credit cards, personal loans and other retail banking products

Wealth Management

Investments; portfolio management; insurance and advice; planning services; foreign exchange services.

Transaction Banking

Cash management; payments and transactions; securities holdings; and trade finance products

Corporate Finance

Financing; strategic advice; mergers and acquisitions; and equity

Financial Markets

Investment, risk management and debt capital markets

...to generate income, profits and return on equity...

Income

Net interest income, fee income and trading income

Profits

Income gained from providing our products and services, minus expenses, impairment and taxes

Return on equity

Profit generated relative to equity invested

...to create long-term value for a broad range of stakeholders.

Clients

We enable individuals to grow and protect their wealth. We help businesses to trade, transact, invest and expand. We also help a variety of financial institutions – including banks, public sector clients and development organisations – with their banking needs

Investors

We aim to deliver robust returns and long-term sustainable value for our investors

Society

We collaborate with our partners to promote social and economic development

Employees

We provide learning and development opportunities to create an engaged and values-driven team

Regulators and Governments

We engage with governing bodies to support the effective functioning of the financial system and the broader economy

How we do business

Good conduct is a priority for the Bank and we want all of our stakeholders to have a positive experience. One way to achieve this is by performing to the highest standards of conduct. This is a priority for both our stakeholders and the Bank.

Embedding good conduct

Our conduct agenda is governed by our conduct management framework which is factored into every decision we take. We are committed to engaging in ethical business practices. All employees receive mandatory conduct training. performance appraisals and reward is intrinsically linked to good conduct.

How we serve clients

During 2016 we continued to invest heavily in our digital platforms, providing additional ATMs and Cash Deposit Machines (CDMs) across our network. We also significantly increased our payment options on our award winning online banking platform and provided Touch ID log in access to our Standard Chartered mobile banking application (SC mobile). Our goal is to make the bank available to every client 24/7, providing easier and faster access to banking services at our client's convenience. With our online banking platform, SC mobile, ATMs, CDMs and top of the range Visa debit cards, we have made great strides in achieving this goal.

How we engage with clients

In 2016 we took a series of measures to further improve the way we engage with clients; simplifying the processes for receiving their feedback.

By introducing a toll-free number for our Client Care Centre, clients can now call us 24/7 at no personal cost on 0800740100, from mobile networks in Ghana. Clients are also encouraged to simply send an email to GH.StandardChartered@sc.com or Feedback.Ghana@sc.com, visit our website www.sc.com/gh or contact us on our online banking platform for all their feedback and enquiries, rather than having to be physically present at a branch. Client feedback is key to who we are and we remain committed to simplifying our processes and becoming easier to deal with.

How we serve society

Being Ghana's premier Bank, we have been at the forefront of financial market development. We support productive sectors of the economy and invest in the communities in which we operate.

Our local community engagement programmes include the Group flagship programme, Seeing is Believing (SiB) to eliminate avoidable blindness, financial Education, to build the capability of youth and entrepreneurs and Positive Living to create awareness on HIV and AIDS in our communities and our schools.

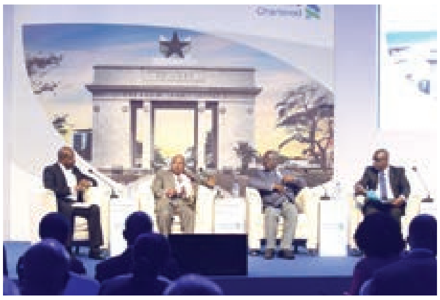
How we engage with society

Standard Chartered invested GH¢1 million to support SiB projects in Ghana from staff and public donations and bank matching. Working with a local NGO we are currently supporting 35 district hospital eye clinics across the 10 regions in Ghana. These projects have delivered eyecare interventions to over 1 million people and eye health education to over 7 million people nationwide.

Through our Financial Education programme we empower the youth and small businesses with basic financial knowledge. Working with schools our financial education programme reached 2,991 (46 per cent girls) young people in 2016.

Employees Volunteering at a Seeing is Believing community event

Staff taking young people through a Financial Education module.



120th Anniversary Public Lecture themed 120 years of banking in Ghana. What next?

How we serve employees

We are committed to creating a work environment that enables us to understand our employees' professional and emotional needs and create opportunities to fulfil those needs.

Throughout 2016, we provided numerous opportunities for development of our employees through targeted job rotations and short term assignments in other markets across the Group with the aim of helping employees to realise their full potential. We implemented other programmes, such as mentoring and role related buddying to enhance our leadership capability and improve team engagement and productivity.

We continue to view Diversity and Inclusion (D&I) as a critical piece for business success. In 2016, we launched the Flexibility Charter, aimed at providing more flexibility in the workplace without disrupting operational efficiency, as well as helping employees balance their work schedule and personal commitments.

We also organised Unconcious Bias workshops that focused on unique perspectives of individuals.

How we engage with employees

Employee engagement continues to be one of our key priority areas. We organised grade focused forums, where our employees explored the implications of complexities in the current business environment and the future of work, and at the same time empowering them with the requisite tools to make them relevant and efficient.

Building female talent was also an area of focus, and our distinctive 'Women in Leadership' and 'Women in Development' forums, provided valuable networking opportunities, gave insight into unique leadership experiences and exposure to women in the Bank.

Our Millennials make up about 60 per cent of our employees. Through sessions on self discovery, awareness and development, we aimed at leveraging on their strengths and abilities, while embracing their differences in worldview approach and values.

Targeted talent interventions were held with a view to increasing our leadership pipeline and building benchstrength.

How we serve regulators and governments

Standard Chartered Bank Ghana Limited in tandem with the Group, is absolutely committed to complying with regulations, directives and legislation applicable to the business in Ghana. Our commitment stems from the need to meet all regulatory obligations to ensure that the franchise operates within the regulatory framework that effectively supports the financial industry and the economy as a whole.

The Bank has had immense support and guidance from the Board of Directors to actualise its Governmental, Regulatory and Relationship Plan in a bid to support these relationships / engagements for mutual benefit. The Compliance function has the responsibility to identify all regulatory changes which affect the banking industry and ensure compliance of same.

How we manage regulators

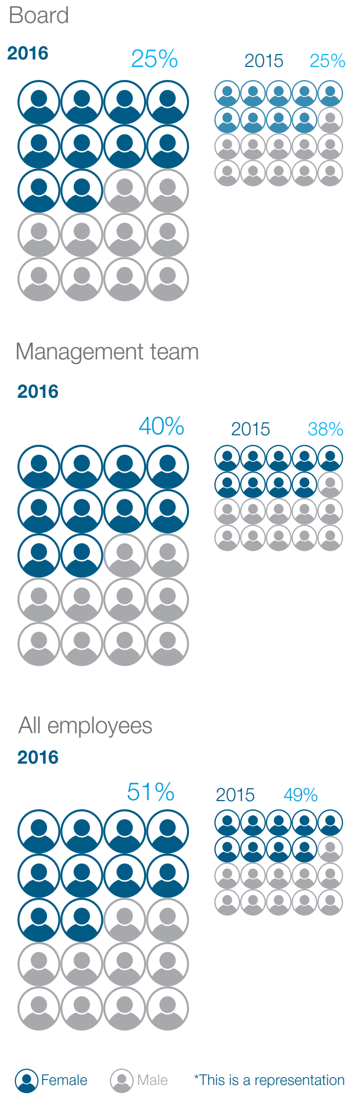
Our engagements with regulators, policy makers and government is one that is fostered in absolute cordiality. We continue to nurture these relationships and endeavour to widen the reach whenever possible, as it affords us the opportunity to develop and share best industry practice, as well as ensure we have consistent aapproach across Standard Chartered markets.

Financial Crime Risk Management

We have a robust financial crime risk management programme to mitigate financial crime such as bribery, corruption and money laundering. We continuously enhance our financial controls and provide training to all our employees and share best practice with our clients and stakeholders.

Standard Chartered Bank Ghana Limited's active participation in banking forums and our thought leadership continues to impact the industry. In 2016, in order to create greater awareness and draw attention to the impact of Financial Crime Risk on economies, the Bank engaged a select committee of the legislature on Financial Crime Risk. We are committed to continue in this trajectory in the future.

Female representation



Line Manager's Conference

The Emerging Leaders' Programme

Chief Executive's review

The tough economic environment that led to a sharp slowdown in growth and investment since 2013 persisted during 2016, albeit with a slightly less intensity. These conditions led to the unprecedented scale of loan impairments observed in the banking sector in recent years. Naturally this left our shareholders very disappointed. We ourselves acknowledged our disappointment especially with our 2015 results. However, Management was still duty bound to uphold Bank of Ghana's prudential guidelines as well as Standard Chartered Bank Group's internal guidelines on loan impairment. These setbacks notwithstanding, the business was always focused on securing the bank's operating foundations amidst formidable risks and challenges. Standard Chartered Group embarked on a counter cyclical investment strategy which covered Ghana and other key markets on the African continent with a clear focus on returning the business to a growth and operating results trajectory consistent with past trend performance and to deliver superior shareholder value once more.

The business demonstrated a strong rebound over the 2015 results. Operating Income grew by 17 per cent to GH¢621m from GH¢531m in 2015. Operating cost declined by 15 per cent to GH¢194m from GH¢227m in 2015 on the back of continuous prudent and efficiency strategies adopted. In 2015 we recorded an unprecedented loan impairments recharge of 333 per cent over 2014. Our strategy of loan restructuring and recovery of impaired assets continued throughout 2016. This led to a decline in loan impairments from GH¢213m in 2015 to GH¢81m in 2016, a year-on-year decline of 62 per cent.

Return on Equity more than doubled to 34 per cent from 12 per cent in 2015. The significant progress made this year against the backdrop of strong headwinds is a testament of the robustness of our operating model and a direct result of the strategic actions we took to turn the business around.

While the 2016 operating results has proven that we adopted the right strategy and response for the prevailing realities, I wish to assure shareholders that we remain very attentive to both global and local market events that can influence our operating environment significantly, be they benign or adverse.

Securing our foundations

In 2016, we tightened our risk tolerance and reviewed our portfolio standards. We took active steps to de-risk our business reducing reliance on single name exposures and returned to the basics of banking – deepening client relationships and working closely with our clients, identifying the risks and providing solutions to support client needs. We tightened our risk monitoring framework to improve early warning of economic stress and also incorporated key lessons learnt from the last couple of years into our portfolio standards going forward. Through the stressed market conditions, our balance sheet remained strong and resilient. We remain liquid and well capitalized above regulatory limits and internal buffers.

Getting lean and focused

We continue to actively manage our balance sheet and focus on our cost management strategies to improve operational efficiencies. We took measures to improve business efficiencies in Retail and Corporate and Institutional Banking segments putting clients at the center of everything we do. We have repositioned the Commercial Banking segment leveraging our international expertise and deep understanding of the local market to deliver a more resilient business model in the near term.

Investing and innovating

We have made significant investments and innovations in the business in 2016. At the heart of these innovations is to enhance the overall client experience with the bank.

We continue to make strides in our digital agenda rolling out our new Standard Chartered (SC) Mobile Application, introducing Touch Log-in. We are increasingly recognised as a leader and an innovator in digital banking and we aim to effectively engage our clients across digital channels.

We rolled out several enhancements in technology, digitising our operations to provide seamless user experience on our digital platforms and enhance the work of our frontline staff. We made further investments in alternate channels to drive and promote self service including deploying Cash Deposit Machines in various locations.

In February 2016, the Bank broke ground to construct an ultramodern head office built to international standards adding to the emerging modern skyline of Accra. The 15-floor building will incorporate modern technologies which would ensure energy saving and water efficiency and feature a state-of-the-art trading floor. The construction is progressing as per schedule and is expected to be completed in 2018.

Increasing focus on Compliance and Conduct

The Bank is fully committed to playing its role in the global fight against financial crime. This forms an integral part of our Compliance and Conduct agenda. Our staff understand this and strive to adhere to high standards and behaviour consistent with the Bank's standards. During 2016, we engaged key Government stakeholders in the Judiciary and the Legislature on the Global Financial crime risk management agenda; emphasizing the need for countries and their financial authorities to put adequate laws and enforcement systems in place to prevent or eliminate financial crime within this jurisdiction.

Summary

The strong performance of the Bank coincided with the celebration of our 120th anniversary in this market. Over the last 120 years our Bank which draws its history from the Bank of British West Africa established in 1896 has been at the forefront of financial market development in the country. It is against this legacy that the bank demonstrated its resilience and financial and strategic prowess against tough and adverse macro economic conditions. That is the mark of Standard Chartered and we must all be proud to be part of this great organisation.

Since the last Annual General Meeting, we made a few changes to the Management Team. Gifty Fordwuo was appointed Head, Human Resources in December, following Rosie Ebe-Arthur taking up a new role in Nigeria as Head, Human Resources for Nigeria and West Africa. Kweku Nimfah-Esuman was appointed as the Chief Financial Officer in October 2016 and Alikem Adadevoh was appointed as Head of Legal in January 2017.

In the same vein, I wish to formally inform you that after six and half years at the helm of the Bank, the time has come to say goodbye. Being the first Ghanaian to be appointed to the high office of Chief Executive of the Bank in 2010, it has been a great privilege for me personally. More importantly though, I have remained very conscious of the need for my duty of care to this institution and all its stakeholders, shareholders, employees, regulators and the communities in which we operate. I have done it to the best of my abilities and could not have achieved what we accomplished these six and half years without the cooperation and support from the staff of the Bank and my colleagues in Management, the guidance of our distinguished Board, especially Chairman, Mr. Ishmael Yamson and the patience and trust from you our shareholders especially during the more difficult periods. My new assignment is to be the Chief Executive of the Bank in the Republic of South Africa subject to regulatory approval. In addition, I will also be the Chief Executive of the Southern Africa Region comprising Zambia, Zimbabwe, Angola, Mauritius and Botswana in addition to South Africa.

I am grateful to all for the support that I enjoyed and I trust that same shall be accorded my successor. I am pleased to be handing over to Mrs. Mansa Nettey, who is the first female Executive Director of the Bank and now takes over as the first female Chief Executive of the Bank and is also a Ghanaian national.

J. Kweku Bedu-Addo
Chief Executive

24 February, 2017

Chief Executive's outlook

I am honoured and delighted to be taking over from Kweku as Chief Executive in March 2017 from my role as the Head of Financial Markets.

Having served on the Board of the Bank since 2013 in addition to my role as a member of the Management Team over the last five years, I have developed a deep understanding of the Bank. My extensive experience in Financial Markets gave me the opportunity to work with multiple stakeholders in the development of Ghana's financial markets especially in the areas of capital markets, derivative markets and deepening of the secondary bond market.

I have a very strong Management Team and I'm confident in our collective ability to ensure the gains made in 2016 are sustained into 2017 and beyond to create value for our investors in the short and medium term.

Having substantially strengthened our foundations for sustainable growth, I believe we have the building blocks to realise our full potential. We recognise the importance of re-energising growth in income while driving operational efficiencies and managing risk in order to enhance returns to shareholders.

Our focus remains mainly on maintaining a robust balance sheet to support opportunistic asset growth. In 2017, we will roll out additional innovations in technology to standardise our digital platforms and efficiently engage our clients across digital channels.

We will continue to invest in our staff and put clients at the heart of everything we do; creating memorable experiences for both clients and stakeholders.

On the external front, we expect the macro-economic environment in 2017 to improve as the intensity of the headwinds ease and confidence returns to the economy.

Mansa Nettey

Incoming Chief Executive
24 February, 2017

FINANCIAL EDUCATION

Mansa at a mentoring session with students of Accra Wesley Girls High School

Our strategy

Strategic objectives and underpinning actions

In 2015, we rolled out a new strategy in line with the Group focusing on three main priorities.

We remain focused on the disciplined execution of this plan which had delivered growth in 2016 and will deliver long-term sustainable growth to all our clients. The three core pillars of our strategy are: to secure our foundations; get lean and focused; and invest and innovate. We are following through on a programme of actions underpinning this strategy which include managing our risks, strengthening our capital base and increasing returns for our shareholders.

We also remain committed to our conduct agenda and continue to drive financial crime compliance.

STRATEGIC OBJECTIVES AND UNDERPINNING ACTIONS

1 Secure the foundations

- Maintain capital adequacy ratio above prudential limits
- Align business strategy with tightened risk tolerance
- Mange risk weighted-assets efficiently
- Deliver our conduct and financial risk programmes

We made good progress in 2016 to secure our foundations. Our focus was to ensure that we generate attractive returns on capital. We tightened our risk tolerances and improved our portfolio standards.

We remain committed to fighting financial crime and we engaged our key stakeholders on our financial crime risk programmes.

In 2016 we made progress in reshaping our Commercial and Retail Banking business. We strengthened our retail client proposition around three main client segments - Priority, Business and Personal.

We continued to manage costs efficiently in 2016 to enable us reinvest in the business.

2 Get lean and focused

- Accelerate Retail Banking transformation
- Fundamentally overhaul Commercial Banking
- Assertively manage costs to create investment capacity

Our second objective was to invest and innovate in our three client segments - Corporate and Institutional Banking, Commercial and Retail Banking to capture emerging opportunities.

Our Corporate and Institutional Banking segment which serves our Global Corporate clients and Financial institutions accounts for 60.2 per cent of our revenue. In 2016 we began the process of transforming our Corporate and Institutional Business to be fully focused on serving our clients in a more efficient and effective way and supporting them to navigate challenges posed by external headwinds.

3 Invest and innovate

- Invest and innovate in Wealth Management to capture opportunities
- Capture opportunities from Renminbi (RMB) internationalisation
- Roll out enhanced Retail Banking digital capabilities

We have prioritised areas of growth for our business including wealth management, RMB internationalisation and investing in retail digital capabilities.

With our deep understanding of our market, strong brand and strong wealth management platform, we are focused on offering solutions which enables our clients to manage their wealth optimally.

We continue to make significant investment in digital to deliver exceptional client experience.

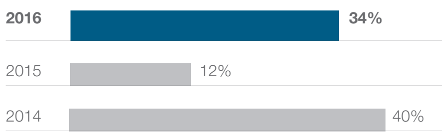
Key performance indicators

We use a variety of financial and non-financial key performance indicators (KPIs) to measure performance and progress both for the Bank as a whole and at an individual business level.

- Clients
- Employees
- Investors
- Regulators and governments
- Society

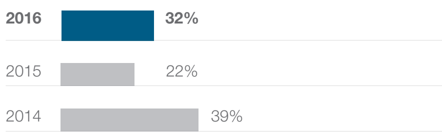
SELECTED KEY PERFORMANCE INDICATORS

Indicator	Aim	Analysis	Performance
Financial Underlying return on equity (ROE)	Deliver sustainable improvement in the Bank's profitability as a percentage of the value of shareholders' equity.	The ROE of 34 per cent in 2016 was an improvement on the 12 per cent recorded in 2015.	34%



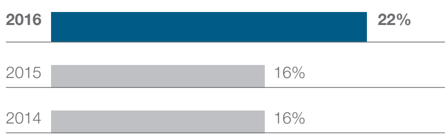
The underlying profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' equity

Indicator	Aim	Analysis	Performance
Financial Total shareholder return (TSR)	Deliver a positive return on shareholders' investment through share price appreciation and dividends paid.	The Bank's TSR in full year 2016 was 32 per cent as compared to the full year 2015 TSR of 22%.	32%



Combines simple share price appreciation with dividends paid to show the total return to the shareholder and is expressed as a percentage

Indicator	Aim	Analysis	Performance
Financial Capital ratios	Maintain a strong capital base and a capital adequacy ratio (CAR) of 13%.	The Bank has sufficient capital to absorb any loss. The CAR rose 700 basis points in 2016 to 22 per cent above the regulatory limit of 13 per cent largely as a result of reduced risk-weighted asset in 2016.	22%

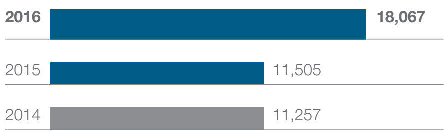


SELECTED KEY PERFORMANCE INDICATORS CONT'D

Indicator	Aim	Analysis	Performance
Financial Credit quality	Improve quality of Corporate & Institutional Banking and Commercial Banking loan book by originating stronger credit clients and actively managing the portfolio	NPL Increased 200bp to 45 per cent due to low growth in total loans in 2016	45%

SELECTED CLIENT KEY PERFORMANCE INDICATORS

Indicator	Aim	Analysis	Performance
Retail Banking Online adoption	Become the digital Main Bank for our clients by providing end to end digital capabilities with straight through processing to improve client experience	Total Active Online clients went up by 57 per cent in 2016 moving from 11,500 clients in 2015 to 18,067 clients in 2016. In 2016, 76.6 percent of total transactions were carried out on our digital platforms compared to 74.2 per cent achieved in 2015.	18,067 clients

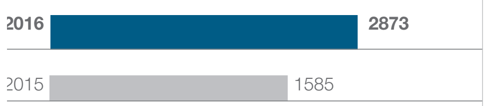


Digital-active clients as a proportion of total Retail Banking active clients.

Indicator	Aim	Analysis	Performance
Retail Banking Priority and Business Banking Focus	Increase the proportion of income from Priority and Business Banking clients, reflecting the strategic shift in client mix.	The share of Retail Banking income from Priority and Business Banking clients increased to GH¢82.5m in 2016, an upside of 10 per cent from 2015 position, which was supported by more than 1,000 new-to-bank Priority and Business Banking clients in the year	GH¢82.5m

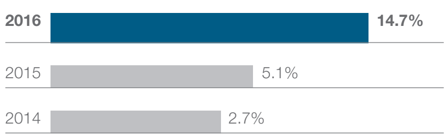
Income from Priority clients as a proportion of total Retail Banking income

Indicator	Aim	Analysis	Performance
Corporate & Institutional Banking Collaboration with other client segments	Increase collaboration with other client segments to generate cross-segment business opportunities	Employee Banking account sign-ups from Corporate & Institutional Banking clients have increased by 81 per cent year-on-year from 1,585 to 2,873	1,288 new sign-ups



Number of Employee Banking account sign-ups from Corporate & Institutional Banking client relationships. Tracked from 2015

Indicator	Aim	Analysis	Performance
Corporate & Institutional Banking Driving growth of custody business	Diversify client revenue by driving growth of custody business which leads to increased liabilities	Custody has increasingly become a key contributor to Corporate & Institutional Banking revenue. The proportion of client income from the custody business increased from 5.1 per cent to 14.7 per cent	14.7% of client income



Proportion of corporate income from custody clients

Chief Financial Officer's review

> *We continue to ensure a resilient balance sheet in an uncertain economic environment, tighten risk tolerance, be cost efficient and seek diverse opportunities to drive sustainable growth into the future.*

The Bank committed to a set of actions at the end of 2015 designed to stabilise its financial performance. As a result of disciplined execution in 2016 we delivered income stability, lower cost and a higher quality balance sheet. This is a significant improvement over year 2015 results. We continue to ensure a resilient balance sheet in an uncertain economic environment, tighten risk tolerance, be cost efficient and seek diverse opportunities to drive sustainable growth into the future.

Financial performance highlights

- Operating income increased by 17 per cent to GH¢621 million in December 2016 from GH¢531 million same period 2015.
- Operating expenses decreased by 15 per cent to GH¢194 million compared to prior year of GH¢227 million due to continuous efficient cost management.
- Impairment charge recorded was below prior year's position of GH¢212 million by 62 per cent to GH¢81 million.
- The cumulative effect of the above drivers resulted in profit before tax of GH¢346 million, representing a 279 percentage growth compared to prior year of GH¢91 million.
- Customers' loans and advances (net) increased by 3.5 per cent from GH¢1.21 billion last year to circa GH¢1.26 billion largely on the back of the cautious loan growth strategy adopted by Management for some time now.
- Customer deposits increased by 33per cent to GH¢3.2 billion as new mandates have been won and deposit mobilization raked in deposit inflows.

- Cost to Income Ratio stood at 31.2 per cent compared to prior year of 43 per cent.
- EPS up 255.6 per cent to GH¢1.92 (2015: GH¢0.54)
- Net assets value per share up by 34 per cent to GH¢ 6.30 (2015: GH¢ 4.70)
- Capital adequacy ratio for the period is 21.59 per cent (2015: 15.87 per cent).
- Gross non-performing loans loss ratio is 45 per cent (2015: 43 per cent).
- Loan coverage ratio is 85 per cent (2015: 87 per cent)
- Return on equity of 34 per cent compared to 12 per cent recorded in 2015.
- The Board has decided to declare dividend on ordinary shares for 2016

The performance commentary that follows is on an underlying basis unless otherwise stated.

The performance commentary that follows is on an underlying basis unless otherwise stated.

Underlying income

Despite difficult market conditions quarterly trends remained stable through the year. This is a significant improvement on the sequential quarterly decline experienced through 2015 and reflects the good early progress made against our strategic priorities.

Operating income increased by 17 per cent to GH¢620 million in December 2016 from GH¢531 million same period 2015. This performance was mainly on account of growth in interest income from investment securities, release of interest in suspense into income following client upgrade into the good book and lower borrowing costs as liquidity has improved.

Revenue from investment securities and loans continue to dominate the Bank's interest earning streams. As the Bank's liquidity indices have improved, significant growth occurred in interests from placements which had an upsurge of 208.93 per cent. The Bank continues to selectively grow its assets hence a marginal decline of 3.4 per cent in revenue with respect to loans to customers.

Underlying operating expenses

Operating expenses decreased by GH¢33 million to GH¢194 million compared to 2015 of GH¢227 million representing a 15 per cent decline.

The Bank continued to seek avenues to be cost efficient without compromising on quality service delivery and staff well being. More investments were made that focused on enhancing our regulatory and compliance infrastructure and upgrading or replacing technology platforms. This will over time improve our control environment and make us more efficient and better able to serve our clients.

Underlying loan impairment

The IFRS provision for bad and doubtful debt (impairment) at December 31, 2016 was lower than the balance per Bank of Ghana (BoG) classification. The IFRS impairment charge was reported in the income statement. The difference between the IFRS impairment and the provision under BoG guidelines was captured in the credit risk reserve and reported in the statement of changes in equity.

Balance sheet summary

On the back of actions taken in the time past, the Bank's balance sheet is more resilient, more liquid and becoming increasingly diverse across multiple dimensions including industry and single names.

We continue to be funded primarily by client deposits with a client advances-to-deposits ratio of 39 per cent compared to 50 per cent recorded in 2015. The Bank's funding structure remains conservative with limited refinancing requirements over the next few years.

About 64 per cent of the Bank's assets are held in liquid assets.

Risk-weighted assets (RWA)

Total RWA of GH¢2.79 billion at the end of 2016 was 13 per cent or GH¢325 million higher compared to December 31, 2015 number.

Credit RWA was GH¢2.30 billion at the end of 2016 was 11 per cent of GH¢236 million higher compared to December 31, 2015 position on the back of selective risk assets booked.

Operational risk RWA was 20 per cent higher due to the change in income over a rolling three-year time horizon.

Capital base ratios

The Bank remains well capitalised with its capital adequacy ratio of 21.6 per cent up 572 basis points in 2016 primarily due to the increased earnings.

The Bank did meet the statutory capital adequacy ratio requirement throughout the period under review.

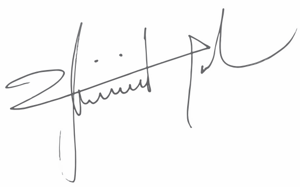
The Bank will strengthen the paid up capital position further by converting GH¢60 million out of the 2016 distributable profits. This is to comply with the provisions in the new banking law, Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) which has made GH¢120 million as the mandatory minimum paid up capital for all banks.

Summary

The series of actions that we committed to at the end of 2015 and executed throughout 2016 were designed with a challenging macro environment in mind. Despite these challenges we ended the year with income stability, lower costs and we have strengthened our foundations, increasing our resilience to economic cycles.

While this early progress is encouraging, further significant improvement in our financial performance is required. The timing and extent of any financial benefit that might arise should the macro environment improve in 2017 remains uncertain. Our collective actions in 2016 will in any event enable us to build a stronger business over time with better returns.

We remain confident in the opportunities in our markets as well as the ability of our people and our strategy to capture them.



Kweku Nimfah-Essuman

Chief Financial Officer

24 February, 2017

Client Business Review

Corporate & Institutional Banking

OUR SEGMENT AT A GLANCE

Core to our approach is our focus on building sustainable, long-term relationships with our clients and being their trusted adviser, supporting their different needs with our superior capabilities

Xorse Godzi

Head of Global Banking, Corporate & Institutional Banking

Key numbers for 2016

Profit before taxation

GH¢259 million

2015: GH¢54 million

Risk-weighted assets

GH¢1.82 billion

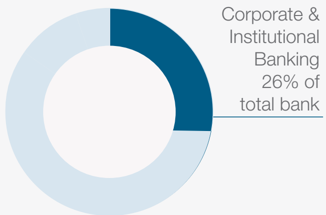
2015: GH¢1.76 billion

Return on risk-weighted assets

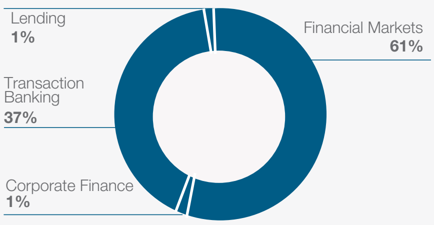
14%

2015: 3%

Loans and advances to customers



Income split by product



Segment Overview:

Corporate and Institutional Banking (CIB) supports our clients with transaction banking, corporate finance, financial markets and lending products and services. We provide solutions to over 500 clients across different industries. Our clients include multinational corporate, large corporates, state owned enterprises, financial institutions and investors operating in Ghana as well as those looking for access to and support in Ghana.

Strategic Objectives

We have a good and valuable franchise, core financial strength, outstanding client relationships and the right team of people. Our core Corporate and Institutional Banking business is profitable and will grow in a less severe external environment. Our clients value our services. We have differentiated offerings in products that deliver good return in a market that is forecasted to grow.

Our priorities for the segment are to:

- Improve our engagement with clients
- Secure the foundations: Drive deeper penetration of client wallets across multiple products and deepen hold across the value chain in strategic industries
- Invest and innovate : Be ahead of the curve in integrated technology solutions that capture traditional flows, wealth management and emerging e-commerce solutions by investing into our digital capabilities to drive transaction migration
- Invest in transaction banking and financial market channels and platforms and enhance controls to help further differentiate our flow business capabilities
- Leverage on the Group's leading asset distributions capability to originate and distribute both new and existing assets to increase balance sheet efficiency and better migrate against risks.

CREATING OPPORTUNITIES

In 2016, Standard Chartered, mandated by PBC Limited, arranged the successful placement of 1-year Senior, Unsecured, Receivables Backed Fixed Rate Notes, under Issuer's GH¢400 Million Medium Term Note Programme. The senior unsecured notes were backed with a payment undertaking from Ghana Cocoa Board. The issuance was by way of public offering to Ghana-based institutional investors.

PBC Limited has deep and broad based access to bank funding in Ghana and the notes issuances will enable client to lower cost of funding and diversify its financing sources. The deal is a step in the right direction to reduce annual cost of cocoa season funding of the Agriculture Sector which is critical to the Ghanaian economy.

This was the first public listed local currency bond transaction led by Standard Chartered Bank in Ghana.

PERFORMANCE HIGHLIGHTS

- **Income up owing to strong performance from cash management, custody business and FM trading and assets and liability business.**
- **Profit rose with the higher income complimented by tightly controlled costs and reduced loan impairments.**
- **Balance sheet momentum improved supported by cautiously selected assets**

Progress against strategic objectives

- Selectively on-boarded new clients in the Global subsidiaries space for whose business the Group's network is a differentiator
- Restructured our client coverage model to improve efficiency and reduce overlaps
- Won multiple key mandates to provide working capital solutions leveraging our on digital capabilities
- Took significant actions to improve our risk profile
- We maintained our Sovereign ratings and investment engagement advisor role.
- Standard Chartered Bank arranged the successful placement of the first Senior Unsecured Receivables Backed Fixed Rate Medium Term Note program for a major corporate.
- We continue to focus on major infrastructure developments such as seaport and airport in the country.
- We have made significant strides in our new Commercial and Real Estate proposition which has seen us executing key transactions to support construction/ refinancing of premium A grade commercial properties
- The bank continues to play significant roles in traditional trade finance space, particularly in the cocoa sector
- Standard Chartered Bank supports key corporate clients by executing FX swaps to facilitate immediate transfers while sourcing USD from the interbank market over an agreed period to settle the swap.

Financial performance summary

Our client centric business model continues to deliver results even in the midst of 2016's challenging operating environment, with overall CIB income growing by 20 per cent to GH¢374 million from GH¢311 million. Profit before taxation rose 382 per cent year-on-year to GH¢259 million due to reduced loan impairment and expenses complimented by the 20 per cent increase in total segment revenue.

Income

Despite the challenging economic conditions in 2016 which had significant impact on lending, CIB income of GH¢374 million was up 20 per cent year-on-year as a result of robust business strategy, strong financial markets and asset liability management.

Transaction banking income rose by 9 per cent year-on-year to GH¢138 million. Within this Trade Finance income fell 100% percent due to weaker demand, a downturn in the commodity business and impairment costs. Growth in liabilities and upturn in the security services business led to a 33 per cent increase in cash management and custody revenues.

Financial markets income grew by 37 per cent year-on-year to GH¢228 million. The increase was driven by an up-lift in the performance of the Asset and Liability Management (ALM) and Emerging Markets (EM) Rates desks. EM rates performance was boosted by revenues from positions crystallised as a result of a downward movement in interest rate trends in the second half of 2016.

Corporate Finance income was down by 35 per cent year-on-year. This revenue was impacted by more selective origination and re-classifying of some assets to our commercial banking business. Lending income fell by 65 per cent, reflecting lower balances as we exited low-returning relationships and from margin compression. Lending income was also impacted by our loan impairment provision.

Expenses

Expenses fell 30 per cent year-on-year to GH¢70 million. These savings and the wider cost efficiency programme created capacity for increased investment to enhance our regulatory and compliance platforms and to deliver on strategic initiatives.

Impairment

Loan impairment fell by 71 per cent year-on-year to GH¢46 million in 2016 from GH¢159 million in 2015.

There have been significant challenges in the last two years as a result of slow GDP growth, large fiscal deficit and energy crisis. This resulted in large non-performing assets driven by over-dues linked to government. Senior management

engagement with both internal and external stakeholders over last year led to some collections as well as successful restructure of some key Government-linked over-dues hence the 71 per cent reduction in impairment losses. There is continuous dialogue and focus to fully resolve the remaining non-performing assets.

Balance sheet

Loans and advances to customers was up by 35 per cent year-on-year as asset momentum improved supported by growth in Trade Finance and Lending balances. Customer accounts was up by 31 per cent year-on-year on driven by operating account balances, corporate term deposits and custody clients.

Financial Performance Summary

	2016 Ghc'000	2015 Ghc'000	Better/ (worse) %
Transaction Banking	137,877	126,010	9%
Lending	5,005	14,244	(65%)
Financial Markets	228,412	166,724	37%
Corporate Finance	2,946	4,510	(35%)
Operating Income	**374,240**	**311,488**	**20%**
Operating Expenses	(69,670)	(98,961)	30%
Net Impairment Loss	(45,716)	(158,788)	71%
Operating Profit before Income Tax	258,854	53,739	382%
Total Assets	2,475,319	1,837,147	35%
Customer Deposits	1,706,046	1,305,305	31%
Risk Weighted Assets	1,818,843	1,761,367	3%
Return on Risk weighted assets	14%	3%	

Retail Banking

OUR SEGMENT AT A GLANCE

We have remained relentless in our pursuit to deepen relationships with clients in our chosen segments and continue to deliver strong growth in all segments.

2017 will be about innovative products, further digitisation and improvement on our client experience

Henry Baye
Head, Retail Banking

Key numbers for 2016

Profit before Tax

GH¢81 million

2015: GH¢50 million

Risk Weighted assets

GH¢562 million

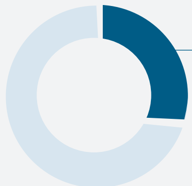
2015: GH¢461 million

Return on Risk weighted assets

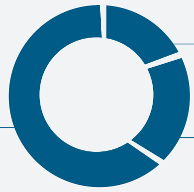
14%

2015: 11%

Loans and advances to customers



Income by Segment Split



Segment overview

We have remained relentless in our pursuit to deepen relationships with clients in our chosen segments and continue to deliver double digit growth in all segments.

We have been intent on being most relevant to our Personal banking clients and trusted advisor to our Priority and Business clients offering wealth solutions that truly create superior value for them.

Strategic objectives

We have made significant progress transforming our business, channels and footprint. This has sharpened our competitive advantage and better positioned us for the future.

Our priorities for the Retail Business are:

- Continue to deepen our client relationships and improve our participation in our corporate ecosystem and alliances
- Improving quality of income through creating new opportunities for our clients and reshaping our balance sheet.
- Invest to improve client experience through an enhanced end-to-end digital offering and an ongoing transformation of culture.
- Reorganise our footprint and undertake various efficiency initiatives to release funding for investment.
- Reinvigorate our brand by clearly defining our proposition and simplifying our product and service offering
- Focused drive of our conduct and financial crime risk management agenda

2016 PERFORMANCE HIGHLIGHTS

- **Good progress made with the Retail transformation agenda with significant investment in digitisation and improvement in leading performance indicators**
- **We continue to build an efficient business by consistently improving upon our expenses and loan impairment management**
- **Income grew year on year underpinned by improved client quality, balance sheet growth and Wealth Management**

Income

- Retail Banking delivered resilient financial performance in 2016, achieving growth in income and operating profits. Total Income went up by 5 per cent year-on-year from GH¢170 million to GH¢179 million which was mainly driven by growth in income from deposits and Wealth Management. Operating profit grew by 62 per cent year-on-year from GH¢50 million to GH¢81 million. The revenue streams of the business are well diversified by customer segments and product. We delivered strong business performance which is very much in line with our strategy. All customer segments also delivered strong performance. The business remains poised to deliver superior performance in 2017.

Expenses

Expenses went down by 16 per cent year-on-year from GH¢110 million to GH¢92m which is attributable to business rationalisation saves and release of litigation provisions. We were able to manage cost very tightly due to the implementation of key cost efficiency initiatives throughout the business.

Impairments

We saw improvement with our Loan Impairment which dropped by 37 per cent year-on-year from GH¢10m to GH¢6m. This was achieved through enhanced portfolio performance and recoveries.

Balance Sheet

Deposits grew by 16 per cent year-on-year from GH¢1.03 billion to GH¢1.19 billion. Growth in deposits was mainly driven by the various initiatives to grow our liabilities through competitive product offering and sales campaigns. Loans and Advances went up by 31 per cent from GH¢302 million to GH¢396 million mainly driven by personal loans. We will continue to provide support our clients and their businesses in 2017.

Updates on strategic objectives

- The Retail segment made significant progress in 2016 in driving its digital agenda. Various investments were made into our digital banking platforms – with the successful launch of Standard Chartered Mobile Application (SC Mobile) and the revamp of our online banking platform. In addition, various digital innovations were rolled out including; expanded bill payment options, Touch ID/Finger Print Log In Service on SC Mobile, Wealth Management Online Client Investment Profiling and GHIPSS Instant Pay.
- We also invested in our alternate channels by deploying additional Cash Deposit Machines/Intelligent ATMs. We increased our stock of Cash Deposit Machines (CDMs) from 2 in 2015 to a total of 19 in 2016 and still counting. These CDMs have cardless functionality enabled, allowing clients and third parties to lodge both local and foreign currency deposits at their own convenience without their debit cards.
- Good progress was made in delivering on our strategic initiatives of deepening our share of market and wallet in our chosen segments. In 2016, we rationalised some of our branches and also opened 2 new branches at key strategic locations to help us serve our clients better. The strategic shift towards banking the ecosystem is also taking shape and this will remain one of the main focus areas in 2017.
- We were committed to serving our clients better by listening and paying attention to their needs. In 2016, we successfully rolled out enhanced products for clients including; Fixed Rate and Higher Value Personal Loans, High Value Family Support Plan & High Value Term Assure.

Financial Performance Summary

	2016 Ghc'000	2015 Ghc'000	Better/ (worse) %
Personal Banking	105,088	98,830	6%
Priority Banking	40,285	37,644	7%
Business Banking	33,759	33,752	0%
Operating Income	**179,132**	**170,226**	**5%**
Operating Expenses	(92,301)	(110,471)	16%
Net Impairment Loss	(6,173)	(9,833)	37%
Operating Profit before Income Tax	80,658	49,922	62%
Total Assets	396,692	302,967	31%
Customer Deposits	1,184,577	1,025,221	16%
Risk Weighted Assets	561,569	460,717	22%
Return on Risk weighted assets	14%	11%	

BANKING AT OUR FINGERTIPS

Standard Chartered has rolled out and continues to roll out enhanced digital capabilities across its footprints including Ghana. We successfully relaunched our Online banking platform with a refreshed interface and made navigation simpler. This was followed with the release of a new Mobile Banking App, Standard Chartered Mobile (SC mobile). This Mobile App allows clients to do every day Banking on the go securely and conveniently. Our clients can now complete their investment profile on SC mobile without help from a relationship manager.

Touch Login, another industry first on our Mobile Banking App was also launched. With touch login, clients are able to swiftly and securely access banking services, adding ease of use and another layer of security in their interaction with the Bank. Access to bank details is 5 seconds away by the use of biometric detail on touch login.

The Bank has also leveraged on the GhIPSS Payment Gateway and enabled Instant Pay on Online and Mobile. With Instant Pay, our clients can transfer funds instantly to other participating banks any hour of the day every day.

We will continue to to be innovative by investing in technology.

Commercial Banking

OUR SEGMENT AT A GLANCE

"The various measures undertaken to place the business on a stronger footing started bearing fruits in 2016 and shall serve as drivers for delivering sustainable value in 2017 and beyond.

Kwabena Boateng
Head, Commercial Banking

Key numbers for 2016

Loss before taxation

(GH¢1.2) million

2015: (GH¢18 million)

Risk-weighted assets

GH¢569 million

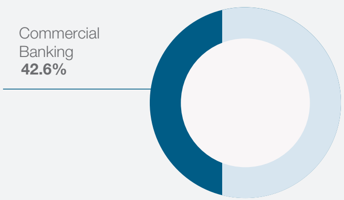
2015: GH¢331 million

Return on risk-weighted assets

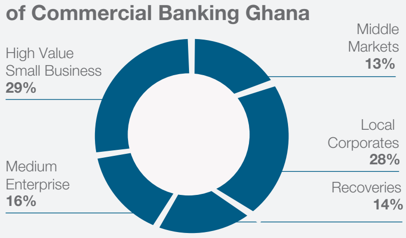
(0.2%)

2015: (5.3%)

Loans and advances to customers



2016 Operating Income split of Commercial Banking Ghana



Segment Overview

The Commercial Banking business in Ghana is made up of small and mid-sized companies as it exists in 26 other markets across Africa, Asia and the Middle East. We serve these clients through dedicated relationship managers, providing financial solutions and services in areas such as trade finance, cash management, foreign exchange and interest rate & currency hedging. These financial solutions and services help these clients achieve their international expansion and growth ambitions.

In 2016, we took a series of measures to put clients at the heart of our business. We improved our client on-boarding process and turnaround time, and focused on banking our clients' networks.

Strategic Objectives

Our ambition is to be our clients' partner of choice as they build their businesses internationally.

Our priorities are to:

- Focus on digital channels and process efficiencies to improve our clients' experience.
- Materially improve the risk profile of the business by continuing to upgrade the standard of our client due diligence and credit risk management.
- Leverage the Corporate & Institutional Banking product set and technology capabilities to strengthen our client offering.
- Continue to control expenses in support of a lower cost-to-income ratio.

2016 PERFORMANCE HIGHLIGHTS

- **Lower loss for the year driven by increased operating income 36%, increased operating expenses (82%) and a reduced Loan Impairment charges 34% for the year.**
- **Growth in advances to clients driven by the integration of Local Corporates clients. Customer deposits increased reflecting an increased focus on non-funded transaction banking.**
- **Significant recoveries from previous impairment expenses accounting for 14% of operating income.**

- Invest in frontline staff to upgrade relationship manager capabilities and invest to create targeted value propositions to meet our clients' needs.
- Deliver our conduct and financial crime risk programmes

Progress against Strategic Objectives

In 2016, we:

- Migrated from legacy platforms and made progress integrating our infrastructure with Corporate & Institutional Banking
- Enhanced credit risk management by implementing refreshed portfolio standards for originating business and increased credit training for relationship managers
- Integrated Local Corporate clients, roughly doubling the size of Commercial Banking
- Began setting up sector-specific offerings for clients and rolled out a dedicated Transaction Banking and Financial Markets sales coverage model to meet clients' international banking needs
- Reduced cost base through targeted initiatives
- Completed a client due diligence remediation programme, as well as, enhancing financial crime controls

Financial Performance Summary

2016 saw an improved performance despite the numerous headwinds encountered in the year.

Operating loss reduced by Gh¢16.3 million from Gh¢17.5 million to Gh¢1.2 million. This performance was driven by 36 per cent increase in revenue (Gh¢15.9 million) and a 34 per cent reduction in impairment costs (Gh¢29.2 million) as a result of tight controls and monitoring.

Our footings remain strong and substantial to enable us grow revenues along funded and non-funded lines while maintaining risk discipline.

Financial Performance Summary

	2016 GH¢'000	2015 GH¢'000	Better/ (worse) %
Operating Income	60,166	44,262	36%
Operating expenses	(32,144)	(17,637)	(82%)
Loan impairment	(29,219)	(44,160)	34%
Loss for the period	(1,197)	(17,535)	93%
Customer Deposits	401,215	245,451	63%
Total Assets	519,113	281,448	84%
Risk Weighted Assets	568,892	331,227	72%
Return on Risk weighted assets	(0.2%)	(5.3%)	(96%)

We support our clients to expand their trade networks

CORPORATE GOVERNANCE


KARADENIZ POWERSHIP
SUAT BEY
MONROVIA

Corporate Information

Board of directors	Ishmael Yamson	Chairman
	J. Kweku Bedu-Addo	Chief Executive and Managing Director (Resigned 01/03/2017)
	Mansa Nettey	Executive Director (Appointed Chief Executive 01/03/2017)
	Felicia Gbesemete	Independent Non-Executive Director
	Dr. Emmanuel Oteng Kumah	Independent Non-Executive Director
	Felix Addo	Independent Non-Executive Director
	David Adepoju	Non-Executive Director (Appointed 11/02/2016)
	Kweku Nimfah-Essuman	Executive Director (Appointed 18/11/2016)

Company secretary

Angela Naa Sakua Okai

Auditors

Deloitte & Touche Chartered Accountants
Ibex Court, 4 liberation Road
Ako Adjei Interchange
P.O. Box GP 453
Accra - Ghana

Solicitors

Bentsi-Enchill, Letsa & Ankomah
1st Floor Teachers' Hall Complex
Education Loop (Off Barnes Road)
Adabraka, Accra
P O Box GP 1632
Accra – Ghana

Registrars

GCB Bank Limited
Registrar's Department, Head Office
Thorpe Road
P.O. Box 134,
Accra - Ghana

Registered office

Standard Chartered Bank Ghana Limited Building
6 John Evans Atta Mills High Street
P O Box 768
Accra

Board of Directors

Ishmael Yamson (74)
Chairman

Appointed: Board Chairman in 2005.

Experience: Ishmael Yamson is a seasoned and well-known corporate executive in Ghana. He joined Unilever Ghana in 1966 from the University of Ghana, Legon, and worked for the Company for 38 years in various capacities, the last 18 years of which he was Chief Executive Officer and Chairman. During that period he restructured and transformed the company and set it on a path of sustained growth for more than 15 years. He holds a B.Sc. Economics (Hons) degree.

Ishmael's corporate life transcended Unilever. He was deeply involved in the development of Ghana's private sector having played key roles in key Associations including, Ghana Chamber of Commerce (President), Ghana Employers' Association (President) and Ghana Private Enterprise Foundation (President). He was also a founding Director of the Ghana Stock Exchange and a founding member and Director of the Centre for Policy Analysis (CEPA). He was a member of the team that developed the first Ghana Investment Promotion Centre Act, 1994 (Act 478).

He has received two national awards namely; The Order of the Volta and the Companion of the Order of the Volta and an Honouranary Doctorate Degree, Honoris Causa, from the University of Ghana Legon.

External Appointments
Unilever Ghana Limited (Chairman), Ghacem Ghana Limited, (Member), Benso Oil Palm Plantation Limited (Chairman), Mantrac Ghana Limited (Chairman), Scancom Limited (MTN) (Chairman) and Ishmael Yamson and Associates.

J. Kweku Bedu-Addo (49)
Chief Executive & Managing Director
01/08/2010 - 01/03/2017

Appointed: Executive Director in 2009

Experience: Kweku's career has spanned Public Policy, International Development and Banking & Finance. He joined Standard Chartered Bank Ghana in 2000 and rose to become the first Ghanaian Chief Executive in 2010. In between, he held several senior roles within the then Wholesale Banking in Ghana and West Africa (excluding Nigeria), Zambia and Singapore. He was a recipient of the prestigious Wholesale Bank Global Star Awards in 2007. His role has since November 2015 been expanded to Chief Executive Officer, West Africa Cluster 2 (Ghana, Sierra Leone and Gambia) and he is also on the Africa - Middle East Regional Management Team.

He holds a Bachelor of Science degree in Agricultural Economics from the University of Ghana and a Masters degree in Economic Policy Management from Columbia University, New York.

External Appointments

Kweku's affiliations include Advisory Board Chairman for the University of Ghana's Institute of Applied Sciences, Vice Chairman, Ghana Fixed Income Market Council, Member Global Investment Committee, Acumen Fund, New York, Member, Ghana Stock Exchange Council and Ghana Employers Association's Executive Committee.

Mansa Nettey (50)
Incoming Chief Executive & Managing Director

Appointed: Executive Director in 2015

Experience: Mansa Nettey becomes Chief Executive on March 1, 2017 as the first female Chief Executive in the Bank's 120 year history in Ghana.

Mrs. Nettey has more than 19 years of experience in banking, having held various senior roles in Corporate and Institutional Banking in Standard Chartered including managing across the West Africa sub-region.

In her most recent role as Head, Financial Markets, Ghana, Mansa provided strong leadership in building and overseeing key strategic relationships for business success and growth.

Mansa was appointed first female Executive Director of Standard Chartered Bank Ghana Limited in 2013 and in 2015 was appointed a Non-Executive Director of the Board of Standard Chartered Bank, Nigeria Limited.

Mansa holds a Bachelor of Pharmacy Degree from the Kwame Nkrumah University of Science and Technology, and a Masters in Business Administration from Manchester Business School in the United Kingdom.

External Appointments
Member Leukemia Foundation.

Kweku Nimfah-Essuman (48)
Chief Financial Officer & Executive Director

Appointed: November 2016

Experience: Kweku was appointed Chief Financial Officer in October 2016, after acting as the Chief Financial Officer, from August 2015. He is responsible for providing leadership and plays a critical role in the delivery of financial controls and maintenance of high standards in finance and regulatory reporting in addition to tax risk management of the Bank.

Kweku has a strong finance, regulatory and audit back-ground. He was the Bank's Financial Controller from June 2009 till August 2015. Prior to this, Kweku held various positions including Regulatory Reporting Manager and Financial Controls Manager.

Before joining the Bank in 2005, Kweku worked with the Banking Supervision Department of the Bank of Ghana for a period of eight (8) years as a Bank Examiner.

He is a Chartered Accountant by profession and holds an Executive MBA in Finance from the University of Ghana Business School member.

Felicia Gbesemete (69)
Independent Non-Executive Director

Appointed: May, 2009

Experience: Felicia is a lawyer and a founding Partner and Director of Lexconsult & Co. She has over 40 years of practice providing legal services to local and foreign corporate entities and individuals in addition to offering company secretarial services to many companies. Felicia has been a member of the Ghana Bar Association (GBA) since 1969 and has served on many GBA Committees. Significantly she was elected the first female Vice President of the Ghana Bar Association serving in that capacity from 2004 to 2007, during which period she was also a member of the General Legal Council. She has served as director on various boards and served as Chairperson of the Governing Board of the Ghana Broadcasting Corporation from May 2011 to May 2013, being the first woman to hold this sensitive position. Felicia is a member of the International Bar Association and currently serves on the Board of Ghana International School. She is a Notary Public appointed in 1984.

External Appointments
Felicia currently serves on the board of Ghana International School.

Committees

Chair, Board Risk Committee
Member, Board Audit Committee

Felix E. Addo (61)
Independent Non-Executive Director

Appointed: August 2015

Experience: Felix E. Addo is the immediate past Country Senior Partner and a former member of the PwC Africa Governance Board. Felix has more than 30 years of practice and consulting experience in corporate finance and recovery, financial and forensic auditing, organisational restructuring and performance improvement in both developed and developing economies. Mr Addo has worked on a number of important projects including the privatisation of Ashanti Gold Fields Limited and GCB Bank Limited, and served as the transaction advisor to the Government of Ghana on the acquisition of VALCO.

Felix has professional memberships in the Institute of Chartered Accountants, Ghana; Institute of Chartered Accountants, Sierra Leone and the American Institute of Certified Public Accountants, USA. Felix holds an MA (Professional Accounting) from Loyola College, Maryland (USA).

External Appointments
Felix serves on various Boards and Committees: He was a member of the KOSMOS Advisory Council. The Ghana American Chamber of Commerce (Director), Ghana Association of Restructuring and In-solvency Advisors (President), AIESEC Ghana (Chairman) and a member of the Advisory Council of the University of Ghana, College of Education. Member of the KEK Insurance Brokers Limited board.

Committees

Chair, Board Audit Committee
Member, Board Risk Committee

Dr. Emmanuel Oteng Kumah (61)
Independent Non-Executive Director

Appointed: October, 2013.

Experience: Dr. Kumah is an International Economic Consultant and Advisor, and has served in several high profile roles including the International Monetary Fund (IMF), where he served for 25 years as Division Chief, IMF Resident Representative in Djibouti and Deputy Division Chief at the Balance of Payments and External Debt Division. During 1993-1994, he was Coordinator and Advisor of the Research Department of the Bank of Ghana. He also served as Senior Advisor, Bank of Ghana from 1997 to 1999, where he provided key macroeconomic advice to the Government of Ghana.

Dr. Kumah has lectured at many institutions and written many articles on International Finance and Banking.

Committees

Member, Board Audit Committee
Member, Board Risk Committee

David Adepoju (42)
Non-Executive Director

Appointed: February 2016

Experience: He has over 15 years banking experience in Financial markets having worked in 14 different markets in Africa, the U.K. and the Middle East. He is specialised in asset and liability management, market risk and fixed income trading. He has a strong appreciation of Risk Management (with a focus on Market Risk), sustained revenue track record and active involvement in market development across multiple markets through partnership with respective regulators.

External Appointments
David is currently the President of the Financial Markets Dealers Association, Nigeria. He is a Director, on the Board of Standard Chartered Capital Nigeria, a member of the Institute of Directors and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

Committees
Member, Board Audit Committee
Member, Board Risk Committee

Angela Naa Sakua Okai (43)
Company Secretary

Appointed: April, 2014.

Experience: Angela is a lawyer with a wealth of experience in branch banking having served in many roles, including Branch Manager, within the Retail Segment of the Bank. She joined the Legal and Compliance Department as a Compliance Officer in 2008, transitioning to the role of Legal Counsel for the Corporate and Institutional Clients Segment in 2010. In her role as Company Secretary, Angela is the first female to have held this position in the Bank's history in Ghana. In April 2015, Angela was appointed Regional Head for Subsidiary Governance, West Africa (excluding Nigeria), with responsibility for providing leadership and support to Cameroon, Cote D'Ivoire, Gambia and Sierra Leone to ensure that the Group's subsidiary governance standards are fully implemented. Angela is a member of the Ghana Bar Association and an alumni of the 2010 Fortune/US State Department Global Women's Mentoring Program.

Management Team

Mansa Nettey
Chief Executive

Kweku Nimfah-Essuman
Chief Financial Officer

Xorse Godzi
Head, Global Banking, Corporate & Institutional Banking

Appointed: November 2015

Experience: Xorse Godzi was appointed Country Head of Global Banking in December 2016 having served as Head, International Corporates and Financial Institutions from November 2015. Xorse's previous roles include Regional Head, Commodity Traders and Agri-business, based in Johannesburg.

Xorse is in his fifteenth year with the Bank and has worked in various roles in a number of geographies. He has rich experience in client coverage having worked as Director, Global Corporates, London between 2006 and 2010. He was in charge of the Bank's coverage of commodity and agri-business clients in our footprints in Africa between 2013 and 2015 and was based in South Africa. He also previously held senior roles in Corporate and Institutional Clients business in Ghana. Xorse is tasked with developing and executing our country client strategy within Corporate and Institutional Banking to optimise revenue and adequate returns on capital employed. He takes overall responsibility for in-country (CIB) relationships.

Henry Baye
Head, Retail Banking Ghana & West Africa

Appointed: November 2015

Experience: Henry Baye was appointed as Head of Retail Banking West Africa in November 2015. Prior to this he was Head of Retail Clients for Ghana, Gambia and Sierra Leone.

Henry has 19 years of banking experience. He commenced his banking career in Standard Chartered Bank Ghana Limited in 1997. Henry has extensive experience in senior roles in banks. During his first eleven years in Standard Chartered he served in various roles including Branch Manager, General Manager Unsecured Lending, General Manager Distribution and Wealth all in Ghana and then General Manager, Wealth Management, West Africa. He also worked for Barclays Bank Ghana Limited as Head of Distribution. He also served as Head of Consumer Banking and doubled as Head of Corporate Banking at the Universal Merchant Bank.

Kwabena Boateng
Head, Commercial Banking

Appointed: November 2015

Experience: Kwabena Boateng was appointed as Head Commercial Banking in November, 2015. Prior to this, he was Head, Local Corporate from 2013 to 2014. He was also the General Manager, SME between 2010 and 2012. He joined Standard Chartered as a Senior Relationship Manager in 2006.

Kwabena has vast experience in the industry especially SME and Local Corporate Banking. He made a significant impact on the bank's SME business by developing it to a major part of the SME franchise in Africa.

Prior to joining the bank, he was with The Trust Bank and Amalgamated Bank where he was a Senior Relationship Manager handling SMEs and Local Corporate.

Kwabena practised Civil Engineering for 6 years before joining the banking industry.

Joan Essel-Appiah

Head, Compliance, Ghana & West Africa

Appointed: November 2015

Experience: Joan was appointed Head, Compliance, Ghana and West Africa in November 2015 and is responsible for leading and strengthening the Bank's compliance and regulatory framework across West Africa. She moved to this role after leading the Legal and Compliance team in West Africa excluding Nigeria from April 2014 till end October 2015. Prior to that Joan headed Compliance for Ghana and West Africa (excluding Nigeria) when she joined the Bank in May 2011.

Joan has over 25 years extensive experience in the legal profession both in the public and private sectors and has for the past nine years also practiced in the regulatory and Compliance sphere in the banking industry in West Africa. She was Director, Legal in CAL Bank just before she joined Standard Chartered Bank. Before that she was Senior and then Principal Counsel at the Volta River Authority and also worked as Head of Legal in the Ghana National Fire Service.

Joan has an LLM from the University of Warwick, Coventry and LLB from the University of Ghana and a BL from the Ghana School of Law.

Sheikh Jobe

Chief Information Officer, Ghana & West Africa

Appointed: November 2015

Experience: Sheikh Jobe was appointed Chief Information Officer, Ghana & West Africa in November 2015.

Sheikh has 23 years of banking experience at global, regional and country level across banking technology and operations, operational risk management, financial crime risk management, compliance, audit and branch banking. These include positions held as Global Head, Lending Operations and Technology based in Singapore between 2007 and 2012 and Africa Regional CIO based in Nigeria between 2014 and 2015.

Prior to joining Standard Chartered in 1994, Sheikh worked with National Audit Office of The Gambia.

Asiedua Addae

Head, Corporate Affairs and Brand & Marketing

Appointed: November 2015

Experience: Asiedua Addae was appointed Head, Corporate Affairs and Brand and Marketing in November 2015. She is responsible for promoting and protecting the Bank's reputation through Corporate Affairs and Brand and Marketing activities in Ghana. Asiedua joined Standard Chartered Bank Ghana Limited in 2012 and has held various positions in the Bank including Head, Business Marketing and Head, Brand and Marketing.

Asiedua has over 16 years of experience working with a number of global brands across geographies. Prior to joining Standard Chartered Bank Ghana Limited, Asiedua worked with Unilever and L'Oreal. Asiedua has an MBA from Fordham University in New York.

Simon Burutu

Country Chief Risk Officer (Ghana) and Senior Credit Officer (Ghana, Gambia and Sierra Leone)

Appointed: November 2015

Experience: Simon Burutu was appointed Country Chief Risk Officer (Ghana) and Senior Credit Officer (Ghana, Gambia and Sierra Leone) in 2015. Before the current role he was Chief Risk Officer (Ghana) and Senior Credit Officer (Ghana and West 4) from 2012 to 2014, Senior Credit Officer (East Africa- Kenya, Tanzania and Uganda) from 2009 to 2011, Senior Credit Officer (Zambia and Zimbabwe) from 2007 to 2008, Senior Credit Officer (Zimbabwe) from 2005 to 2006, Head of Credit from 2002 to 2004, Senior Manager (Agri Business) from 1999-2001 and Regional Account Relationship Manager from 1996 to 1998.

Simon has had a long and successful career at Standard Chartered spanning over 30 years and has held roles in both Wholesale and Retail Banking.

Management Team
(continued)

Setor Quashigah
Head, Wealth Management

Appointed: November 2015

Experience: Setor was appointed Executive Director, Wealth Management in April 2016, responsible for delivering world class wealth products and solutions in Ghana.

She joined Standard Chartered as a Management trainee. 18 years on Setor has a vast banking experience ranging from branch banking as a Sales Consultant, Customer Services manager and Branch Manager. Setor has held other managerial roles including Head, Direct Banking, Head, Proximity and Remote banking, and General Manager, Preferred and Priority Banking. Setor built a team of high performing Relationship Managers, best in class Trusted Advisors managing our Priority Clients segment. Setor has an excellent track record in Sales, Relationship and Portfolio Management.

Prior to joining Standard Chartered, Setor's career started in 1997 at Unilever Ghana Ltd.

Setor has an MBA from the University of Leicester, UK. and B.A from the Kwame Nkrumah University of Science and Technology in Ghana

Kwame Asante
Head, Transaction Banking

Appointed: November 2015

Experience: Kwame Asante was appointed as Head of Transaction Banking, Ghana in November 2015. He is responsible for leading the Transaction Banking product agenda for Corporate & Institutional and Commercial Banking in Ghana. Prior to this role, Kwame was the Regional Head of Transaction Banking Sales, Commercial Clients, Africa.

Kwame joined Standard Chartered Bank in 2006 and has held a variety of roles across Africa including, Interim Head of Corporate Sales, Transaction Banking, South Africa; Country Head of Transaction Banking, Botswana and Director, Transaction Banking Sales, Ghana.

Kwame is a graduate of Kwame Nkrumah University of Science and Technology in Ghana, and holds a postgraduate degree from the University of Leicester, UK.

Harry Dankyi
Head of Audit, Ghana and West Africa

Appointed: November 2015

Experience: Harry was appointed Head of Audit in November 2015. His responsibilities include managing and delivering the audit plan. This includes engaging with the Country CEO, External Auditors and regulators and providing assurance to the adequacy of controls to the Management Team and the Board.

In his previous role as Head Compliance and Assurance, he was responsible for ensuring adherence to Group and local policies within the country. In this capacity he provided functional leadership and direction, and embedded a robust compliance culture within the Country.

Prior to joining the Bank, he was with Volta River Authority (VRA), where he worked as a Financial Accountant in the Finance Department and in other various capacities.

Harry is a fellow of the Association of Chartered Certified Accounatnts, and holds an MBA (Finance) from the University of Ghana.

Gifty Fordwuo
Head, Human Resources

Appointed: December, 2016

Experience: Gifty Fordwuo was appointed Head, Human Resources on 1st December, 2016. Prior to this role, Gifty was the Senior HR Business Partner for Retail Banking and Information Technology & Operations for Ghana.

Gifty joined the Bank in 1997 as a Graduate Trainee, and has a proven track record of over 18 years experience in SCB, having worked in Branch Banking, Channels Management, Products and Human Resources.

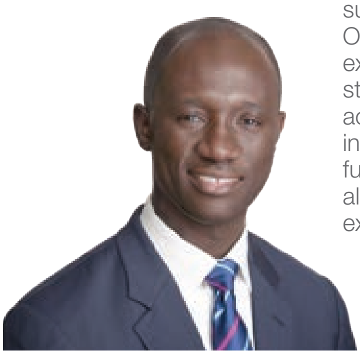
Gifty is a Chartered Member of the Chartered Institute of Personnel and Development, UK, and holds a Post Graduate Degree in Human Resources from the University of Ghana, Legon.

Alikem Adadevoh
Head, Legal

Appointed: January 2017

Experience: Alikem was appointed Head, Legal, Ghana on January 23, 2017 and is responsible for leading the legal team in the country. She has a Master of Laws (LLM) Degree in International Banking and Finance Law from the University of London and twenty five years of experience as a legal practitioner. Alikem has over twelve years of experience in private practice working with the law firm, Fugar and Company. She also has diverse and extensive experience in corporate and commercial law practice and worked with the African Development Bank (AfDB) at its headquarters in Abidjan and Tunisia respectively. Alikem also spent six years in the mining industry where she was the Legal and Compliance Manager of Golden Star Resources Limited, a Canadian mining company, based in Denver, Colorado, USA with key mining operations in Ghana. Prior to joining Standard Chartered Bank, she worked as the Director, Legal Services, The First Group (Ghana) Limited, an investment and management services company.

Sam Kwaku Peprah
Business Planning Manager



Appointed: December 2015

Experience: Sam is the Business Planning Manager supporting the Chief Executive Officer in formulating and executing the business strategy, ensuring the achievement of performance indicators through strategic functional and business alignment and enforcing exemplary control and governance standards.

Sam joined the Bank's Wholesale Banking International Graduate training programme in 2010, subsequently working as Business Planning Manager for the Transaction Banking business across West Africa and Product Sales Manager for the Bank's Global Corporate clients in Ghana.

Prior to joining Standard Chartered Bank, he held sales and consulting roles with Fidelity Investments in Massachusettes, and Deloitte Touche Tomahatsu in New York respectively.

He holds an MPA in Finance and Fiscal Policy from Cornell University in Ithaca, New York.

Statement on Corporate Governance

For the Year Ended 31 December 2016

Standard Chartered Bank Ghana Limited. is a key player in the banking industry in Ghana. The Company has consistently practised high standards of corporate governance in order to contribute to the promotion of an environment where such standards are upheld and practiced by all industry players. The Company recognises that exemplary governance is key to sustaining the viability of the Company in the long term and is also at the heart of its commitment to be "Here for Good".

To this end, the Company has committed resources to ensure that business is conducted in an ethical manner; in compliance with all legal and regulatory requirements. The Company maintains a Code of Conduct, the key principles of which underpin the conduct of all employees in their dealings with one another, clients, suppliers and other stakeholders. The Board is ultimately responsible for ensuring adherence to the Code of Conduct.

The Board

The Board is the ultimate decision making body for all material matters within the Company. It is responsible for providing leadership, setting the strategic direction of the Company and monitoring Management for effectively executing such strategy. The Board's mandate is set out in the Matters reserved for the Board, key amongst which are the reviewing and tracking of the Company's strategy, financial performance , approving any changes to capital, ensuring a sound system of internal controls and risk management, delegation and monitoring of authorities for expenditure and other significant commitments.

The Board is diverse, with a good mix of experience and skills. The areas of expertise of the directors are as follows:

Board members	Status	Expertise
Ishmael Yamson	Chairman (Independent)	Economist
J. Kweku Bedu-Addo	Executive	Banking/Financial Services
Mansa Nettey	Executive	Banking/Financial Services
Felicia Gbesemete	Independent	Lawyer
Emmanuel Oteng Kumah	Independent	Economist
Felix Addo	Independent	Chartered Accountant
David Adepoju	Non-Executive	Banking/Financial Services
Kweku Nimfah-Essuman	Executive	Chartered Accountant

Professional Development and Training Activities

The Company has a very comprehensive and tailored induction process for new directors. The induction process covers the Company's business operations, the risk and compliance functions, as well as the legal, regulatory and other personal obligations and duties of a director of a listed company. Aside the induction programme, the Company ensures a continuous development programme which is needs-based and is designed for individual directors, Committees or for the Board as indicated by the annual board training plan.

The Directors are kept updated on all regulations and laws that are enacted which may affect the operations of the Company and are also advised of the legal, regulatory and other obligations of a director of a listed company on an ongoing basis. The directors have access to independent professional advice to enable them to discharge their duties.

The Board and its Committees received training in 2016 on the Company's business continuity plan, financial crime risk management, risk management framework (with focus on operational risk), and structured risk management solutions. Three members of the Board also attended the Corporate Governance workshop organised by the Bank of Ghana in conjunction with the International Finance Corporation.

Performance Evaluation Process

A performance evaluation of the Board is conducted on a bi-annual basis. The last Board evaluation was conducted in June 2016. The evaluation was conducted via an online process called the " Linstock" tool. The evaluation covered members' views on overall Board interactions, the effectiveness of the Company's strategy and risk management, top risks facing the Company, conduct of business, meetings, effectiveness of the Board Committees, succession planning for the Board and Management and scope of control exercised by the directors. Following the evaluation exercise, the directors identified areas that required further consideration by the Board. These would be addressed through specific trainings and on site branch visits by directors.

Board meetings and attendance

The full Board meets at least four times a year, and has a special strategy session annually. A rolling agenda of matters to be discussed is maintained. There is a process in place to ensure that directors receive reports in a timely manner to enable them to ask appropriate questions and make informed decisions.

Aside the formal meetings, the directors are engaged informally throughout the year. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication. The directors are encouraged to interact with the staff and to broaden their understanding of the Company's operations through their periodic branch visits.

The following table shows the number of Board meetings held during the year and the attendance by the directors:

Board members	Scheduled meetings 4	Ad hoc 1	Remarks
Ishmael Yamson	4/4	1/1	
J. Kweku Bedu-Addo	4/4	1/1	
Mansa Nettey	4/4	1/1	
Felicia Gbesemete	4/4	1/1	
Emmanuel Oteng Kumah	4/4	1/1	
Felix Addo	4/4	1/1	
David Adepoju	4/4	1/1	
Kweku Nimfah-Essuman	0/4	1/1	Joined the Board on 18 November 2016
Herbert Morrison	2/4	-	Stepped down from the Board on 4 May 2016

The adhoc meeting was held to discuss and approve the Bank's strategy and the budget.

Directors' remuneration

Remuneration for independent non-executive directors is reviewed every two years. The review is based on surveys carried out on the going market rates for non-executive directors. Depending on the results of the survey, directors' remuneration is either maintained or reviewed to ensure that the levels of remuneration and compensation are appropriate and competitive.

Executive directors' remuneration is based on the reward, support and benefits arrangements the Company has for all staff.

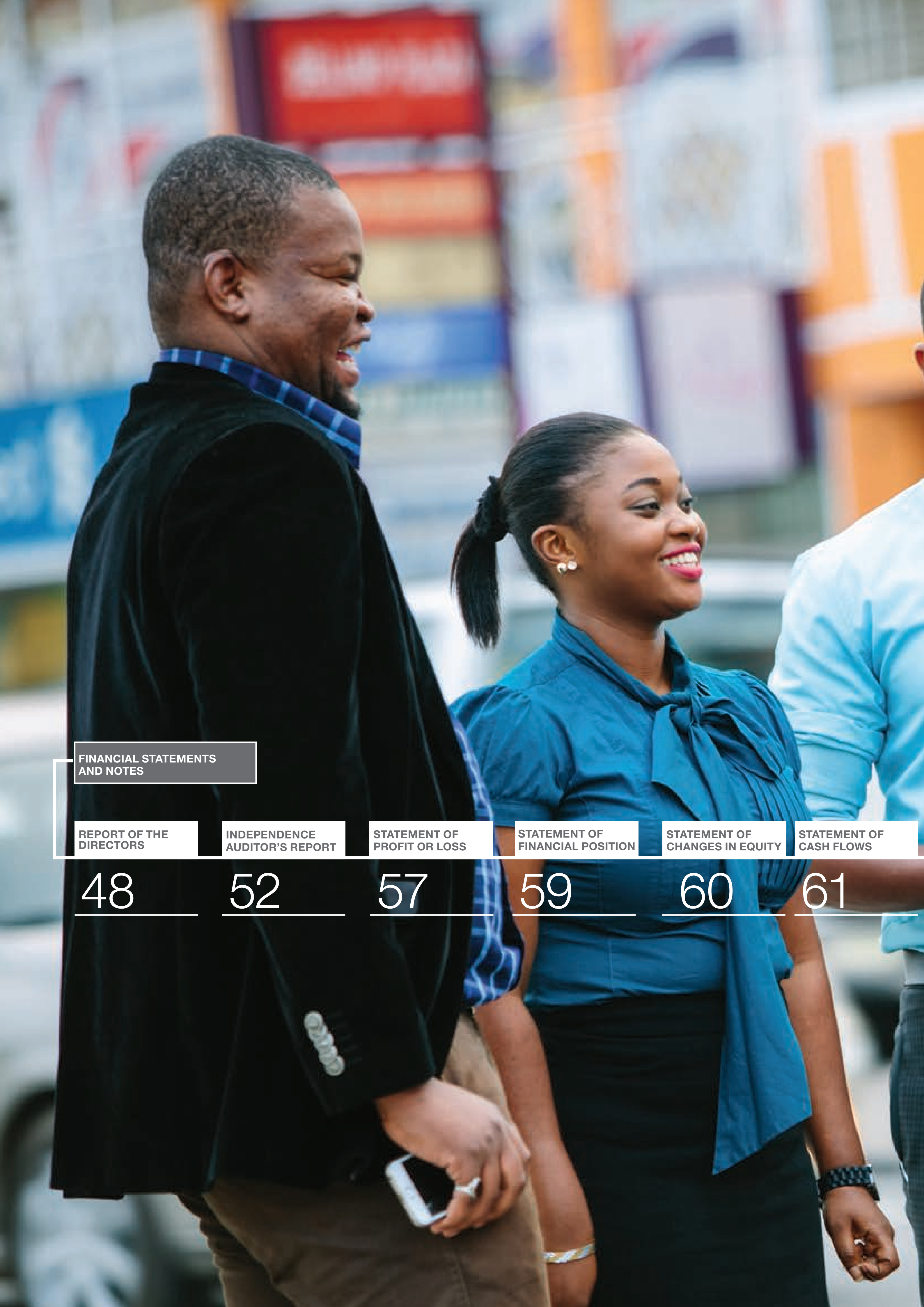
The independent non-executive directors are paid annual fees and a sitting allowance for meetings attended. Information on the aggregate amount of emoluments and fees paid to directors is disclosed in Note13 of the financial statements.

Conflicts of interest

The Company has a comprehensive policy on Conflicts of Interest and staff as well as directors are required to abide by it. Directors are made aware of their obligation to avoid conflict of interest at the induction and through ongoing training. There is a robust process which requires directors to disclose outside business interest before they are entered into. The provisions on conflict of interest are embodied in the directors' letters of appointment and Induction Handbook and is also a legal requirement under the Companies Code 1963, Act 179.

External Directorships and Other Business Interests

Details of the Directors' external directorships can be found in their biographies on pages 38 and 39 of the Annual Report. Before committing to an additional role, Directors are required to confirm that no conflicts will arise . They must also provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfil their role as director of the Company. The Board's Executive Directors are permitted to hold only one external non-executive directorship.



FINANCIAL STATEMENTS AND NOTES

NOTES TO THE FINANCIAL STATEMENTS

Report of the directors

The Directors have pleasure in submitting their report and the financial statements of the Bank for the year ended 31 December 2016. The financial statements have been drawn and presented in accordance with the Companies Act, 1963, (Act 179), the Banking Act as amended and the International Financial Reporting Standards issued by the International Accounting Standard Board (IASB).

On behalf of the Board, the Audit Committee has reviewed the annual report and the process by which the Bank believes that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance of the Bank. Following its review, the Audit Committee has advised the Board that such a statement can be made in the annual report.

Nature of business

The Bank is licensed to carry out Universal Banking business in Ghana. There was no change in the nature of the Bank's business during the year. The financial statements and the notes thereon as shown from page 57 to 101 thereon provide the business performance and position for the year ended 31 December, 2016.

The Board and its committees

The Board is accountable for the long term success of the Bank and it is responsible for ensuring leadership, approving the strategy, and ensuring that the Bank is suitably resourced to achieve its strategic aspirations. In doing so, the Board considers its responsibilities to, and the impact of its decisions on its stakeholders including shareholders, employees, customers, suppliers, the environment and the communities the Bank operates in.

The Board also delegates certain responsibilities to its Committees to ensure its independent oversight. In addition, the Board delegates authority for the operational management of the Bank to the Managing Director and Chief Executive Officer or further delegation by the latter in respect of matters which are necessary for the day to day running and management of the Bank.

The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills with a mixture of Executive and Non-Executive Directors. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people were some of the key activities the Board focused its time on in 2016 as it provided guidance to Management in steering the Bank through a turbulent period in the economy and in the banking industry.

The Board met regularly throughout the year. In addition to substantial strategy discussions held at each meeting, the Board held an off-site strategy session in November 2016 at which it had a systematic and comprehensive discussion around the strategy and direction of the Bank.

The Board is pleased to announce the appointment of the first female Chief Executive/Managing Director, Mrs. Mansa Nettey to replace Mr. Kweku Bedu-Addo effective 1 March 2017. Mr. Bedu-Addo has been appointed as the Chief Executive of Standard Chartered Bank South Africa with additional oversight for the Sothern Africa region.

Mr. Kweku Nimfah–Essuman was appointed as an Executive Director of the Bank by the Board on 18 November 2016. He was also appointed the Chief Financial Officer to replace Dayo Omolokun who resigned on the 13 October 2015.

Mr. Hebert Morrison stepped down from the Board on 4 May 2016.

At the time of the approval of the 2016 Annual Report on 24 February 2017, the Board was made up of eight (8) Directors: three (3) Executive Directors and five (5) Non-Executive Directors and the list is as stated below:

Board members	Standard Chartered Bank Ghana Limited Board	Board Audit Committee	Board Risk Committee
Ishmael Yamson	Yes	No	No
J. Kweku Bedu-Addo	Yes	No	No
Mansa Nettey	Yes	No	No
Kweku Nimfah-Essuman	Yes	No	No
Felicia Gbesemete	Yes	Yes	Yes
Emmanuel Oteng Kumah	Yes	Yes	Yes
Felix Addo	Yes	Yes	Yes
David Adepoju	Yes	Yes	Yes

Board roles and key responsibilities

Chairman

The Chairman is responsible for leading the Board and its overall effectiveness and governance, promoting high standards of integrity and ensuring effective communication between the Board, Management, shareholders and other stakeholders.

Chief Executive (CE)/Managing Director (MD)

The CE/MD is responsible for managing of all aspects of the Bank's businesses, developing the strategy in conjunction with the businesses, the Chairman and the Board and leading its implementation.

Non-Executive Directors (NEDs)

NEDs provide an independent perspective, constructive challenge and monitor the performance and delivery of the strategy within the risk and controls set by the Board.

Number of Board meetings held in 2016

Board members	Scheduled meetings 4	Ad hoc 1	Remarks
Ishmael Yamson	4/4	1/1	
J. Kweku Bedu-Addo	4/4	1/1	
Mansa Nettey	4/4	1/1	
Felicia Gbesemete	4/4	1/1	
Emmanuel Oteng Kumah	4/4	1/1	
Felix Addo	4/4	1/1	
David Adepoju	4/4	1/1	
Kweku Nimfah-Essuman	0/4	1/1	Joined the Board on 18 November 2016
Herbert Morrison	2/4	-	Stepped down from the Board from 4 May 2016

Board Committees

The Board made a conscious decision to delegate a broader range of issues to the Board Committees, namely Audit and Risk. The linkages between the Committees and the Board are critical for the smooth running of the Bank.

The Board duly received the minutes and updates from each of the Committees' meetings throughout the reporting period.

The Bank has effective mechanisms in place to ensure that there are no gaps or unnecessary duplications among the remit of the Committees.

Audit Committee

The Audit Committee oversees the management of the financial and internal controls. The Committee's role is to review, on behalf of the Board, the Bank's internal controls; to identify, assess, manage and monitor financial risks. It is also responsible for oversight and to give advice to the Board on internal controls and matters relating to financial reporting. In discharging its responsibilities, the Committee acknowledges and embraces its role of protecting the interest of shareholders.

Number of Board Audit Committee meetings held in 2016

Board members	Scheduled meetings 4	Remarks
Felix Addo (Chairman)	4/4	
Felicia Gbesemete	4/4	
Emmanuel Oteng Kumah	4/4	
David Adepoju	0/4	Appointed to the Committee on 18th November 2016
Herbert Morrison	2/4	Stepped down from the Board from 4 May 2016

Risk Committee

The Board Risk Committee maintains oversight accountability for credit, capital, market, liquidity, operational, cross border and pension risks. In discharging its responsibilities, the Committee monitors risk positions and seeks assurance on behalf of the Board around the Bank's Risk Management Framework which assigns accountability and responsibility for the management and control of risk.

Number of Board Risk Committee meetings held in 2016

Board members	Scheduled meetings 4	Remarks
Felicia Gbesemete(Chairperson)	4/4	
Felix Addo	4/4	
Emmanuel Oteng Kumah	4/4	
David Adepoju	0/4	Appointed to the Committee on 18 November 2016
Herbert Morrison	2/4	Stepped down from the Board from 4 May 2016

Interaction with Management

On an annual basis, the Committee members meet individually with our statutory auditor, Deloitte and Touche Ghana, Chief Financial Officer, Head of Internal Audit, Head of Compliance and Chief Risk Officer. These meetings allow the Committee members to discuss freely matters relating to the auditor's remit and issues arising from the audit.

Directors' securities transactions

The Directors' beneficiary interest in the ordinary shares of the Bank as at 31 December 2016 is as shown as per note 35 of the financial statement:

Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Parent company

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V., a company incorporated in The Netherlands.

Area of operation

The Bank comprises a network of 25 branches and Head Office as at the time of signing this account.

Subsidiary

The Bank maintains a special purpose legal entity, Standard Chartered Ghana Nominee Limited, to warehouse assets held in trust on behalf of custody clients in the conduct of its fiduciary activities. The assets and income due to such clients arising thereon are not the bonafide property of the Bank and therefore not consolidated with these financial statements. Refer to note 24 for the necessary disclosures on this nominee company.

Auditor

The Board recommends that Deloitte & Touche, should continue to be the statutory auditor of the Bank.

Sufficiency of public float

As at the date of this account, the Bank has maintained the prescribed public float governing the listing of securities on the Ghana Stock Exchange based on the information publicly available to the Bank and within the knowledge of the Directors.

Political donations

No political donations were made in the year ended 31 December 2016 (2015: Nil)

Directors' responsibility for the financial statements

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 1963 (Act 179), the Banking Act, 2004 (Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738) and Securities and Exchange Commission Regulations (L.I 1728); 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.

Business Performance

- Operating income increased by 17 per cent from GH¢531.1 million to GH¢620.8 million.
- Profit after tax increased to GH¢224.5 million from GH¢66.1 million recorded in 2015, representing 241 per cent growth.
- Earnings per share grew by 256 per cent from GH¢0.54 per share in 2015 to GH¢1.92.
- Overall balance sheet grew by 30 per cent to GH¢4.4 billion.

On the back of the promulgation of the new Act to regulate banking operations in Ghana, the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930), which has made GH¢120 million the mandatory minimum paid up capital for all banks to comply, the Board is recommending to the shareholders to convert GH¢60 million of income surplus into paid up capital.

Statutory Reserve Fund

In accordance with Section 29(c) of the Banking Act, 2004

(Act 673), as amended by the Banking (Amendment) Act, 2007 (Act 738), a cumulative amount of GH¢211.6 million (2015: GH¢183.5 million) has been set aside in a Statutory Reserve Fund from the Income Surplus Account. The cumulative balance includes an amount set aside from the net profit for the year.

Dividend

Based on the Bank's performance, the Directors are recommending a dividend of GH¢1.12 (2015: GH¢0.37) per share for ordinary shares amounting to GH¢129.4 million (2015: GH¢42.74 million.)

Approval of the Financial Statements

The Directors have taken all the necessary steps to make themselves and Deloitte and Touche aware of any information needed in performing the 2016 audit and as far as each of the Directors is aware, there is no relevant audit information of which Deloitte and Touche Ghana is unaware.

The financial statements of the Bank were approved by the Board of Directors and authorized for issue on 24 February 2017 and signed on its behalf by J. Kweku Bedu-Addo and Kweku Nimfah-Essuman.

……………………………………..	……………………………………..	……………………………………..
Ishmael Yamson	J. Kweku Bedu-Addo	Kweku Nimfah-Essuman
Chairman	Director	Director

Independent Auditor's report

to the Members of Standard Chartered Bank Ghana Limited

OPINION

We have audited the accompanying financial statements of Standard Chartered Bank Ghana Limited set out on pages 57 to 101 which comprise the statement of financial position as at 31 December 2016, the statements of profit or loss and statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Standard Chartered Bank Ghana Limited as at 31 December 2016 and the financial performance and cash flows for the year then ended in accordance with the 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).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters noted below relate to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Loan Impairment Loss Provisions	
The Bank assesses the impairment of the loans and advances in compliance with IAS 39 – Financial Instruments: Recognition and Measurement, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan asset's original effective interest rate. The Bank reviews its loans and advances for impairment at the end of each reporting period. Due to the significant judgement that is applied by Management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit risk. In addition to specific provisions against individually impaired loans and advances, the Bank also makes a collective impairment provision against the remainder of the loans and advances in relation to which specific impairment losses have not been made. We focused on this area, since the determination of the amount of the collective provision is an estimation process which is based on historical loss experience and therefore involves significant judgement. The disclosures relating to impairment of loans and advances to customers which are included in note to the financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.	We evaluated and tested the design, implementation and operating effectiveness of the key controls over the computation of impairment loss provisions. In performing the tests of controls, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of person(s) performing the controls, frequency and consistency with which the controls are performed. We performed an evaluation of Management's key assumptions over specific impairment calculation, including the calculation methodology, the basis of the underlying expected cash flows, and the realizable value of collaterals and expected period of realization of the collaterals. We determined whether the cash flow projections were supported and consistent with the financial information in the Borrower's loan file. We evaluated the loan's effective interest rate used in discounting expected future cash flows and recalculated the estimate of loss using the cash flow projections and the loan's effective interest rate. We further examined validity of collaterals and verified that the original copies are kept in a secured place. We determined that the current fair value of the collaterals were obtained from qualified professionals either internal or external to the Bank. For fair value estimates supported by current independent appraisals, we evaluated the appraiser's qualifications and obtained an understanding of the assumptions adopted for each appraisal. Typically, appraisal assumptions are based on the current performance of the collateral or similar assets. We calculated an estimate of loss for the selected fair value of collateral dependent loans.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td></td><td>We tested the adequacy of the collective loan loss provision by evaluating the assumptions and loss rates used by Management in the calculation of the collective impairment provision. We considered past experience and current economic and other relevant conditions, including changes in factors such as lending policies, nature and volume of the portfolio, volume and severity of both past and recently identified impaired loans and concentration of credit.

We also considered the consistency of the approach with the prior year and evaluated the adequacy of the Bank's disclosures on impairment of loans and advances to customers.

We also assessed the adequacy of the Bank's disclosures on allowance for impairment of loans and advances.</td></tr>
<tr><td colspan="2">Valuation of derivatives</td></tr>
<tr><td>The Bank has entered into various derivatives for trading purposes as disclosed in the note to the financial statements. These derivatives include:

• Interest rate swaps
• Currency swaps and forwards

IAS 39 requires that all derivatives are marked at fair value (marked to market). IFRS 13 sets out a hierarchy of the determination of fair value. Depending on whether the instruments are traded in active markets or not, a quoted price or recent market transactions data should be used. However, for instruments for which there is no active market, a valuation technique is used.

Discounting cash flows at different times is a routine but key part of derivatives valuations. Discount rates for varying periods can be implied from pure interest rate instruments such as government bond, interest rate futures, interest rate swaps, treasury bills, money market deposits.

There is a risk of improper valuation of derivative instruments in line with IAS 39. The discount rates or swap curves used in the derivatives valuation may not be accurately compiled.

We also considered there to be a risk that the derivative financial instruments disclosures included in note 5 are not complete.</td><td>We evaluated and tested the design, implementation and operating effectiveness of key controls over the valuation of interest rate swaps (IRS) and currency swaps and forwards.

We involved our internal specialists in our independent valuation of the derivatives instruments held by the Bank. The following procedures were performed:

• Assessed the appropriateness of the valuation models used to value the derivative financial instruments.
• Reperformed the valuation of a sample of each type of derivative financial instruments. Applied relevant derivative pricing theory and market practice, in order to determine an appropriate valuation methodology for each derivative instrument.
• Compared the fair value adjustments passed by management to our recalculation.
• Assessed the sources and accuracy of key inputs used in the valuations such as the risk free rates, spot rates and implied forward rates, and benchmarked these rates against external sources.

We obtained third party confirmations for the open positions as at 31 December 2016.

We assesed whether the disclosure on derivative financial intruments are complete and adequate.</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, including the Chief Executive Officer and the Board Chairman's statements, which we obtained prior to the date of this Auditor's report and the integrated report, which is expected to be made available after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Bank's 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.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the Audit Committee and the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provided the Audit Committee and Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

We confirm that:

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

ii) The Bank has kept proper books of account, so far as appears from our examination of those books.

iii) The Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The Bank has generally complied with the provisions of the Banking Act 2004, (Act 673) and the Banking (Amendment) Act, 2007 (Act 738).

The engagement partner on the audit resulting in this independent auditor's report is: **Daniel Kwadwo Owusu (ICAG/P/1327)**

Deloitte & Touche.

Deloitte & Touche (ICAG/F/2017/129)

Chartered Accountants

4 Liberation Road

Accra Ghana

February 27, 2017

Statement of Profit or Loss

For the Year Ended 31 December 2016

	Note	2016 GH¢'000	2015 GH¢'000
Interest income	8	**549,924**	490,482
Interest expense	8	**(89,687)**	(116,730)
Net interest income	8	**460,237**	373,752
Fees and commission income	9	**91,161**	74,956
Fees and commission expense	9	**(10,902)**	(9,719)
Net fee and commission income		**80,259**	65,237
Net trading income	10	**92,901**	84,504
Net Income from other financial instrument carried at fair value	11	**(19,859)**	2,482
Other operating income	12	**7,243**	5,140
Total other and trading income		**80,285**	92,126
Operating income		**620,781**	531,115
Net impairment loss on financial asset	21(ii)	**(81,108)**	(212,781)
Operating income net of impairment charges		**539,673**	318,334
Personnel expenses	13	**(141,553)**	(128,991)
Operating lease expenses	23(b)	**(3,525)**	(4,251)
Depreciation and amortisation	23 (c)	**(6,544)**	(6,615)
Other expenses	14	**(42,493)**	(87,415)
Total operating expenses		**(194,115)**	(227,272)
Profit before income tax		**345,558**	91,062
Income tax expense	15(i)	**(101,516)**	(20,361)
National Fiscal Stabilization Levy	15(ii)	**(19,531)**	(4,553)
Income tax expense		**(121,047)**	(24,914)
Profit for the year		**224,511**	66,148
Profit attributable to:			
Controlling equity holders of the bank		**155,856**	45,920
Non-controlling interest		**68,655**	20,228
Profit for the period		**224,511**	66,148
		GH¢	GH¢
Basic earnings per share	16(i)	**1.92**	0.54
Diluted earnings per share	16(ii)	**1.92**	0.54

The notes on pages 62 to 101 are an integral part of these financial statements.

Statement of Other Comprehensive Income

For the Year Ended 31 December 2016

	2016 GH¢'000	2015 GH¢'000
Profit for the year	**224,511**	66,148
Other comprehensive income, net of income tax (Note 31v)	**30,924**	3,111
Total comprehensive income for the year	**255,435**	69,259
Total comprehensive income attributable to:		
Controlling equity holders of the bank	**177,323**	48,079
Non-controlling interest	**78,112**	21,180
Total comprehensive income for the year	**255,435**	69,259

The notes on pages 62 to 101 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 GH¢'000	2015 GH¢'000
Assets			
Cash and cash equivalents	18	**1,454,542**	1,007,946
Derivative assets held for risk management	19	**4,285**	1,503
Trading asset (non pledge)	20	**67,550**	6,940
Loans and advances to customers	21	**1,262,636**	1,219,459
Investment securities	22	**1,278,874**	912,517
Current tax assets	15	**14,018**	27,910
Intangible assets	24	**2,257**	3,435
Equity investment	22a	**1**	1
Other assets	26	**259,988**	164,928
Property, plant and equipment	23	**29,413**	24,809
Total assets		**4,373,564**	3,369,448
Liabilities			
Deposits to banks	27	**9,702**	65,403
Deposits to customers	28	**3,197,673**	2,422,382
Borrowings	29	**84,004**	77,440
Deferred tax	25	**777**	5,265
Other liabilities	30	**316,192**	243,858
Total liabilities		**3,608,348**	2,814,348
Equity			
Stated capital	31(i)	**44,385**	44,385
Income surplus	31(ii)	**232,644**	105,562
Statutory reserve	31(iii)	**146,854**	127,372
Credit risk reserve	31(iv)	**84,282**	105,632
Other reserves	31(v)	**24,651**	4,002
Total equity attributable to parent's equity interest		**532,816**	386,953
Non – controlling interest		**232,400**	168,147
Total equity		**765,216**	555,100
Total liabilities and equity		**4,373,564**	3,369,448
Net Assets Value Per share		**GH¢ 6.3**	GH¢ 4.7

The notes on page 62 to 101 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 24 February 2017 and signed on its behalf by

....

J. Kweku Bedu-Addo
Director

....

Kweku Nimfah-Essuman
Director

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Stated capital	Income surplus	Statutory reserve	Credit risk reserve	Other reserves	Parent Company Equity	Non- controlling interest	Total equity
	GH¢'000	GH¢'000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢'000
Balance at 1 January 2015	44,385	104,352	121,632	95,754	2,659	368,782	160,145	528,927
Profit for the year	-	45,920	-	-	-	45,920	20,228	66,148
Transfer to statutory reserve	-	(5,740)	5,740	-	-	-	-	-
Dividend paid	-	(29,910)	-	-	-	(29,910)	(13,176)	(43,086)
Changes recognised in equity	-	-	-	-	2,161	2,161	950	3,111
Transfers to and from reserves	-	818	-	-	(818)	-	-	-
Transfer to credit risk reserve	-	(9,878)	-	9,878	-	-	-	-
Balance at 31 December 2015	**44,385**	**105,562**	**127,372**	**105,632**	**4,002**	**386,953**	**168,147**	**555,100**
Profit for the year	**-**	**155,856**	**-**	**-**	**-**	**155,856**	**68,655**	**224,511**
Net fair value gains on available for sale financial asset	**-**	**-**	**-**	**-**	**21,467**	**21,467**	**9,457**	**30,924**
Transfer to credit risk reserve	**-**	**21,350**	**-**	**(21,350)**	**-**	**-**	**-**	**-**
Transfer to statutory reserves	**-**	**(19,482)**	**19,482**	**-**	**-**	**-**	**-**	**-**
Dividend paid to equity holders	**-**	**(31,460)**	**-**	**-**		**(31,460)**	**(13,859)**	**(45,319)**
Transfers to and from reserves	**-**	**818**	**-**	**-**	**(818)**	**-**	**-**	**-**
Balance at 31 December 2016	**44,385**	**232,644**	**146,854**	**84,282**	**24,651**	**532,816**	**232,400**	**765,216**

The notes on pages 62 to 101 are an integral part of these consolidated financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 GH¢'000	2015 GH¢'000
Cash flows from operating activities			
Profit for the period		**224,511**	66,148
Adjustments for:			
Depreciation and amortisation	23(i)	**6,544**	6,615
Impairment on financial assets	21(ii)	**81,108**	212,781
Net interest income		**(460,237)**	(373,752)
Income tax expense		**121,047**	24,914
Profit on sale of assets		**(7,243)**	(5,140)
		(34,270)	(68,434)
Change in trading assets		**(60,610)**	(40,697)
Change in investment securities		**(366,358)**	(63,994)
Change in derivative assets held for risk management		**(2,782)**	(3,537)
Change in other assets		**(95,060)**	64,376
Changes in loans and advances to customers		**(124,285)**	(153,878)
Change in derivative liabilities held for risk management		**-**	678
Change in deposits from banks		**(47,585)**	(241,267)
Change in deposits from customers		**775,291**	223,796
Change in other liabilities and provisions		**9,667**	(152,674)
		54,008	(435,634)
Interest received		**649,190**	453,779
Interest paid		**(97,120)**	(70,409)
Income tax paid		**(111,643)**	(56,086)
Net cash from / (used in) operating activities		**494,435**	(108,350)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(9,969)**	(6,078)
Proceeds from sale of properties and equipment		**7,449**	5,227
Net cash used in investing activities		**(2,520)**	(851)
Cash flows from financing activities			
Dividend paid		**(45,319)**	(43,086)
Net cash used in financing activities		**(45,319)**	(43,086)
Net increase in cash		**446,596**	(152,287)
Cash and cash equivalents at 1 January		**1,007,946**	1,160,233
Cash and cash equivalent at 31 December	18	**1,454,542**	1,007,946

The notes on pages 62 to 101 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. Reporting entity

Standard Chartered Bank Ghana Limited is a Bank incorporated in Ghana. The address and registered office of the Bank can be found on page 36 of the annual report. The Bank operates with a Universal Banking license that allows it to undertake Banking and related activities. Its registered office is at Standard Chartered Bank Building situated on John Evans Atta Mills High Street, Accra.

Refer to page 51 for date of financial statements authorization.

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with Bank of Ghana's directives, International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

The financial statements are presented in Ghana cedis which is the Bank's functional and presentation currency. All values are rounded to the nearest thousand GH¢ except otherwise indicated. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as available-for-sale.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires Management to make judgement, 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 other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss.

Provisions and other contingent liabilities

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar

2. Basis of preparation cont'd

incidents. Significant judgement is required to conclude on these estimates.

d. Fiduciary Activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trustees and other institutions. The assets and income arising thereon are excluded from this financial statement as they are not assets and income of the Bank.

All the investments made on behalf of third parties are done within the Bank's operating jurisdiction.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Bank.

a. Revenue Recognition

Interest income and expense on available-for-sale assets and financial assets and liabilities held at amortised cost, are recognized in the statement of profit or loss using the effective interest method.

Gains and losses arising from changes in the fair value of financial assets and liabilities held at fair value through profit or loss is included in the statement of profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets, other than foreign exchange gains and losses from monetary items, are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of profit or loss. Dividend is recognised in the statement of profit or loss when the Bank's right to receive payment is established.

b. Interest Income and Expense

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

When a financial asset or a group of similar financial assets have been written down as a result of impairment, interest income is recognised using the original effective interest rate on the reduced carrying amount.

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

c. Fees and Commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed.

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

d. Net trading income

Net trading income comprises fixed income, derecognised available-for-sale financial assets, and foreign exchange differences.

e. Foreign currency – Reference rate

The transaction rates used are the average of the buying and selling of the underlying inter-bank foreign exchange rate as quoted by the Ghana Bankers Association. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date the fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in the statement of profit or loss or shareholders' equity as appropriate.

f. Leases

(i) Where the Bank is the lessee

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Where the Bank is a lessee under finance leases, the leased assets are capitalized and included in property and equipment with a corresponding liability to the lessor recognized in other liabilities. Financing charges payable

3. Significant accounting policies cont'd

are recognized over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

g. Financial assets and liabilities

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Categorisation of financial assets and liabilities

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

(iii) Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis, or a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

(iv) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(v) Available for sale financial assets

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

(vi) Financial liabilities measured at amortised cost

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

(vii) Initial recognition

The Bank recognises financial assets and financial liabilities when it becomes a party to the contract.

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction cost except for those that are classified as fair value through profit or loss.

(viii) Subsequent measurement

Available for sale financial assets are subsequently measured at fair value with the resulting changes recognised in equity. The fair value changes on available for sale financial assets are recycled to the statement of profit or loss when the underlying asset is sold, matured or derecognised. Financial assets and liabilities classified as fair value through profit or loss are subsequently measured at fair value with the resulting changes recognised in profit or loss. Loans and receivables and other liabilities are subsequently carried at amortised cost using the effective interest method, less impairment loss.

(ix) Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

(x) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

3. Significant accounting policies cont'd

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

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

Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in Net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

Reclassification of financial assets

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the Effective Interest Rate (EIR) Method.

Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the profit or loss.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

(xi) Offsetting

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

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

(xii) Amortised cost measurement

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

(xiii) Identification and measurement of impairment

The Bank assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets are impaired.

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

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

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. 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. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan and receivable has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan and receivable has a variable interest rate, the discount rate for

3. Significant accounting policies cont'd

measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects cash flows from the realization of the collateral and other sources. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process which considers 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 group of such assets being indicative of the debtors' 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 historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of 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 exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of profit or loss.

Impairment losses on available-for-sale financial assets are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to the statement of profit or loss .When a subsequent event causes the impairment loss on an available-for-sale financial asset to decrease, the impairment loss is reversed through the statement of profit or loss .However, any subsequent recovery in the fair value of an impaired available for sale financial asset is recognised directly in equity.

(xiv) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the Effective Interest Rate (EIR).

When the counterparty has the right to sell or repledge the securities; the Bank reclassifies those securities in its statement of financial position to financial assets held for trading pledged as collateral or to financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in Net trading income.

h. Derivative financial instruments

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The fair value changes in the derivative are recognised in the profit or loss.

i. Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, cash and balances with the Bank of Ghana and amounts due from banks and other financial institutions.

j. Investment securities

This comprises investments in short-term Government securities and medium term investments in Government and other securities such as treasury bills and bonds. Investment securities are categorized as available-for-sale or trading financial assets and carried in the statement of financial position at fair value.

k. Loans and advances

This is mainly made up of loans and advances to customers. Loans and advances are carried in the statement of financial position at amortised cost, i.e. gross receivable less impairment allowance.

l. Property, plant and equipment

(i) Recognition and measurement

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

3. Significant accounting policies cont'd

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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 plant and equipment have different useful lives, they are accounted for as separate items (major components).

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that 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 the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over their useful lives. Land is not depreciated.

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

Buildings	-	50 years
Leasehold improvements	-	life of lease up to 50 years
IT equipment and vehicles	-	3 - 5 years
Fixtures and fittings	-	5 - 10 years

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the profit or loss as other income.

m. Intangible assets

(i) Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

(ii) Other intangible assets

Other intangible assets that are acquired by the Bank and have finite useful lives are recognised at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses excluding expenses on internally generated goodwill and brands is recognised in profit and loss as incurred.

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit and loss on a straight line basis over the lifespan of the asset. The estimated remaining useful life is two (2) years.

n. Taxation

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

o. Deferred taxation

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

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

p. Events after the reporting date

Events subsequent to the statement of financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

q. Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

r. 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.

Financial guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the

3. Significant accounting policies cont'd

financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

s. Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

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

(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.

t. Impairment on non-financial assets

The carrying amount of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the profit or loss.

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

u. Share capital

(i) Ordinary share capital

Ordinary shares are classified as equity.

(ii) Preference share capital

Preference share capital of the Bank is classified as equity. The preference shares are non-redeemable and redeemable only at the Bank's option, and any dividends are discretionary.

v. Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank after adjustments for preference dividends by the weighted average number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

4. Financial risk management

(i) Introduction and Overview

Standard Chartered Bank Ghana Limited has a defined risk appetite, approved by the Board, which is an expression of the amount of risk we are prepared to take and plays a central role in the development of our strategic plans and policies. Our overall risk appetite has not changed. We regularly assess our aggregate risk profile, conduct stress tests and monitor concentrations to ensure that we are operating within our approved risk appetite.

We review and adjust our underwriting standards and limits in response to observed and anticipated changes within our environment and the evolving expectations of our stakeholders. In 2016, we maintained our overall cautious stance whilst continuing to support our core clients.

The management of risk lies at the heart of Standard Chartered's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as country cross-border, market, liquidity, operational, pension, reputational and other risks that are inherent to our strategy and product range.

Risk Management Framework

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, the Board Risk Committee (BRC), whose membership is comprised exclusively of non-executive directors of the Board, has responsibility for oversight and review of prudential risks including but not limited to credit, market,

4. Financial risk management cont'd

and liquidity, operational and reputational. It reviews the country's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the country's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on monitoring the activities of the Country Risk Committee (RiskCO) and Asset and Liability Committee (ALCO).

The BRC receives quarterly reports on risk management, including portfolio trends, policies and standards, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Risk Committee (RiskCo) is responsible for the management of all risks other than ALCO and the Pensions Executive Committee (PEC). RiskCo is responsible for the establishment of, and compliance with, policies relating to credit risk, market risk, operational risk, and reputational risk. The RiskCo also defines our overall risk management framework. RiskCO oversees committee such as Country Operational Risk Committee, Group Special Asset Management, Early Alert (CIB, RB and CB), and Credit Approval Committee.

ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to statement of financial position management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate risk.

The PEC is responsible for the management of pension risk.

The committee governance structure ensures that risk-taking authority and risk management policies are cascaded down through to the appropriate functional, divisional and country-level committees. Information regarding material risk issues and compliance with policies and standards is communicated to the functional committees and country-level sub-committees.

Roles and responsibilities for risk management are defined under a Three Lines of Defence model. Each line of defence describes a specific set of responsibilities for risk management and control.

The first line of defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities. Business and function governance heads are accountable for risk management in their respective businesses and functions.

The second line of defence comprises the Risk Control Owners, supported by their respective control functions. Risk Control Owners are responsible for ensuring that the risks within the scope of their responsibilities remain within appetite. The scope of a Risk Control Owner's responsibilities is defined by a given Risk Type and the risk management processes that relate to that Risk Type. These responsibilities cut across and are not constrained by functional and business boundaries.

The third line of defence is the independent assurance provided by the Country's Internal Audit function. Its role is defined and overseen by the Audit Committee. The findings from the country audits are reported to management and governance bodies – accountable line managers, relevant oversight function or committee and committees of the Board. The country's internal audit provides independent assurance of the effectiveness of management's control of its own business activities (the first line) and of the processes maintained by the Risk Control Functions (the second line).As a result, Internal Audit provides assurance that the overall system of control effectiveness is working as required within the Risk Management Framework.

- Credit Risk

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the bank in accordance with agreed terms. Credit exposures may arise from both the banking and trading books. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

- Credit Monitoring

We regularly monitor credit exposures, portfolio performance, and external trends that may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; including credit grade migration.

- Credit Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, credit insurance, and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types.

- Traded Products

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions. The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

4. Financial risk management cont'd

Problem credit management and provisioning

Corporate & Institutional Business

A non-performing loan is any loan that is more than 90 days past due or is otherwise individually impaired (which represents those loans against which individual impairment provisions have been raised) and excludes:

- Loans renegotiated before 90 days past due and on which no default in interest payments or loss of principal is expected.
- Loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected

The loan loss provisions are established to recognize incurred impairment losses either on specific loan assets or within a portfolio of loans and receivables. Individually impaired loans are those loans against which individual impairment provisions have been raised.

Estimating the amount and timing of future recoveries involves significant judgment, and considers the level of arrears as well as the assessment of matters such as future economic conditions, court processes and the value of collateral, for which there may not be a readily accessible market.

The total amount of the Bank's impairment allowances is inherently uncertain being sensitive to changes in economic and credit conditions. It is possible that actual events over the next year differ from the assumptions built into the model resulting in material adjustments to the carrying amount of loans and advances

Impairment losses identified in our books are prepared in tandem with GAAP principles/Bank of Ghana regulations which was until very recently replaced by IAS provisioning used in this report. Any difference which is the outcome of using the two principles above is reported in our statement of financial position under Credit Risk Reserve.

Retail Business

In Retail Business, where there are large numbers of small value loans, a primary indicator of potential impairment is delinquency. A loan is considered delinquent (past due) when the counterparty has failed to make a principal or interest payment when contractually due. However, not all delinquent loans (particularly those in the early stage of delinquency) will be impaired. For delinquency reporting purposes we follow industry standards, measuring delinquency as of 1, 30, 60, 90, 120 and 150 days past due. Accounts that are overdue by more than 30 days are more closely monitored and subject to specific collections processes.

Provisioning within Retail Business reflects the fact that the product portfolios consist of a large number of comparatively small exposures.

For the main unsecured products and loans secured, the entire outstanding amount is generally written off at 150 days past due. Unsecured consumer finance loans are written off at 90 days past due. For secured loans individual impairment provisions (IIPs) are generally raised at either 150 days (Mortgages) or 90 days (Wealth Management) past due.

The provisions are based on the estimated present values of future cash flows, in particular those resulting from the realisation of security. Following such realisation any remaining loan will be written off. The days past due used to trigger write-offs and IIPs are broadly driven by past experience, which shows that once an account reaches the relevant number of days past due, the probability of recovery (other than by realising security where appropriate) is low. For all products there are certain situations where the individual impairment provisioning or write-off process is accelerated, such as in cases involving bankruptcy, customer fraud and death. Write-off and IIPs are accelerated for all restructured accounts to 90 days past due (unsecured) and 120 days past due (secured) respectively.

Individually impaired loans for Retail Businesses will therefore not equate to those reported as non-performing, because non-performing loans include all those over 90 days past due. This difference reflects the fact that, while experience shows that an element of delinquent loans is impaired it is not possible to identify which individual loans the impairment relates to until the delinquency is sufficiently prolonged that loss is almost certain, which, in the bank's experience, is generally around 150 days in Retail Businesses. Up to that point the inherent impairment is captured in portfolio impairment provision (PIP).

The portfolio impairment provision (PIP) methodology provides for accounts for which an individual impairment provision has not been raised, either individually or collectively. PIP is raised on a portfolio basis for all products, and is set using expected loss rates, based on past experience supplemented by an assessment of specific factors affecting the relevant portfolio. These include an assessment of the impact of economic conditions, regulatory changes and portfolio characteristics such as delinquency trends and early alert trends. The methodology applies a larger provision against accounts that are delinquent but not yet considered impaired.

4. Financial risk management cont'd

Analysis by credit grade of loans and advances

Set out below is an analysis of various credit exposures.

Exposure to Credit Risk	Loans and advances to customers		Loans and advances to Banks		Investment securities	
	2016	2015	2016	2015	2016	2015
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
BOG Classification						
Carrying amount						
Individually impaired						
Grade 14: Impaired (loss)	402,039	381,540	-	-	-	-
Grade 13: Impaired (Doubtful)	355,281	290,011	-	-	-	-
Grade 12: Impaired (Substandard)	67,092	72,940	-	-	-	-
Gross Non performing loans	**824,412**	**744,491**	**-**	**-**	**-**	**-**
Grade 1-8: Normal (Current)	926,682	809,458	-	-	-	-
Grade 9-11: Watch list (Olem)	87,360	160,532	-	-	-	-
Performing loans	**1,014,042**	**969,990**	**-**	**-**	**-**	**-**
Gross Loans and advances	1,838,454	1,714,481				
Interest in suspense	(221,125)	(205,701)	-	-	-	-
Provisions	(354,693)	(289,321)	-	-	-	-
Carrying Amount	**1,262,636**	**1,219,459**	**-**	**-**	**-**	**-**
IFRS Classification						
Past due but not impaired						
Past due comprises:						
30-60 days	72,532	118,615	-	-	-	-
60-90 days	219,720	7,598	-	-	-	-
90-180 days	1,693	2,593	-	-	-	-
180-360 days +	2,857	4,784	-	-	-	-
Neither past due nor impaired						
Grade 1-3:Normal	1,320,527	1,388,751	665,906	82,586	1,346,424	919,457
Grade 4-5: Watch list						
Gross Loans	1,617,329	1,522,341		-	-	-
Impairment Loss	(354,693)	(302,882)		-	-	-
Total carrying amount	**1,262,636**	**1,219,459**	**665,905**	**82,586**	**1,346,424**	**919,457**

Analysis of credit concentration risk

The concentration of loans and advances by business segment and customer types are disclosed in Note 21(v&i) respectively. Investment securities are held largely in Government instruments.

4. Financial risk management cont'd

Maximum credit exposure

At 31 December 2016, the maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' statement of financial position carrying amount or, for non-derivative off-statement of financial position transactions, their contractual nominal amounts.

	2016 GH¢'000	2015 GH¢'000
Placements with other banks	**207,000**	37,386
Loans and advances	**1,262,635**	1,219,459
Unsecured contingent liabilities and commitments (Net)	**617,822**	684,145
	2,087,457	1,940,990

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

Loans and receivables

	2016 GH¢'000	2015 GH¢'000
Against impaired assets	**3,286,298**	1,214,719
Against past due but not impaired assets	**579,064**	404,301
	3,865,362	1,619,020

Commitments and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank would have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	2016 GH¢'000	2015 GH¢'000
Guarantees	**629,001**	645,505
Letters of credit	**83,765**	95,731
	712,766	741,236
Margins against contingents	**(94,944)**	(57,091)
	617,822	684,145

(ii) Liquidity Risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times, and for all currencies. Hence the Bank aims to be in a position to meet all obligations, to repay depositors, to fulfill commitments to lend and to meet any other commitments.

Liquidity risk management is governed by the Bank's Asset and Liability Management Committee (ALCO), which is chaired by the Chief Executive Officer. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures.

4. Financial risk management cont'd

ALCO has primary responsibility for compliance with regulations and Bank policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

ALCO oversees the structural foreign exchange and interest rate exposures that arise within the Bank. These responsibilities are managed through the provision of authorities, policies and procedures that are co-ordinated by ALCO. Compliance with Bank ratios is also monitored by ALCO.

Refer to Note 21(iv) and 38 for key ratios of the Bank.

An analysis of various maturities of the Bank's assets and liabilities is provided below.

Maturities of assets and liabilities

	0-3 months	3-6 months	6-12 months	over 1 year	2016	2015
Assets	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**	GH¢'000
Cash and cash equivalents	**1,454,542**	**-**	**-**	**-**	**1,454,542**	1,007,946
Derivative assets held for risk management	**-**	**-**	**4,285**	**-**	**4,285**	1,503
Trading Asset (non-pledge)	**-**	**67,550**	**-**	**-**	**67,550**	6,940
Loans and advances to customers	**296,846**	**294,957**	**318,778**	**352,055**	**1,262,636**	1,219,459
Investment securities	**396,480**	**331,254**	**62,103**	**489,037**	**1,278,874**	912,517
Current tax assets	**-**	**-**	**14,018**	**-**	**14,018**	27,910
Intangible assets	**-**	**-**	**-**	**2,257**	**2,257**	3,435
Equity investment	**-**	**-**	**-**	**1**	**1**	1
Other assets	**259,988**	**-**	**-**	**-**	**259,988**	164,928
Property, plant and equipment	**-**	**-**	**-**	**29,413**	**29,413**	24,809
Total asset	**2,407,856**	**693,761**	**399,184**	**872,763**	**4,373,564**	3,369,448
Liabilities						
Deposits from banks	**93,706**	**-**	**-**	**-**	**93,706**	141,291
Deposits from customers	**3,153,419**	**44,254**	**-**	**-**	**3,197,673**	2,422,382
Provisions	**-**	**68,517**	**-**	**-**	**68,517**	62,522
Deferred tax liabilities	**-**	**-**	**777**	**-**	**777**	5,265
Other liabilities	**244,815**	**-**	**2,860**	**-**	**247,675**	182,888
Total liabilities	**3,491,940**	**112,771**	**3,637**	**-**	**3,608,348**	2,814,348
Net liquidity gap	**(1,084,084)**	**580,990**	**395,547**	**872,763**	**765,216**	555,100
Cummulative gap	**(1,084,084)**	**(503,094)**	**(107,547)**	**765,216**	**-**	555,100

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

2016	On demand	Less than 3 months	3 to 12 months	Over 12 months	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial guarantees	9,180	254,030	315,090	50,701	629,001
Letters of credit	6,704	75,517	1,544	-	83,765
Total	15,884	329,547	316,634	50,701	712,766

2015	On demand	Less than 3 months	3 to 12 months	Over 12 months	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial guarantees	2,099	229,455	340,000	73,952	645,506
Letters of credit	33,002	33,748	28,980	-	95,730
Total	35,101	263,203	368,980	73,952	741,236

(iii) Market Risks

Management of market risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's Market Risk unit which is supervised by ALCO, and which agrees policies, procedures and levels of risk appetite in terms of Value at Risk ("VaR"). The unit provides market risk oversight and guidance on policy setting; Policies cover both the trading and non-trading books of the Bank. The non-trading book is defined as the Banking book. Limits are proposed by the businesses within the terms of agreed policy.

The unit also approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools.

VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained. The Bank's Market Risk unit complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risks that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Ad hoc scenarios are also prepared reflecting specific market conditions. A consistent stress testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The unit has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. It also considers stress testing results as part of its supervision of risk appetite. The stress test methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs. Contingency plans are in place and can be relied on in place of any liquidity crisis. The Bank also has a liquidity crisis management committee which also monitors the application of its policies.

Foreign exchange exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions. Concentration of Ghana cedi equivalent of foreign currency denominated assets and liabilities and off statement of financial position items are disclosed below:

4. Financial risk management cont'd

Foreign exchange exposure cont'd

	USD GH¢'000	GBP GH¢'000	EUR GH¢'000	Others GH¢'000	2016 GH¢'000	2015 GH¢'000
Assets						
Cash and cash equivalents	667,004	34,174	8,017	338	709,533	684,339
Derivative assets held for risk management	339	-	-	-	339	1,715
Loans and advances to customers	376,969	82	38,917	-	415,968	400,552
Investment securities	5,591	-	-	-	5,591	
Other assets	-	197	6,730	-	153,103	93,750
Total assets	1,196,079	34,453	53,664	338	1,284,534	1,180,356
Liabilities						
Deposits from banks	156,749	25	324	-	157,098	98,917
Deposits from customers	1,127,895	32,345	47,837	43	1,208,120	1,042,122
Provisions	1,302	-	-	-	1,302	39,333
Other liabilities	161,176	1,759	8,800	227	171,962	90,239
Total liabilities	1,447,122	34,129	56,961	270	1,538,482	1,270,611
Net-on statement of financial position	(251,043)	324	(3,297)	68	253,948	90,255
Off-statement of financial position credit and commitments	484,696	296	14,719	-	499,711	640,294

Sensitivity analysis

A 5 per cent strengthening of the cedi against the following currencies at 31 December 2016 would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

Sensitivity analysis

Effect in cedis

	2016 Profit/(loss) GH¢'000	2015 Profit/(loss) GH¢'000
USD	(14,686)	(3,579)
GBP	108	230
EUR	(257)	(203)
Others	(13)	110

A best case scenario 5 per cent weakening of the Ghana cedi against the above currencies at 31 December 2016 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.

Interest rate exposure

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

4. Financial risk management cont'd

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in market interest rates.

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	100 b p	**100 b p**
	Increase	**Decrease**
31 Decemeber 2016	**GH¢'000**	**GH¢'000**
Interest income impact	**27,588**	**(27,588)**
Interest expense impact	**(27,437)**	**27,437**
Net impact	**151**	**(151)**

	100 b p	100 b p
	Increase	Decrease
31 December 2015	GH¢'000	GH¢'000
Interest income impact	23,976	(23,976)
Interest expense impact	(25,784)	25,875
Net impact	(1,808)	1,808

(iv) Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify assess, monitor, control and report such risks.

The Bank's Country Operational Risk Committee (CORC) has been established to supervise and direct the management of operational risks across the Bank. CORC is also responsible for ensuring adequate and appropriate policies, and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The CORC is responsible for establishing and maintaining the overall operational risk framework and for monitoring the Bank's key operational risk exposures. This committee is supported by Corporate and Institutional Banking and Retail Banking Operational Risk units. These units are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures, and the provisions of guidance to the respective business areas on operational risk.

(v) Compliance and regulatory risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Bank's compliance and Regulatory Risk function is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

(vii) Capital management

Regulatory capital

The Bank of Ghana sets and monitors capital requirements for the Bank.

In implementing current capital requirements, Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The bank calculates requirements for market risk in its trading portfolios based upon the Bank's VaR models and uses standardised approach as the basis for risk weightings for credit risk. The Bank is also required to maintain a credible capital plan to ensure that capital level of the Bank is maintained in consonance with the bank's or Group's risk appetite.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, income surplus/retained earnings, statutory reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.

The Bank did not have any tier 2 capital during the period under review.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

4. Financial risk management cont'd

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

The bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period. The Bank's regulatory capital position at 31 December was as follows:

	Note	2016	2015
		GH¢'000	GH¢'000
Tier 1 capital			
Ordinary share paid up capital	31(i)	**36,474**	36,474
Preference share paid up capital	31(ii)	**7,911**	7,911
Income surplus	31(iii)	**232,644**	105,562
Statutory reserve	31(iv)	**146,854**	127,372
Controlling interest holdings		**423,883**	277,319
Non-controlling interest		**184,414**	119,853
		608,297	397,172
Other regulatory adjustments		**(4,980)**	(5,149)
Total tier 1		**603,317**	392,023
Risk-weighted assets			
Credit risk		**2,296,541**	2,060,449
Market risk		**7,478**	1,891
Operational risk		**490,972**	408,023
Total risk-weighted assets		**2,794,991**	2,470,363
Total regulatory capital expressed as a percentage of total risk-weighted assets		**21.59%**	15.87%
Total tier 1 capital expressed as a percentage of total risk-weighted assets		**21.59%**	15.87%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, is subject to review by the Bank's ALCO.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank's particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. Contingencies and commitments

	2016 GH¢'000	2015 GH¢'000
i) Contingent Liabilities		
*Pending Legal Suits	-	-

There are a number of legal proceedings outstanding against the Bank as at 31 December 2016. Provisions have been recognised for those cases where the Bank is able to reliably estimate the probable loss. There are no contingent liabilities with respect to legal cases for the year (2015: Nil).

(ii) Commitments for capital expenditure

There was no commitment for capital expenditure at the statement of financial position date (2015: Nil)

(iii) Unsecured contingent liabilities and commitments

	2016 GH¢'000	2015 GH¢'000
This relates to commitments for trade letters of credit and guarantees. (Net of margin deposits)	617,822	684,145

6. Segmental reporting

The Bank was re-segmented during the year 2015 into three main business segments: Retail Banking, Commercial Banking, and Corporate & Institutional Banking.

Retail Banking

Retail Banking business serves the banking needs of Personal, Priority and Business clients, offering a full suite of innovative products and services to meet their borrowing, wealth management and transacting needs.

Commercial Banking

Commercial Banking focuses on helping mid-sized local companies grow, especially as they expand across borders. This group of clients is already a key contributor to trade and investment in our footprint markets today and presents a large and growing opportunity.

A client-focused approach enables a deeper understanding of clients' evolving needs and provision of customised financial solutions for Commercial Banking.

Corporate and Institutional Banking

Corporate and Institutional Banking focuses on driving origination by building core banking relationships with clients across the full range of their product needs. The Group network is fundamental to our strategy, structured to provide clients with Global expertise delivered through local support.

Some of the Bank's corporate costs are managed centrally and standardised basis are used to allocate these costs to the business segments on a reasonable basis.

Below is the performance summary of the various segments:

6. Segmental reporting cont'd

Operating Segments	Corporate & Institutional Banking	Retail Banking	Commercial Banking	Unallocated	Consolidated
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
2016					
Net interest income	**297,467**	**122,428**	**40,342**	**-**	**460,237**
Net fee and commission income	**45,073**	**28,909**	**6,277**	**-**	**80,259**
Net trading income	**51,559**	**27,794**	**13,547**	**-**	**92,901**
Net income from other financial instruments carried at fair value	**(19,859)**	**-**	**-**	**-**	**(19,859)**
Other operating income	**-**	**-**	**-**	**7,243**	**7,243**
Total segment revenue	**374,240**	**179,132**	**60,166**	**7,243**	**620,781**
Net impairment loss	**(45,716)**	**(6,173)**	**(29,219)**	**-**	**(81,108)**
Total operating expenses	**(69,670)**	**(92,301)**	**(32,144)**	**-**	**(194,115)**
Profit before tax	**258,854**	**80,658**	**(1,197)**	**7,243**	**345,558**
Total assets	**2,475,319**	**396,692**	**519,113**	**982,740**	**4,373,564**
Total liabilities	**1,706,046**	**1,184,577**	**401,215**	**316,510**	**3,608,348**
2015					
Net interest income	226,901	119,106	27,745	-	373,752
Net fee and commission income	34,140	26,897	4,201	-	65,238
Net trading income	47,965	24,223	12,316	-	84,504
Net income from other financial instruments carried at fair value	2,482	-	-	-	2,482
Other operating Income	-	-	-	5,140	5,140
Total segment revenue	311,488	170,226	44,262	5,140	531,116
Net impairment loss on financial asset	(158,788)	(9,833)	(44,160)	-	(212,781)
Total operating expenses	(98,961)	(110,471)	(17,637)		(227,069)
Profit before tax	53,739	49,922	(17,739)	5,140	91,062
Total assets	1,837,147	302,967	281,448	947,886	3,369,448
Total liabilities	1,305,305	1,025,221	245,451	238,368	2,814,348

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

No revenue from transactions with a single external customer or counterparty amounted to 10 per cent or more of the Bank's total revenue in 2016.

No operating segments have been aggregated in arriving at the reportable segment of the Bank.

The executive management committee monitors operating results of its business units separately for the purpose of decision making about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss.

Transfer prices between operating segments are on arms length basis in a manner similar to transactions with third parties.

Segment revenue above represents revenue generated from external customers. There were no inter – segment sales in the current year (2015: nil)

6. Segmental reporting cont'd

The accounting policies of the reportable segments are the same as the Bank's accounting policies.

For the purpose of monitoring segment performance and allocating resources among segments:

- All assets are allocated to reportable segments other than other financial assets and current and deferred tax assets and
- All liabilities are allocated to reportable segments other than borrowing, other financial liabilities and current and deferred tax liabilities.

7. The Bank's classification of its principal financial assets and liabilities are summarised below:

	Designated at fair value	Amortised cost	Available-for-sale	Total carrying amount	Fair value
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
31 December 2016					
Cash and cash equivalents	-	1,454,542	-	1,454,542	1,454,542
Derivative assets	4,285			4,285	4,285
Trading assets (Non Pledged)	67,550	-	-	67,550	67,550
Loans and advances to customers	-	1,262,636	-	1,262,636	1,262,636
Investment securities	-	-	1,278,874	1,278,874	1,278,874
Total assets	71,835	2,717,178	1,278,874	4,067,887	4,067,887
Deposits from customers	-	3,197,673		3,197,673	3,197,673
Deposits from banks	-	93,706	-	93,706	93,706
Liabilities	-	3,291,379	-	3,291,379	3,291,379
31 December 2015					
Cash and cash equivalents		1,007,946	-	1,007,946	1,007,946
Derivative assets	1,503	-	-	1,503	1,503
Trading assets	6,940	-	-	6,940	6,940
Loans and advances	-	1,219,459	-	1,219,459	1,219,459
Investment securities	-	-	912,517	912,517	912,517
Total assets	8,443	2,227,405	912,517	3,148,365	3,148,365
Deposits from banks	-	141,291	-	141,291	141,291
Deposits from customers	-	2,422,382	-	2,422,382	2,422,382
Liabilities	-	2,563,673	-	2,563,673	2,563,673

7(a). Fair value categorisation of financial instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial Officer.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

	Level 1 GH¢ '000	Level 2 GH¢ '000	Level 3 GH¢ '000	Total GH¢ '000
2016				
Trading assets (non pledged)	**67,550**	**-**	**-**	**67,550**
Derivative assets (Foreign exchange contracts)	**-**	**4,285**	**-**	**4,285**
Investment in securities	**-**	**1,278,874**	**-**	**1,278,874**
Total at 31 December 2016	**67,550**	**1,283,159**		**1,350,709**
Trading assets (non pledged)	6,940	-	-	6,940
Derivative assets (Foreign exchange contracts)	-	1,503	-	1,503
Investment in securities	-	912,517	-	912,517
Total at 31 December 2015	6,940	914,020	-	920,960

Trading assets (non pledged)

These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

Derivative - Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. The Bank classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

8. Net interest income

	2016 **GH¢ '000**	2015 GH¢ '000
Interest income		
Cash and cash equivalents	**57,986**	21,833
Loans and advances to customers	**220,648**	223,754
Investment securities	**259,370**	230,023
Other	**11,920**	14,872
Total interest income	**549,924**	490,482
Interest expense		
Deposits from banks	**(4,435)**	(14,097)
Deposits from customers	**(68,920)**	(69,224)
Other	**(16,332)**	(33,409)
Total interest expense	**(89,687)**	(116,730)
Net interest income	**460,237**	373,752

9. Fees and commissions income

	2016 GH¢ '000	2015 GH¢ '000
Retail banking customer fees	**43,702**	35,506
Corporate banking credit related fees	**47,459**	39,450
Total fee and commission income	**91,161**	74,956
Fee and commission expense		
Brokerage	**(27)**	(2)
Visa interchange fees	**(9,773)**	(7,932)
Other	**(1,102)**	(1,785)
Total fee and commission expense	**(10,902)**	(9,719)
Net fee and commission income	**80,259**	65,237

10. Net Trading Income

	2016 GH¢ '000	2015 GH¢ '000
Fixed income	**7,261**	5,614
Foreign exchange	**59,674**	83,572
Other	**25,966**	(4,682)
Net trading income	**92,901**	84,504

11. Net income from other financial instruments carried at fair value

	2016 GH¢ '000	2015 GH¢ '000
OTC structured derivatives	**(19,859)**	2,482

12. Other Operating Income

	2016 GH¢ '000	2015 GH¢ '000
Assets disposal	**7,243**	5,140

13. Personnel costs

	2016 GH¢ '000	2015 GH¢ '000
Wages, salaries, bonus and allowances	**103,701**	91,972
Social security costs	**9,035**	8,516
Pension and retirement benefits	**5,137**	4,262
Other staff costs	**19,714**	19,824
Directors' emolument (13b)	**3,966**	4,417
	141,553	128,991

The average number of persons employed by the Bank during the year was 974 (2015: 1,153).

13a. Employee benefits

(i) Defined Contribution Plans

The Bank now operates the three-tier pension scheme as directed by the National Pension Authority. This requires an additional contribution rate of 1 per cent to be shared equally between the employer and the employee. The Bank now pays 13 per cent (instead of the previous 12.5 per cent) and the employee now pays 5.5 per cent (instead of the previous 5 per cent), making a total contribution of 18.5 per cent (instead of the 17.5 per cent).

Out of a total contribution of 18.5 per cent, the Bank remits 13.5 per cent to a restructured Social Security and National Insurance Trust towards the first tier pension scheme, out of which 2.5 per cent is a levy for the National Health Insurance scheme. The Bank remits the remaining 5 per cent to a privately managed and mandatory second tier for lump sum benefit.

The third tier is a voluntary provident fund and personal pension scheme which the Bank contributes 7 per cent of staff basic salary.

(ii) Retired Staff Medical Plan

The Bank has a scheme to pay the medical cost of some retired staff and their spouses from the date of retirement till death. Under the scheme, the Bank pays the medical cost of eligible persons with a cost cap of GH¢5,000 per person. The Bank has taken an insurance policy to cover the scheme.

13b. Particulars of directors' emoluments

In line with section 128 of the Companies Act, 1963 (Act 179), the following are the aggregate of the Directors' emoluments:

	2016 **GH¢ '000**	2015 GH¢ '000
Salaries, allowances and benefits in kind	**2,334**	2,234
Pension contributions	**254**	276
Bonuses paid or receivable	**1,205**	1,887
Share-based payments	**173**	20
	3,966	4,417

14. Other expenses

	2016 **GH¢ '000**	2015 GH¢ '000
Advertising and marketing	**3,051**	2,516
Premises and equipment	**10,938**	16,759
Administrative	**15,228**	37,169
Training	**727**	647
Auditors' remuneration	**420**	360
Donations and sponsorship	**96**	224
Redundancy cost (Note 14a)	**10,660**	20,848
Others	**1,373**	8,892
	42,493	87,415

14a. Redundancy cost

Following the approval of a redundancy and voluntary retirement program by the Board of Directors on the 9th of December 2014, organised Union and Workers Representatives were duly engaged and informed in December 2014. The approved collective separation program would affect up to 95 employees working with Bank in Retail Banking, Risk Management and Technology and Operations in the Head Office and three branches.

Relevant Regulatory Authorities also have been notified of the approved program and thus the Bank has recognised the cost of the plan based on the estimates approved. The redundancy program continued to 2016.

15. Taxation

	2016	2015
	GH¢ '000	GH¢ '000
(i) Income tax expense		
Charge for the year (corporate income tax)	95,807	18,779
Adjustment for prior year per GRA tax audit	10,197	-
	106,004	18,779
Deferred tax	(4,488)	1,582
	101,516	20,361

	2016	2015
	GH¢'000	GH¢'000
(ii) National Fiscal Stabilisation Levy		
Charge for the year	17,278	4,553
Adjustment for prior year per GRA tax audit	2,253	-
	19,531	4,553

(iii) Taxation Payable

	Balance at 1/1/2016	Payment during the year	Charge for the year	Balance at 31/12/16
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Income tax	(21,685)	(94,542)	106,004	(10,223)
National Fiscal Stabilisation Levy	(6,225)	(17,101)	19,531	(3,795)
	(27,910)	(111,643)	125,535	(14,018)

(iv) Reconciliation of Effective Tax Rate

Analysis of tax charge in the year:

The charge for taxation based upon the profit for the year comprises:

	2016	2015
	GH¢ '000	GH¢ '000
Profit before tax	345,558	91,062
Tax at 25% (2015:25%)	86,390	22,765
Non-dedutable expenses	24,040	15,968
Capital allowances	(1,926)	(5,851)
Deferred tax	(4,488)	1,582
Other deductions	(2,499)	(14,103)
Current tax charge	101,517	20,361
Effective tax rate	29.38%	22.36%

Tax liabilities up to 2015 have been agreed with the Ghana Revenue Authority (GRA). The 2016 liability is subject to agreement with the Ghana Revenue Authority (GRA).

National Fiscal Stabilisation Levy is a levy introduced by the Government as a charge on profit before tax effective July 2013. This is at the rate of 5 per cent on the profit before tax.

16. Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share of GH¢1.92 (2015: GH¢0.54) at 31 December 2016 was based on the profit attributable to ordinary shareholders of GH¢222 million (2015: GH¢63 million) and a weighted average number of ordinary shares outstanding of 115.5 million (2015: 115.5 million), calculated as follows:

	2016	2015
	GH¢ '000	GH¢ '000
Net profit for the period (after tax)	**224,511**	66,148
Less Preference share dividend	**(2,582)**	(2,659)
Profit attributable to equity holders	**221,929**	63,489
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 31 December	**115,507**	115,507

(ii) Diluted earnings per share

The calculation of diluted earnings per share of GH¢1.92 (2015: GH¢0.54) at 31 December 2016 was based on the profit attributable to ordinary shareholders of GH¢222 million (2015: GH¢63 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 115.5 million (2015: 115.5 million), calculated as follows:

Profit attributable to ordinary shareholders

	2016	2015
	GH¢ '000	GH¢ '000
Net profit for the period	**224,511**	66,148
Less preference share dividend	**(2,582)**	(2,659)
Profit attributable to equity holders	**221,929**	63,489

Weighted average number of ordinary shares

	2016	2015
	GH¢ '000	GH¢ '000
Issued ordinary shares at 1 January	**115,507**	115,507
Effect of share options exercised	**-**	-
Weighted average number of ordinary shares at 31 December	**115,507**	115,507

17. Dividend per share

At the Annual General Meeting to be held on June 6, 2017, a final dividend in respect of the year ended December 31 2016 of GH¢1.12 (2015 – GH¢0.37) for every ordinary share of GH¢129.4 million is to be proposed. No interim dividend was declared and paid during the year.

Preference share dividend is paid semi-annually on March 31, and September 30 as determined by the Registrar (GCB Bank Ltd, Share Registry Department) using the preference rate. The rate is derived from the 182 day Treasury bill rate existing on or about September 30, 2016 and March 31, 2017 plus a risk premium of 300 basis point.

Payment of dividends is subject to withholding tax at the rate of 8 per cent for residents and 7.5 per cent for non-resident shareholders in countries with Double Taxation Agreement (DTA) with Ghana.

18. Cash and cash equivalents

	2016	2015
	GH¢ '000	GH¢ '000
Cash and balances with banks	**522,181**	307,957
Unrestricted balances with BoG	**677,662**	651,326
Restricted balances with BoG	**47,699**	11,277
Money market placement	**207,000**	37,386
	1,454,542	1,007,946

19. Derivatives held for risk management

	2016	2015
	GH¢ '000	GH¢ '000
OTC Structured derivatives	**4,285**	1,503

20. Trading assets (non pledge)

	2016	2015
	GH¢ '000	GH¢ '000
Treasury bills	**67,550**	6,940

21. Loans and advances to customers

i. Analysis by type

The schedule below constitutes loans and advances (including credit bills negotiated) to customers and staff.

	Gross Amount	Impairment Allowance	Carrying Amount	Gross Amount	Impairment Allowance	Carrying Amount
	2016	2016	2016	2015	2015	2015
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Retail Customers						
Mortgage lending	**61,009**	**(945)**	**60,063**	29,255	(371)	28,884
Personal loans	**341,015**	**(4,386)**	**336,629**	313,292	(88,387)	224,906
Corporate customers						
Term loan	**982,389**	**(349,362)**	**633,026**	969,286	(214,124)	755,162
Trade	**212,599**	**-**	**212,599**	191,334	-	191,334
Other secured lending	**20,317**	**-**	**20,317**	19,174	-	19,174
Total	**1,617,329**	**(354,693)**	**1,262,636**	1,522,341	(302,882)	1,219,459

ii. Impairment allowance charged for the year

	2016	2015
	GH¢ '000	GH¢ '000
Individual impairment (Note 21(iii))	**93,297**	215,646
Portfolio impairment (Note 21(iii))	**4,312**	3,174
Recovery during the year	**(16,501)**	(6,039)
	81,108	212,781

iii. A reconciliation of the allowance for impairment losses for loans and advances is as follows:

Impairment allowance

	2016	2015
Individual Impairment		
	GH¢ '000	GH¢ '000
Individual impairment at 1 January	**286,148**	76,541
Provision charged in the year (Note 21(ii))	**93,297**	215,646
Recovery during the year	**(16,501)**	(6,039)
Charge offs and written-off (viii)	**(29,297)**	-
At 31 December	**333,647**	286,148
Portfolio impairment		
Portfolio impairment at 1 January	**16,734**	13,560
Provision charged in the year (Note 21(ii)	**4,312**	3,174
At 31 December	**21,046**	16,734
Total Impairment allowance	**354,693**	302,882

iv. Key ratios on loans and advances

a. Loan loss provision ratio was 22 per cent (2015: 20 per cent).
b. Gross non-performing loan ratio was 45 per cent (2015: 43 per cent).
c. Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures was 76.63 per cent (2015: 83 per cent).
d. Advances-to-Deposit ratio 39 per cent (2015: 50 per cent)
e. Loan coverage ratio 85% (2015: 87%)

v. Analysis by business segments

	2016	2015
	GH¢ '000	GH¢ '000
Agriculture, forestry and fishing	**101,693**	84,244
Mining and quarrying	**6,837**	-
Manufacturing	**301,688**	242,262
Construction	**-**	3,159
Electricity, gas and water	**8,178**	8,121
Commerce and finance	**852,741**	843,328
Transport, storage and communication	**26,412**	22,255
Services	**35,376**	14,269
Staff	**107,148**	73,381
Individuals	**177,256**	231,322
Gross loans and advances	**1,617,329**	1,522,341
Impairment allowance	**(354,693)**	(302,882)
Net loans and advances	**1,262,636**	¬1,219,459

vi. Analysis by customer type

	2016 GH¢ '000	2015 GH¢ '000
Individuals	**177,256**	231,322
Private enterprises	**1,332,925**	1,209,130
Public institutions	**-**	8,508
Staff	**107,148**	73,381
Gross loans and advances	**1,617,329**	1,522,341
Impairment allowance	**(354,693)**	(302,882)
Net loans and advances	**1,262,636**	1,219,459

vii. Assets held as collateral

This comprises the following:

	2016 GH¢ '000	2015 GH¢ '000
Against impaired assets	**3,286,298**	1,214,719
Against past due but not impaired assets	**579,064**	404,301
Good assets	**3,653,630**	995,230
	7,518,992	2,614,250

viii. Loan write-off

	2016 GH¢ '000	2015 GH¢ '000
Balance at 1 January	**3,807**	3,807
Charge off for the year	**29,297**	-
Balance at 31 December	**33,104**	3,807

22. Investment Securities

	2016 GH¢ '000	2015 GH¢ '000
Treasury bills	**377,838**	329,286
Debt securities	**901,036**	583,231
Total	**1,278,874**	912,517

22(a) Equity Investment

	2016 GH¢ '000	2015 GH¢ '000
Investment in subsidiaries	**1**	1

Investment in subsidiaries represents the Bank's equity interest in Standard Chartered Ghana Nominees Limited, which is a wholly owned subsidiary specifically set-up to warehouse fiduciary assets under management.

(ii) Fiduciary Activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and other institutions. The assets under management are excluded from these financial statements as they are not assets of the Bank. These instruments are held in trust on behalf of customers and are therefore not treated as assets of the Bank and accordingly have not been included in the financial statements.

	2016	2015
	GH¢ '000	GH¢ '000
The total assets under the company's management which wholly relates to investments in Ghana is	**11,479,343**	6,362,166

23. Property, plant and equipment

a) Property schedule

	Land and Building	Furniture and Equipment	Computer	Motor Vehicle	Capital Work in Progress	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Gross value	-	-	-	-	-	
At 1 January 2016	27,135	10,836	6,161	231	2,620	46,983
Additions	1,148	202	3,283	-	5,336	9,969
Disposal	(337)	-				(337)
Transfers/ writeoffs	(278)	(63)	2,580	-	(2,580)	(341)
At 31 December 2016	27,668	10,975	12,024	231	5,376	56,274
Depreciation						
At 1 January 2016	11,999	6,683	3,307	185	-	22,174
Charges for the year	2,282	1,678	1,360	46	-	5,366
Disposal	(214)	-	-	-	-	(214)
Transfers/writeoffs	(402)	(63)	-	-	-	(465)
At 31 December 2016	13,665	8,298	4,667	231	-	26,861
Net book value	14,003	2,677	7,357	-	5,376	29,413

	Land and Building	Furniture and Equipment	Computer	Motor Vehicle	Capital Work in Progress	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Gross value						
At 1 January 2015	26,703	11,482	6,938	426		45,549
Additions	211	1,201	981	-	-	2,393
Disposal	(407)	-	-	-	-	(407)
Transfers/ write offs	628	(1,847)	(1,758)	(195)	2,620	(552)
At 31 December 2015	27,135	10,836	6,161	231	2,620	46,983
Depreciation						
At 1 January 2015	9,607	6,515	3,850	308	-	20,280
Charges for the year	2,085	2,015	1,265	72	-	5,437
Disposal	(321)	-	-	-	-	(321)
Transfers	628	(1,847)	(1,808)	(195)	-	(3,222)
At 31 December 2015	11,999	6,683	3,307	185	-	22,174
Net book value	15,136	4,153	2,854	46	2,620	24,809

23(b) Operating leases in respect of property and equipment

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	GH¢ '000	GH¢ '000
Less than one year	**2,448**	2,523
Between one and five years	**1,077**	1,728
	3,525	4,251

23(c) Depreciation and amortization

	2016	2015
	GH¢ '000	GH¢ '000
Depreciation	**5,366**	5,437
Amortisation (Note 24)	**1,178**	1,178
Total	**6,544**	6,615

24. Intangible asset

	2016	2015
	GH¢ '000	GH¢ '000
Balance at 1 January	**3,435**	4,613
Amount written off (Note 23c)	**(1,178)**	(1,178)
Carrying Amount	**2,257**	3,435

The intangible assets comprise those assets recognised as part of the acquisition of the Custody Business from Barclays Bank of Ghana Limited in 2010, with the approval from the Bank of Ghana. It is being written off over eight years. The amount therein is the carrying value for the respective years. There is a reserve in place as directed by Bank of Ghana to cater for impairment.

25. Deferred taxation

	2016	2015
	GH¢ '000	GH¢ '000
Balance at 1 January	**5,265**	16,683
Charge to profit or loss	**(4,488)**	1,582
Charge to equity	**-**	(13,000)
Balance at 31 December	**777**	5,265

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2016			2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property and equipment	**-**	**348**	**348**	-	1,303	1,303
Impairment provision	**(6,611)**	**-**	**(6,611)**	-	3,575	3,575
Available-for-sale assets	**-**	**7,040**	**7,040**	-	387	387
Net tax (assets)/liabilities	**(6,611)**	**7,388**	**777**	-	5,265	5,265

26. Other assets

	2016 GH¢ '000	2015 GH¢ '000
Accounts receivable and prepayments	**4,980**	5,149
LC acceptance (Note 30)	**127,992**	74,964
Accrued interest receivable	**99,262**	67,733
Impersonal accounts	**27,754**	17,082
	259,988	164,928

27. Deposits from banks

	2016 GH¢ '000	2015 GH¢ '000
Balances from financial entities within Ghana	**-**	40,077
Balances from financial entities outside Ghana- Group	**9,702**	25,326
	9,702	65,403

28. Deposit from customers

Analysis by type and product

	2016 GH¢ '000	2015 GH¢ '000
Current accounts	**2,092,293**	1,387,083
Time deposit	**139,221**	120,269
Savings deposit	**586,882**	525,716
Call deposit	**379,277**	389,314
Total	**3,197,673**	2,422,382

29. Borrowings

	2016 GH¢ '000	2015 GH¢ '000
Balances due to other SCB subsidiary outside Ghana	**84,004**	77,440

30. Other liabilities

	2016 GH¢ '000	2015 GH¢ '000
Accrued interest payable	**7,433**	4,651
Other creditors and accruals	**112,250**	74,595
LC acceptance (Note 26)	**127,992**	74,964
Provisions (Note 30a)	**68,517**	86,648
	316,192	243,858

30a. Provisions

	Staff related	Others	Total
	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	33,839	55,809	89,648
Charged to profit or loss	34,725	36,424	71,149
	68,564	92,233	160,797
Utilised during the year	(25,287)	(66,993)	(92,280)
Balance at 31 December	43,277	25,240	68,517

Staff-related

This relates to provisions made for staff related obligations that exist at the year end.

Others

This comprises provisions made for various operational obligations during the year. These are expected to be utilised during 2017.

31. Capital and reserves

(i) Share capital

	2016		2015	
	No of shares	Proceeds	No of shares	Proceeds
	'000	GH¢ '000	'000	GH¢ '000
(a). Ordinary shares				
No. of ordinary shares of no par value	**250,000**	**-**	250,000	-
Issued and fully paid				
Issued for cash consideration	**5,655**	**48,001**	5,655	48,001
Transferred from income surplus account	**109,852**	**4,540**	109,852	4,540
	115,507	**52,541**	115,507	52,541
(b) Preference shares				
No. of preference shares	**17,486**	**9,090**	17,486	9,090
Total share capital		**61,631**		61,631

	2016			2015		
	Ordinary capital	Preference capital	Stated capital	Ordinary capital	Preference capital	Stated capital
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Controlling Holders	**36,474**	**7,911**	**44,385**	36,474	7,911	44,385
Non-controlling interest	**16,067**	**1,179**	**17,246**	16,067	1,179	16,067
	52,541	**9,090**	**61,631**	52,541	9,090	61,631

There is no share in treasury and no call or instalment unpaid on any share.

The preference shares are irredeemable and non-cumulative with respect to dividend payments.

(ii) Income surplus

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

	Controlling Interest	Non-Controlling Interest	Total
	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January 2015	104,352	45,968	150,320
Profit for the year	45,920	20,228	66,148
Transfer from/to statutory reserve	(5,740)	(2,529)	(8,269)
Dividend paid	(29,910)	(13,176)	(43,086)
Transfer to and from reserve	818	360	1,178
Transfer from and to credit risk reserves	(9,878)	(4,353)	(14,231)
Balance at 31 December, 2015	**105,562**	**46,499**	**152,061**
Profit for the year	155,856	68,656	224,512
Transfer from/to statutory reserve	(19,482)	(8,582)	(28,064)
Dividend paid	(31,460)	(13,860)	(45,320)
Transfer to and from reserve	818	360	1,178
Transfer from and to credit risk reserves	21,350	9,405	30,755
Balance at 31 December, 2016	**232,644**	**102,478**	**335,122**

(iii) Statutory reserve

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with section 29 of the Banking Act, 2004 (Act 673) and guidelines from the Central Bank. A cumulative amount of GH¢211.5 million (2015: GH¢183.5 million) has been set aside in a Statutory Reserve Fund from the Retained Earnings (Income Surplus Account). The cumulative balance includes an amount set aside from the Retained Earnings during the year.

	2016	2015
	GH¢ '000	GH¢ '000
Balance at 1 January	**183,480**	175,211
Transfer during the year	**28,064**	8,269
Balance at 31 December	**211,544**	183,480
Split		
Controlling holders	**146,854**	127,372
Non-controlling holders	**64,690**	56,108
	211,544	183,480

iv) Credit risk reserve

This represents amounts set aside from the retained earnings account to meet Bank of Ghana's requirement for loan loss allowance for non-performing loans and advances, where Bank of Ghana's provision requirement is different from the requirement under the International Financial Reporting Standards (IFRS).

	2016 GH¢ '000	2015 GH¢ '000
Bank of Ghana provision	**50,353**	227,010
IFRS provision	**(81,108)**	(212,781)
Transfer (from) to credit risk reserve	**(30,755)**	14,229
Balance at 1 January	**152,163**	137,934
Balance at 31 December	**121,408**	152,163
Split		
Controlling holders	**84,282**	105,632
Non-controlling holders	**37,126**	46,531
	121,408	152,163

(v) Other reserves

This comprises mainly the available-for-sale fair value movements.

	2016 GH¢ '000	2015 GH¢ '000
Marked-to-market gains on available-for-sale securities (Net of tax)	**33,254**	2,330
Amount relating to intangible assets	**2,257**	3,435
	35,511	5,765
Split		
Controlling holders	**24,651**	4,002
Non-controlling holders	**10,860**	1,763
	35,511	5,765

32. Dividend paid

	2016 GH¢ '000	2015 GH¢ '000
Ordinary dividend	**42,738**	40,427
Preference dividend	**2,582**	2,659
Payments during the year	**45,320**	43,086

Split

	2016 GH¢ '000	2015 GH¢ '000
Controlling holder		
Ordinary dividend	**29,211**	27,596
Preference dividend	**2,249**	2,314
Payments during the year	**31,460**	29,910
Non-controlling holders		
Ordinary dividend	**13,526**	12,831
Preference dividend	**334**	345
Payments during the year	**13,760**	13,176

33. Related party transactions

(i) Parent and ultimate controlling party

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V and its ultimate parent company is Standard Chartered PLC.

(ii) Key management compensation

IAS 24 "Related party disclosures" requires the following information for key management compensation. Key management comprises members of the Executive Management, which includes all executive directors

	2016	2015
	GH¢ '000	GH¢ '000
Salaries, allowances and benefits in kind	7,257	6,134
Pension contributions	883	1,227
Bonuses paid or receivable	2,799	3,012
Share based payments	173	417
	11,112	10,790

(iii) Transactions with directors, officers and other employees

The following are loan balances due from related parties:

	2016	2015
	GH¢ '000	GH¢ '000
Directors	584	302
Officers and other employees	106,564	73,079
	107,148	73,381

Interest rates charged on balances outstanding from related parties are lower than the Bank's base rate which is in compliance with Bank of Ghana notice number BG/GOV/SEC/2012/02. This is due to a lower level of risk inherent in these balances.

The movement of the Directors and officers accounts is as follows:

	2016	2015
	GH¢ '000	GH¢ '000
Balance at 1 January	73,381	62,166
Loans advanced during the year	84,804	59,151
Loans repayments	(51,037)	(47,936)
Balance at 31 December	107,148	73,381

Interest earned on staff loans during the year amounted to GH¢10,616.80 (2015 – GH¢10,358.60)

No impairment losses have been recorded against balances outstanding during the period from directors, officers and employees, and no specific allowance has been made for impairment losses on balances due from these persons at the period end.

(iv). Associated Companies

	2016	2015
	GH¢ '000	GH¢ '000
Nostro account balances	118,484	46,298
Due from group entities	311,676	198,881
	430,160	245,179

Amounts due to associated companies at the balance sheet date were as follows:

	2016	2015
	GH¢ '000	GH¢ '000
Short-term borrowing	84,004	77,440
Due to group entities	9,702	25,326
	93,706	102,776

All transactions with related parties were carried out at arm's length.

v. Management and Technical Services Fees

The Bank had two (2) agreements with the SCB Group under the Technology Transfer Regulation (LI 1547) which were approved by GIPC but had expired by 31 January 2016. The agreements are pending with GIPC for the approval renewal. No payment has been effected. The total unpaid balance is $1.45m.

vi. Share based payments

Included in staff cost is an amount of GH¢ 1,426,948 (2015: GH¢1,477,309) payable to the Holding company in respect of value of equity settled share based payments allocated to employees of the Bank on a group arrangement basis.

vii. Financial guarantee

Financial guarantees of SCB Ghana that have been counter guaranteed (Back-to-Back) by other SCB offices for the period amount to GH¢455,915,946 (2015: GH¢450,089,644)

35. Directors' shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2016:

	2016	2015
Ordinary shares	GH¢ '000	GH¢ '000
Ishmael Yamson	5,000	5,000
J. Kweku Bedu-Addo	3,040	-
	8,040	5,000

36. Number of shares in issue

Number of shareholders

The company had ordinary and preference shareholders as at 31 December 2016 distributed as follows:

(i) Ordinary Shares

Range of shares	Number of Shareholders	Holding	Percentage %
1 - 1,000	3,741	1,178,872	1.02
1001 - 5000	1,673	3,652,415	3.16
5001 - 10000	189	1,289,676	1.12
Over 10000	204	109,386,321	94.70
	5,807	115,507,284	100.00
(ii) Preference Shares			
1-1000	769	282,857	1.62
1001 – 5000	142	311,311	1.78
5001 - 10000	22	179,611	1.03
Above 10000	26	16,715,287	95.58
	959	17,489,066	100.00

Details of shareholders

(i) Details of 20 largest ordinary shareholders

Name of Shareholder	Number of Shares Held	(%) Holding
Standard Chartered Holdings (Africa) B.V.	80,181,096	69.42
Social Security and National Insurance Trust	16,799,622	14.54
SCGN/SSB & Trust As Cust for Kimberlite Frontier, Africa Master Fund , L.P-Rckm	1,155,762	1.00
Standard Chartered Bank Singapore, Branch S/A HI Bank A/C Client	1,000,000	0.87
Northern Trust Global Sv, Northern Trust Global Services Ltd Lux Client Acc	928,847	0.80
Teachers Fund	544,092	0.47
STD Noms/Cs Sec (Us) Llc/Africa Oppt Fund L.P, Std Noms/Cs Sec (Us) Llc/Africa Oppt Fund L.P	474,686	0.41
STD/Enterprise Life Ass. Co. Policy Holders, Scgn / Enterprise Life Ass. Co. Policy Holders SCGN/E.L.A.C.P.H.	470,520	0.41
Ghana Union Assurance Co. Ltd , Ghana Union Assurance Co. Ltd	434,784	0.38
SCGN/'Epack Investment , Scgn/'Epack Investment Fund Limited Transaction E I F L	375,915	0.33
Council Of University Of Ghana Endowment Fund,	362,340	0.31
Kojo Anim-Addo	253,240	0.22
SCGN/SSB Eaton Vance Tax, Managed Emerging Market Fund	242,700	0.21
STD Noms Tvl Pty/Bnym Sanv/Vanderbilt University, Std Noms Tvl Pty/ Bnym Sanv/ Vanderbilt University	204,976	0.18
STD Noms/Bnym Sanv/Frontier Market Opport Mast Fun Std Noms/Bnym Sanv/Frontier Market Opport Mast Fund	193,792	0.17
SCGN/SSB Eaton Vance Structured, Emerging Market Fund	171,500	0.15
SCGN/SSB & Trust As Cust For Conrad N Hilton, Foundation-00Fg	160,436	0.14
Kwame Nkrumah University Of Science & Technology	148,500	0.13
SSNIT Informal Sector Fund	127,800	0.11
	104,230,608	90.25

(ii) Details of 20 largest preference shareholders at 31 December 2016

Name of Shareholder	Number of Shares Held	(%) Holding
STD Chartered Holdings (Africa) B.V.	15,220,598	87.03
Barton Kwaku Glymin	422,019	2.41
SSNIT SOS Fund	307,692	1.76
Kojo Anim-Addo	106,806	0.61
Ghana Union Assurance Co. Ltd	99,351	0.57
Moses Kwasi Afedo	81,199	0.46
Mr Norbert Kwasivi Kudjawu	68,775	0.39
Akosah-Bempah F. Ophelia	54,150	0.31
Akosah-Bempah Kwaku Mr	40,654	0.23
STD Noms/Cs Sec (Us) Llc/Africa Oppt Fund L.P, STD Noms/Cs Sec (Us) LLC/Africa Oppt Fund L.P	29,366	0.17
Aryee Clifford Edward	25,000	0.14
Ebenezer Magnus Boye	25,000	0.14
E3A Holdings Company Ltd	20,661	0.12
Mr Anthony Minkah	20,268	0.12
Nyako John Percival Awuku Mr	20,000	0.11
Safo Kwakye Eddie Mr	20,000	0.11
Edem Yankson	20,000	0.11
HFCN/ GLICO Pensions Re: Fidelity Securities , HFCN/Glico Pensions Re: Fidelity Securities HFCN/GLICO Re: Fide	19,231	0.11
NTHC Trading Account,	19,231	0.11
Nelson Aruna	19,230	0.11
	16,639,231	95.12

37. Value Added Statements

	2016		2015	
	GH¢'000	(%)	GH¢'000	(%)
Revenue	**620,781**	**100%**	531,115	100%
Value Add distribution:				
Staff cost (excluding directors)	**137,587**	**22%**	124,574	23%
Directors	**3,966**	**1%**	4,417	1%
Operating lease expenses	**3,525**	**1%**	4,251	1%
Depreciation and amortisation	**5,366**	**1%**	5,437	1%
Other expenses	**42,493**	**7%**	86,846	16%
Impairments	**81,108**	**13%**	212,781	40%
Tax	**121,047**	**19%**	24,914	5%
Statutory reserve	**28,064**	**5%**	8,269	2%
Credit risk	**-**	**0%**	14,229	3%
Preference dividend	**2,582**	**0%**	2,659	1%
Ordinary dividend	**129,369**	**21%**	42,738	8%
Total	**555,107**	**89%**	531,115	100%
Retained earnings	**65,674**	**11%**	0	0%

38. Regulatory Disclosures

(i) Non–Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total loans/advances portfolio 45 per cent, (2015: 43.40 per cent).

(ii) Capital Adequacy Ratio

The capital adequacy ratio as at 31 December 2016 was calculated at approximately 21.59 per cent (2015: 15.87 per cent).

(iii) Regulatory Breaches

No regulatory breach was recorded during the period under review. (2015: GH¢2,000)

Initial application of new amendments to the existing Standards effective for current financial period

The following new amendments to the existing standards issued by the International Accounting Standards Board are effective for current financial period:

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013. The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost.

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view of removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014.

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** issued by IASB on 12 December 2013. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint ventures; (ii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014).

The adoption of these amendments to the existing standards has not led to any material changes in the Entity's financial statements.

New Standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements the following new standards and amendments to existing standards were in issue, but not yet effective:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 "Financial Instruments" issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

• **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016).

IFRS 14 "Regulatory Deferral Accounts" issued by IASB on 30 January 2014. This Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

• **IFRS 15 "Revenue from Contracts with Customers"** and further amendments (effective for annual periods beginning on or after 1 January 2018).

IFRS 15 "Revenue from Contracts with Customers" issued by IASB on 28 May 2014 (on 11 September 2015 IASB deferred effective date of IFRS 15 to 1 January 2018). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

• **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014 (on 17 December 2015 IASB deferred indefinitely effective date). The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

• **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception issued by IASB on 18 December 2014. The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances.

• **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016).

Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations issued by IASB on 6 May 2014. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

• **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative issued by IASB on 18 December 2014. The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

• **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).

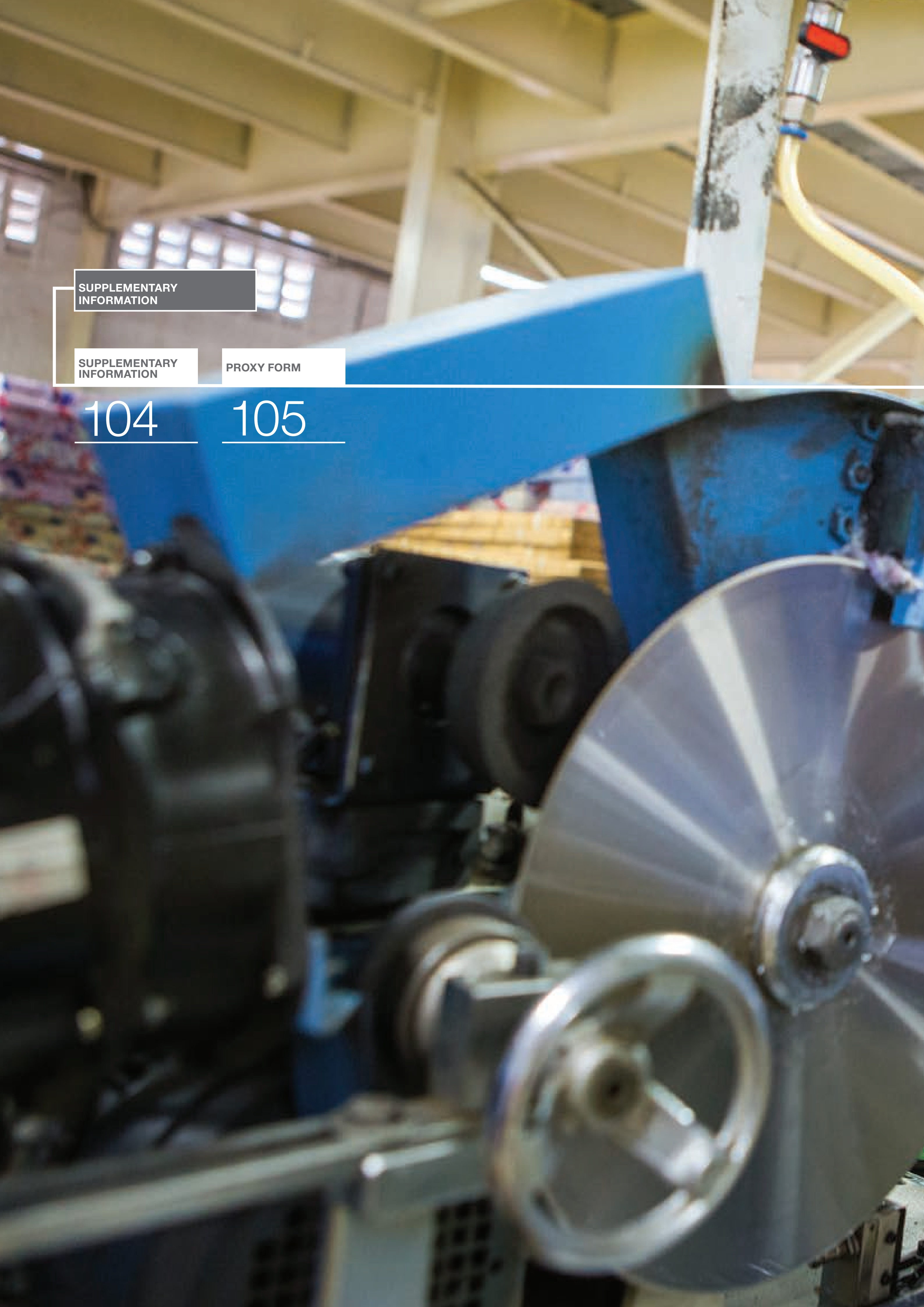
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants issued by IASB on 30 June 2014. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

- **Amendments to IAS 27 "Separate Financial Statements" -** Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016).

Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements issued by IASB on 12 August 2014. The amendments reinstate the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** issued by IASB on 25 September 2014. Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'. The amendments are to be applied for annual periods beginning on or after 1 January 2016.

The Entity has elected not to adopt these new standards and amendments to existing standards in advance of their effective dates. [If the Entity elected to adopt some of the standards and interpretations in advance, the information under IAS 8.28 should be disclosed.] The Entity anticipates that the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Entity in the period of initial application. [If the impact is significant, it should be disclosed; alternatively, the impact (or its absence) should be added to respective standard or interpretation.



SUPPLEMENTARY INFORMATION

Supplementary Infomation

5 Year

	2016 GH¢'000	2015 GH¢'000	2014 GH¢'000	2013 GH¢'000	2012 GH¢'000
Interest income	**549,924**	490,482	422,136	375,526	222,725
Interest expense	**(89,687)**	(116,730)	(88,250)	(95,046)	(52,982)
Net interest income	**460,237**	373,752	333,886	280,480	169,743
Fees and commission income	**80,259**	65,238	91,048	83,303	74,075
Other operating income	**80,285**	92,125	96,801	56,282	38,452
Non-interest income	**160,544**	157,363	187,849	139,585	112,527
Operating income	**620,781**	531,115	521,735	420,065	282,270
Operating expenses	**(194,115)**	(227,273)	(197,774)	(129,393)	(105,059)
Impairment charges on loans and advances	**(81,108)**	(212,781)	(49,121)	(17,429)	(6,720)
Profit before taxation	**345,558**	91,062	274,840	273,243	170,491
Taxation	**(121,047)**	(24,914)	(66,569)	(65,224)	(34,203)
Profit for the year	**224,511**	66,148	208,271	208,019	136,288
Transfer to Statutory and from Other Reserve fund	**(93,894)**	(21,320)	(100,653)	(36,054)	(80,369)
Retained profit/available for distribution	**130,617**	44,828	107,618	171,965	55,919
Networth	**765,216**	555,100	528,927	486,984	311,349
Net owned funds	**603,317**	392,023	387,161	388,617	247,287
Total assets	**4,373,564**	3,369,448	3,506,297	2,988,358	2,390,684
Total liabilities	**3,197,673**	2,422,382	2,198,585	1,779,108	1,704,198
Loans & advances	**1,262,636**	1,219,459	1,278,362	1,130,244	959,597
Information on ordinary shares	**GH¢**	GH¢	GH¢	GH¢	GH¢
Earnings per share	**1.92**	0.55	1.78	1.77	1.16
Proposed final dividend per share	**1.12**	0.37	0.35	1.15	0.47
Key Ratios					
Return on assets (PAT/Total assets)	**6%**	2%	6%	7%	6%
Return on equity (PAT/Equity)	**34%**	12%	40%	43%	44%
Capital Adequacy Ratio	**22%**	15%	16%	23%	17%
Cost/Income ratio	**31%**	43%	38%	31%	37%

Standard Chartered

Form of Proxy

I……
(Block Capitals Please)

Of

………..
being Member/Members of **STANDARD CHARTERED BANK GHANA LTD**. hereby appoint

….……

Of

…….

or failing him the duly appointed Chairman of the Meeting, as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Tuesday the 6^{th} day of June 2017 and at every adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

RESOLUTION	FOR	AGAINST
1. Declaring a Dividend		
2. Electing the following Director - **KWEKU NIMFAH-ESSUMAN**		
3. Approving Directors' Remuneration		
4. Approving the Remuneration of the Auditor		
5. Transfer of GHS60m from retained earnings to stated capital		

Signed…………………………… day of ……………………… 2017 Signature ……………………..

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IMPORTANT: Before posting the Form of Proxy above, please tear off this part and retain it – see over. If you wish to insert in the blank space on the form the name of any person, whether a Member of the company or not, who will attend the meeting and vote on your behalf, you may do so; if you do not insert a name, the Chairman of the Meeting will vote on your behalf. If this Form is returned without any indication as to how the person appointed a proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting. To be valid, this Form must be completed and must reach the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting.

This Form is only to be completed if you will NOT attend the Meeting

FIRST FOLD HERE

PLEASE
AFFIX
STAMP
HERE

SECOND FOLD HERE

The Company Secretary
Standard Chartered Bank Ghana Limited
Head Office
P. O. Box 768
Accra

THIRD FOLD HERE

CUT HERE CUT HERE

IMPORTANT: A person attending the meeting should not produce this form

Notes

Notes

Standard Chartered

Contact information

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Share Registry Department, Head Office
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Digital Reports and Accounts
sc.com/gh/about-us/investor-relations

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