GTBank

Guaranty Trust Bank (Ghana) Ltd
RC C-68,758

GUARANTY TRUST BANK (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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Corporate Information

Board of Directors	Alhaji Yusif Ibrahim (Chairman) Olusegun Agbaje (Vice Chairman) Olalekan Sanusi (Managing Director) Ademola Odeyemi Mobolaji Jubril Lawal Olutola Omotola Reindorf Baah Perbi
Secretary	Iris Richter-Addo
Auditor	PricewaterhouseCoopers No. 12 Airport City UNA Home, 3rd Floor PMB CT 42, Cantonments Accra, Ghana
Registered Office	Guaranty Trust Bank (Ghana) Limited 25A Castle Road, Ambassadorial Area, Ridge PMB CT 416, Cantonments Accra, Ghana
Correspondent banks	CitiBank London CitiBank New York Ghana International Bank J.P. Morgan Chase Bank Guaranty Trust Bank London

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2017 in accordance with the Companies Act 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) which discloses the state of the affairs of the Bank.

Directors responsibility statement

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank and the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

Going concern

We have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Nature of business

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

Financial results

	GH¢
Profit for the year ended 31 December 2017 before tax is	**127,511,007**
from which is deducted income tax expense and national fiscal stabilisation levy of	**(39,314,966)**
giving a profit for the year after tax of	**88,196,041**
less transfer to statutory reserve and other reserves of	**(12,078,133)**
leaving a balance of	**76,117,908**
when added to the balance brought forward on income surplus of	**38,175,184**
leaving a balance of	**114,293,092**
less: dividend paid for 2016 of	**(35,940,094)**
leaving a balance carried forward on income surplus account of	**78,352,998**

At the next Annual General Meeting, in view of the Capital Augmentation Plan of the Bank, no cash dividend will be declared but rather the entire sum of GH¢78,352,998 standing in credit of the income surplus (after deducting the necessary withholding tax) will be proposed for capitalisation. The resulting shares will be allocated to the existing shareholders.

REPORT OF THE DIRECTORS (continued)

Holding company

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

Approval of the financial statements

The financial statements of the Bank were approved by the board of directors on 7 February 2018 and are signed on their behalf by:

....
Alhaji Yusif Ibrahim
Chairman

....
Olalekan Sanusi
Managing Director

REPORT OF THE AUDIT COMMITTEE

In accordance with corporate governance best practices, the members of the Audit Committee of Guaranty Trust Bank (Ghana) Limited hereby report as follows:

(i) We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2017 were satisfactory and reinforced the Bank's internal control system.

(ii) We are satisfied that the bank has complied with the provisions of Bank of Ghana's Circular BSD/108/2011 "International Financial Reporting Standards (IFRS) Implementation" and hereby confirm that an aggregate amount of GH¢ 63,264,636 has been set aside as at 31 December 2017 in relation to differences in provisions for loans and advances under International Financial Reporting Standard (IFRS) and Bank of Ghana Guidelines.

(iii) We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's response thereon and with the effectiveness of the Bank's system of accounting and internal control.

J. K. Agbaje
…………………………………………………
Olusegun Agbaje
Chairman, Audit Committee

Accra

7 February 2018

CORPORATE GOVERNANCE

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

There are currently three (3) main committees through which the Board of Directors discharges its functions; Board Audit Committee, Board Credit Committee and the Board Risk Committee.

In addition to the Board Committees, there are four (4) Management Committees to ensure effective and good corporate governance at the Management level.

1.0 Board of Directors

The 7-member Board of Directors of Guaranty Trust Bank (Ghana) Limited is composed of a non-executive Chairman, with 1 Executive Director and 5 non executive directors, each bringing diverse but rich experience, with enviable records of achievement in their various fields of endeavour. The Directors possess the requisite skills and experience, integrity and business acumen to bring independent judgment to bear on board deliberations for the good of the Bank.

The roles of the Chairman and Managing Director/CEO are separate. The Chairman of the Board shall not serve simultaneously as Chairman/member of any of the Board Committees.

No two members of the same extended family shall occupy the position of Chairman and that of Managing Director or Executive Director of the Bank at the same time.

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

The Board is also responsible for ensuring that Management maintains a system of internal control, which provides assurance of effective and efficient operations, internal financial controls and compliance with law and regulations.

CORPORATE GOVERNANCE (continued)

1.1 Board Audit Committee

This Committee is made up of three (3) Non-Executive Directors while the Bank's Secretary serves as the secretary to the Committee. It is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors.

The Audit Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The internal and external auditors have unrestricted access to the Committee to ensure their continued independence. The Committee also seeks for explanations and additional information, where relevant, from the internal and external auditors.

Meetings are held on a quarterly basis. Other members of management may be invited to the Committee's meetings as and when appropriate. A report is provided to the full Board at each sitting.

1.2 Board Credit Committee

The Board's Credit Committee is responsible for review of all credits granted by the Bank and approves specific loans and credit related proposals beyond the Management Credit Committee's authority limit as may be defined from time to time by the Board.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets.

In view of the volume of transactions that require Board Credit Committee approvals, there are instances where credits will need to be approved by members expeditiously between Credit Committee Meetings. Such urgent credits are circulated amongst the members and slated for ratification at the next meeting of the Board Credit Committee.

The Board Credit Committee is made up of two (2) Non-Executive Directors and 1 Executive Director. The Committee meets at least four times a year. A report is provided to the full Board at each sitting.

1.3 Board Risk Committee

The Committee's main responsibilities include reviewing and recommending for approval of the Board, the Bank's Risk Management Policies including the risk profile and limits; determining the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls; evaluating the Bank's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the Bank's activities and risk profile; oversight of Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection, transfer and reporting mechanisms; and reviewing and recommending to the Board for approval, the contingency plan for specific risks.

The Board's Risk Committee is charged with the quarterly review of the Bank's central liability report and summary of criticised loans with the concurrent power of assessing the adequacy of the reserves for loan losses and approving possible charge-offs.

The Committee presents reports to the Board at its quarterly meetings.

CORPORATE GOVERNANCE (continued)

1.4 Profile of Board of Directors

Alhaji Yusif Ibrahim (Chairman of the Board)

Alhaji Ibrahim, the only Ghanaian shareholder of GTBank Ghana, possesses extensive managerial experience spanning different sectors of the economy. A well-respected business man, Alhaji Ibrahim is the Chairman of the Dara Salam Group of Companies which comprise Dara Salam Estates Limited – a real estate firm, Busi and Stephenson (Ghana) Limited - a pole treatment firm and Court Gardens Hotel.

Alhaji Ibrahim was the Chairman of the Presidential Commission of the University of Development Studies, Tamale and a member of the Board of Trustees of the Institute of Statistical, Social and Economic Research of the University of Ghana, Legon, amongst other prestigious board positions.

Olusegun J.K. Agbaje (Vice Chairman)

Mr. Agbaje is the Vice Chairman of the GTBank Ghana Board and the Managing Director/Chief Executive Officer of GTBank Plc. With two decades' commercial, investment and international banking experience, Mr. Agbaje is involved in the general management of the GTBank Plc's day-to-day operations and has earned a reputation as an accomplished and highly respected professional across the West Africa sub-region, given his diverse experience in the financial services industry.

He holds a Bachelor's degree in Business Administration with special emphasis in Accounting (1986) and a Master of Business Administration (1988) from the University of San Francisco, California, United States. He is also an alumnus of the Harvard Business School, Massachusetts, United States.

Prior to joining GTBank Plc, he worked with Ernst & Young, San Francisco, USA. He subsequently joined GTBank Plc as a pioneer staff in 1990 and rose through the ranks to become an Executive Director in January 2000 and Deputy Managing Director in August 2002, in which capacity he continued to act until his appointment as Acting Managing Director/CEO by the GTBank Plc Board in April, 2011. He became the substantive Managing Director/Chief Executive Officer of GTBank Plc in June 2011.

Mr. Agbaje possesses a deep understanding of the West African business environment. He initiated and led the execution of large, innovative and complex transactions in financial advisory, structured and project finance, balance sheet restructuring and debt and equity capital raising in several sectors of the Nigerian economy notably; oil and gas, energy, telecommunications, financial services and manufacturing industries. In addition, he helped in developing the Interbank Derivatives market amongst dealers in the Nigerian banking industry and introduced the Balance Sheet Management Efficiency system.

He was also instrumental in structuring GTBank Plc's landmark US$ 350 million Eurobond offering in January 2007 and later that year, the listing of its US$824 million Global Depository Receipts in an unprecedented concurrent global offering in the domestic and international capital markets – which made GTBank Plc the first Nigerian company and first Sub-Saharan African bank to be listed on the Main Market of the London Stock Exchange. In 2011, he further led GTBank Plc to launch the first Sub-Saharan Africa financial sector benchmark Eurobond when the bank launched its USD500million Eurobond without a sovereign guarantee or credit enhancement from any international financial institution.

CORPORATE GOVERNANCE (continued)

1.4 Profile of Board of Directors (continued)

Olusegun J.K. Agbaje (Vice Chairman) (continued)

In addition to his responsibilities within GTBank Plc and GTBank Ghana, Mr. Agbaje also serves on the boards of GTBank Plc's subsidiaries in Kenya, Uganda, Rwanda and United Kingdom. He is also a member of the MasterCard Regional Advisory Board (Asia-Pacific Middle East and Africa Region).

Mr. Agbaje was named the African Banker of the Year at the 2017 African Banker Awards. Other awards won in include: CEO of the Year – The Finance Monthly CEO Awards 2017, Ai 100 CEO of the Year – African Investors Awards and Banker of the Year, Africa, World Finance.

Olalekan Sanusi (Managing Director/Chief Executive Officer)

Mr. Sanusi assumed his position in January 2012. Prior to joining the Bank, Mr. Sanusi was the Managing Director of GTBank Gambia, a position he assumed in February 2006 and led the bank's growth from a lesser known financial institution to one of the most profitable banks in The Gambia. Under his stewardship, GTBank Gambia won the maiden edition of Best Bank in The Gambia Award in 2009.

Mr. Sanusi joined GTBank Plc in March 1995 as a Banking Officer and worked in the bank until October 2000 when he left as a Senior Manager to join the pioneer gas liquefaction company in Nigeria (Nigeria LNG Limited) where he served as Chief Economist/Head of Planning & Economics for four years. He returned to GTBank Plc in August 2004 as Deputy General Manager and pioneered the setting up of the Corporate Planning/Group Coordination Group. In that capacity, he was instrumental in the setting up of GTBank Ghana and subsequently served on the GTBank Ghana Board as one of its founding directors.

Mr. Sanusi holds a First Class Honours degree in Economics from the Ogun State University, Nigeria (1989) and a Master of Science degree in the same discipline from the University of Lagos, Nigeria (1995). He also holds a Master of Arts degree (with distinction) in Banking and Finance from the University of Sheffield, United Kingdom (1996).

Mrs. Olutola Omotola (Non-Executive Director)

Mrs. Omotola obtained a Bachelor of Laws (LLB) degree from the Obafemi Awolowo University, Ile-Ife in 1987, graduating at the top of her class, and obtained the professional certification of Barrister at Law (BL) from the Nigerian Law School in 1988. She holds Masters Degrees in both Law and Business Administration from University of Lagos and Obafemi Awolowo University, Ile-Ife, respectively. She is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom and an Honorary Member of Council of the Institute of Chartered Secretaries and Administrators of Nigeria.

Her career spans over 20 years, out of which she served as Company Secretary/Legal Adviser and Group Head, Corporate Affairs of Universal Trust Bank Plc, a position she held prior to joining GTBank as the Legal Adviser in 2006.

As the Divisional Head of Corporate Services Division, Mrs. Omotola is responsible for running the Legal Group, General Administration Group, Procurement Group and Total Quality Management Group of the Bank.

CORPORATE GOVERNANCE (continued)

1.4 Profile of Board of Directors (continued)

Ademola Odeyemi (Non-Executive Director)

Mr. Odeyemi was appointed to the GTBank Ghana Board in January 2006. He holds a Bachelor of Education (B.Ed.) Honours degree in Social Studies (1990), and Master's and Doctorate degrees in Statistics, Tests and Measurement in 1992 and 2010 respectively from the Obafemi Awolowo University (previously, the University of Ile Ife), Nigeria. He is a Chartered Accountant, an associate of the Chartered Institute of Stockbrokers of Nigeria and a member of the Chartered Institute of Taxation in Nigeria.

Mr. Odeyemi started his career as a lecturer in Social Research at the Obafemi Awolowo University, Nigeria, in 1990. He joined the Lagos office of Arthur Andersen (now KPMG Professional Services) in 1992 and rose to become a Senior Consultant in 1996. In 1997, he joined GTBank Plc for the first time and was responsible for managing the Financial Control Department. In 2000, he moved to First City Monument Bank Limited (now First City Monument Bank Plc - FCMB) where he was responsible for the financial control and strategy of the bank and was appointed as Chief Operating Officer of four of the companies in the FCMB Capital Markets Group in 2002. He also briefly worked at the then Platinum Bank Limited (now Bank PHB Plc) as Vice President and Group Head, Performance Management Group before returning to the GTBank Plc in October 2003.

Following a secondment to the Budget Office of the Federation, Federal Ministry of Finance, Abuja, where he had responsibility for developing and implementing recurrent expenditure strategy and developing reform initiatives for Budgeting and Public Expenditure Control for the Federal Government of Nigeria, Mr. Odeyemi returned to GTBank Plc in 2006 to assume the position of Head, Corporate Planning, Strategy, Financial Control and Group Coordination. Mr. Odeyemi was appointed to GTBank Plc Board in October 2011.He also serves on the Boards of GTBank UK, GTBank Liberia and several companies in which the GTBank Plc holds equity investments.

Mobolaji Jubril Lawal (Non-Executive Director)

Mr. Lawal was appointed to the GTBank Ghana Board in July 2011. Mr. Lawal joined GTBank Plc in 2003 to assume the position of Head, Corporate Finance Group and was directly involved in the execution of GTBank Plc's strategic initiatives as well as debt syndication transactions. He currently heads GTBank Plc's e-Business Division.

He holds a Bachelor of Laws degree (LLB) (1990) from Obafemi Awolowo University (previously, the University of Ile Ife), Nigeria, a Barrister at Law (B.L) degree from the Nigerian Law School (1991) and an MBA from Oxford University, United Kingdom (2002). He has also attended courses at various institutions, including Citibank School of Banking, New York, Venture Capital Institute, Atlanta Georgia, USA and Harvard Business School, Boston, Massachusetts, USA. He has over 18 years of managerial experience covering, among other things, Corporate Banking, Commercial Banking and Risk Management.

Reindorf Baah Perbi (Non-Executive Director)

Mr. Baah Perbi worked with KPMG Ghana for thirty-two (32) years where he retired as Deputy Senior Partner in April 2015. He provided direct assistance in managing the Ghana Practice as well as being the partner in charge of Quality and Risk Management, Ethics & Independence and Human Resource. He was also a former member of the executive board of KPMG West Africa. In 2003, he was appointed head of assurance for KPMG West Africa cluster and represented the region in many KPMG meetings.

CORPORATE GOVERNANCE (continued)

1.4 Profile of Board of Directors (continued)

Reindorf Baah Perbi (Non-Executive Director) (continued)

Prior to working at KPMG, he was the Chief Accountant of SG-SSB (formerly social security bank limited) where as part of his assignments was responsible for financial administration of the bank, a member of finance and house committees and assisting in evaluating applications for medium and long-term financing.

Mr. Perbi is a member of ACCA Global Forum on Risk & Governance since 2012 up to date, KPMG West Africa Board (2005 – 2007), Past Council Member of the Institute of Chartered Accountants (Ghana) ICA(G), Chairman of Board of International Needs (Ghana) 1985 to 2000, Vice-chairman of the Board of Adisadel College Endowment Fund, Chairman of Board of Haggai Institute Alumni Association of Ghana, Chairman of the Board, MAKAD Development Association, Executive Chairman, CEDARS Investment Limited to mention a few.

Mr. Perbi was admitted into University of Ghana, Legon where he was awarded a Bachelor of Science (Hons) degree in Administration. He also holds a Post Graduate Diploma in Industrial Management (Finance) from the Research Institute for Management Science, Delft, Netherlands. He has certificate in Accounting Software Systems (Notably, Cahill Systems, Ireland), Certificate in Management Development Centre for Management Development, Lagos Nigeria) and Certificate in Leadership (Haggai Institute for Advance Leadership Training, Singapore). He is a Lifetime Fellow of the Oxford Club, USA.

2. Management Committees

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

- Management Credit Committee;
- Criticised Assets Committee;
- Assets and Liability Management Committee; and
- IT Steering Committee.

2.1 Management Credit Committee (MCC)

Management Credit Committee is responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding, in aggregate, a sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval level of the Managing Director as determined by the Board. The Committee meets at least once a week or once a fortnight depending on the number of credit applications to be considered.

The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The Secretary of the committee is the Head of Credit Administration Unit of the Bank.

CORPORATE GOVERNANCE (continued)

2. Management Committees (continued)

2.2 Criticised Assets Committee (CAC)

The Criticised Assets Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework, and ensures that triggers are sent in respect of delinquent assets. The Committee also ensures that adequate provisions are taken in line with the regulatory guidelines.

The members of the Committee include the Managing Director, General Manager, and other relevant Senior Management Staff of the Bank.

2.3 Assets and Liabilities Management Committee (ALMAC)

The Assets and Liability Management Committee is responsible for the management of a variety of risks arising from the Bank's business including, market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.

The members of the Committee include the Managing Director, General Manager, the Treasurer, Head, Risk Management Group, the Head, Currency Trading Unit and relevant Management Staff of the Bank.

2.4 IT Steering Committee

The IT Steering Committee is responsible for the review of technology deployments in the Bank, planning of new IT products and the review of developments in the Technology industry.

The Committee is chaired by the Managing Director and has the Head of Technology Unit as the Secretary. Other members include; the General Manager, the Group Heads of Investment Bank, Retail Bank, Alternative Channels, Settlements; and Heads of Corporate Affairs, Risk Management, Systems and Control, and Financial Control and Strategy.

2.5 Profile of Senior Management

Daniel Attah (General Manager/Divisional Head, Operations and Technology)

Daniel Attah holds a Bachelor of Science Degree in Agricultural Economics from ABU Zaria and Master of Business Administration (MBA) from Ambrose Alli University in 1994 and 2000 respectively. He is a member of Chartered Institute of Management of Nigeria and a professional student member of The Chartered Institute of Bankers of Nigeria (CIBN).

He has over 20 years' experience working with Citizens Bank (now Enterprise Bank), Main Street Bank and Guaranty Trust Bank Nigeria PLC (GTBank). He was seconded to Guaranty Trust Bank (Ghana) Limited in 2015 as the General Manager in charge of Operations and Technology. He also deputizes for the Managing Director.

Daniel's banking experience covers Clearing, Transaction Services, Customer Service, Funds Transfer, Domestic Operations, Remittances - Western Union, International Operations and Treasury Operations. Within these broad functional areas, he has handled specific functions which include cheque presentation and clearing, review of account opening forms, funds transfer, branch operations head, customer service, reconciliation of ledger and accounts, investigations and resolution of customers complaints, preparation of audit summaries and schedules, customer third party transfers via Nigeria Interbank Settlement System, CBN funds transfer platform, settlement of interbank transactions, settlement of foreign and local placements and takings, settlement of treasury bills and bonds, customer and interbank FX transactions settlement, non-proprietary asset settlement, handling customer importation documents, payment for services abroad, liaison with CBN and other regulatory bodies amongst others.

CORPORATE GOVERNANCE (continued)

2.5 Profile of Senior Management

Daniel Attah (General Manager/Divisional Head, Operations and Technology) (continued)

He has attended several local and foreign trainings including Citibank New York Seminar in California (2013), ICC FIT training (2011), Understudy of Offshore Banks Operations (Citibank London, Deutsche London and GTB UK, - 2011), Structured LC/Trade Finance organized by Citibank NA (2010), BASIS Software Training in Amman Jordan (2009), CBN Foreign Exchange Seminars, Personal Effectiveness Course, Fixed Income Securities Trainings on Bond and Treasury Bills, Fraud Detection, Prevention and Control training, Banking Operations and The Whole Manager (Facilitated by Human Performance Solutions).

Iris Richter-Addo (Divisional Head, Internal Services)

Ms. Richter-Addo oversees Human Resources, Legal, Administration and Corporate Affairs units and also serves as the Company Secretary of the Bank, a position she has held since inception of the Bank. She holds a Bachelor of Laws Degree from the University of Ghana and Barrister at Law qualification from the Ghana School of Law. She also holds a Master's Degree (cum laude) in International Trade and Investment Law jointly run by the University of the Western Cape, Cape Town, South Africa/American University, Washington DC, USA. She was called to the Ghana Bar in 1995 and has over -22 years' post-qualification experience in diverse areas of law.

Prior to joining the Bank, she worked as an associate lawyer with Messrs. Fugar & Company, a reputable law firm with offices in Accra, Ghana, providing legal and company secretarial services to several clients. Other professional training courses she has undertaken include the Ghana Stock Exchange Courses in Basic Securities, Advanced Securities and Securities Trading.

Ms. Richter-Addo is a member of the Ghana Bar Association.

Nelson Ofosu (Head, Corporate Banking)

Mr. Ofosu joined the Bank in February 2010 as the Head of Tema Branch and was later appointed as the Group Head for the Tema Business Group comprising of the Corporate, Commercial and Retail Teams of the branches within Tema. Currently, he is the Divisional Head overseeing the Corporate, Retail and Advantium (SME & Commercial) Business Groups as well as the seven branches within the Tema and Spintex area.

Mr. Ofosu started his banking career with the Bank for Housing and Construction (in-official -liquidation) as Commercial Banking Officer in 1998. He had previously worked for the Ghana Education Service and taught for one academic year at the Presbyterian Boys' Secondary School, Legon. Thereafter, he worked with a team of implementation consultants from the International Projekt Consult, Frankfurt-Germany, to set up ProCredit Savings and Loans Company Limited, a leading microfinance company in Ghana. In 2002, Mr. Ofosu was employed as Credit Officer and later assumed responsibility as Deputy Credit Manager (in charge of Risk Management) and eventually as the Head of Credit of ProCredit, a senior management position he held until September, 2006. He later moved to Intercontinental Bank Ghana Limited as a Microfinance Specialist to manage the Microfinance Department.

He holds a Bachelor of Science degree (Second Class Upper Division) in Physics from the Kwame Nkrumah University of Science and Technology and Master's degree in Business Administration (Finance Option) from the University of Ghana.

CORPORATE GOVERNANCE (continued)

2.5 Profile of Senior Management (continued)

Leopold L. L. Armah (Divisional Head, Transaction Bank & Technology)

Mr. Armah is a Senior Information Technology Executive and currently leading the Bank's digitalization drive in the capacity as the Divisional Head, Technology and Transaction Bank, managing both the technical and business components of the electronic banking value-chain. Prior to this, he had held the position of Group Head of Technology from June 2012 to May 2017. Leopold has an enviable mix of experience, and versatility in the automation of both the private and public sectors of the Ghanaian economy, particularly within Banking, Telecommunication, Pensions and Insurance sub-sectors. In acknowledgement of his contribution to the industry, he was recently adjudged the "Chief Information Officer for the Year" during the Ghana Information Technology and Telecommunication Awards (GITTA) in July 2017. He was also nominated as the "National ICT Young Personality" on a similar platform in 2008.

Leopold graduated from the University of Ghana with Bachelor of Science Degree in Computer Science & Statistics (Combined Major), and also holds Executive MBA in Information Technology Management with Paris Graduate School of Management. Additionally, he has Postgraduate Certificate in Public Administration from GIMPA and also holds Certificate in Digital Money from Digital Frontiers Institute. Leopold is also an Alumnus of Internet Governance Capacity Building Programme.

Ernest Kumi (Group Head, Currency Trading)

Mr. Kumi holds a Bachelor's degree in Banking and Finance from the Central University. He currently heads the Currency Trading Group of the Bank. Prior to his re-assignment, he was in charge of the Investment Bank Group. He has over twenty years of Banking experience.

Prior to joining the Bank, Mr. Kumi had worked with CAL Bank Ltd in various capacities including holding the Risk Officer position as well as Head of Treasury Back Office. He also worked with erstwhile Intercontinental Bank as Head of the Trading and Investment Banking Unit.

Nana Kwabena Afoom (Group Head, Corporate Bank 2)

Nana Kwabena Afoom currently heads the Corporate Banking 2 Group of the Bank. He joined the Bank in 2008 as the Unit Head of the Commercial Banking Group in charge of FMCG businesses. He was responsible for setting up the SME Group of the Bank in 2013 before being appointed the Group head of Corporate Banking Group in 2015. Prior to setting up the SME group, he was the Pioneer Branch Head of the Achimota Branch from 2009 to 2011, Branch Head of the Airport branch from 2011 to 2012 and then Regional head for Retail Banking, 2012 to 2013

He started his banking career as a Credit officer with the Dansoman Branch of the Agricultural Development Bank (ADB) in 2000 before becoming the credit manager of the branch in 2003. His other work experiences are in the areas of marketing and events management.

He holds a B. Sc. (Agricultural Economics) degree from the University of Ghana (1994 - 1998) and an M.Sc. (International Economics, Banking & Finance) degree from Cardiff Business School, Cardiff, Wales 2003-2004

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (GHANA) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Guaranty Trust Bank (Ghana) Limited as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of Guaranty Trust Bank (Ghana) Limited (the "Bank") for the year ended 31 December 2017.

The financial statements on pages 19 to 80 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 period. 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.

Key audit matter	How our audit addressed the key audit matter
Impairment provisions on loans and advances to customers of GH¢19,916,816 Specific and collective impairment allowances represent management's best estimate of the losses incurred within the loan portfolio at the statement of financial position date. The directors make judgements over both the timing of recognition of impairment and the estimation of any such impairment. Specific impairment is determined on an individual basis for significant loans and requires judgement to determine when an impairment event has occurred and then to estimate the expected future cash flows related to that loan. Collective impairment allowances are calculated on portfolio of non-significant loans of similar nature together with the performing significant exposures (exposures with no indication of impairment) using models that rely on assumptions such as the historical loss rate which is a function of the probability of default and the loss given default. The key assumptions used in the impairment models are: - those relating to the valuation of the collateral securities used and their realisation periods (time to collect proceeds from the collateral securities), - the emergence period (average period for impairment triggers or hidden loss events to be identified in a loan portfolio), - the loss given default (percentage exposure at risk that is not expected to be recovered in an event of default), and - the probability of default (estimate of the likelihood that a borrower will be unable to meet their debt obligations over a particular time horizon). The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.10.8, 4, 18 and 19 to the financial statements.	We updated our understanding of and evaluated key controls within the loan origination, approval, monitoring and recovery processes. We tested management process for the identification of impaired loans including the design and operating effectiveness of the controls over impairment data and calculations. For individually calculated impairment, we tested the loans and advances for which impairment triggers have been identified to assess whether the loss event (that is the point at which impairment is recognised) had been identified appropriately. We examined a sample of loans and advances which had not been identified by management as potentially impaired and formed our own judgement. For specific impairment charges on individual loans, we tested the compilation of impaired loans, key assumptions applied such as the realisation period and those relating to the valuation of collateral securities and comparing estimates to external evidence where available. For collective impairment, we tested the appropriateness of the model used to determine the charge by reference to the Bank and market experience, the identification of loans to be included in the model and the key assumptions applied such as the emergence period, the loss given default and the probability of default.

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Report of the Audit Committee, Corporate Governance Report and the Valued Added Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Statement and Managing Director's Statement which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

Other information (continued)

When we read the Chairman's Statement and Managing Director's Statement and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), 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.

The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the 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 judgement 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 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 related to events or conditions that may cast significant doubt on the 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; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (GHANA) LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated 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 directors, we determine those matters that were of most significance in the audit of the financial statements of the current period 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 we consider and report on the following matters. We confirm that:

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

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

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

In accordance with section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) we hereby confirm that:

i) in our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the results of operations for the period under review;

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

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

iv) in our opinion, the Bank has, in all material respects, complied with the provisions of this Act; and

v) in our opinion, the Bank has in all material respects complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008, (Act 762) and the Regulations made under these enactments.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2018/028)
Chartered Accountants
Accra, Ghana

16 March 2018

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

		Year ended 31 December	
	Note	**2017**	2016
Interest income	7	**241,382,393**	213,095,836
Interest expense	7	**(97,087,641)**	(78,121,804)
Net interest income		**144,294,752**	134,974,032
Fee and commission income	8	**47,932,902**	44,920,496
Fee and commission expense	8	**-**	-
Net fee and commission income		**47,932,902**	44,920,496
Net trading income	9	**31,943,484**	23,018,977
Net income from other financial instruments carried at fair value	9	**5,614,280**	3,381,544
Other operating income	10	**326,929**	634,113
Other income		**37,884,693**	27,034,634
Operating income		**230,112,347**	206,929,162
Net impairment loss on financial assets	19	**1,516,565**	(9,416,002)
Personnel expenses	11	**(34,514,819)**	(30,127,737)
Amortisation of prepaid operating lease rental	12, 32	**(6,721,198)**	(5,966,663)
Depreciation and amortisation	23	**(6,909,422)**	(6,482,167)
Other operating expenses	13	**(55,972,466)**	(48,402,005)
Profit before income tax and national fiscal stabilisation levy		**127,511,007**	106,534,588
National fiscal stabilisation levy	14	**(6,375,550)**	(5,323,150)
Income tax expense	14	**(32,939,416)**	(27,471,713)
Profit after income tax and national fiscal stabilisation levy		**88,196,041**	73,739,725
Other comprehensive income		**-**	-
Total comprehensive income for the year		**88,196,041**	73,739,725
Earnings per share for profit attributable to equity holders			
- basic and diluted (Ghana cedis per share)	15	**0.0120**	0.0100

The notes on pages 22 to 80 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana Cedis)

		As at 31 December	
	Note	**2017**	2016
Assets			
Cash and cash equivalents	16	**452,637,443**	381,154,410
Non-pledged trading assets	6, 20	**97,216,168**	77,073,915
Loans and advances to customers	6, 18	**396,464,980**	626,562,584
Investment securities	6, 20	**856,587,581**	407,901,016
Deferred income tax assets	24	**1,679,392**	2,182,939
Intangible assets	22	**2,135,827**	2,856,629
Other assets	25	**41,182,273**	23,355,632
Property and equipment	21	**25,973,551**	24,250,750
Total assets		**1,873,877,215**	1,545,337,875
Liabilities			
Deposits from banks	6, 16	**-**	57,492,404
Deposits from customers	6, 26	**1,467,120,773**	1,111,110,789
Borrowings	34	**27,683,446**	47,468,916
Current income tax liabilities	14	**1,385,934**	542,041
Deferred income tax liabilities	24	**1,763,506**	1,212,933
Other liabilities	27	**40,547,625**	44,390,808
Total liabilities		**1,538,501,284**	1,262,217,891
Equity			
Stated capital	28	**82,655,378**	82,655,378
Credit risk reserve	29	**63,264,636**	62,211,008
Statutory reserve	29	**111,102,919**	100,078,414
Income surplus		**78,352,998**	38,175,184
Total		**335,375,931**	283,119,984
Total liabilities and equity		**1,873,877,215**	1,545,337,875

The notes on pages 22 to 80 are an integral part of these financial statements.

The financial statements on pages 19 to 80 were approved by the Board on 7 February 2018 and signed on its behalf by

....	....
Alhaji Yusif Ibrahim	Olalekan Sanusi
Chairman	*Managing Director*

STATEMENT OF CHANGES IN EQUITY

(All amounts are in Ghana Cedis)

For the year ended 31 December 2017

	Stated Capital	Credit Risk Reserve	Statutory Reserve Fund	Income Surplus	Total
Balance at 1 January 2017	82,655,378	62,211,008	100,078,414	38,175,184	283,119,984
Profit for the year	-	-	-	88,196,041	88,196,041
Total comprehensive income for the year	-	-	-	88,196,041	88,196,041
Transactions with owners:					
Dividend paid for 2016	-	-	-	(35,940,094)	(35,940,094)
Transfer to statutory reserve fund	-	-	11,024,505	(11,024,505)	-
Transfer to credit risk reserve	-	1,053,628	-	(1,053,628)	-
Total transaction with owners	-	1,053,628	11,024,505	(48,018,227)	(35,940,094)
Balance at 31 December 2017	**82,655,378**	**63,264,636**	**111,102,919**	**78,352,998**	**335,375,931**

For the year ended 31 December 2016

	Stated Capital	Credit Risk Reserve	Statutory Reserve Fund	Income Surplus	Total
Balance at 1 January 2016	82,655,378	35,863,932	90,860,949	27,119,736	236,499,995
Profit for the year	-	-	-	73,739,725	73,739,725
Total comprehensive income for the year	-	-	-	73,739,725	73,739,725
Transactions with owners:					
Dividend paid for 2015	-	-	-	(27,119,736)	(27,119,736)
Transfer to statutory reserve	-	-	9,217,465	(9,217,465)	-
Transfer to credit risk reserve	-	26,347,076	-	(26,347,076)	-
Total transaction with owners		26,347,076	9,217,465	(62,684,277)	(27,119,736)
Balance at 31 December 2016	82,655,378	62,211,008	100,078,414	38,175,184	283,119,984

The notes on pages 22 to 80 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in Ghana Cedis)

	Note	For the year ended 31 December 2017	2016
Cash flows from operating activities			
Profit before tax		**127,511,007**	106,534,588
Adjustments for:			
Depreciation and amortisation	23	**6,909,422**	6,482,167
Impairment on financial assets	19	**(1,516,565)**	9,416,002
Foreign exchange loss on borrowings	34	**2,560,313**	5,114,265
Profit on disposal of property and equipment	21	**(156,509)**	(72,373)
Change in loans and advances		**230,097,604**	11,317,326
Change in trading assets and investment securities		**(554,624,939)**	(42,380,977)
Change in other assets		**(17,826,641)**	2,645,279
Change in deposits from customers		**356,009,984**	157,292,831
Change in other liabilities		**(3,843,183)**	19,265,186
Change in mandatory reserve deposits		**(35,600,998)**	(15,729,283)
Income tax paid	14	**(31,041,403)**	(25,747,034)
National fiscal stabilization levy paid	14	**(6,076,812)**	(5,184,805)
Net cash used in operating activities		**72,401,280**	228,953,172
Cash flows from investing activities			
Purchase of property and equipment	21	**(7,653,921)**	(3,286,895)
Purchase of intangible assets	22	**(250,435)**	(1,694,336)
Proceeds from sale of property and equipment	21	**365,450**	105,161
Net cash used in investing activities		**(7,538,906)**	(4,876,070)
Cash flows from financing activities			
Repayment of borrowings	34	**(22,345,783)**	(19,993,418)
Dividend paid		**(35,940,094)**	(27,119,736)
Net cash from financing activities		**(58,285,877)**	(47,113,154)
Net increase in cash and cash equivalents		**6,576,497**	176,963,948
Cash and cash equivalents at 1 January	16	**552,858,222**	375,894,274
Cash and cash equivalents at 31 December	16	**559,434,719**	552,858,222

The notes on pages 23 to 80 are an integral part of these financial statements.

NOTES

1. REPORTING ENTITY

Guaranty Trust Bank (Ghana) Limited (the Bank) is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is 25A Castle Road Ambassadorial Area, Ridge, PMB CT 416, Cantonments, Accra. The bank is a subsidiary of Guaranty Trust Bank Plc Nigeria. The Company is licensed to operate as a bank with a universal banking license that allows it to undertake all banking and related services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all periods presented in these financial statements**.**

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Basis of measurement

The financial statements are prepared under the historical cost convention. The statement of comprehensive income classifies income and expenses based on their nature while the statement of financial position classifies assets and liabilities according to their order of liquidity.

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

2.3 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bank

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Bank for the first time for the financial year beginning on or after 1 January 2017 and have an impact on the Bank's financial statements.

Amendments to IAS 7 – Statement of cash flows - Disclosure initiative

Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and noncash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Bank (continued)

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after on or after 1 January 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Management assessed the impact of IFRS 15 and given the revenue streams and type of operations of the Bank, concluded that IFRS 15 will not have any material impact its results and financial position of the Bank.

IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, that is the customer (lessee) and the supplier (lessor). IFRS 16 is effective from 1st January, 2019 and the group can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 "Revenue from Contracts with Customers". IFRS 16 replaces the previous leases standard, IAS 17 "Leases" and related interpretations. The Bank is yet to assess IFRS 16's full impact.

IFRS 9, 'Financial instruments' published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, as well as new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Changes in accounting policy and disclosures (continued)

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

IFRS 9, 'Financial instruments' (continued)

Based on an assessment carried out as at 31 December 2017, the impact of the implementation of IFRS 9 is as follows:

(a) Classification and measurement

From a classification and measurement perspective, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Having completed its initial assessment for classification and measurement under IFRS 9, the Bank has concluded that except for the change in name of the classes of financial assets and liabilities, there were no change in the measurement basis of these financial assets and liabilities as indicated below.

Financial assets and liabilities	**IAS 39 classification**	**IFRS 9 classification**	**Measurement under IAS 39 & IFRS 9**
Cash and cash equivalents	Loans and receivables	Hold to collect	Amortised cost
Non-pledged trading assets	Fair value through P&L	Fair value through P&L	Fair value
Loans and advances	Loans and receivables	Hold to collect	Amortised cost
Investment securities	Held to maturity	Hold to collect	Amortised cost
Other assets	Loans and receivables	Hold to collect	Amortised cost
Deposits from banks	Financial liabilities - other	Financial liabilities - other	Amortised cost
Deposits from customers	Financial liabilities - other	Financial liabilities - other	Amortised cost
Borrowings	Financial liabilities - other	Financial liabilities - other	Amortised cost
Other liabilities	Financial liabilities - other	Financial liabilities - other	Amortised cost

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

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

IFRS 9, 'Financial instruments' (continued)

(b) Impairment of financial assets

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Bank will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

In preparation for implementation of IFRS 9, the Bank has established a policy to perform an assessment at the end of each reporting period to determine whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Bank will estimate the risk of a default occurring on the financial instrument during its expected life to calculate ECL. The ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Bank under the contract, and the cash flows that the Bank expects to receive, discounted at the effective interest rate of the loan. In comparison to IAS 39, the Bank expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances

The Bank will categorise its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

Stage 1 – Performing loans

When loans are first recognised, the Bank will recognise an allowance based on 12-month expected credit losses. This will also be applicable to financial assets that are not considered to have suffered a significant increase in their credit risk since the end of the previous reporting period

Stage 2 – Underperforming loans

When a loan shows a significant increase in credit risk, the Bank will record an allowance for the lifetime expected credit loss. The Bank will consider whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. In each case, this assessment will be based on forward-looking assessment that takes into account a number of economic scenarios, in order to recognise the probability of higher losses associated with more negative economic outlooks. In addition, a significant increase in credit risk will be assumed if the borrower falls more than 30 days past due in making its contractual payments.

When estimating lifetime ECLs for undrawn loan commitments, the Bank will estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

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

IFRS 9, 'Financial instruments' (continued)

(b) Impairment of financial assets (continued)

For financial guarantee contracts, the Bank will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

Stage 3 – Impaired loans
The Bank will recognise the lifetime expected credit losses for these loans. Financial assets will be included in Stage 3 when there is objective evidence that the loan is credit impaired. The criteria of such objective evidence are the same as under the current IAS 39 methodology. Accordingly, the Bank expects the population to be generally the same under both standards. The impairment calculation will be the same as for Stage 2 loans with the probability of default set to 100%. When forbearance results in the derecognition of the original loan, the new loan will be classified as originated credit-impaired. Other than originated credit-impaired loans, loans will be transferred from out of Stage 3 if they no longer meet the criteria of credit-impaired after a probation period of not more than two years.

Other financial assets

The Bank will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost will be recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

For 'low risk' FVOCI debt securities, the Bank will apply a policy which assumes that the credit risk on the instrument has not increased significantly since initial recognition and will calculate ECL as explained in Stage 1 above. Such instruments will generally include traded, investment grade securities where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Bank will not consider instruments to have low credit risk simply because of the value of collateral. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Bank's other financial instruments.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policy and disclosures (continued)

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

IFRS 9, 'Financial instruments' (continued)

(b) Impairment of financial assets (continued)

Forward-looking information

The Bank will incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs. Forward-looking information such as macroeconomic factors (e.g., unemployment, GDP growth and interest rates) and economic forecasts will be considered. To evaluate a range of possible outcomes, the Bank intends to formulate three scenarios: a base case, a worse case and a better case. The base case scenario represents the more likely outcome resulting from the Bank's normal financial planning and budgeting process, while the better and worse case scenarios represent more optimistic or pessimistic outcomes. For each scenario, the Bank will derive an ECL and apply a probability weighted approach to determine the impairment allowance.

The additional impairment the Bank would have recognised as at 31 December 2017 if IFRS 9 were used is as follows:

Description	**IFRS 9**	**IAS 39**	**Additional impairment**
	GHS	**GHS**	**GHS**
Loans and advances	25,751,734	19,916,816	5,834,918
Letters of credit, guarantees and undrawn commitments	719,085	-	719,085
Foreign currency placements	1,174,670	-	1,174,670
Local currency placements	320,590	-	320,590
Fixed income securities	1,518,664	-	1,518,664
Total	**29,484,742**	**19,916,816**	**9,567,926**

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency transactions

(i) Functional and presentation currency

The financial statements are presented in Ghana Cedi, which is the Bank's functional currency. Except as indicated, financial information presented in Ghana Cedi has been rounded to the nearest Ghana Cedi.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

2.5 Interest income and expense

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

2.6 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

2.7 Net trading income

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

2.8 Leases

i) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

i) Lease payments made (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

ii) Leased assets – lessee

Leases in which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases for which a significant portion of the risks and rewards of ownership are retained by another party other than the Bank are operating leases and are not recognised on the Bank's statement of financial position.

2.9 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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 not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined at the 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities

2.10.1 Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables, held-to-maturity and fair value through profit or loss financial assets. The directors determine the classification of its financial assets at initial recognition.

(i) Loans and receivables

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

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(ii) Held-to-maturity investments

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

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

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

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

A financial asset is held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin or if it is part of a portfolio of identified instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

2.10.2 Financial liabilities

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

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2.10.3 Recognition

The Bank initially recognises loans and advances, deposits; debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Bank becomes a party to the contractual provisions of the instrument. The Bank uses the trade date accounting for regular way contracts when recording financial asset transactions.

2.10.4 Derecognition

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

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

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

In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

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

2.10.5 Offsetting

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

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions.

2.10.6 Amortised cost measurement

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.7 Determination of fair value

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

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

2.10.8 Identification and measurement of impairment

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

The Bank considers evidence of impairment at both a specific asset and collective level. Assets showing signs of deterioration are assessed for individual impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

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

In assessing collective impairment, the Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

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

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued))

2.10 financial assets and liabilities (continued)

2.10.9 Classes of financial instruments

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

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</th><th colspan="2">Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="9">Financial assets</td><td rowspan="7">Loans and receivables</td><td colspan="2">Loans and advances to banks</td><td></td></tr>
<tr><td rowspan="6">Loans and advances to customers</td><td rowspan="3">Retail loans to individuals</td><td>Overdrafts</td></tr>
<tr><td>Term loans</td></tr>
<tr><td>Mortgages</td></tr>
<tr><td rowspan="3">Corporate loans</td><td>Large corporate customers</td></tr>
<tr><td>Small and Medium Enterprises (SMEs)</td></tr>
<tr><td>Others</td></tr>
<tr><td>Held-to-maturity Investments</td><td colspan="2" rowspan="2">Investment securities</td><td rowspan="2">Unlisted debt securities</td></tr>
<tr><td>Held for trading Investments</td></tr>
<tr><td rowspan="5">Financial liabilities</td><td rowspan="5">Amortised cost</td><td colspan="2">Deposits from banks</td><td></td></tr>
<tr><td rowspan="4">Deposits from customers</td><td>Retail customers</td><td>Current account</td></tr>
<tr><td rowspan="2">Large corporate customers</td><td>Savings account</td></tr>
<tr><td>Cash collateral</td></tr>
<tr><td>SMEs</td><td>Term deposits</td></tr>
<tr><td rowspan="2">Off-balance sheet financial Instruments</td><td colspan="3">Loan commitments</td><td></td></tr>
<tr><td colspan="3">Guarantees, acceptances and other financial facilities</td><td>Bonds and letters of credit</td></tr>
</table>

2.11 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months and overnight borrowings. These are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

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

2.12 Pledged assets

Securities sold subject to repurchase agreements (‘repos’) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Property and equipment

Recognition and measurement

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

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

Subsequent costs

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

Depreciation

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

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

Leasehold improvements and buildings	50 years
Equipment	5 years
Computer hardware	3 years
Furniture and fittings	5 years
Motor vehicle	4 years

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

De-recognition

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Intangible assets - software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

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

Subsequent expenditure on software assets 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 five years. This is reassessed annually.

2.15 Leasehold land

Leasehold land is included in prepayments and accounted for at cost less depreciation. They are amortised over the lease period of 50 years.

2.16 Impairment of non-financial assets

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

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

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Impairment of non-financial assets (continued)

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

2.17 Deposits and debt securities issued

Deposits and debt securities issued are the Bank's sources of assets funding.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

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

2.18 Provisions

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

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

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

2.19 Financial guarantees

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

NOTES (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued))

2.20 Employee benefits

Defined contribution plans

The defined contribution pension scheme is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Bank's obligations to these schemes for its employees are recognised as an expense in the profit or loss when they are due.

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.

Short-term benefits

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

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

2.21 Stated capital

Ordinary shares

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

Dividend on ordinary shares

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

NOTES (continued)

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction

The Bank's business involves taking on risk in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in market, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.

3.2 Risk Management Framework

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

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

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

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

3.3 Credit risk

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

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

NOTES (continued)

3. FINANCIAL RISK MANAGEMNT – (continued)

3.3 Credit risk (continued)

3.3.1. Management of credit risk

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

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

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

- *Reviewing and assessing credit risk*. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Developing and maintaining the Bank's risk gradings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The Risk grades are subject to regular reviews by the Risk Management unit of the Bank.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Risk Management unit of the Bank on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement Bank's credit policies and procedures, with credit approval authorities authorised by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to local management of the Board Credit Committee and respond to issues at the Bank's Criticised Assets Committee (CAC). Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.
- *Regular review of business units and credit quality* are undertaken by internal audit function of the bank and the parent company.

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMNT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure

The maximum exposure to credit risk before collateral held and other credit enhancements in respect of loans and advances to customers are:

In Ghana Cedis	***Note***	**2017**	2016
Individually impaired			
Grade 6: impaired (loss)		**82,880,279**	82,827,153
Grade 5: impaired (substandard and doubtful)		**-**	1,275,220
Gross amount		**82,880,279**	84,102,373
Allowance for impairment	18	**(13,199,249)**	(17,646,829)
Carrying amount		**69,681,030**	66,455,544
Neither past due nor impaired - Collectively impaired			
Grade 1-3: Normal		**329,760,758**	360,108,414
Allowance for impairment	18	**(6,641,513)**	(6,644,912)
Carrying amount		**323,119,245**	353,463,502
Past due but not impaired			
Grade 4 : Watch list and other loans exceptionally mentioned		**3,740,759**	208,730,846
Allowance for impairment	18	**(76,054)**	(2,087,308)
Carrying amount		**3,664,705**	206,643,538
Past due but not impaired comprises:			
60-90 days		-	204,018,037
90-180 days		**3,664,705**	2,625,501
Carrying amount		**3,664,705**	206,643,538
Total carrying amount on balance sheet	6, 18	**396,464,980**	626,562,584

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMNT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (continued)

Credit risk exposures relating to off-balance sheet items are as follows:

	2017	2016
Concentration by product		
Undrawn loan commitment	**243,391,226**	133,250,994
Bonds and Guarantees	**35,381,444**	29,230,217
Letters of Credit	**39,900,649**	22,888,519
	318,673,319	185,369,730
Less: impairment	**-**	-
	318,673,319	185,369,730

Key ratios on loans and advances

The total loans loss provision made by the bank constitutes 4.8% (2016: 4.0%) of the gross loans.

As at the reporting date, gross non-performing loans classified under the Bank of Ghana Prudential Guideline constitute 19.9% (2016: 12.7%) of total gross loans and advances.

The total non-performing loans and advances amounts to GH¢82.9 million (2016: GH¢84.1 million) and the gross loan book was GH¢416.4 million at 31 December 2017 (2016: GH¢652.9 million).

The fifty largest exposure (gross funded and non-funded) to total exposure is 96.8% (2016: 96.29%).

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded 5 to 6 in the Bank's internal credit risk grading system.

Past due but not impaired loans and advances

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank. These loans are graded 4 in the Bank's internal credit risk grading system.

Allowances for impairment

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

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (continued)

Write-off policy

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

An analysis of the gross and net (of allowances for impairment) amounts of individually impaired financial assets by risk grade is set out below:

	Loans and advances to customers	
	2017	2016
31 December 2017		
Grade 6: Individually impaired	82,880,279	82,827,153
Grade 5: impaired (substandard and doubtful)	-	1,275,220
Gross amount	82,880,279	84,102,373
Allowance for impairment	(13,199,249)	(17,646,829)
Carrying amount	**69,681,030**	66,455,544

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (exposure)

Risk grading

A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from one (1) to six (6).

The bank's internal rating scale is as follows:

Description	Ratings	Characteristics of Credits
Superior Credits	1	They are credits that have overwhelming capacity to repay obligations. The business has adequate cash flow and high quality revenue from continuing business. It has strong equity when related to the quality of its assets with track record of at least consistent profit for three (3) years. Full cash collateralised credits are classified as Superior Credits.
Above average Credits	2	These have majority of attributes of superior credits but may have weaknesses in not more than two of the characteristics of superior credits. These weaknesses should not impair repayment capacity of the borrower.
Acceptable Credits	3	Average credits have most of the attributes of Above Average Credits but may have one or more of the following weaknesses which if not closely managed could impair repayment capacity of the borrower: Low capitalisation and equity base, short track record, low market share, price control on its products and highly cyclical demand.
Watch-list Credits/ Other Loans Exceptionally Mentioned (OLEM)	4	This category applies to existing credits that have shown signs of deterioration because they have well-defined weaknesses which could affect the ability of the borrower to repay. Immediate corrective actions are set in motion to avoid complete loss.

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued))

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (exposure)

Risk grading (continued)

Description	Ratings	Characteristics of Credits
Substandard and Doubtful	5	This rate is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not however certain at the time of classification. Some attributes are interest and principal past due for 90 days or more, borrower has recorded losses consistently for 2 years, borrowers net worth is grossly eroded due to major business failure or disaster and security offered has deteriorated.
Bad and Lost	6	This applies when all or part of the outstanding loans are uncollectible based on present conditions. Attributes are principal and interest overdue and unpaid for more than 180 days, legal processes do not guarantee full recovery of outstanding debt, clients request for a waiver of part of interest accrued has been granted, borrower is under receivership or in the process of liquidation, borrower has absconded and or documentation is shoddy or incomplete to pursue recovery through legal means.

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (exposure)

Credit Collateral

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. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity.

	2017	2016
Against collective impaired		
Property	**18,939,300**	14,984,365
Debt securities	**-**	20,544,505
Other		615,002
Against past due but not impaired		
Property	**108,210,121**	106,959,855
Other	**400,547**	300,000
Against neither past due nor impaired		
Property	**1,161,067,376**	225,877,936
Other	**20,751,010**	241,030,385
Total	**1,309,368,354**	610,312,048

There are no repossessed collateral as at 31 December 2017 (2016: Nil).

NOTES (continued)

(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit Risk (continued)

3.3.2 Credit risk exposure (exposure)

Credit concentration

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

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

	2017	2016
Carrying amount	**396,464,980**	626,562,584
Concentration by product		
Overdraft	**113,816,290**	147,918,769
Term loan	**302,565,506**	505,022,864
Gross	**416,381,796**	652,941,633
Less: impairment	**(19,916,816)**	(26,379,049)
Net	**396,464,980**	626,562,584
Concentration by industry		
Mining and quarrying	**-**	348
Manufacturing	**133,552,156**	116,382,494
Construction	**39,258,264**	18,192,834
Electricity, gas and water	**4,006,883**	195,586,446
Commerce and finance	**103,659,487**	172,543,265
Transport, storage and communication	**83,968,021**	14,202,843
Services	**34,618,533**	127,430,542
Miscellaneous	**17,318,452**	8,602,861
Gross	**416,381,796**	652,941,633
Less: impairment	**(19,916,816)**	(26,379,049)
Net	**396,464,980**	626,562,584
Concentration by customer		
Individuals	**15,203,284**	66,989,745
Private enterprise	**401,178,512**	585,951,888
Gross	**416,381,796**	652,941,633
Less: impairment	**(19,916,816)**	(26,379,049)
Net	**396,464,980**	626,562,584

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

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Credit risk (continued)

3.3.2 Credit risk exposure (continued)

Credit concentration (continued)

At 31 December 2017, the gross staff loans amount to GH¢3.8 million comprising various types of loans granted to staff at concessionary rates. The valuation of staff loans at year end resulted in a fair value loss of GH¢645,559 (2016: GH¢245,158).

An analysis of credit in respect of Bonds, Guarantees and Letters of Credit to customers at the reporting date is shown below:

Investments securities

Investment securities amounting to GH¢953.8 million (2016: GH¢484.9 million) held in Government of Ghana Treasury Bills and bonds and are not considered exposed to credit risk. The investment securities set out in Note 20 represent the maximum credit risk exposure of the bank by holding these investments.

Due from banks and other financial institutions

Amount due from local banks of GH¢208. 1 million (2016: GH¢127.9 million) and foreign banks of GH¢ 44.9 million (2016: GH¢58.9 million) are held with correspondent banks and financial institutions and not considered impaired. The amounts due from banks and other financial institutions set out in Note 16 represent the maximum credit risk exposure of the Bank by holding these placements.

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk

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

Management of liquidity risk

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

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

The Bank maintains liquidity limit imposed by the regulator, Bank of Ghana. The overall liquidity is within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset and Liabilities Management Committee (ALMAC). Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALMAC on monthly basis.

Exposure to liquidity risk

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

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

Exposure to liquidity risk (continued)

The Bank's liquid ratio determined by the total deposit liabilities covered by the total liquid assets is set out below:

	2017	2016
Liquid Assets		
Cash on hand	**42,461,978**	38,858,148
Balance with banks	**41,112,608**	54,877,228
Due from bank of Ghana	**157,082,467**	155,725,865
Placements with local banks	**208,191,338**	127,986,676
Placements with foreign banks	**3,789,052**	3,979,493
Treasury bills and notes Maturing 1 year	**602,082,176**	375,541,144
Government bonds maturing in 1 year	**16,339,474**	-
Total Liquid Assets	**1,071,059,093**	**756,968,554**
Demand	**843,415,575**	739,937,343
Savings	**137,525,640**	106,176,789
Time/Term	**472,323,305**	223,020,898
Takings (banks)	-	57,492,404
Security deposits	**13,856,253**	41,975,759
Total deposit liabilities	**1,467,120,773**	1,168,603,193
Liquid ratio	**73.00%**	**64.78%**

The Bank's ratio of net liquid assets to deposits at 31 December 2017 and during the reporting year then ended are as follows:

	2017 %	2016 %
End period	**73.00**	64.78
Average for the period	**74.67**	65.19
Maximum for the period	**76.10**	68.94
Minimum for the period	**69.18**	56.61

Assets used in managing liquidity risk

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

Government bonds and securities that are readily acceptable in repurchase agreements with the central bank.

NOTES (continued))
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (continued)

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

	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
At 31 December 2017					
Deposits from customers	1,573,046,893	592,177,256	742,706,230	195,816,058	42,347,349
Borrowings	27,711,129	27,711,129	-	-	-
Other liabilities	40,547,625	18,956,669	4,674,335	7,887,031	9,029,590
	1,641,305,647	**638,845,054**	**747,380,565**	**203,703,089**	**203,703,089**

Assets for the management of liquidity risk are summarised below:

	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
At 31 December 2017					
Cash and bank balances	199,544,445	75,704,436	100,756,830	23,083,179	-
Due from banks	253,092,998	208,191,338	44,901,660	-	-
Investment securities and trading assets	956,233,749	249,829,605	12,426,025	366,840,055	327,138,064
Loans and advances	376,641,731	84,128,409	66,778,960	17,193,066	208,541,297
	1,785,512,923	**617,853,788**	**224,863,475**	**407,116,300**	**535,679,361**
Liquidity gap	**(144,207,276)**	**20,991,267**	**522,517,091**	**(203,413,211)**	**(484,302,422)**

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Liquidity risk (Continued)

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

	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
At 31 December 2016					
Due to banks	60,367,024	60,367,024	-	-	-
Deposits from customers	1,166,666,328	1,091,942,310	74,140,454	416,987	166,577
Borrowings	49,842,362	5,512,763	5,512,763	11,025,525	27,791,311
Other liabilities	44,390,808	32,260,498	12,130,310	-	-
	1,321,266,522	1,190,082,595	91,783,527	11,442,512	27,957,888

Assets for the management of liquidity risk are summarised below:

	Total	0 to 3 months	3 to 6 months	6 to 12 months	Over 12 months
At 31 December 2016					
Cash and bank balances	194,311,013	193,869,008	442,005	-	-
Due from banks	186,843,397	182,843,992	3,999,405	-	-
Investment securities and trading assets	484,974,931	432,737,096	39,049,428	2,838,241	10,350,166
Loans and advances	626,562,584	317,916,841	11,553,133	85,071,927	212,020,683
	1,492,691,925	1,127,366,937	55,043,971	87,910,168	222,370,849
Liquidity gap	(171,425,403)	62,715,658	36,739,556	(76,467,656)	(194,412,961)

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5 Market risks

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

Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios. With the exception of translation risk arising on the Bank's net investment in its foreign operations, all foreign exchange risk within the Bank are monitored by the investment bank unit. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

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

3.5.1 Interest rate risk

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

NOTES (continued)
(All amounts are in Ghana Cedis)

FINANCIAL RISK MANAGEMENT (continued)

3.5 Market risks (continued)

3.5.1 Interest rate risk (continued)

At 31 December 2017	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years
Cash and bank balances	199,544,445	75,704,436	100,756,830	23,083,179	-
Due from other banks	253,092,998	208,191,338	44,901,660	-	-
Investment securities and trading assets	953,803,749	252,529,605	12,426,025	373,707,645	315,140,474
Loans and advances to customers	396,464,980	94,040,033	76,690,584	17,193,066	208,541,297
Total financial assets	**1,802,906,172**	**630,465,412**	**234,775,099**	**413,983,890**	**523,681,771**
Deposits from customers	1,467,120,773	528,621,812	700,335,554	195,816,058	42,347,349
Borrowings	27,683,446	27,683,446	-	-	-
Total financial liabilities	**1,494,804,219**	**556,305,258**	**700,335,554**	**195,816,058**	**42,347,349**
Total interest repricing gap	**308,101,953**	**74,160,154**	**(465,560,455)**	**218,167,832**	**481,334,422**

NOTES (continued)
(All amounts are in Ghana Cedis)

FINANCIAL RISK MANAGEMENT (continued)

3.5 Market risks (continued)

3.5.1 Interest rate risk (continued)

At 31 December 2016	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years
Cash and bank balances	194,311,013	193,869,008	442,005	-	-
Due from other banks	186,843,397	182,843,992	3,999,405	-	-
Investment securities and trading assets	486,974,931	340,305,268	103,590,657	2,838,241	40,240,765
Loans and advances to customers	626,562,584	317,916,841	11,553,133	85,071,927	212,020,683
Total financial assets	1,494,691,925	1,034,935,109	119,585,200	87,910,168	252,261,448
Deposit from banks	57,492,404	57,492,404	-	-	-
Deposits from customers	1,111,110,789	1,039,937,126	70,609,956	398,241	165,466
Borrowings	47,468,916	5,250,250	5,250,250	10,500,500	26,467,916
Total financial liabilities	1,216,072,109	1,102,679,780	75,860,206	10,898,741	26,633,382
Total interest repricing gap	278,619,816	(67,744,671)	43,724,994	77,011,427	225,628,066

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT – (CONTINUED)

3.5 Market risks (continued)

3.5.1 Interest rate risk (continued)

Sensitivity analysis

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

Sensitivity analysis of interest rate risks - increase/decrease of 100 basis points in net interest margin

	2017	2016
Interest income impact	**2,413,824**	2,130,958
Interest expense impact	**(970,876)**	(781,218)
Net impact on profit before tax	**1,442,948**	1,349,740

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

3.5.2 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

The Bank applied the Bank of Ghana mid-rates indicated below to translate balances denominated in foreign currencies to Ghana cedi as at 31 December 2017:

	2017	2016
USD	**4.4157**	4.2002
GBP	**5.9669**	5.1965
EUR	**5.2964**	4.4367

The table below summarises the Bank’s exposure to foreign exchange risk at 31 December 2017. Included in the table are the Bank’s financial instruments at carrying amounts, categorised by currency:

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

3. FINANCIAL RISK MANAGEMENT – (continued)

3.5 Market risks (continued)

3.5.2 Foreign exchange risk (continued)

At 31 December 2017	Cedi	USD	GBP	EUR	Total
Assets					
Cash and bank balances	175,341,397	15,489,979	3,621,447	5,091,622	199,544,445
Due from banks	32,080,369	187,206,983	16,325,290	17,480,356	253,092,998
Investment securities and trading assets	864,182,528	89,621,221	-	-	953,803,749
Loans and advances to customers	301,309,489	95,155,491	-	-	396,465,104
Other assets	27,943,257	-	-	-	27,943,257
Total financial assets	**1,400,857,040**	**387,473,674**	**19,946,737**	**22,571,978**	**1,830,849,553**
Liabilities					
Deposits from customers	1,076,708,572	356,539,285	16,984,592	16,888,324	1,467,120,773
Other liabilities	31,465,625	8,813,589	143,671	124,670	40,547,625
Borrowings	-	27,683,446	-	-	27,683,446
Total financial liabilities	**1,108,174,163**	**393,036,320**	**17,128,263**	**17,012,994**	**1,535,351,740**
Net on-balance sheet financial position	**292,683,001**	**(5,562,646)**	**2,818,474**	**5,558,984**	**295,497,813**
Credit commitments	**7,504,722**	**39,322,280**	**-**	**28,455,091**	**75,282,093**

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

3. FINANCIAL RISK MANAGEMENT – (continued)

3.5 Market risks (continued)

3.5.2 Foreign exchange risk (continued)

At 31 December 2016	Cedi	USD	GBP	EUR	Total
Assets					
Cash and bank balances	172,046,475	8,429,202	5,756,924	8,078,412	194,311,013
Due from banks	128,043,013	32,934,323	19,623,844	6,242,217	186,843,397
Investment securities and trading assets	484,974,931	-	-	-	484,974,931
Loans and advances to customers	437,707,099	188,855,485	-	-	626,562,584
Other assets	4,343,922	1,651,984	124,375	44,039	6,164,320
Total financial assets	1,227,115,440	231,870,994	25,505,143	14,364,668	1,498,856,245
Liabilities					
Deposits from banks	57,492,404	-	-	-	57,492,404
Deposits from customers	758,786,497	311,514,892	27,233,813	13,575,587	1,111,110,789
Other liabilities	29,142,233	15,009,907	116,877	121,791	44,390,808
Borrowings	93,204	47,375,712	-	-	47,468,916
Total financial liabilities	845,514,338	373,900,511	27,350,690	13,697,378	1,260,462,917
Net on-balance sheet financial position	381,601,102	(142,029,517)	(1,845,547)	667,290	238,393,328
Credit commitments	13,986,208	36,165,213	1,967,315	-	52,118,736

NOTES (continued)
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.5.2 Foreign exchange risk (continued)

Sensitivity analysis

A 5% strengthening of the cedi against foreign currencies at 31 December 2017 would have increased equity and profit/(loss) by GH¢213,640 (2016: GH¢124,027).

A best case scenario 5% weakening of the Ghana cedi against foreign currencies at 31 December 2017 would have had the equal but opposite effect on the amount shown above.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

3.6 Capital management

Regulatory capital

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

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

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

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

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

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

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

NOTES (continued))
(All amounts are in Ghana Cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.6 Capital management (continued)

Capital adequacy ratio

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

	2017	2016
Tier 1 capital		
Ordinary issued share	**82,655,378**	82,655,378
Disclosed reserves	**189,455,917**	138,253,912
Shareholders' fund	**272,111,295**	220,909,290
Less:		
Intangible assets as per Bank of Ghana guideline	**11,546,850**	9,457,068
Total qualifying tier 1 capital	**260,564,445**	211,452,222
Tier 2 capital		
Fair value reserve for available for sale securities	**-**	-
Total qualifying tier 2 capital	**-**	-
Total regulatory capital	**260,564,445**	211,452,222
Adjusted risk-weighted assets	**576,444,304**	707,120,146
Risk weighted contingent liabilities	**75,282,093**	52,118,736
Adjusted operational risk	**239,575,322**	197,626,704
Risk adjusted net open position	**2,386,946**	1,462,727
Risk-weighted assets	**893,688,665**	958,328,313
Total regulatory capital expressed as a percentage of total risk-weighted assets	**29.16%**	22.06%

NOTES (continued)
(All amounts are in Ghana Cedis)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 2.10.8.

The specific counterparty component of the total allowances for impairment applies to loans and advances evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances, and to determine the required input parameters, based on historical experience and current economic conditions.

The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances. Were the net present value of estimated cash flows to differ by +/-1%, the impairment loss is to be estimated at GH¢596,537 higher or lower.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation models as described in Note 2.10.7.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Bank's accounting policy on fair value measurements is discussed in Note 2.10.7.

Income tax

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

NOTES (continued)
(All amounts are in Ghana Cedis)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. The Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 2.10.1. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying value would decrease by GH¢758,703 with a corresponding entry in the fair value reserve in shareholders' equity.

The details of the Bank's classification of financial assets and liabilities are given in Note 2.10.9 and Note 6.

Determination of impairment of property, equipment and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

5. Segment reporting

The chief operating decision maker considers the operation in Ghana as an operating segment.

The Bank's current operation is concentrated in Ghana and as such does not lend itself to segmental reporting and hence management has not provided information on segmental reporting.

NOTES (continued))
(All amounts are in Ghana Cedis)

6. Financial assets and liabilities

6.1. Accounting classification, measurement basis and fair values

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

	Held-for-trading	Held-to-maturity	Loans and receivables	Amortised cost	Total	Fair value
At 31 December 2017						
Cash and bank balances	-	-	199,544,445	-	199,544,445	199,544,445
Due from banks and other financial institutions	-	-	253,092,998	-	253,092,998	253,092,998
Trading assets	96,700,585	-	-	-	96,700,585	97,216,168
Loans and advances to customers	-	-	396,464,980	-	396,465,104	416,288,359
Investment securities	-	856,587,581	-	-	856,587,581	857,346,284
Other assets (excluding prepayments)	-	-	27,943,257	-	27,943,257	27,943,257
Total financial assets	**96,700,585**	**856,587,581**	**877,045,680**	**-**	**1,830,333,970**	**1,851,431,511**
Deposits from customers	-	-	-	1,467,120,773	1,467,120,773	1,467,120,773
Other liabilities	-	-	-	40,547,625	40,547,625	40,547,625
Borrowings	-	-	-	27,683,446	27,683,446	27,683,446
Total financial liabilities	**-**	**-**	**-**	**1,535,351,844**	**1,535,351,844**	**1,535,351,844**

NOTES (continued))
(All amounts are in Ghana Cedis)

6. Financial assets and liabilities (continued)

6.1. Accounting classification, measurement basis and fair values (continued)

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

	Held-for-trading	Held-to-maturity	Loans and receivables	Amortised cost	Total	Fair value
At 31 December 2016						
Cash and bank balances	-	-	194,311,013	-	194,311,013	194,311,013
Due from banks and other financial institutions	-	-	186,843,397	-	186,843,397	186,843,397
Trading assets	77,073,915	-	-	-	77,073,915	77,338,915
Loans and advances to customers		-	626,562,584	-	626,562,584	649,588,759
Investment securities	-	407,901,016	-	-	407,901,016	405,049,621
Other assets (excluding prepayments)	-	-	6,165,398	-	6,165,398	6,165,398
Total financial assets	77,073,915	407,901,016	1,013,882,392	-	1,498,857,323	1,519,297,103
Deposit from banks	-	-	-	57,492,404	57,492,404	57,492,404
Deposits from customers	-	-	-	1,111,110,789	1,111,110,789	1,111,110,789
Other liabilities	-	-	-	44,390,808	44,390,808	44,390,808
Borrowings	-	-	-	47,468,916	47,468,916	47,468,916
Total financial liabilities	-	-	-	1,260,462,917	1,260,462,917	1,260,462,917

NOTES (continued)
(All amounts are in Ghana Cedis)

6. Financial assets and liabilities (continued)

6.2 Fair value hierarchy

The fair value hierarchy section explains the judgements and estimates made in determining the fair values of the financials instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Bank has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
At 31 December 2017				
Non-pledged trading assets	**-**	**97,216,168**	**-**	**-**
At 31 December 2016				
Non-pledged trading assets	-	77,073,915	-	-

There were no transfers between levels1 and 2 for recurring fair value measurements during the year. There were no transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financials instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible in entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The inputs used include the Bank of Ghana published rates and discounted cash flow techniques.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The financial assets and liabilities not measured at fair value in the statement of financial position for which the fair values are disclosed in Note 6.1 are categorised as level 3 other than the investment securities classified as held to maturity which are categorised as level 2.

NOTES (continued)
(All amounts are in Ghana Cedis)

7. Net interest income

	2017	2016
Interest income		
Money market placements	**20,197,452**	15,695,348
Loans and advances to customers	**96,294,921**	125,258,630
Investment securities	**124,890,020**	72,141,858
Total interest income	**241,382,393**	213,095,836
Interest expense		
Deposits from banks	**2,234,005**	9,697,766
Deposits from customers	**81,719,700**	65,933,832
Borrowings	**13,133,936**	2,490,206
Total interest expense	**97,087,641**	78,121,804
Net interest income	**144,294,752**	134,974,032

Interest income on loans and advances to customers include GH¢642,105 (2016: GH¢4,440,408) in respect of impaired financial assets. Interest income from investment securities include GH¢124,798,789 (2016: GH¢70,559,392) relating to debt securities held-to-maturity.

8. Fee and commission income

	2017	2016
Commission income	**21,294,578**	13,209,929
Fees from banking activities	**5,719,310**	14,216,332
Other fees and commission	**20,919,014**	17,494,235
Fee and commission income	**47,932,902**	44,920,496

9. Net trading income

	2017	2016
Net foreign exchange gain on trading	**31,943,484**	23,018,977
Net gains on trading securities	**5,614,280**	3,381,544
	37,557,764	26,400,521

10. Other operating income

	2017	2016
Profit on disposal of property and equipment	**156,509**	72,373
Loan recoveries	**170,420**	561,740
	326,929	634,113

NOTES (continued)
(All amounts are in Ghana Cedis)

11. Personnel expenses

	2017	2016
Staff costs	**26,688,315**	24,610,438
Employer's pension contributions	**1,553,547**	901,430
Employer's provident fund contributions	**1,195,042**	800,687
Other staff related expenses	**5,077,915**	3,815,182
	34,514,819	30,127,737

The average number of permanent persons employed by the bank during the year ended 31 December 2017 was 437 (2016: 450).

12. Amortisation of prepaid operating lease rentals

	2017	2016
Operating lease rentals on leasehold land	**535,193**	486,618
Operating lease rentals on office premises	**6,186,005**	5,480,045
	6,721,198	5,966,663

13. Other operating expenses

	2017	2016
Advertising and marketing expenses	**5,464,707**	3,578,214
Administrative expenses	**31,082,390**	29,839,279
Contract services	**7,506,582**	5,531,408
Technical fees	**4,627,941**	3,957,092
Software licensing	**2,853,082**	2,552,114
Training	**673,947**	574,836
Directors' emoluments	**3,145,151**	1,891,501
Auditor's remuneration	**508,251**	378,018
Corporate social responsibility costs	**110,415**	99,543
	55,972,466	48,402,005

Below are beneficiaries of corporate social responsibility programme undertaken by the Bank:

GT. Accra Regional Education Directorate (Superzonal Soccer Championship)	73,500	94,543
Bok Nam Kim Golf Tournament	5,000	5,000
Ghana CEO Summit	5,000	-
Funeral of the Asante Queen Mother	10,390	-
Sponsorship Package-Inter-Regional School Festival (GES)	16,525	-
	110,415	99,543

NOTES (continued)
(All amounts are in Ghana Cedis)

14. Income tax expense and National fiscal stabilisation levy

	2017	2016
Current income tax	**31,885,296**	29,218,711
Deferred income tax (Note 24)	**1,054,120**	(1,746,998)
Income tax expense	**32,939,416**	27,471,713
National fiscal stabilisation levy	**6,375,550**	5,323,150
Total	**39,314,966**	32,794,863

The National fiscal stabilisation Levy is a 5% levy applied on profit before tax for certain companies including financial institutions operating in Ghana.

Current income tax

	Balance at 1 January	**Payments during year**	**Charge for the year**	**Balance at 31December**
Year of assessment				
Up to 2016	542,041	-	-	**542,041**
2017	-	(31,041,403)	31,885,296	**843,893**
	542,041	(31,041,403)	31,885,296	**1,385,934**

National fiscal stabilisation levy

Year of assessment				
Up to 2016	(375,850)	-	-	**(375,850)**
2017	-	(6,076,812)	6,375,550	**298,738**
	(375,850)	(6,076,812)	6,375,550	**(77,112)**

The balance in respect of National fiscal stabilization levy is reported as part of Other Assets (Note 25) when it is a receivable or as part of Other Liabilities (Note 28) when it is payable.

The tax on the Bank's profit before tax differs from the theoretical amount as follows:

	2017	2016
Profit before income tax	**127,511,007**	106,534,588
Income tax using the enacted corporation tax rate (25%)	**31,877,752**	26,633,647
Effect of:		
National fiscal stabilisation levy	**6,375,550**	5,323,150
Income not subject to tax	**(1,122,074)**	(3,273,938)
Non-deductible expenses	**2,183,738**	4,112,004
Income tax expense	**39,314,966**	32,794,863

NOTES (continued)
(All amounts are in Ghana Cedis)

15. Earnings per Share

Basic earnings per share

The basic earnings per share at 31 December 2017 are calculated by dividing the profit attributable to equity holders of the bank by the weighted average number of ordinary shares.

	2017	2016
Profit for the year attributable to equity holders of the bank	**88,196,041**	73,739,725
Weighted average number of ordinary shares	**7,379,287,297**	7,379,287,297
Basic earnings per share (Ghana Cedi per share)	**0.0120**	0.0100
Diluted earnings per share (Ghana Cedi per share)	**0.0120**	0.0100

There are no potentially dilutive shares outstanding at 31 December 2017 or in 2016. Diluted earnings per share are therefore the same as the basic earnings per share.

16. Cash and cash equivalents

	2017	2016
Cash and balances with banks	**83,574,586**	93,462,376
Unrestricted balance with Bank of Ghana	**10,370,367**	44,614,786
Restricted balances with Bank of Ghana	**146,712,100**	111,111,079
Money market placements	**211,980,390**	131,966,169
	452,637,443	381,154,410

Cash and balances with banks

	2017	2016
Cash on hand	**42,461,978**	38,858,148
Nostro account balances	**41,112,608**	54,877,228
Cash and balances with banks	**83,574,586**	93,462,376

Money market placements

	2017	2016
Placements with local banks and other financial institutions	**208,191,338**	127,986,676
Placements with foreign banks and other financial institutions	**3,789,052**	3,979,493
Money market placements	**211,980,390**	131,966,169

NOTES (continued)
(All amounts are in Ghana Cedis)

16. Cash and cash equivalents (continued)

Cash and cash equivalents for purposes of the statements of cash flows.

	2017	2016
Cash on hand	**42,461,978**	38,585,148
Balances with Bank of Ghana	**157,082,467**	155,725,865
Cash and bank balances	**199,544,445**	194,311,013
Mandatory reserve deposits	**(146,712,077)**	(111,111,079)
Unrestricted cash and bank balances	**52,832,368**	83,199,934
Due from and to banks and other financial institutions	**253,092,998**	129,350,993
Treasury bills maturing within 90 days (Note 20)	**253,509,353**	340,307,295
	559,434,719	552,858,222

Due from and to banks and other financial institutions

	2017	2016
Nostro account balances	**44,901,660**	54,877,228
Placements with Local banks and other financial institutions	**208,191,338**	127,986,676
Placements with Foreign banks and other financial institutions	**-**	3,979,493
Due from other local banks	**-**	-
Due from banks and other financial institutions	**253,092,998**	186,843,397
Due to banks and other financial institutions	**-**	(57,492,404)
Due from and to banks and other financial institutions	**253,092,998**	129,350,993

Amounts due from and to banks and other financial institutions are current.

17. Pledged assets

Assets are pledged as collateral under repurchase agreements with other banks and as security relating to overnight borrowings.

	2017	2016
Investment securities	**96,876,303**	243,818,459

Investment securities held in Government treasury bills and bonds have been pledged as collateral for liabilities of GH¢93,415,762 (2016: GH¢57,000,000). All transactions are conducted under normal commercial terms and conditions and at market rates. The pledge assets are part of investment securities disclosed in Note 20.

NOTES (continued))
(All amounts are in Ghana Cedis)

18. Loans and advances to customers

	2017	2016
Loans and advances to customers	**416,381,796**	652,941,633
Specific allowances for impairment	**(13,199,249)**	(17,646,829)
Collective impairment	**(6,717,567)**	(8,732,220)
	396,464,980	626,562,584
Current	**187,923,683**	414,541,901
Non-current	**208,541,297**	212,020,683

At 31 December 2017, the gross loan and advances include non-performing loans of GH¢82.9 million (2016: GH¢84.1 million).

19. Impairment allowance on loans and advances

	2017	2016
At 1 January	**26,379,049**	19,651,939
Write off	**(4,945,668)**	(2,688,892)
Specific impairment charge	**498,088**	9,142,774
Collective impairment (released)/charge	**(2,014,653)**	273,228
At 31 December	**19,916,816**	26,379,049
Impairment charge for the year:		
Specific impairment charge/(release)	498,088	9,142,774
Collective impairment charge	(2,014,653)	273,228
Loan impairment (released)/charge	**(1,516,565)**	9,416,002

20. Investment securities and non-pledged trading assets

Held-to-maturity investments

	2017	2016
Treasury bills	**469,153,842**	378,456,336
Government bonds	**387,433,739**	29,444,680
	856,587,581	407,901,016
Maturing within 90 days from purchase	**251,071,427**	310,032,370
Maturing over 90 days from purchase	**605,516,154**	97,868,646
Current	**590,736,822**	378,470,729
Non–current	**265,850,759**	29,430,287

Non-pledged trading assets

Trading securities- bills and bonds	**97,216,168**	77,073,915
Maturing within 90 days from purchase	**2,437,925**	30,274,925
Maturing over 90 days from purchase	**94,778,243**	46,798,990

NOTES (continued))
(All amounts are in Ghana Cedis)

20. Investment securities and non-pledged trading assets (continued)

Non-pledged trading assets (continued)

	2017	2016
Current	**35,928,863**	66,263,437
Non –current	**61,287,305**	10,810,478

Non-pledged trading assets are financial assets classified as held for trading investments carried at fair value through profit or loss.

For purposes of the cashflow treasury bills maturing within 90 days are as follows:

	2017	2016
Investment securities	**251,071,428**	310,032,370
Trading securities	**2,437,925**	30,274,925
	253,509,353	340,307,295

21. Property and equipment

	Leasehold Improvement	**Furniture and equipment**	**Computer and accessories**	**Motor vehicle**	**Capital work in progress**	**Total**
Cost						
Year ended 31 December 2016						
At 1 January	19,080,029	13,722,220	7,053,119	6,589,319	3,103,590	49,548,277
Additions	1,915	1,335,357	227,103	605,503	1,117,017	3,286,895
Disposal	-	(113,433)	-	(333,222)	(1,272)	(447,927)
Transfers	498,043	584,860	1,386,274	-	(2,469,177)	-
Transfer to leasehold land	-	-	-	-	(1,704,786)	(1,704,786)
At 31 December	19,579,987	15,529,004	8,666,496	6,861,600	45,372	50,682,459
Year ended 31 December 2017						
At 1 January	19,579,987	15,529,004	8,666,496	6,861,600	45,372	50,682,459
Additions	6,520	3,802,781	467,077	3,377,553	-	7,653,931
Disposal	-	(50,978)	-	(1,297,715)	-	(1,348,693)
Transfers	-	-	-	-	(45,372)	(45,372)
At 31 December	**19,586,507**	**19,280,807**	**9,133,573**	**8,941,438**	**-**	**56,942,325**
Depreciation						
Year ended 31 December 2016						
At 1 January	3,633,962	9,143,884	4,922,221	3,665,998	-	21,366,065
Charge for the year	913,310	1,673,313	1,479,186	1,414,974	-	5,480,783
Released on disposal		(107,559)	-	(307,580)	-	(415,139)
At 31 December	4,547,272	10,709,638	6,401,407	4,773,392	-	26,431,709
Year ended 31 December 2017						
At 1 January	4,547,272	10,709,638	6,401,407	4,773,392	-	26,431,709
Charge for the year	752,191	1,792,803	1,520,448	1,611,375	-	5,676,817
Released on disposal	-	(50,169)	-	(1,089,583)	-	(1,139,752)
At 31 December	**5,299,463**	**12,452,272**	**7,921,855**	**5,295,184**	**-**	**30,968,774**
Carrying amount						
At 31 December 2016	15,032,715	4,819,366	2,265,089	2,080,208	45,372	24,250,750
At 31 December 2017	**14,287,044**	**6,828,535**	**1,211,718**	**3,646,254**	**-**	**25,973,551**

NOTES (continued))
(All amounts are in Ghana Cedis)

21. Property and equipment (continued)

Profit on disposal	**2017**	2016
Cost	**1,348,693**	447,927
Accumulated depreciation	**(1,139,752)**	(415,139)
Net book amount	**208,941**	32,788
Proceeds from disposal	**365,450**	105,161
Profit on disposal	**156,509**	72,373

22. Intangible assets

	Purchased software	**Developed software**	**Total**
Cost			
Year ended 31 December 2016			
At 1 January	4,136,708	53,421	4,190,129
Additions	1,694,336	-	1,694,336
At 31 December 2016	5,831,044	53,421	5,884,465
Year ended 31 December 2017			
At 1 January	5,831,044	53,421	5,884,465
Additions	250,425	-	250,425
Transfers from property and equipment	45,372	-	45,372
At 31 December 2017	**6,126,841**	**53,421**	**6,180,262**
Amortisation			
Year ended 31 December 2016			
At 1 January 2016	2,100,682	53,421	2,154,103
Amortisation for the year	873,733	-	873,733
At 31 December 2016	2,974,415	53,421	3,027,836
Year ended 31 December 2017			
At 1 January 2017	2,974,415	53,421	3,027,836
Amortisation for the year	1,016,599	-	1,016,599
At 31 December 2017	**3,991,014**	**53,421**	**4,044,435**
Carrying amount			
At 31 December 2016	2,856,629	-	2,856,629
At 31 December 2017	**2,135,827**	**-**	**2,135,827**

NOTES (continued)
(All amounts are in Ghana Cedis)

23. Deprecitaion and amortisation

The depreciation and amortisation charged to the year is as follows:

	2017	2016
Leasehold land	**216,006**	127,651
Property and equipment (Note 21)	**5,676,817**	5,480,783
Intangible assets (Note 22)	**1,016,599**	873,733
	6,909,422	6,482,167

24. Deferred income tax

Movements in deferred income tax during the year is as follows:

	At 1 January	**Recognised in profit or loss**	**At 31 December**
Year ended 31 December 2017			
Property, equipment and software	1,212,933	550,573	1,763,506
Allowance for loan losses	(2,182,939)	503,547	(1,679,392)
	(970,006)	**1,054,120**	**84,114**
Year 31 December 2016			
Property, equipment and software	2,891,740	(1,678,807)	1,212,933
Allowance for loan losses	(2,114,748)	(68,191)	(2,182,939)
	776,992	(1,746,998)	(970,006)

25. Other assets

	2017	2016
National fiscal stabilisation levy recoverable (Note 14)	**77,112**	375,850
Accounts receivable	**25,001,559**	6,850,435
Prepaid expenses – premises	**9,641,163**	9,457,068
Prepaid expenses – leasehold premises	**5,882,063**	6,010,074
Stationery and stocks	**580,376**	662,205
	41,182,273	23,355,632
Current	**27,558,003**	14,190,093
Non-current	**13,624,270**	9,165,539

NOTES (continued)
(All amounts are in Ghana Cedis)

26. Deposits from customers

	2017	2016
By type of deposit		
Current and call account	**843,415,575**	739,937,343
Savings account	**137,525,640**	106,176,789
Cash collateral	**13,856,253**	41,975,759
Term deposit	**472,323,305**	223,020,898
	1,467,120,773	1,111,110,789
Current	**1,424,773,424**	1,110,945,323
Non-current	**42,347,349**	165,466

The twenty largest depositors constitute 34.81% (2016: 21.45%) of total deposit.

	2017	2016
By type of customer		
Financial institutions	**244,692,511**	77,375,385
Individuals and other private enterprises	**1,145,551,762**	950,382,880
Public enterprises	**76,876,500**	83,352,524
	1,467,120,773	1,111,110,789

27. Other liabilities

	2017	2016
Due to parent company	**98,452**	353,028
Bankers draft	**8,008,517**	17,713,186
Guarantee contract liability	**57,407**	288,661
Other payables	**32,383,249**	26,035,933
	40,547,625	44,390,808

Other liabilities are current.

NOTES (continued)
(All amounts are in Ghana Cedis)

28. Stated capital

The authorised shares of the Bank are 15,000,000,000 ordinary shares of no par value of which 7,379,287297 ordinary shares have been issued as follows;

	No. of shares	Proceeds
Issued and fully paid		
Issued for cash consideration	7,160,287,297	80,669,978
Issued for consideration other than cash	219,000,000	1,985,400
	7,379,287,297	82,655,378

The stated capital did not change during the year ended 31 December 2016 and 31 December 2017. There is no unpaid liability on any shares and there are no treasury shares.

Directors' shareholding

The Director named below held the following number of shares in the Bank:

Number of Ordinary Shares	**2017**	2016
Alhaji Yusif Ibrahim	**150,000,000**	150,000,000

Number of shareholders

The company's shareholders at 31 December 2017 are as follows:

Number of Ordinary shares	**Shareholding**	**Percentage** %
Guaranty Trust Bank Plc	7,229,287,297	97.97
Alhaji Yusif Ibrahim (Director)	150,000,000	2.03
	7,379,287,297	100.00

29. Other reserves

Credit risk reserve

Credit risk reserve represents the amounts set aside in respect of the excess impairment provision determined in accordance with of Bank of Ghana prudential guidelines over the total impairment provision recognised under the International Financial Reporting Standards framework. The movement is included in the statement of changes in equity.

Statutory reserve fund

Statutory reserve fund represents transfer from net profit for the year to reserve in accordance with requirements of Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity.

NOTES (continued))
(All amounts are in Ghana Cedis)

30. Dividends

At the next Annual General Meeting, in view of the Capital Augmentation Plan of the Bank, no cash dividend will be declared but rather the entire sum of GHS 78,352,998 standing in credit of the retained earnings (after deducting the necessary withholding tax) will be proposed for capitalisation. The resulting shares will be allocated to the existing shareholders.

At the last Annual General Meeting, a dividend in respect of the year ended 31 December 2016 per share of GH¢0.004870 amounting to GH¢35,940,094 was proposed and paid in 2017 in accordance with the dividend policy of the Bank. Payment of dividends is subject to withholding tax rate at the rate of 8% for both resident and non-resident shareholders.

31. Leasing

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

Finance Lease

The Bank did not have any finance lease receivables at 31 December 2017 (2016: Nil).

Operating Lease

The Bank leases various office and other premises under non-cancellable operating lease arrangements. The lease rentals are paid in advance and amortised on a straight line basis over the lease period. The unexpired lease payments is accounted for as a prepayment in other assets (Note 25).
There are no contingent rents payable.

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
Less than one year	**1,902,151**	5,910,865
Between one and five years	**2,065,483**	1,800,730
More than five years	**5,673,529**	1,745,473

NOTES (continued))
(All amounts are in Ghana Cedis)

32. Contingencies

i. Claims and Litigation

The bank has pending legal suits in respect of claims arising in the ordinary course of business as at 31 December 2017. It is not anticipated that any material liabilities will arise from the contingent liabilities (2016: Nil).

ii. Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

NOTES (continued))
(All amounts are in Ghana Cedis)

33. Contingencies (continued)

ii. Contingent liabilities and commitments (continued)

The following table summarise the amount of contingent liabilities and commitments with off-balance sheet risk.

	2017	2016
Contingent liabilities:		
Bonds and guarantees	**35,381,444**	29,230,217
Commitments:		
Clean line facilities for letters of credit	**39,900,649**	22,888,519
Undrawn loans commitment	**243,391,226**	133,250,994

iii. Commitments for capital expenditure

The Bank's commitments for capital expenditure as at 31 December 2017 amounts to GH¢22,333,048 (2016: GH¢18,039,579).

34. Borrowings

Year ended 31 December 2017

	FMO	**Export Development and Investment Fund**	**Total**
At 1 January	47,375,712	93,204	**47,468,916**
Exchange difference	2,560,313	-	**2,560,313**
Repayments	(22,252,579)	(93,204)	**(22,345,783)**
At 31 December	**27,683,446**	**-**	**27,683,446**
Current	**27,683,446**	**-**	**27,683,446**
Non-current	**-**	**-**	**-**
Year ended 31 December 2016			
At 1 January	61,828,736	519,333	62,348,069
Exchange difference	5,114,265	-	5,114,265
Repayments	(19,567,289)	(426,129)	(19,993,418)
At 31 December	47,375,712	93,204	47,468,916
Current	21,001,000	93,204	21,094,204
Non-current	26,374,712	-	26,374,712

	2017	2016
Current	**27,683,446**	21,094,204
Non–current	**-**	26,374,712

NOTES (continued)
(All amounts are in Ghana Cedis)

35. Borrowings (continued)

The Bank secured a loan facility of US$20 million in 2014 from Nederlandse financierings-maatschappij voor ontwikkelingslanden n.v. (FMO) at 3-month Libor plus 3.75% with a one year moratorium. The loan is due in 2018.

The facility from Export Development and Investment Fund represents a short term loan of GH¢ 5.8 million at a fixed interest rate of 2.5% with a 12 month moratorium on the principal. The principal and interest shall accrue and be payable monthly in arrears.

36. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The ultimate controlling party is the parent company Guaranty Trust Bank Plc, a bank licensed in the Federal Republic of Nigeria.

Parent company transactions

At 31 December 2017, the Bank had the following payables due to the Parent Bank:

	2017	2016
Transactions on behalf of the Bank	**98,452**	353,028
Technical service fee	**7,587,412**	4,701,666
	7,685,864	5,054,694

Transactions on behalf of the Bank are on similar items as in the normal course of business with other customers.

NOTES (continued)
(All amounts are in Ghana Cedis)

37. Related parties (continued)

Transactions with key management personnel and disclosures

The Bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank.

Transactions with companies with directors' interest

Transaction with companies with interest of directors and key management personnel with the bank during the year is as follows:

	2017	2016
Secured loans	**1,353,525**	1,266,700
Interest income on loans to directors and key management personnel	**90,532**	67,273

Key management personnel compensation

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

	2017	2016
Salaries and other short term benefits	**1,198,337**	978,466

There are no short-term employee and post-employment benefits outstanding as at 31 December 2017 (2016: Nil).

38. Regulatory non-compliance

The Bank was not penalised by the regulator for any breach of regulations during the year ended 31 December 2017 (2016: GH¢Nil).

Value Added Statement

(All amounts are in Ghana cedis)

	2017	2016
Interest and other operating income	**326,873,059**	284,416,852
Direct cost of services	**(156,636,155)**	(130,598,971)
Value added by banking services	**170,236,904**	153,817,881
Non-banking income	**326,929**	634,113
Impairments	**1,516,566**	(9,416,002)
Value added	**172,080,399**	145,035,992
Distributed as follows:		
To employees:-		
Directors (without executives)	**3,145,151**	1,891,501
Executive directors	**1,198,337**	978,466
Other employees	**33,316,482**	29,149,271
To government:		
Income tax	**39,314,966**	32,794,863
To providers of capital		
Dividends to shareholders	**35,940,094**	27,119,736
To expansion and growth		
Depreciation	**5,892,823**	5,608,434
Amortisation	**1,016,599**	873,733
Retained earnings	**52,255,947**	46,619,988