The Royal Bank Limited

Draft Report and financial statements 2017

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The Royal Bank Limited

Directors, officials and registered office

Directors:	Prof. Bill Buenar Puplampu	- Chairman (Appointed 6th June, 2017)
	Lawrence Adu- Mante	- Ag.Chairman (Resigned 5th June, 2017)
	Osei Asafo Adjei	- Managing Director (Appointed 16th Jan 20
	Alhaji Abdul Aziz Adamu Iddrisu	- Director
	Alhaji Abdoul Zakou Adamou	- Director
	Faustell Asogba Cofie	- Director (Resigned 6th June 2017)
	Kwame Ofosuhene Apenteng	- Director (Resigned 6th June 2017)
	Oko Nikoi Dzani	- Director (Resigned 6th June 2017)
	Victoria Emeafa Hardcastle	- Director (Appointed 6th June 2017)
	Samuel Kwadjo Agyapong Appenteng	- Director (Appointed 6th June 2017)
	Kwaku Otempong	- Director (Appointed 6th June 2017)
	Alhaji Abdul Mumuni Adamu	- Director (Appointed 6th June 2017)
	Eyram Kwame Atsu	- Director (Appointed 6th June 2017)
	Alhaji Abdul Fataa Adamu	- Director (Appointed 6th June 2017)
	Batholomew Kwame Ahadzi	- Director (Appointed 6th June 2017)

Secretary:

Ben Danquah
P.O. Box CT 8134
Cantonments-Accra

Registered office:

No.5 Artic Close, Gulf Street
South Legon
P. O. Box CT 8134
Cantonments-Accra

Solicitors:

Sentinel Law
4th Ringway Close
Ringway Estates
P.O Box CT 9324
Cantonments

Auditors:

Deloitte & Touche
Chartered Accountants
Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra

Bankers:

Bank of Ghana
Ghana International Bank Limited
BHF Bank
Bank of China - Johnnesburg Branch
Bank of Ghana

Corporate governance

Introduction

The Royal Bank Limited (the 'Bank') operates in a highly regulated industry and therefore recognizes the importance of complying with legislation, regulation and codes of best practice. The Bank is committed to business integrity and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the development of best practice.

The Royal Bank Limited has adopted its own internal corporate governance guidelines, which is embodied in the Bank's governance practices. These practices are constantly being monitored to ensure that they are the best fit for the Bank and serve to enhance business and community objectives.

The Board of Directors

The Board effectively sets the strategic direction for leading and controlling the Bank and monitoring the activities of the Executive Management. The Board also represents and promotes the interests of stakeholders with a view to maintaining and adding long-term value to the bank and its shareholders' wealth.

The Directors continue to receive training in order to keep abreast with current issues. In addition to corporate governance, the Board of Directors have also attended training on Information Security Systems and Anti-Money Laundering (AML).

The Non- Executive Directors are independent of Management and free from any business or other relationships with the Bank which could materially interfere with the exercise of their independent judgment. The Chief Executive Officer is a separate individual from the Chairman and implements the management strategies and policies adopted by the Board.

The Board has delegated various aspects of its work to the following committees:

The Audit, Risk and IT Committee

The Audit and Risk Committee comprises:
Mr. B. Kwame Ahadzi (Chairman)
Alhaji Abdul Mumuni Adamu
Mr. Kwaku Otempong
Mr. Eyram Kwame Atsu

The Heads of Internal Audit, Risk Management and Compliance are ordinarily in attendance at the meetings including the Managing Director.

The Committee is responsible for authorizing, directing and reviewing the programme of the Internal Audit Unit, reviewing the Bank's compliance with financial and risk management control systems as well as reviewing the current statutory and audit reports. It also reviews significant financial, IT related issues and other risk exposures and the steps management takes to monitor, control, and report such exposures.

The Credit Committee

The Credit Committee comprises:
Mr. Eyram Kwame Atsu (Chairman)
Mrs. Victoria Emeafa Hardcastle
Alhaji Abdoul Zakou Adamou
Alhaji Abdul Aziz Adamu Iddrisu
Alhaji Abdul Fataa Adamu
Mr. Samuel K. A. Appenteng

The Credit Committee is responsible for determining the broad Lending Policy for the Bank.

The Credit Committee is responsible for determining the broad Loan Performance Monitoring and Recovery for the Bank.

Corporate governance - continued

The Committee's main terms of reference include:

i Setting the Bank's credit governance structure to ensure that there is a clearly defined mandate and delegated authorities within the structure.

ii Reviewing the Bank's credit portfolio, including trends and provisions and ensuring alignment with the Bank's credit strategy and risk appetite.

iii Noting and /or approving large exposures as required by the regulatory authorities.

The Finance Committee

The Finance Committee comprises:

Mr. Kwaku Otempong (Chairman)
Alhaji Abdul Fataa Adamu
Mr. Osei Asafo-Adjei
Alhaji Abdul Aziz Adamu Iddrisu
Mr. Bartholomew Kwame Ahadzi

The Committee's main terms of reference include:

i Reviewing and advising on the financial operations on the Bank.
ii Reviewing and approval the financial and operating budget of the Bank.
iii Reviewing and advising on the liquidity position of the Bank.

Systems of Internal Control

The Bank has a well established internal control system for identifying, managing and monitoring risks. These are designed to provide reasonable assurance that the risks facing the Bank are being controlled.

The Internal Audit function of the Bank plays a role in providing objective views and continuing assessment of the effectiveness of the internal control systems in the business. The systems of internal control are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Risk Management Framework

The Bank has a very active and efficient Risk Management and Compliance Department. This is because taking on various types of risk is integral to the banking business. Of the various types of risks the Bank is exposed to, the most important are credit risk, market risk (which includes liquidity and price risk), and operational risk. The identification, measurement, monitoring and controlling of risks remain a key focus area for the Bank. The policies approved by the Board form the governing framework for each type of risk. The Risk Management and Compliance function ensures that business activities are undertaken within this policy framework.

Business Continuity Plan

The Bank has Business Continuity and Disaster Recovery plans for its Head Office and branches that will enable it to respond to any unplanned and significant interruption in its essential business functions. It provides guidelines to fully recover operations and ensure that coordinated processes of restoring systems data and infrastructure are met until normal operations are resumed. The plan is tested regularly to assess the readiness of the Bank to respond to unplanned interruptions to its operations.

Anti-Money Laundering

The Bank also has a well established Anti-Money Laundering Compliance Program in place. This is in compliance with the requirements of Ghana's Anti-Money Laundering Act, 2008 (Act 749) and the Bank of Ghana's Guidelines on Anti-Money Laundering. These include Customer Due Diligence Procedures, record keeping and training of staff which would assist in reducing regulatory and reputational risk to its business. Members of staff are trained periodically on anti-money laundering policies.

Code of Business Ethics

Management has communicated the principles in the Bank's Code of Conduct to its employees in the discharge of their duties. This code sets the professionalism and integrity required for business operations which covers compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, and strict adherence to the principles in order to eliminate the potential for illegal practices.

Corporate governance - continued

Board Effectiveness and Evaluation

The board conducts an annual evaluation to assess itself against its objectives. The aim of the evaluation is to assist the board in improving its efeectiveness. The outcome of the evaluation is discussed and areas of concern addressed.

External Auditors

The Board reviewed the appointment of the statutory auditors, its effectiveness and its relationship with the Bank, which includes monitoring the Bank's use of the auditors for non-audit services and the balance of audit. The Board is of the view that, Deloitte Touche should continue to be the statutory auditors of the Bank.

The Royal Bank Limited

Report of the directors

The Directors have the pleasure in submitting to the members of the Bank, their report together with the financial statements for the year ended 31 December 2017.

Principal activities

The Bank is licensed to carry out universal banking business in Ghana.

There was no change in the nature of the Bank's business during the year under review.

		2017	2016
The financial results of the Bank are set out below:		**GH¢**	GH¢
The net (loss) for the year before tax is		**(56,881,673)**	(48,988,937)
From which is deducted:	Taxation	**-**	-
	Deferred tax	**10,762,810**	10,370,007
	National fiscal stabilisation levy	**-**	-
Giving a net (loss) for the year after taxation of		**(46,118,863)**	(38,618,930)
To which must be added the balance brought forward on income surplus account of		**(46,641,523)**	(9,060,620)
		(92,760,385)	(47,679,550)
Transfer to statutory reserves		**-**	-
Transfer from / (to) credit risk reserves		**(17,993,769)**	1,038,027
Leaving a deficit on the income surplus account of		**(110,754,154)**	(46,641,523)

Dividend

The Directors are not recommending any dividend for the years, (2016:nil)

Minimum capital

The Bank of Ghana has revised upwards the minimum paid up capital for existing banks and new entrants from GHS120 million to a new level of GHS400 million with a deadline of December 31, 2018 as per the Bank of Ghana’s notice to Banks and the general public (Notice No. BG/GOV/SEC/2017/19). The Shareholders of TRB have indicated that they are open to a merger with other bank(s) or capital injection from investors. To this effect, TRB has appointed Serengeti Capital, an investment firm, to lead the capital raise processes. TRB has also appointed PwC to conduct due diligence on the Bank as well as on any potential investor(s). We currently have some local banks that have expressed interest in a merger with TRB. Other prospective investors are also carrying out due diligence on the Bank and we expect to reach financial closure by end of August 2018.

Going concern

The Directors confirm that, to the best of our knowledge, the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position of the Bank. The directors are not aware of any material uncertainties that may impede the Bank’s continual operations. Furthermore, the Directors are satisfied that subject to meeting the revised minimum paid up capital as directed by the Bank of Ghana, the Bank should be able to meet its liabilities through the normal operations and therefore, the financial statements continue to be prepared on the going concern basis.

Auditors

In accordance with section 134 (5) of the Companies Act, 1963 (Act 179) the Auditors, Messrs. Deloitte and Touche, continue in office as Auditors of the Bank.

On behalf of the board

Director............................. **Director.............................**

Date: **Date:**

Statement of directors' responsibilities

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for that year.

- In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently

- Make judgments and estimates that are reasonable and prudent

- State whether the applicable accounting standards have been followed

- Prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for ensuring that the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which enables them to ensure that the financial statement comply with International Financial Reporting Standards,the Companies Act 1963 (Act 179), and the Banks and Specialized Deposit-Taking Instituitions Act, 2016 (Act 930) . They are responsible for taking such steps as are reasonably open to safeguard the assets of the Bank, and to prevent and detect fraud and other irregularities.

Independent auditors' report

To the members of The Royal Bank Limited

Independent auditors' report - continued
To the members of The Royal Bank Limited

Independent auditors' report - continued
To the members of The Royal Bank Limited

Independent auditors' report - continued
To the members of The Royal Bank Limited

The Royal Bank Limited

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Notes	2017 GH¢	2016 GH¢
Interest income	6	**331,176,610**	304,443,978
Interest expense	7	**(213,852,539)**	(218,733,937)
Net interest income		**117,324,071**	85,710,041
Fees and commission income	8	**12,746,332**	13,437,734
Net fee and commision income		**12,746,332**	13,437,734
Net trading income	9	**8,054,545**	4,946,415
Other operating income		**-**	74,319
		8,054,545	5,020,734
Operating income		**138,124,948**	104,168,509
Personnel expenses	10	**(41,685,096)**	(39,217,892)
Depreciation and amortisation	11	**(18,380,484)**	(11,267,316)
Other expenses	12	**(36,241,069)**	(41,447,843)
Net impairment loss on financial asset	13	**(98,699,972)**	(61,224,395)
		(195,006,621)	(153,157,446)
(Loss) before income tax		**(56,881,673)**	(48,988,937)
Income tax expense	14(i)	**10,762,810**	10,370,007
(Loss) after income tax		**(46,118,863)**	(38,618,930)
Other comprehensive income, net of income tax			
Other comprehensive income		**-**	-
Total comprehensive income for the period		**(46,118,863)**	(38,618,930)

The accompanying notes on pages 17 to 53 are integral part of these financial statements

The Royal Bank Limited

Statement of financial position

As at 31 December 2017

	Notes	2017 GH¢	2016 GH¢
Assets			
Cash and cash equivalent	16	**281,133,969**	274,818,979
Loans and advances	17	**764,520,009**	683,162,519
Pledge investments	18	**3,352,432**	55,544,950
Current tax asset	14iii	**604,859**	472,537
Deferred tax - asset	15	**20,326,123**	9,563,313
Intangible assets	19	**2,018,383**	1,283,762
Other assets	20	**6,563,928**	6,814,161
Property, plant and equipment	21	**114,475,483**	76,319,451
Total assets		**1,192,995,186**	1,107,979,672
Liabilities			
Deposit from SDIs & other BoG licensed FIs	22	**67,665,615**	131,402,686
Deposit from customers	22	**632,117,522**	464,059,180
Interest payable and other liabilities	23	**29,215,060**	31,070,548
Managed funds	24	**13,706,795**	10,787,779
Deferred income	25	**745,710**	700,427
Due to banks and other financial institutions	26	**325,266,510**	353,874,343
		1,068,717,212	991,894,963
Surbordinatd debt	27	**54,144,110**	50,340,274
Total liabilities		**1,122,861,322**	1,042,235,237
Equity			
Stated capital	28(i)	**150,508,292**	100,000,000
Income surplus		**(110,754,155)**	(46,641,523)
Statutory reserve funds	28(ii)	**6,439,432**	6,439,432
Credit risk reserves	28(iii)	**23,940,295**	5,946,526
Total equity attributable to equity holders of the bank		**70,133,864**	65,744,435
Total liabilities and equity		**1,192,995,186**	1,107,979,672

Director………………………… **Director…………………………**

Date: **Date:**

The accompanying notes on pages 17 to 53 are integral part of these financial statements

The Royal Bank Limited

Statement of changes in equity

For the year ended 31 December 2017

The Royal Bank Limited

Statement of cash flow

For the year ended 31 December 2017

	Notes	2017 GH¢	2016 GH¢
Cash flow from operating activities			
(Loss) for the year		**(56,881,673)**	(48,988,937)
Adjustments for:			
Depreciation and amortisation	19 & 21	**18,380,484**	11,267,316
Impaiment on financial assets		**98,699,972**	61,224,395
Profit on disposal		**-**	(74,319)
		60,198,783	23,428,455
Change in pledge assets		**52,192,518**	48,401,227
Changes in loans and advances to customers - gross		**(180,057,462)**	(165,786,280)
Changes in other assets		**250,233**	14,099,360
Change in deposits from SDIs and other BoG licensed Fis		**(63,737,071)**	15,461,743
Change in deposit from customers		**168,058,342**	57,900,394
Changes in managed funds		**2,919,016**	1,787,779
Changes in amount due to other banks and financial institutions		**(28,607,833)**	100,303,066
Changes in interest payable & other liabilities		**(1,855,488)**	969,882
Changes in deferred income		**45,283**	94,993
		9,406,321	96,660,618
Tax paid	13	**(132,322)**	(526,388)
Net cash generated from financing activities		**9,273,999**	96,134,230
Investing activities			
Purchase of property, plant and equipment	21	**(55,690,660)**	(24,479,895)
Purchase of intangibles	19	**(1,580,477)**	(1,337,747)
Proceeds from disposal		**-**	123,894
Net cash used in investing activities		**(57,271,137)**	**(25,693,748)**
Financing activities			
Surbodinated loan		**3,803,836**	20,340,274
Additional capital introduced		**50,508,292**	-
Net cash generated from investing activities		**54,312,128**	20,340,274
Increase in cash and cash equivalents			
Increase in cash and cash equivalents		**6,314,990**	90,780,756
Cash and cash equivalents at 1 January		**274,818,979**	184,038,223
Cash and cash equivalents at 31 December		**281,133,969**	274,818,979
Analysis of cash and cash equivalents during the year			
Cash and cash equivalents	16	**281,133,969**	274,818,979
		281,133,969	274,818,979
Operational cash flows:			
Interest received		**331,176,610**	304,443,978
Interest paid		**(213,852,539)**	(218,733,937)
		117,324,071	**85,710,041**

The accompanying notes on pages 17 to 53 are integral part of these financial statements

Notes to the financial statements

For the year ended 31 December 2017

1. Reporting entity

The Royal Bank Limited is a Bank incorporated in Ghana in 2012 and operates as a universal bank under the supervision of the Bank of Ghana. The address of the Bank can be found on page 2 of this financial statements.

2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Basis of preparation

a. Basis of measurement

The financial statements are presented in Ghana Cedis which is the Bank's functional currency. They are prepared on the historical cost basis except for certain assets and liabilities that are measured at their fair value.

b. Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity.

4 Significant accounting estimates and assumptions

Going concern

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

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

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Bank establishes fair value by using valuation techniques. These techniques include the use of arms’ length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

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

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

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

Impairment of available-for-sale investments

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances. The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

The accounting policies set out below have been applied consistently throughout the year in these financial statements by the Bank.

4(i) Summary of significant accounting policies

a. Interest income and expense

Interest income and expense on financial assets and liabilities held at amortised cost, are recognised in the income statement using the effective interest method.

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

The recognition of interest income ceases when the payment of interest or principal is in doubt, and does so automatically if principal or interest payments are 90 or more days late. Thereafter, interest is included in income only when it is received.

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

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

b. Fees and commissions

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

Other fees and commission income are recognised as the related services are performed.

c. Other operating income

Other operating income comprises bad debt recovered, profit on disposal of property, plant and equipment, derecognised available for sale financial assets, and foreign exchange differences.

d. Foreign currency

Foreign currency transactions are translated into the Bank's functional currency using the interbank exchange rate by the Association of Bankers. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date the fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in the income statement or shareholders' equity as appropriate.

e. Financial instruments - initial recognition and subsequent measurement

(i) Date of recognition

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

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in Net trading income. Interest and dividend income or expense is recorded in Net trading income according to the terms of the contract, or when the right to the payment has been established. Included in this classification are debt securities, equities and short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

The assets and liabilities are part of a group of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in Net gain or loss on financial assets and liabilities designated at fair value through profit or loss. Interest earned or incurred is accrued in Interest income or Interest expense, respectively, using the effective interest rate (EIR), while dividend income is recorded in Other operating income when the right to the payment has been established.

'Day 1' profit or loss

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

Available-for-sale financial investments

Available-for-sale investments include equity and debt securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Bank has not designated any loans or receivables as available-for-sale. After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the Available-for sale reserve. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in other operating income. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR. Dividend earned whilst holding available-for-sale financial investments are recognised in the income statement as Other operating income when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement in 'Impairment losses on financial investments' and removed from the Available-for-sale reserve.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments
If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

Due from banks and loans and advances to customers

Due from banks and Loans and Advances to customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss. Those that the Bank, upon initial recognition, designates as available-for-sale. Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts Due from banks and Loans and advances to customers are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in Interest and similar income in the income statement. The losses arising from impairment are recognised in the income statement in Credit loss expense. The Bank may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held for trading because the intent is to sell the loans in the short term. These commitments to lend are recorded as derivatives and measured at fair value through profit or loss.

Where the loan, on drawdown, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (e.g., due to a counterparty credit event).

Debt issued and other borrowed funds

Financial instruments issued by the Bank that are not designated at fair value through profit or loss, are classified as liabilities under Debt issued and other borrowed funds, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Derecognition of financial assets and financial liabilities

(i) Financial assets

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

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

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

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repurchase the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate. Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in Net interest income and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of financial position.

(iii) Identification and measurement of impairment

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

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

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

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

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less cost for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process which considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for group of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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

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

f. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, and highly liquid financial assets with maturities less than three months.

g. Property, plant and equipment (PPE)

(i) Recognition and measurement

Items of property, plant 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, and any other costs directly attributable to bringing the asset to a working condition for its intended use." Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent cost

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 income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

Leaseho	over the remaining lease period
Office furniture	4 years
Motor vehicles	4 years
Plant & machinei	4 years
Computer hardw	3 years

PPE is derecognised on disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of PPE are determined by comparing proceeds from disposal with the carrying amounts of PPE and are recognised in the income statement as other income.

h. Intangible assets

(i) Software

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

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 income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

i. Taxation

Current tax is the expected tax payable on the 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.

j. Deferred taxation

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

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the 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.

k. Deferred income

Income that relates to transactions that have unexpired terms are deferred and are taken into income on a straight line basis. This does not apply to loans and advances.

l. Events after the reporting period

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

m. Dividend

Dividend income is recognised when the right to receive income is established. Dividend payable is recognized as a liability in the year in which they are approved.

n. 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.

o. 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 guarantees are initially recognised at their fair value, and the fair value is amortised over the life of the financial guarantee. The financial guarantees are subsequently carried at the higher of the amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).

p. Impairment on non-financial assets.

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

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

p. Impairment on non-financial assets - continued

Impairment losses recognised in prior years 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.

q. Ordinary share capital.

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

5. Application of new and revised International Financial Reporting Standards (IFRS)

Impairment losses recognised in prior years 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.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The company plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the company has performed a detailed impact assessment of all three aspects of IFRS 9.

This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the company in 2018 when the company will adopt IFRS 9. Overall, the company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The company expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the company will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in Other Comprehensive Income (OCI) will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Bank expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Bank will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact.

5. Application of new and revised International Financial Reporting Standards (IFRS) - continued

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Bank analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 requires the Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank will apply the simplified approach and record lifetime expected losses on all trade receivables. The Bank has determined that, due to the secured nature of its loans and receivables, the loss allowance will increase by GH¢(6,287,777) with corresponding related decrease in the deferred tax liability of 1.57 million

(c) Other adjustments

In addition to the adjustments described above, on adoption of IFRS 9, other items of the primary financial statements such as deferred taxes, xxx and xxx associated with them, investments in the associate and joint venture, will be adjusted as necessary.

In summary, the impact of IFRS 9 adoption is expected to be as follows:

Impact on equity (increase/(decrease)) as of 31 December 2017:

Assets	**Adjustments**	**GH¢**
loans and advances	**(b)**	**(4,537,872)**
Total assets		**(4,537,872)**
Liabilities		
Deferred tax liabilities	**(b)**	**-**
Total liabilities		**-**
Net impact on equity, Including		**(4,537,872)**
Retained earnings	**(a)**	**4,537,872**

Below is the loss allowance schedule:

Segmental Classification	**12- Months ECL**	**Lifetime ECL Not**	**Lifetime ECL**	**Total 2017**
Corporate Loans	8,653,674	8,695,976	139,011,362	**156,361,012**
Retail Loans Loss	1,056,557	-	-	**1,056,557**
Placement with	673,817	-	-	**673,817**
Loan commitments	160,955	-	-	**160,955**
Financial guarantee	19,821	-	-	**19,821**
Government bonds	-	-	-	**-**
Total **IFRS 9 Loss**	**10,564,824**	**8,695,976**	**139,011,362**	**158,272,162**
Impairment per IAS 39				**162,810,034**
Increase/(Decrease)				**(4,537,872)**

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The company plans to adopt the new standard on the required effective date using the modified *retrospective method.*

5. Application of new and revised International Financial Reporting Standards (IFRS) - continued

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The bank will apply these amendments when they become effective.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The bank is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the bank will continue to assess the potential effect of IFRS 16 on its financial statements.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective,

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general

5. Application of new and revised International Financial Reporting Standards (IFRS) - continued

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

This standard is not applicable to the bank.

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.

Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

This standard is not applicable to the bank.

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose.

The amendment is effective from 1 January 2018. This amendment is not applicable to the bank.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

· An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

· If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

These amendments are not applicable to the bank.

Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 *Insurance Contracts,* which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

These amendments are not applicable to the bank.

5. Application of new and revised International Financial Reporting Standards (IFRS) - continued

IFRIC Interpretation 22 ***Foreign Currency Transactions and Advance Consideration***

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

i. The beginning of the reporting period in which the entity first applies the interpretation Or

ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the bank's current practice is in line with the Interpretation, the company does not expect any effect on its consolidated financial statements.

IFRIC Interpretation 23 ***Uncertainty over Income Tax Treatment***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

These amendments are not applicable to the bank.

Notes to the financial statements

For the year ended 31 December 2017 - continued

6. Interest income

	2017 GH¢	2016 GH¢
Loans and advances	**260,477,761**	232,197,928
Investments in government securities	**3,317,195**	23,782,498
Placements and special deposits	**67,381,654**	48,463,552
	331,176,610	304,443,978

Interest income does not include any income on impaired financial assets.

7. Interest expense

	2017 GH¢	2016 GH¢
Current accounts	**5,237,356**	816,811
Savings accounts	**1,387,420**	894,532
Term deposits	**146,024,200**	90,364,291
Interbank borrowings	**61,203,563**	126,658,303
	213,852,539	218,733,937

8. Fees and commission income

	2017 GH¢	2016 GH¢
Letters of credit commissions	**1,939,251**	1,604,793
Facility fees	**1,027,568**	2,249,166
Processing fees	**1,502,334**	3,847,825
Commission on foreign transfers	**1,660,322**	962,627
Others	**6,616,857**	4,773,323
	12,746,332	13,437,734

The fees and commission income disclosed above are fees other than those included in determining the effective interest rate.

9. Net trading income

	2017 GH¢	2016 GH¢
Forex trading and net exchange gain	**8,054,545**	4,946,415
	8,054,545	4,946,415

10. Personnel expenses

	2017 GH¢	2016 GH¢
Wages, salaries, bonus and allowances	**35,375,907**	31,129,638
Social security cost	**2,770,030**	2,459,392
Provident fund contributions	**2,135,557**	1,969,804
Training	**372,049**	725,583
Other cost	**1,031,553**	2,933,475
	41,685,096	39,217,892

The average number of persons employed by the Bank during the year was 539 (2016:577).

Notes to the financial statements

For the year ended 31 December 2017 - continued

11. Depreciation and amortisation

	2017 GH¢	2016 GH¢
Depreciation and amortisation	**18,380,484**	11,267,316

12. Other expenses

	2017 GH¢	2016 GH¢
Advertising and marketing	**3,193,318**	4,196,771
Administrative expenses	**28,860,481**	31,906,748
IT expenses	**2,207,351**	4,011,889
Directors' emoluments	**1,749,919**	1,132,435
Auditors' remuneration	**230,000**	200,000
	36,241,069	41,447,843

13. Net impairment loss on finacial asset

	2017 GH¢	2016 GH¢
Specific impairment	**86,056,523**	58,110,991
Collective impairment	**12,643,449**	3,113,404
	98,699,972	61,224,395

14. Taxation

	2017 GH¢	2016 GH¢
(i) Income tax expense		
Deferred tax (Note 15)	**(10,762,810)**	(10,370,007)
	(10,762,810)	(10,370,007)

(ii) National Fiscal Stabilisation Levy

The National Fiscal Stabilization Levy was re-introduced in 2013. The Law came into force on 15th July 2013, payable in respect of profits for the 2013 and 2014 years of assessment but has been extended to run till the end of 2017. In accordance with the National Fiscal Stabilization Act, 2013, (Act 862) all companies in Banking, Non Bank Financial Institutions, Insurance, Mining, Brewery and Communication are supposed to pay a levy of 5% of profit before tax towards National Fiscal Stability .

(iii) Taxation	Balance at 01/01/17 GH¢	Payments dur. the year GH¢	Charge for the year GH¢	Balance at 31/12/17 GH¢
Income tax				
2017	**245,827**	**-**	**-**	**245,827**
	245,827	**-**	**-**	**245,827**
National fiscal stabilisation levy	**226,710**	**132,322**	**-**	**359,032**
Total	**472,537**	**132,322**	**-**	**604,859**

The tax position is subject to the agreement of the Ghana Revenue Authority.

Notes to the financial statements

For the year ended 31 December 2017 - continued

14. Taxation - continued

Taxation payable	Balance at 01/01/16 GH¢	Payments dur. the year GH¢	Charge for the year GH¢	Balance at 31/12/16 GH¢
Income tax				
2016	(26,250)	272,077	-	245,827
	(26,250)	272,077	-	245,827
National fiscal stabilisation levy	(27,601)	254,311	-	226,710
	(53,851)	526,388	-	472,537

(iv) Reconciliation of effective tax rate

Analysis of taxation charge in the year:

	2017 GH¢	2016 GH¢
(Loss) before tax	**(56,881,673)**	(48,988,937)
The charge for taxation based upon the profits for the year comprises:		
Current tax on income for the year	**-**	-
Total current tax	**-**	-
Deferred tax:		
Origination of temporary differences	**(10,762,810)**	(10,370,007)
Tax on profits on ordinary activities	**(10,762,810)**	(10,370,007)
Effective tax rate	**19%**	21%

	2017 GH¢	2016 GH¢
(Loss) before tax	**(56,881,673)**	(48,988,937)
Tax at 25%	**-**	-
Tax on non-deductible expenses	**-**	4,056,108
Tax rebate on capital allowances	**-**	(2,884,602)
Current tax charge	**-**	1,171,506

15. Deferred tax (asset)/liability	**2017 GH¢**	2016 GH¢
Balance at 1 January	**(9,563,313)**	806,694
(Released)/chage to profit or loss for the year	**(10,762,810)**	(10,370,007)
Balance at 31 December	**(20,326,123)**	(9,563,313)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31-Dec-17	**Assets GH¢**	**Liabilities GH¢**	**2017 GH¢**
Property, plant and equipment	**-**	**5,334,275**	**5,334,275**
Provision for impairment	**(4,660,630)**	**-**	**(4,660,630)**
Carry over of tax loss	**(20,999,768)**	**-**	**(20,999,768)**
	(25,660,398)	**5,334,275**	**(20,326,123)**

31-Dec-16	Assets GH¢	Liabilities GH¢	2016 GH¢
Property, plant and equipment	-	1,266,045	1,266,045
Provision for impairment	(1,499,768)	-	(1,499,768)
Carry over of tax loss	(9,329,590)	-	(9,329,590)
	(10,829,358)	1,266,045	(9,563,313)

No deferred tax was recognised in equity.

16. Cash and cash equivalent

	2017 GH¢	2016 GH¢
Cash in hand	**25,161,193**	17,655,218
Balances with Bank of Ghana	**23,365,964**	53,195,973
Nostro account balances	**6,593,787**	7,886,215
Balances with local banks	**4,964,608**	4,785,123
Placement with banks and other financial institutions	**221,048,417**	191,296,450
	281,133,969	274,818,979

Mandatory reserve deposits representing 10% of the Bank's deposits are not available for use in the Bank's day to day operations and are non interest bearing.

17 Loans and advances

	2017 GH¢	2016 GH¢
(i) Net loans		
Gross loans and advances	**423,801,385**	290,376,345
Overdraft	**503,528,658**	456,896,236
	927,330,043	747,272,581
(ii) Specific impairment (iii)	**144,167,514**	58,110,991
Collective impairment	**18,642,520**	5,999,071
Net loans and advances	**764,520,009**	683,162,519

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

Specific impairment	**2017**	2016
	GH¢	GH¢
Specific impairment at 1 January	**58,110,991**	-
charged for the year	**86,056,523**	58,110,991
	144,167,514	58,110,991

Collective impairment	**2017**	2016
	GH¢	GH¢
Collective impairment at 1 January	**5,999,071**	2,885,667
Charge for the year	**12,643,449**	3,113,404
	18,642,520	5,999,071

(iv) Key ratios on loans and advances

Ratio of fifty (50) largest exposure (gross funded and non-funded) to total exposures	**82%**	79%
Gross non-performing loan ratio	**26%**	**17%**
Loan loss provision ratio	**11.1%**	**8.6%**
Liquidity ratio	**45.0%**	**66.9%**

Loan provisioning/impairment are carried out in accordance with Bank of Ghana policy as well as IFRS. Loan impairment losses calculated based on IFRS principles are passed through the statement of comprehensive income.

When the credit loss provision calculated under Bank of Ghana requirement is more than required by IFRS, the excess is transferred from the income surplus account into the non- distributable regulatory credit risk reserve. During the year ended 2017, the provisions for bad debts against loans and advances per Bank of Ghana requirement exceeded provision computed under IFRS guidelines by GH¢22,190,390 (2016: GH¢5,946,526).

	2017	2016
	GH¢	GH¢
Provisions per Bank of Ghana's guidelines	**186,750,329**	70,056,588
Provisions per IFRS	**(162,810,034)**	(64,110,062)
Regulatory credit risk reserve	**23,940,295**	5,946,526
Analysis for impairment		
Specific impairment	**144,167,514**	58,110,991
Impairment charge for the year (collective)	**18,642,520**	5,999,071
Balance at 31 December	**162,810,034**	64,110,062

Under both the Bank of Ghana requirements and IFRS principles of loan impairment, some loans were individually assessed for impairment and others assessed collectively. The gross amount of loans individually impaired for the year was GH¢ 276,470,893 (2016: GH¢84,541,814). The collective impairment charge was GH¢18,642,520 (2016:GH¢3,113,404).

18. Pledged investment	**2017**	2016
	GH¢	GH¢
Treasury bills and notes	**3,352,432**	55,544,950
	3,352,432	55,544,950

Notes to the financial statements
For the year ended 31 December 2017 - continued

19. Intangible assets

	2017 GH¢	2016 GH¢
Cost		
Balance at 1 January	**4,705,246**	3,367,499
Additions	**1,580,477**	1,337,747
	6,285,723	4,705,246
Gross value at 31 December		
Amortisation		
Balance at 1st January	**3,421,484**	2,853,558
Charge for the year	**845,856**	567,926
Balance at 31 December	**4,267,340**	3,421,484
Carrying amount at 31 December	**2,018,383**	1,283,762

This relates to the cost of purchased software licenses.

20. Other assets

	2017 GH¢	2016 GH¢
Withholding taxes recoverable	**40,946**	40,946
Other account receivable	**6,522,982**	6,773,215
	6,563,928	6,814,161

Notes to the financial statements

For the year ended 31 December 2017 - continued

22. Deposit from customers

	2017 GH¢	2016 GH¢
Current account	**135,566,012**	90,231,713
Savings account	**36,314,841**	23,223,223
Term deposits & Managed Funds	**523,569,098**	481,242,059
Other deposit	**4,323,186**	764,871
	699,773,137	595,461,866
Analysis by type of depositors:		
Private enterprises and other financial institutions	**413,983,787**	290,101,663
Individuals	**218,133,735**	173,957,517
	632,117,522	464,059,180
Deposit from SDI'S and other BoG licensed FI'S	**67,665,615**	131,402,686
	699,783,137	595,461,866
Twenty largest depositors to total deposits ratio	**46%**	48%

23. Interest payable and other liabilities

	2017 GH¢	2016 GH¢
Interest payable	**25,009,434**	25,758,857
Accruals and other liabilities	**4,205,626**	5,311,691
	29,215,060	31,070,548

24. Manage Funds

	2017 GH¢	2016 GH¢
Out Growers Value Chain Fund	**4,853,538**	2,220,877
EDAIF	**8,853,257**	8,566,902
	13,706,795	10,787,779

Out grower Value Chain Fund (OVCF): This is a grant from Germany through KfW for the promotion and financing of out grower and value chain development. The OVCF is a refinancing vehicle for providing finance for medium and long term investments through the banking sector, designed to fill a gap in agricultural financing. The Bank has accessed a medium term loan of GH¢2,000,000 from the fund. The interest on the loan from the Fund to the Bank is at Bank of Ghana (BoG) Policy Rate of 19% (as at March 31, 2015) less 4.5% concession, i.e. 14.5% per annum.

The loan is to enable BESSFA Rural Bank provide financing for farmers and other value chain operators under the Northern Rural Growth Programme (NRGP). The loan facility has a five (5) years (60 months) tenor.

Export Development and Agriculture Investment Fund (EDAIF) is a public Investment Fund operating as an agency of the Ministry of Trade and Industry and governed by an Act of parliament. The objective of the fund under Act 872 is to provide financial resources for the development and promotion of: export trade, agriculture related to agro-processing and industrial development. The Fund is sustained by inflows from the following sources: 0.75% of value of non-petroleum commercial imports; 10% of net divestiture proceeds; such other monies as the Minister of Finance in consultation with the Minister of Trade and Industry with Parliament's approval may determine to be paid into the Fund; recoveries of loans and interest payments, etc.
EDAIF facility of GHS7,000,000.00 to the Bank is for on-lending to Danadams Pharmaceutical Industry Limited for 5 years.

Current interest rate applicable on the credit facility is 12.5% .

25. Deferred income

	2017	2016
	GH¢	GH¢
Balance at Jan 1	**700,427**	605,437
Deferred for the year	**45,283**	94,990
	745,710	700,427

26. Due to banks & other financial institutions

	2017	2016
	GH¢	GH¢
Balances due to other banks	**10,865,096**	768,835
Short term borrowings	**314,401,414**	353,105,508
	325,266,510	353,874,343

Summary of borrowing arrangements
This represents overnight (3% of total borrowings) and short-term borrowings (97% of total borrowings) from some financial institutions operating in Ghana. The cost of borrowing ranges from 20% to 28.5% per annum. The maturity dates for most of these facilities range from 2 January 2018 to 29 June 2018.

The bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2017 and 2016

27. Subordinated loan

	2017	**2016**
	GH¢	GH¢
Global Haulage Company Limited	**54,144,110**	50,340,274
	54,144,110	**50,340,274**

The Global Haulage Company Limited granted the bank an unsecured eight (8) year Subordinated loan of GH¢20,000,000 at a fixed annual rate of 27%, payable semi annually. An additional GH¢30,000,000.00 added in December 2016 at a fixed rate of 26%, payable semi annually. The facility will expire on 8th June 2024. Total interest accrued on the facility during the year was GH¢13,093,150.68 out of which GH¢9,289,315.26 was settled during the year.

28. Capital and reserves

Stated capital
The bank is registered with 10 billion ordinary shares of no par value.

	2017		2016	
Issued capital	**No of shares**	**GH¢**	No of shares	GH¢
Issued and fully paid				
Issued for cash consideration	**150,508,282**	**150,508,282**	100,000,000	100,000,000

(ii) Statutory reserve funds
This represents amounts set aside as a non-distributable reserve from annual profits in accordance with section 34 of the Banks and Specialised Deposit Taking Institution Act, 2016 (Act 930).

	2017 GH¢	2016 GH¢
Balance at 1 January	**6,439,432**	6,439,432
Transfer from Income Surplus	**-**	-
Balance at 31 December	**6,439,432**	6,439,432

(iii) Credit risk reserves
This represents a transfer from surplus of an amount representing excess of provisions made under Bank of Ghana prudential norms over the provision made under IFRS impairment rules. Movement during the year was as follows:

Balance at 1 January	**5,946,526**	6,984,553
Transfer (from)/ to income surplus	**17,993,769**	(1,038,027)
Balance at 31 December	**23,940,295**	5,946,526

29. Related party transactions

(i) Directors, officers and other employees:
The following are loan balances due from related parties:

Directors	**-**	-
Officers and other employees	**9,320,213**	14,168,271
	9,320,213	14,168,271
Gross amount at 1 January	**14,168,271**	11,476,842
Interest charged	**617,616**	691,111
Loans disbursed	**1,241,341**	7,259,408
Cash received	**(6,707,015)**	(5,259,090)
Net movement in overdraft balances	**-**	-
Net amount at 31 December	**9,320,213**	14,168,271

Associated companies, related parties and shareholders
Due from associated companies and other related persons

Notes to the financial statements
For the year ended 31 December 2017 - continued

Name	Transaction type		
Global Haualge Ltd	Overdraft	**21,304,472**	11,760,620
Wofaz Investment Limited	Overdraft	**1,163,829**	-
Dzani Naa Dei	Loan	**5,085**	13,163
Abdul Rauf Adamu	Loan	**63,037**	346,819
Iddrisu Adamu Abdul Mumuni	Loan	**-**	155
Adamu Abdulkadri	Loan	**-**	20,402
Dunia Restrarant Enterprise	Overdraft	**474,422**	220,395
Iddrisu Abdul Baki	Loan	**-**	235,474
Airport West Hotel Limited	Loan	**11,566,780**	-
Metromartins Pprperties	Loan	**10,522,459**	-
Transroyal (Gh) Limited	Deposit	**2,459,077**	-
Afro-Arab Company Limited	Loan	**653,750**	-
Ari Company Limited	Loan	**451,786**	-
Imperial General Assurance Co. Ltd.	Overdraft	**166,799**	-
Afro- Arab Micro Finance Co Ltd.	Overdraft	**166,023**	-
Cocoa Merchants (Gh) Ltd.	Overdraft	**14,632**	-
Afro- Arab Travel & Tours	Overdraft	**915**	-
Afro- Arab Mineral Water Ltd.	Overdraft	**200**	-
Afro- Arab Telecommunications Ltd	Overdraft	**200**	-
Afro- Arab Properties Ltd.	Overdraft	**174**	-
		49,013,640	12,597,028

This was as a result of loans and advances granted by the Bank to parties determined to be related. All these facilities granted were within normal business terms and conditions and can therefore be considered to be at arms length. They all have a duration of less than two years.

(iii) Compensation of key management personnel

Executive Director's salary and other benefits	**1,681,727**	1,830,161

(iv) Directors remuneration

Directors' fees & other related expenses	**1,749,919**	1,132,435

30 Financial risk management

(i) Introduction and overview

The Bank is exposed to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

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 a risk management committee comprising the managing director, the deputy managing director and senior vice president risk management, who are responsible for developing and monitoring the Bank's risk management policies. The committee meets monthly to review reports from Credit Administration , Monitoring and Recoveries Unit, liquidity management, markets situation and operations. The Board of Directors meets regularly to review the report of this committee.

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 Bank's Compliance and Internal Audit departments are 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.

(ii) Credit risk

Credit risk management

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.

A facility is considered to be in default when payment is not received on the due date. Facilities that are overdue by more than 90 days are considered delinquent. Those accounts are monitored closely to ensure that the amounts granted are recovered.

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable. Where any amount is considered uncollectible, an individual impairment provision is raised, being the difference between the loan carrying amount and the present value of estimated future cash flows. In any period relating to the raising of provisions, the Bank attempts to balance economic conditions, local knowledge and experience, and the results of independent asset reviews. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment provision has been raised, then that amount will be written off.

A portfolio impairment provisions is held to cover the inherent risk of losses, which although not identified, are known through experience to be present in any loan portfolio. The portfolio impairment provision is set with reference to past experience using loss rates, and judgmental factors such as the economic environment and the trends in key portfolio indicators.

Analysis by credit grade of loans and advances	2017 GH¢	2016 GH¢
Impaired loans		
Individually impaired	**276,470,893**	84,541,814
Allowance for impairment	**(144,167,514)**	(58,110,991)
Impaired loans, net of individual provisions	**132,303,379**	26,430,823
Loans past due but not impaired		
Past due up to 31-90 days	**290,810,674**	7,049,238
Past due 91-180 days	**11,919,536**	80,624,202
Past due 181-360 days	**8,490,893**	-
Above 360 days	**11,993,499**	45,207,157
	323,214,602	132,880,597
Loans neither past due nor impaired	**327,644,548**	529,850,170
Less: collective impairment provision	**(18,642,520)**	(5,999,071)
Total net loans	**764,520,009**	683,162,519

Factors considered during the impairment process include revenue growth percentage, gross margin, discounted cash flows and capitalization ratios among others. Under Bank of Ghana guidelines, advances are classified in the following five categories which determine the level of provisions required.

Category	**Level of provision required**	
	2017	2016
a Current	**1%**	1%
b. Other loans especially mentioned ("OLEM")	**10%**	10%
c. Substandard	**25%**	25%
d. Doubtful, or	**50%**	50%
e. Loss	**100%**	100%

iii. **Analysis by business segments**	**2017**	2016
	GH¢	GH¢
Agriculture, forestry and fishing	**16,258,622**	8,859,219
Construction	**285,011,555**	232,964,464
Electricity, gas and water	**23,696,006**	29,975,337
Commerce and finance	**282,275,375**	234,865,211
Transport, storage and communication	**22,720,731**	18,174,533
Mining & quarrying	**15,598,409**	13,433,735
Manufacturing	**59,942,104**	38,197,794
Services	**208,684,517**	137,106,620
Miscellaneous	**13,142,724**	33,695,668
Gross loans and advances	**927,330,043**	747,272,581
Impairment loss	**162,810,034**	64,110,062
Net loans and advances	**764,520,009**	683,162,519

Analysis of credit concentration risk
The concentration of loans and advances by business segment and customer types are disclosed above.

Financial risk management - continued

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

	2017	2016
	GH¢	GH¢
Cash and cash equivalent	**281,133,969**	274,818,979
Loans and advances	**764,520,009**	683,162,519
Pledged investment	**3,352,432**	55,544,950
Other Assets	**6,522,982**	2,628,569
	1,055,529,392	1,016,155,017

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

An estimate of the fair value of collateral and other security enhancements held against financial asset is GH¢1,147,521,022.62 (2016:GH¢1,355,983,497)

Collateral repossessed

No collateral was repossessed during the year (2016: Nil).

Commitments and guarantees
The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments.

2017	**On demand GH¢**	**Less than 3 months GH¢**	**3 to 12 Months GH¢**	**Over 12 Months GH¢**	**Total GH¢**
Financial guarantees	**-**	**2,842,435**	**6,272,967**	**-**	**9,115,402**
Letters of credit	**-**	**20,015,121**	**2,191,310**	**-**	**22,206,431**
Total	**-**	**22,857,555**	**8,464,277**	**-**	**31,321,833**

2016	On demand GH¢	Less than 3 months GH¢	3 to 12 Months GH¢	Over 12 Months GH¢	Total GH¢
Financial guarantees	-	525,830	12,451,902	8,458,463	21,436,195
Letters of credit	-	1,497,837	9,833,947	-	11,331,784
Total	-	2,023,667	22,285,849	8,458,463	32,767,979

The Bank's contingent liabilities are commitments undertaken on behalf of the Bank's customers to make payments to third parties in the event of the customer's default in the case of guarantees, or on the delivery of appropriate documentation by the payment recipient in the case of letters of credit. The value of these contingent liabilities are recorded in the books of the Bank at the fair value required to settle the obligation.

(iv) Liquidity risk
The Bank defines liquidity risk as the risk that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost.

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

Liquidity risk management is the responsibility of the Assets and Liability Committee (ALCO) for which the Treasurer is the manager. This is to ensure that cash balances do not go below some minimum threshold. He is also responsible for both statutory and prudential liquidity. These responsibilities include the granting of authorities, policies and procedures.

The Treasurer has primary responsibility for compliance with regulations with the Bank's policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Bank's assets are funded by customer deposits and equity. These represent a stable source of funds. Lending is normally funded by liabilities in the same currency.

The ALCO also oversees the structural foreign exchange and interest rate exposures that arise within the Bank. These responsibilities are managed through the granting of authorities, policies and procedures that the Treasurer co-ordinates. He also monitors compliance with Bank ratios.

Refer to Note 17(iii) for key ratios of the bank.

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

2017	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 1 Year GH¢	Total GH¢
Assets					
Cash & cash equivalents	160,011,946	116,109,094	5,012,929	-	281,133,968
Loans and advances	27,566,842	245,176,916	392,844,590	98,931,661	764,520,009
Other assets	-	1,459,534	-	-	1,459,534
Investment in government securities	3,352,432	-	-	-	3,352,432
Total assets	190,931,220	362,745,544	397,857,519	98,931,661	1,050,465,943
Liabilities	**0-3 months GH¢**	**3-6 months GH¢**	**6-12 months GH¢**	**Over 1 Year GH¢**	**Total GH¢**
Customer deposits and current	435,713,532	59,102,976	137,301,014	-	632,117,522
Interest payable and other liabilities	10,623,617	3,950,427	10,435,499	-	25,009,543
Income tax payable	-	-	-	-	-
Manage funds	-	-	-	13,706,795	13,706,795
Due to banks and other financial institutions	259,676,784	65,589,726	-	-	325,266,510
Total	706,013,933	128,643,129	147,736,513	13,706,795	996,100,370
Cumulative liquidity gap	(515,082,713)	234,102,415	250,121,005	85,224,866	54,365,573

2016	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 1 Year GH¢	Total GH¢
Assets					
Cash & cash equivalents	82,407,681	77,518,319	81,421,197	33,471,782	274,818,979
Loans and advances	99,825,883	210,066,577	233,696,414	139,573,645	683,162,519
Other assets	-	6,773,215	-	-	6,773,215
Investment in government securities	55,544,950	-	-	-	55,544,950
Total assets	237,778,514	294,358,111	315,117,611	173,045,427	1,020,299,663
Liabilities					
Customer deposits and current	119,333,132	137,586,692	102,329,056	104,810,300	464,059,180
Interest payable and other liabilities	19,192,412	1,730,582	5,319,088	4,828,466	31,070,548
Income tax payable	-	-	-	-	-
Manage funds	-	-	-	10,787,779	10,787,779
Due to banks and other financial	421,375,317	63,901,712	-	-	485,277,029
Total liabilities	559,900,861	203,218,986	107,648,144	120,426,545	991,194,536
Cumulative liquidity gap	(322,122,347)	91,139,125	207,469,467	52,618,882	29,105,127

(v) Market risks

Management of market risk

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

Market risk is governed by the Head of Risk who is assisted by the Treasurer. The Bank has policies on market risk and limits are proposed within the terms of agreed policy.

Limits are also approved within delegated authorities and exposures monitored against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to other risk management tools.

Foreign exchange exposure

The Bank's foreign exchange exposures comprise foreign currency translation exposures.

Exchange rate analysis

The Bank operates wholly within Ghana and its assets and liabilities are carried in local currency. The Bank is exposed to the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates. The Bank's currency position and exposure are managed within the exposure guideline stipulated by the Bank of Ghana. This position is reviewed on a daily basis by management.

The Bank has very little exposure to other currencies as investments and loans are mainly taken in Ghana Cedis.

Foreign exchange risk - Appreciation/depreciation of GHS against other currencies.

Exchange rate sensitivity analysis
The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions.

Applicable exchange rate as at 31 December were as follows:

	2017	2016
United States Dollar ($)	**4.4142**	4.1811
Great British Pounds (£)	**5.9359**	5.1158
Euro (€)	**5.2741**	4.3813

Sensitivity Analysis on Currency Risks
The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the GH¢, by the rates shown in the table, against the following currencies at 31 December 2016 would have increased/decreased equity and income and income statement by the amounts shown below:

In GH¢	**2017** % change	**2017** Income Statement Impact Strengthening	**2017** Income Statement Impact Weakening	2016 % change	2016 Income Statement Impact Strengthening	2016 Income Statement Impact Weakening
States Dollar	+5%	275,579	(275,579)	+5%	262,892	(262,892)
British Pounds (£)	+5%	26,404	(26,404)	+5%	5,171	5,171
Euro (€)	+5%	26,661	(26,661)	+5%	33,463	(33,463)
Yuen	+5%	0.88	(0.88)	+5%	4,729	(4,729)
Yen	+5%	817	(817)		-	-

Exchange rate sensitivity analysis
The table below summarises the Bank's exposure to foreign exchange rate risks at year- end. The amounts stated in the table are the cedi equivalent of the foreign currencies.

Currency exposure at year-end in cedi equivalents of the following major foreign currencies.

2017	**USD GH¢**	**GBP GH¢**	**EUR GH¢**	**OTHERS GH¢**	**Total GH¢**
Assets					
Cash and balances with	**10,981,558**	**1,458,197**	**2,263,359**	**-**	**14,703,114**
Due from banks and other financial	**10,577,527**	**52,975**	**1,105,175**	**16,366**	**11,752,043**
Loans and advances	**38,199,711**	**-**	**-**	**-**	**38,199,711**
Total assets	**59,758,796**	**1,511,172**	**3,368,534**	**16,366**	**64,654,868**

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For the year ended 31 December 2017 - continued

Liabilities	USD GH¢	GBP GH¢	EUR GH¢	OTHERS GH¢	TOTAL GH¢
Customer	**52,391,865**	**985,839**	**2,838,190**	**-**	**56,215,893**
Due to banks and other	**2,942,800**	**-**	**-**	**-**	**2,942,800**
Interest payable and	**(1,085,579)**	**-**	**-**	**-**	**(1,085,579)**
Total liabilities	**54,249,086**	**985,839**	**2,838,190**	**-**	**58,073,114**
Net on-balance sheet	**5,509,710**	**525,333**	**530,344**	**16,366**	**6,581,754**
Off-balance sheet commitments	**23,370,708**	**-**	**2,867,140**	**6,530,130**	**32,767,979**

2016	USD GH¢	GBP GH¢	EUR GH¢	OTHERS GH¢	Total GH¢
Assets					
Cash and balances with	7,668,115	262,835	1,236,765	-	9,167,715
Due from banks and other	11,310,817	199,171	583,959	3,565	12,097,512
Loans and advances	27,629,820	-	-	-	27,629,820
Total assets	46,608,752	462,006	1,820,724	3,565	48,895,047
Liabilities					
Customer	39,268,401	1,017,556	1,598,685	-	41,884,642
Due to banks and other financial	7,530,161	-	-	-	7,530,161
Interest payable and	98,165	-	10,293	-	108,458
Total liabilities	46,896,727	1,017,556	1,608,978	-	49,523,261
Net on-balance sheet position	(287,975)	(555,550)	211,746	3,565	(628,214)
Off-balance sheet	13,820,470	166,072	3,779,396	6,530,130	24,296,069

Interest rate risk exposure

Interest rate risk exposure is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank's exposure to the risk of changes in market interest rates relates primarily to the financial assets and liabilities with variable/floating interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variable held constant, of the Bank's profit before tax (through the impact on the floating rate financial assets and liabilities). The impact on the Bank's equity is immaterial.

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

2017	**100 b p Increase GH¢**	**100 b p Decrease GH¢**
Interest income impact	**3,311,766**	**(3,311,766)**
Interest expense	**(2,138,525)**	**2,138,525**
Net interest income impact on profit	**1,173,241**	**(1,173,241)**

2016	100 b p Increase GH¢	100 b p Decrease GH¢
Interest income impact	3,044,440	(3,044,440)
Interest expense impact	(2,187,339)	2,187,339
Net interest income impact on profit	**857,101**	**(857,101)**

(vi) Operational risks

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

The Bank's compliance and internal audit departments have been established to supervise and direct the management of operational risks across the Bank. It is also responsible for ensuring adequate and appropriate policies, procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

(vii) Compliance and regulatory risk

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

(viii) Capital management

The Bank of Ghana sets and monitors capital requirements for the bank or Group as a whole. The parent company and individual banking operations are directly supervised by their local regulators.

The Bank's capital is analysed into two tiers:

Tier 1 Capital includes ordinary paid up share capital and disclosed reserves.
Tier 2 capital, which includes some reserves such as the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base, and other assets are given various classifications such as claims on government, claims on the Central Bank and contingent liabilities 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, and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also taken into consideration, and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank has complied with all externally imposed capital requirements throughout the year.

There has been no material changes in the Bank's management of capital during the year.

30. Determination of fair value and fair values hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Bank's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments.

Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Bank. Therefore, unobservable inputs reflect the Bank's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Bank's own data.

31 Financial instruments classification summary

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

The Bank’s classification of its principal financial assets and liabilities are summarised below:

2017	**Amortised cost GH¢**	**Held to maturity GH¢**	**Loans & receivables GH¢**	**Total Carrying Amount GH¢**	**Fair value GH¢**
Cash and cash equivalent	**25,161,193**	**-**	**255,972,775**	**281,133,969**	**281,133,969**
Loans and advances	**-**	**-**	**764,520,009**	**764,520,009**	**764,520,009**
Investment in government securities	**-**	**3,352,432**	**-**	**3,352,432**	**3,352,432**
At 31 December	25,161,193	**3,352,432**	**1,020,492,784**	**1,049,006,410**	**1,049,006,410**

	Financial Liabilities Measured at Amortised cost GH¢	Total carrying Amount GH¢	Fair value GH¢
Due to banks and other financial institutions	**325,266,509**	**325,266,509**	**325,266,509**
Deposit from SDI's and other BoG licensed FIs	**67,665,615**	**67,665,615**	**67,665,615**
At 31 December 2016	**392,932,124**	**392,932,124**	**392,932,124**

2016	Available for sale GH¢	Held to maturity GH¢	Loans & receivables GH¢	Carrying Amount GH¢	Fair value GH¢
Cash and cash equivalent	17,655,218	-	257,163,761	257,818,979	257,818,979
Loans and advances	-	-	683,162,519	683,162,519	683,162,519
Investment in government securities	-	55,544,950	-	55,544,950	55,544,950
At 31 December	17,655,218	55,544,950	940,326,280	996,526,448	996,526,448

	Financial Liabilities Measured at Amortised cost GH¢	Total carrying Amount GH¢	Fair value GH¢
Due to banks and other financial institutions	485,277,029	485,277,029	485,277,029
Deposit from SDI's and other BoG licensed FIs	131,402,686	131,402,686	131,402,686
At 31 December 2016	616,679,715	616,679,715	616,679,715

32. Directors' shareholding

The Directors named below held the following number of shares in the Bank as at 31 December 2017:

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	2017 No. of Ordinary shares	2016 No. of Ordinary shares
Alhaji Abdul Aziz Adamu Iddrisu	**59,585,479**	39,589,246
Alhaji Abdul Mumuni Adamu	**36,098,938**	-
Alhaji Abdoul Zakou Adamou	**6,710,440**	4,457,770
Alhaji Abdul Fataa Adamu	**6,710,440**	-
	109,105,297	44,047,016

Notes to the financial statements

For the year ended 31 December 2017 - continued

33. Number of shareholders

	Number of Shareholders	Total Holding	Percentage
1 - 1,000	-	-	-
1,000 - 5,000	-	-	-
5,000 - 10,000	-	-	-
Over 10,000	7	150,508,292	100%
	7	150,508,292	100%

34. Employee benefits

(a) Social security

Under a national pension scheme, the Bank contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Bank's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

(b) Provident fund

The Bank has a provident fund scheme for staff under which the entity contributes 10% of staff basic salary. The Bank's obligations under the plan is limited to the relevant contributions and these are settled on due dates to the Fund Manager.

Details of shareholders at 31 December

	2017		2016	
Name of Shareholder	**Number of Shares held**	**Percentage holding**	Number of Shares held	Percentage holding
Alhaji Abdul Aziz Adamu Iddrisu	**59,585,479**	**39.59%**	39,589,246	39.59%
Hajia Fatima Adamu	**26,836,709**	**17.83%**	22,288,851	22.29%
Alhaji Abdul Mumuni Adamu	**36,098,938**	**23.99%**	23,987,050	23.99%
Global Haulage Company	**8,654,227**	**5.75%**	5,750,000	5.75%
Alhaji Abdul Zakou Adamu	**6,710,440**	**4.46%**	4,457,770	4.46%
Abdul Fataa Adamu	**6,710,440**	**4.46%**	-	0.00%
Hajia Hawa Adamu	**5,912,059**	**3.93%**	3,927,083	3.93%
	150,508,292	**100.00%**	100,000,000	100.00%

35. Regulatory capital

The Bank's regulatory capital position at 31 December was as follows:	**2017**	2016
Tier 1 Capital		
Ordinary share capital	**150,508,292**	100,000,000
Disclosed Reserves	**(80,374,428)**	(34,255,565)
Credit risk reserves	**(23,940,295)**	(5,946,526)
Less intangible assets	**-**	-
Total	**46,193,569**	59,797,909

Notes to the financial statements

For the year ended 31 December 2017 - continued

35. Regulatory capital - continued

Tier 2 Capital		
Subordinated Term Debt	**35,066,932**	32,872,218
Total	**35,066,932**	32,872,218
Total Regulatory Capital	**81,260,501**	92,670,127
Risk -weighted assets	**1,274,643,500**	1,120,800,312
Capital ratio	**6.38%**	8.27%
(Total regulatory capital express as percentage of risk-weighted assets)		

36. Regulatory breaches

The Bank did not meet the required Capital Adequacy Ratio (CAR) of at least 10 percent per section 29 (2) of the banks and special deposit- taking institutions Act, 2016 (Act 930). The liquidity reserve ratio was also not met on some occassions during the year.

Contingent liabilities and commitments

(i) Contingent liabilities

The Bank's contingent liabilities are commitments undertaken on behalf of the Bank's customers to make payments to third parties in the event of the customer's default in the case of guarantees, or on the delivery of appropriate documentation by the payment recipient in the case of letters of credit. The value of these contingent liabilities are recorded in the books of the Bank at the fair value required to settle the obligation.

As at the year end the Bank's guarantees and letters of credit stood at GH¢31,321,833.

There are currently no pending suits against the Bank.

There were no undrawn commitments on loans.

(ii) Commitments for capital expenditure under contract:

There were no outstanding commitments for capital expenditure not provided for in the financial statement at 31 December 2017 (2016: Nil).

37. Social responsibility cost

An amount of **GH¢1,442,126.69** (2015: GH¢1,300,617) was spent as part of corporate social responsibility to cover activities in the Bank's key areas of concern; namely health, education and environment.

38. Subsequent events

There were no major events after the reporting date that materially changed the Bank's position.

39. Value Added Statement

	2017		2016	
	GH¢	**(%)**	GH¢	(%)
Operating income	**138,124,948**	**100%**	104,168,509	100%
Value Added distribution:				
Net impairment loss on financial ass	**98,699,972**	**71%**	61,224,395	59%
Personnel expenses	**41,685,096**	**30%**	39,217,892	38%
Depreciation and amortisation	**18,380,484**	**13%**	11,267,316	11%
Other expenses	**36,241,069**	**26%**	41,447,843	40%
Income tax expense	**(10,762,810)**	**-8%**	(10,370,007)	-10%
Total	**184,243,811**	133%	142,787,439	137%
Retained earnings	**(46,118,863)**		(38,618,930)	