GHANA EXPORT-IMPORT BANK

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Contents

CORPORATE INFORMATION

Board of directors	Kwadwo Boateng Genfi	Chairman
	Mr. Robert Ahomka-Lindsey	Member
	Dr. Johnson P. Asiama	Member
	Nana Appiagyei Dankawoso I	Member
	Mr Peter Kwame Abebrese	Member
	Catherine Quaidoo	Member
	Mr. Lawrence Agyinsam	Member/CEO
	Nana Adjei Mensah	Member
	Gifty Kekeli Klenam	Member

Registered office

3rd Floor, Ghana Olympic Committee Building
P. O. Box MB 493
Accra

Independent auditor

Ghana Audit Service
Ghana

Bankers

Bank of Ghana
Ecobank Ghana Limited
Fidelity Bank Limited
First Atlantic Bank Limited
Prudential Bank Limited

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2017 in accordance with the Ghana Export-Import Bank Act, 2016 (Act 911) which discloses the state of the affairs of the Bank.

Establishment of Ghana Export Import Bank

The Ghana Export-Import Bank was established by an Act of Parliament of the Republic of Ghana on 29 March 2016. The Export Trade, Agricultural and Industrial Development Fund Act 2013, (Act 872) was repealed by section 38(1) of Ghana Export-Import Bank Act, 2016 Act 911.

In accordance with section 39 of the Ghana Export-Import Bank Act, 2016 (Act 911), the rights, assets and liabilities as at 31 March 2016 in respect of the Export Trade, Agricultural and Industrial Development Fund established under the Export Trade, Agricultural and Industrial Development Fund Act 2013, (Act 872) were transferred to the Ghana Export-Import Bank.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Bank and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent in the circumstances and followed International Financial Reporting Standards and complied with the requirements of the Ghana Export-Import Bank, 2016 (Act 911).

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

The Directors consider the state of affairs of the Bank to be satisfactory and have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the Bank will not be a going concern in the year ahead.

Nature of business

The Bank was established to support and develop directly or indirectly trade between Ghana and other countries and build Ghana's capacity and competitiveness in the international market place.

Financial results

The financial results of the Bank are set out on page 4 of the financial statements.

REPORT OF THE DIRECTORS (continue)

Directors

The present list of members of the Board is shown on page 1.

By order of the board

Name of Director: LAWRENCE AGYINSAM

Signature:

MARCH 4, 2019

Name of Director: KWAMO BOATENG GENA

Signature:

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ghana Export-Import Bank, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by Ghana Export-Import Bank Act, 2016 (Act 911).

What we have audited

We have audited the financial statements of Ghana Export-Import Bank (the "Bank") for the period ended 31 December 2017.

The financial statements on pages 8 to 42 comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the Report of the Directors but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's statement which is expected to be made available to us after that date.

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

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

Other information (continued)

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Ghana Export-Import Bank Act, 2016 (Act 911) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we

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

- conclude that if a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In compliance with section 32(1) of the Ghana Export-Import Bank Act, 2016 (Act 911), we confirm that the Bank has kept books of accounts and proper records.

JOHNSON AKUAMOAH ASIEDU

DEPUTY AUDITOR- GENERAL/CAD

FOR: AUDITOR GENERAL

DATE: 4 MARCH 2019

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana cedis)

	Note	2017	Period 1 April 2016 to 31 December 2016
Interest income	5	**59,404,178**	53,284,639
Fee income	6	**40,122**	-
Other income	11	**205,868**	-
Net impairment loss on financial assets	7	**(14,505,503)**	(56,394,526)
Personnel expenses	8	**(24,276,031)**	(13,980,530)
Capacity building	9	**(9,237,372)**	(54,458,337)
Other operating expenses	10	**(5,835,535)**	(6,525,887)
Amortisation and depreciation	20	**(721,965)**	(1,131,308)
Profit/(loss) before income tax		**5,073,761**	(79,205,949)
Profit/(loss) for the year/period		**5,073,761**	(79,205,949)

The notes on pages 7 to 39 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

Assets	Note	Year ended 31 December 2017	(Restated) Period ended 31 December 2016
Cash and cash equivalents	13	**50,028,738**	26,503,923
Loans and advances to customers	14	**217,084,293**	188,723,859
Investment securities	15	**411,823,337**	287,788,467
Investments (other than securities)	16	**5,000,000**	-
Other assets	17	**2,292,487**	10,879,009
Intangible assets	18	**-**	10,160
Property and equipment	19	**225,704,583**	181,090,484
Total assets		**911,933,436**	694,995,902
Liabilities			
Government funding	21	**262,394,319**	54,452,088
Other liabilities	22	**6,697,405**	2,775,862
Total liabilities		**269,091,724**	57,227,950
Equity			
Stated capital	23	**50,000,000**	50,000,000
General reserve fund	24	**2,536,880**	-
Credit reserve	25	**1,208,357**	-
Income surplus account	26	**589,096,475**	587,767,952
Total equity		**642,841,713**	637,767,952
Total equity and liabilities		**911,933,436**	694,995,902

The notes on pages 7 to 39 are an integral part of these financial statements.

The financial statements on pages 7 to 39 were approved by the board of directors on 4 MARCH 2019 and signed on its behalf by:

Name of Director: LAWRENCE AGYINSAM

Signature:

Name of Director: KWADWO BOATENG GENFI

Signature

STATEMENT OF CHANGES IN EQUITY
(All amounts are in Ghana cedis)

Year ended 31 December 2017	Stated Capital	General reserve fund	Credit Risk Reserve	Income surplus account	Total
At 1 January 2017	50,000,000	-	-	587,767,952	637,767,952
Profit for the year	-	-	-	5,073,761	5,073,761
Total comprehensive income	-	-	-	5,073,761	5,073,761
Transfer to statutory reserve	-	2,491,880	-	(2,536,880)	-
Transfer to credit risk reserve	-	-	1,208,357	(1,208,357)	-
At 31 December	**50,000,000**	**2,491,880**	**1,208,357**	**589,096,475**	**642,841,713**
Period ended 31 December 2016					
At 1 April 2016	-			-	-
Accumulated fund taken over from EDAIF on 1 April 2016 in accordance with section 39 of the Ghana Export-Import Bank Act, (Act 911)	-	-	-	666,973,901	666,973,901
Proceeds from issue of shares	50,000,000	-	-	-	50,000,000
Loss for the year	-	-	-	-	(79,205,949)
Total comprehensive income	-	-	-	-	(79,205,949)
At 31 December	50,000,000	-	-	-	637,767,952

The notes on pages 8 to 36 are an integral part of these financial statements.

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

Cash flows from operating activities	Note	Year ended 31 December 2017	Period ended 31 December 2016
Profit/(loss) before tax		**5,073,761**	(79,205,949)
Adjustments for:			
Profit from disposal of fixed assets	11	**(205,868)**	-
Impairment on financial assets	7	**14,505,503**	56,394,526
Amortisation	20	**10,153**	51,086
Depreciation	20	**711,812**	1,080,222
Increase in loans and advances		**(42,865,937)**	(69,942,357)
(Increase)/decrease in investment securities		**(196,729,460)**	155,517,583
Increase in other investments		**(5,000,000)**	-
Decrease/ (increase) in other assets		**8,586,522**	(10,437,650)
Increase in government contribution	21	**207,942,231**	54,452,088
Increase/(decrease) in other liabilities		**3,921,543**	(409,905)
Net cash (used in)/generated from operating activities		**(4,049,739)**	107,499,644
Cash flows from investing activities			
Purchase of intangible assets	18	-	(26,438)
Purchase of property and equipment	19	**(45,426,066)**	(77,226,436)
Proceeds from disposal of property, plant and equipment	19	**305,618**	-
Net cash used in investing activities		**(45,120,448)**	(77,252,874)
Cash flows from financing activities			
Proceeds from issue of shares	23	-	50,000,000
Net cash generated from financing activities		-	50,000,000
Net (decrease)/increase in cash and cash equivalents		**(49,170,188)**	80,246,770
Cash and cash equivalents at beginning of year/period	13	**211,404,360**	131,157,590
Cash and cash equivalents at end of year/period	13	**162,234,584**	211,404,360

The notes on pages 8 to 36 are an integral part of these financial statements.

NOTES

1. General information

The Ghana Export-Import Bank was established by an Act of Parliament of the Republic of Ghana on 29 March 2016. The objective of the Bank is to support and develop directly or indirectly trade between Ghana and other countries and build Ghana's capacity and competitiveness in the international market place. The address of its registered office is 3rd floor, Ghana Olympic Committee Building, Accra.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparations of these financial statements are set out below.

2.1 Basis of preparation

(i) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

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

(iii) New and amended standards adopted by the Bank

The following amendments and International Financial Reporting Interpretation Committee (IFRIC) interpretations were adopted by the Bank for the first time for the financial year beginning on 1 January 2017.

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

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

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

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

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

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

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

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.

- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

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

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

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

IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Bank is yet to assess IFRS 15's full impact.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 16, 'Leases'

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

IFRS 9, 'Financial instruments'

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

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

(a) Classification and measurement

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 9, 'Financial instruments' (continued)

(a) Classification and measurement (continued)

The Bank concluded from its initial assessment that there are no changes in the measurement basis of these financial assets and liabilities as set out below.

Financial assets and liabilities	Classification Under IAS 39	Classification Under IFRS 9	Measurement under IAS 39 and IFRS 9
Cash and cash equivalents	Loans and receivables	Hold to collect	Amortised cost
Held to maturity investments	Held to maturity	Hold to collect	Amortised cost
Loans and advances	Loans and receivables	Hold to collect	Amortised cost
Other assets	Loans and receivables	Hold to collect	Amortised cost
Borrowings	Financial liabilities – other	Financial liabilities – other	Amortised cost
Other liabilities	Financial liabilities - other	Financial liabilities - other	Amortised cost

(b) Impairment of financial assets

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 9, 'Financial instruments' (continued)

(b) Impairment of financial assets (continued)

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

Stage 1 – Performing loans

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

Stage 2 – Underperforming loans

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

When estimating lifetime ECLs for undrawn loan commitments, the Bank will estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down. For financial guarantee contracts, the Bank will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 9, 'Financial instruments' (continued)

(b) Impairment of financial assets (continued)

Stage 3 – Impaired loans

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

(c) Other financial assets

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

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

IFRS 9, 'Financial instruments' (continued)

(d) Forward-looking information

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

Component	**IFRS 9**	**IAS 39**	**Additional impairment**
Loans and advances	14,505,503	13,838,747	666,757
Letters of credit, guarantees and undrawn commitments	-	-	-
Investment securities	431,890,175	434,060,477	(2,170,302)
Total	**446,395,678**	**447,899,224**	**(1,503,545)**

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis (GH¢), which is the functional currency of the Bank.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating expense.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Interest income

Interest income is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

2.4 Financial assets and liabilities

2.4.1 Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The directors determine the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are 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 short term, which are classified as held for trading, 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; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

(b) Held-to-maturity investments

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

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and liabilities (continued)

2.4.2 Financial liabilities

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

2.4.3 Recognition

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

2.4.4 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.4.5 Offsetting

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

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

2.4.6 Amortised cost measurement

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and liabilities(continued)

2.4.7 Determination of fair value

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

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

2.4.8 Identification and measurement of impairment

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

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

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Financial assets and liabilities(continued)

2.4.8 Identification and measurement of impairment (continued)

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

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

2.4.9 Classes of financial instruments

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

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</th><th colspan="2">Class (as determined by the Bank)</th><th>Subclasses</th></tr>
<tr><td rowspan="8">Financial assets</td><td rowspan="7">Loans and receivables</td><td colspan="2">Loans and advances to banks</td><td></td></tr>
<tr><td rowspan="6">Loans and advances to customers</td><td rowspan="4">Loans to individuals</td><td>Business loans</td></tr>
<tr><td>Loans to individuals</td></tr>
<tr><td>Interest free loans</td></tr>
<tr><td>Staff loans</td></tr>
<tr><td rowspan="2">Loans to corporate entities</td><td>Small and Medium Enterprises (SMEs)</td></tr>
<tr><td>Loans to DFIs</td></tr>
<tr><td>Held-to-maturity Investments</td><td colspan="2">Investment securities</td><td>Unlisted</td></tr>
<tr><td>Financial liabilities</td><td>Amortised cost</td><td colspan="3">Other financial liabilities</td></tr>
<tr><td>Off-balance sheet financial Instruments</td><td colspan="4">Other financial facilities</td></tr>
</table>

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and are subject to insignificant risks of changes in value.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Property and equipment

Property and equipment are stated at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of items. Acquisitions with values under GH¢500 are expensed.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part of property and equipment is derecognised. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Depreciation commences when the assets are ready for their intended use.

Depreciation on assets is charged on a straight line basis over the useful lives of the asset. The annual depreciation rates are as follows:

Motor vehicles	25%
Office equipment	25%
Furniture, fittings & fixtures	25%
Computers and accessories	$33_{1/3}$%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Work-in-progress

Work-in-progress is valued on the basis of actual costs incurred on projects as at the reporting date.

2.7 Intangible assets

Intangible assets comprise computer software licences and are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, generally not exceeding three years.

Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Bank have a definite useful life. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Intangible assets (continued)

Intangible assets with indefinite useful lives are tested for impairment annually and where there is an indication that the asset may be impaired.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test can also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Leases

Leases on which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.10 Provisions

Provisions for legal claims are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the Directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

NOTES (Continued)

2. Summary of significant accounting policies (continued)

2.11 Employee benefits

Defined contribution plans

The Bank operates defined contribution retirement benefit schemes for its employees. The Bank and all its employees contribute to an approved pension scheme, which is defined contribution plan.

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Bank has no further payment obligations once the contributions have been paid.

Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits; and (b) when the Bank recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.12 Stated capital

Ordinary shares issued are classified as stated capital in the statement of financial position.

2.13 Dividend payable

Dividends on ordinary shares are charged to equity in the period in which they are declared.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in market, products and best market practice.

The Board of Directors have overall responsibility for the establishment and oversight of the Bank's risk management framework. As part of the law, the Board has established various committees that are responsible for reviewing all applications for Bank's funding and making recommendations to the Board for approval. These include the Credit Facility Committee, Research and Development Promotion (RDP) Facility Committee, Projects Facility Committee, Audit and Due Diligence Committee and the Finance, Legal and Administration Committee. All Board Committees, which have both executive and non-executive members, meet on a monthly basis and report regularly to the Board of Directors on their activities.

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

The risks arising from financial instruments to which the Bank is exposed are credit risk, liquidity risk and market risk.

3.1 Credit risk

Credit risk is suffering financial loss should any of the Bank's beneficiaries or partners fail to fulfil their contractual obligations to the Bank. This risk mainly arises from interest free loans to beneficiaries and Designated Financial Institutions (DFIs) and investments in fixed deposits.

3.1.1 Management of credit risk

Credit risk management and control is centralised in the credit committee, whose membership comprises head of credit, which reports regularly to the sub-committee of credit, risk and investment of the board of directors.

With respect to credit facilities disbursed under the Export Trade, Agricultural and Industrial Development Fund Act, 2013 (Act 872), a key risk management component of the Act required that credit facilities be disbursed through DFIs that underwrite 10% of the 12.5% interest charged for the Bank's credit facilities.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.1 Management of credit risk (continued)

In the event of default by any DFI, the Bank can revert to the Bank of Ghana to recover the amount in default in accordance with the standing agreement between the Bank and all the DFIs. However, with interest free loans given to farmers and organisations, the credit risk is borne entirely by the Bank. The Bank does not hold collateral against interest free loans and recoverable grants disbursed to farmers and other beneficiaries.

3.1.2 Management of grant projects risk

The Bank expends its resources in providing support to beneficiaries in the form of grants. Such grants are made for projects that primarily convey social benefits, may cover activities such as research and development, provision of social infrastructure on a small scale, support to trade cooperatives or associations, and selected SMEs. This risk relates to the disbursement of funds to projects that may fail to deliver required results for the benefit of targeted beneficiaries.

The Bank has established an appraisal system which ensures that applications are screened to select only specified category of persons, groups and institutions. Procedures are in place to ensure funds are disbursed directly for purposes which they have been approved. The Bank's Monitoring and Evaluation Unit and the Internal Audit Departments also constantly review all requests before disbursements are made. They also conduct regular visits to the projects to monitor project implementation and report to the Board as appropriate.

The Bank's offers, a Zero Interest Rate facility to specified beneficiaries.

Collateral

The Bank did not hold or obtain collateral against interest free loans disbursed to farmers and other organisations

3.1.3 Maximum exposure to credit risk

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.3 Maximum exposure to credit risk (continued)

The table below represents a worst case scenario of credit risk exposure to the Bank without taking account of any collateral held or other credit enhancements:

	2017	2016
Bank balances	**50,028,738**	26,503,285
Investment securities	**411,823,336**	287,788,467
Investments (other than securities)	**5,000,000**	-
Loans and advances	**217,084,293**	188,723,859
Other assets and receivables (excluding prepayments)	**2,292,487**	9,742,499
	686,228,853	512,758,110

3.1.4 Credit quality of loans and advances

The table below shows the credit quality by class of loans and advances for credit related items, based on the Bank's policy on credit impairment.

	2017	2016
Neither past due nor impaired	**185,843,850**	156,729,389
Past due but not impaired	**4,374,248**	16,111,449
Individual impaired	**129,596,483**	104,107,806
Gross loans and advances	**319,814,581**	276,948,644
Collective impairment	**(3,645,631)**	(3,263,096)
Specific impairment	**(99,084,657)**	(84,961,689)
Net loans and advances	**217,084,293**	188,723,859

Neither past due nor impaired

Loans and advances classified as neither past due nor impaired are loans and advances assessed as performing by reference to the Bank's policy on credit impairment provision.

Past due but not impaired

Loans and advances less than 90 days past due are not considered impaired unless information available to the Bank proves otherwise.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.1 Credit risk (continued)

3.1.4 Credit quality of loans and advances (continued)

Past due but not impaired (continued)

The table below shows gross amount of loans and advances to customers that were past due but not impaired:

	2017	2016
Past due up to 30 days	-	-
Past due up to 60 days	4,374,248	9,835,547
Past due up to 90 days	33,463,949	6,275,902
	37,838,197	16,111,449

Individually impaired

Individually impaired loans and advances to customers before taking into consideration the cash flows is as follows:

	2017	2016
Gross impaired loan amounts	131,027,146	72,277,547
Provision for impaired loans	99,084,658	53,131,430

3.1.5 Concentration of credit risk

Loans to Designated Financial Institutions	174,921,261	184,101,066
Direct lending	66,909,846	-
Interest free loans	76,088,343	60,066,220
Staff loans	1,895,131	951,099
Gross loans and advances	319,814,581	276,948,644
Collective impairment	(3,645,631)	(3,263,096)
Specific impairment	(99,084,657)	(84,961,689)
Net loans and advances	217,084,293	188,723,859

3.1.6 Investment securities

Investment securities represent fixed deposits held with banks licensed by Bank of Ghana. They are neither past due nor impaired.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.2 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments, or other cash outflows.

Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in a potential inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, systemic shocks and natural disasters.

The Board gives approval to new commitments only when there are adequate funds available to meet such commitments.

The Bank's liquidity management process, as carried out and monitored by the Finance and Treasury Department, includes:

- day-to-day cash disbursement requirements are determined and managed by monitoring cash flows requirements to ensure that they can be met on time;
- maintaining a portfolio of liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- ensuring adequate cash flows are available to meet the regular cash demands, cash balances by holding call accounts and fixed deposit investments;
- Regular reviews are carried out on the investments to ensure maximum returns are earned by the Bank.
- managing the concentration and profile of investment maturities.

3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, foreign currency exchange rates and equity prices.

Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility.

3.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank does not engage actively in transactions that expose it to foreign exchange risk because its revenue and all its activities/operations are in the local currency. However, the Bank is currently executing a building project whose contractual commitment is denominated in foreign currency. Since the Bank does not operate a foreign currency account, it has made arrangements to secure the foreign currency as and when necessary at a negotiated rate based on the prevailing market rates at the time. Adequate provision has been made to ensure that the Bank meets its obligations on the project.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Bank does not currently have any borrowings which expose it to interest rate risks.

3.4 Fair values of financial assets and liabilities

3.4.1 Financial instruments not measured at fair value

The table below summaries the carrying amounts and fair values of those financial assets and liabilities not presented on the statement of financial position at their fair values:

Year ended 31 December 2017	**Carrying amount**	**Fair value**
Financial assets		
Cash and cash equivalents	**50,028,737**	**50,028,738**
Loans and advances	**217,084,292**	**217,084,293**
Investment securities	**411,823,337**	**411,823,337**
Other assets	**2,292,487**	**2,292,487**
Financial liabilities		
Government funding	**262,394,319**	**262,394,319**
Other liabilities	**6,697,405**	**6,697,405**
Year ended 31 December 2016		
Financial assets		
Cash and cash equivalents	26,503,923	26,503,923
Loans and advances	188,723,859	192,099,997
Investment securities	287,788,467	289,071,357
Other assets	10,879,009	10,879,009
Financial liabilities		
Government funding	54,452,088	54,452,088
Other liabilities	2,775,862	2,775,862

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

4. Critical accounting estimates and judgments

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

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

(a) Credit impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on an annual basis. In determining whether an impairment loss should be recognised in profit or loss, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Directors use estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

(c) Held-to-maturity investments

In accordance with IAS 39 guidance, the Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost. If all held-to-maturity investments were to be so reclassified, the carrying amount would increase by GH¢1,282,891.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

		2017	Period 1 April 2016 to 31 December 2016
5.	**Interest income**		
	Loans and advances to customers	**3,900,595**	2,005,052
	Fair value discount on loans	-	1,449,548
	Investment securities	**55,503,583**	49,830,039
		59,404,178	53,284,639
6.	**Fee income**		
	Management and facility fees	**40,122**	-
7.	**Net impairment loss on financial assets**		
	Impairment loss on loans and advances	**14,505,503**	56,394,526
8.	**Personnel expenses**		
	Salaries, wages, and allowances	**18,069,894**	11,076,113
	Employer's pension contributions	**1,206,106**	726,251
	Employer's provident fund contributions	**893,637**	590,413
	Other staff benefits	-	256,296
	Other staff related expenses	**2,038,863**	976,384
	Directors' emoluments and other allowances	**2,067,531**	355,073
		24,276,031	13,980,530
9.	**Capacity building**		
	Research development and promotion	**3,716,646**	37,702,502
	Project facility	**5,520,726**	16,755,835
		9,237,372	54,458,337

Capacity building relates to grants provided to Metropolitan, Municipal and District Assemblies (MMDAs) to carry out research and development on export oriented products under the Export Trade, Agricultural and Industrial Development Fund Act 2013, (Act 872).

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

10. Other operating expenses

	2017	Period 1 April 2016 to 31 December 2016
Utility cost	**649,987**	552,532
Printing and stationery	**179,517**	83,253
Publicity and marketing	**299,580**	1,635,553
Travelling expenses	**2,204,065**	717,508
Repairs and maintenance	**270,046**	228,856
Bank charges	**101,637**	213,311
Professional and consulting services	**827,292**	348,084
IT related expenses	**72,412**	41,130
Fair value discount on interest free loans	**-**	1,193,252
Auditors remuneration	**97,328**	138,458
Donation	**216,200**	-
Other administration expenses	**822,254**	1,373,950
	5,835,535	6,525,887

The average number of persons employed by the bank during the year ended 31 December 2017 was 110 (2016:98).

11. Other income

	2017	2016
Profit on disposal of property and equipment (Note 18)	**205,868**	-

12. Income tax

The Bank is exempt from income tax in accordance with section 7 (1)(c) of the Income Tax Act 2015, (Act 896) as amended by the Income Tax (Amendment) Act 2016, Act 907.

13. Cash and cash equivalents

	2017	2016
Cash in hand	**4,461**	638
Cash at bank	**50,024,276**	26,503,285
	50,028,737	26,503,923

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2017	2016
Cash in hand	**4,461**	638
Cash at bank	**50,024,276**	26,503,285
Fixed deposits maturing within 90 days from purchase	**112,205,847**	184,900,437
	162,234,584	211,404,360

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

14. Loans and advances to customers

	2017	2016
Gross loans	**319,814,581**	276,948,644
Less:		
Allowance for credit impairment losses	**(102,730,288)**	(88,224,785)
Net loans and advances to customers	**217,084,293**	188,723,859

Loans and advances to customers carried at amortised cost are as follows;

Current	**182,569,057**	17,277,636
Non-current	**34,515,237**	171,446,223
	217,084,293	188,723,859

Analysis by industry

Manufacturing	**164,003,352**	186,179,052
Agriculture	**121,824,064**	63,102,193
Infrastructure	**-**	1,999,625
Mining	**2,184,155**	1,953,234
Commerce	**16,299,578**	17,946,235
Services	**8,750,612**	1,417,526
Others	**6,752,821**	4,350,779
Total gross loans and advances to customers	**319,814,582**	276,948,644
Less: allowance for impairment losses	**(102,730,288)**	(88,224,785)
	217,084,293	188,723,859

15. Investment securities

Fixed deposits are classified as held-to-maturity investments'.

Maturing within 90 days from purchase	**112,205,847**	184,900,437
Maturing over 90 days from purchase	**299,617,490**	102,888,030
	411,823,337	287,788,467

16. Investments (other than securities)

Oasis Capital	**5,000,000**	-

The Company holds a 95% stake in Oasis Agricultural and Industrial Fund Limited.

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

17. Other assets

	2017	2016
Benefits on interest free loans	-	9,416,803
Prepaid staff benefits	-	315,842
Prepayment	2,219,009	1,136,510
Sundry receivables	1,478	9,854
	2,292,487	10,879,009
Current	554,094	2,765,791
Non-current	1,738,39	8,113,218
	2,292,487	10,879,009

18. Intangible assets

Year ended 31 December 2017	
Cost	
At 1 January	**188,099**
Additions	**-**
At 31 December 2017	**188,099**
Amortisation	
At 1 January	**177,939**
Charge for the year	**10,160**
At 31 December 2017	**188,009**
Net book amount	
At 31 December	**-**
Year ended 31 December 2016	
Cost	
At 1 April 2016	161,661
Additions	26,438
At 31 December 2016	188,099
Amortisation	
At 1 January	126,853
Charge for the period	51,086
At 31 December 2016	177,939
Net book amount	
At 31 December	10,160

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

19. Property and equipment

Year ended 31 December 2017	Motor Vehicles	Office Equipment	Furniture and Fittings	Computer and Accessories	Capital work in progress	Total
Cost						
At 1 January 2017	3,015,096	547,628	991,359	1,980,647	180,002,074	**186,536,804**
Additions	-	4,800	40,972	222,616	45,157,677	**45,426,065**
Disposals	(399,000)	-	-	-	-	**(399,000)**
At 31 December	**2,616,096**	**552,428**	**1,032,332**	**2,203,263**	**225,159,751**	**231,563,870**
Accumulated Depreciation						
At 1 April	2,240,228	410,739.61	822,199	1,973,556	-	**5,446,320**
Charge for the year	363,488	97,213	126,873	124,231	-	**711,805**
Disposal	(299,250)	-	-	-	-	**(299,250)**
At 31 December	**2,304,465**	**507,953**	**949,072**	**2,097,797**	-	**5,859,287**
Net book amount						
At 31 December 2017	**1,038,606**	**149,941**	**83,260**	**105,466**	**225,159,751**	**225,704,583**
At 31 December 2016	774,868	144,383	229,972	7,091	103,112,720	104,944,270
Period ended 31 December 2016						
Cost						
At 1 April	2,830,296	535,793	962,620	1,868,938	103,112,720	109,310,368
Additions	184,800	11,836	28,739	111,709	76,889,352	77,226,436
At 31 December	3,015,096	547,628	991,359	1,980,647	180,002,074	186,536,804
Accumulated Depreciation						
At 1 April	1,849,177	330,827	732,649	1,453,539	-	4,366,192
Charge for the year	391,051	79,913	89,550	520,017	-	1,080,531
At 31 December	2,240,228	410,734	822,199	1,973,556	-	5,446,723
Net book amount						
At 31 December 2016	774,868	136,889	169,161	7,091	180,002,072	181,090,081
At 31 March 2016	981,119	205,069	229,972	415,399	103,112,720	104,944,270

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

19. Property and equipment (continued)

Profit on disposal of property and equipment	2017	Period ended 31 December 2016
Cost	**399,000**	-
Accumulated depreciation	**(299,250)**	-
Net book amount	**99,750**	-
Disposal proceeds	**(305,617)**	-
Gains on disposal	**(205,867)**	-

20. Depreciation and amortisation

Depreciation and amortisation is charged to the profit/loss as follows:

Property and equipment (Note 19)	**711,805**	1,080,222
Intangible assets (Note 18)	**10,160**	51,086
	721,965	1,131,308

21. Government funding

At 1 January	**54,452,088**	-
Levies received	**207,942,231**	104,452,088
Transfer to stated capital	-	(50,000,000)
At 31 December	**262,394,319**	54,452,088

In accordance with section 24 of the Ghana Export-Import Bank Act 2016, Act (911) the Bank shall receive an amount of money equivalent to 90% of 0.75% levy on the dutiable value of imports of non-petroleum products.

	2017	2016
At 1 January/1 April	**2,289,836**	2,576,376
Payments during the period	-	286,540
At 31 December	**2,289,836**	2,289,836

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

22. Other liabilities

	2017	Period ended 31 December 2016
Accrued expenses	**1,092,957**	368,258
Other payables	**1,785,128**	117,768
Facility and Management Fees	**1,529,484**	--
Provisions	**2,289,836**	2,289,836
	6,697,405	2,775,862

Other liabilities balances are current.

Provisions are in respect of court judgement relating to legal suits instituted by certain employees.

23. Stated capital

The authorised capital of the Bank is 100,000,000 ordinary shares of no par value. In accordance with section 27(2) of the Ghana Export-Import Bank Act 2016, (Act 911), GHS50,000,000 has been transferred to stated capital pending allotment of the number of shares.

	Proceeds
At 31 December 2017 and at 31 December 2016	**50,000,000**

There was no change in stated capital during the period.

24. General reserve fund

The general reserve fund represents amount set aside in accordance with the Ghana Export –Import Bank Act 2016, (Act 911). The movement is included in the statement of changes in equity and is non-distributable.

25. Credit risk reserve

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

The movement in the Bank's credit risk reserve is as follows:

	Year ended 31 December 2017	Period ended 31 December 2016
Balance as at 1 January	-	-
Movement to income surplus	1,208,357	-
At 31 December 2017	1,208,357	-

NOTES (continued)
(All amounts in the notes are in Ghana cedis unless otherwise stated)

26. Income surplus account

Income surplus represents the earnings retained. The movement in the income surplus account is shown as part of the statement of changes in equity on page 6.

27. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The ultimate controlling party is the Government of Ghana acting through the Ministry of Finance.

(i) *Transactions with related parties*

	2017	Period ended 31 December 2016
Government contribution (levies)	**207,942,231**	104,452,088
Grants to government institutions (capacity building)	**9,237,372**	54,458,337

(ii) *Outstanding balances arising from transactions with related parties*

Government funding	**262,394,319**	54,452,088

Transactions with key management personnel and disclosures

The bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The key management personnel have been identified as the directors of the bank.

Key management compensation

	2017	Period ended 31 December 2016
Directors remuneration	**2,067,531**	355,073

Directors' remuneration includes fees and allowances paid to the board of directors.

28. Contingent liabilities

There were no contingent liabilities as at 31 December 2017 (2016: Nil).

29. Events after reporting period

There were no significant events after the reporting date which could have had a material effect on the state of affairs of the Bank as at 31 December 2017 and on the results for the year then ended which have not been adequately provided for and/or disclosed.