GHANA EXPORT - IMPORT BANK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2018

Ghana Export-Import Bank

Report and financial statements 2018

Contents | **Pages**

Corporate information

For the year ended 31 December 2018

Directors:	Mr. Kwadwo Boateng Genfi	- Chairman
	Hon. Robert Ahomka-Lindsey	- Member
	Nana Appiagyei Dankawoso I	- Member
	Rev. Peter Kwame Abebrese	- Member
	Madam Catherine Quaidoo	- Member
	Mr. Lawrence Agyinsam	- Member/CEO
	Mr. Ernest Akore	- Member (Appointed 21 November 2018)
	Mrs Elsie Addo Awadzi	- Member (Appointed 21 November 2018)
	Ms.Afua Asabea Asare	- Member (Appointed 21 November 2018)
	Nana Adjei Mensah	- Member (Resigned 25 July 2018)
	Gifty Kekeli Klenam	- Member (Resigned 5 June 2018)
	Dr. Johnson P. Asiama	- Member (Resigned 2 January 2018)
Board committees		
Credit, Risk and Investment Committee:	Nana Appiagyei Dankawoso I	- Chairman
	Mr. Kwadwo Boateng Genfi	- Member
	Hon. Robert Ahomka-Lindsey	- Member
	Rev. Peter Kwame Abebrese	- Member
	Madam Catherine Quaidoo	- Member
	Mr. Lawrence Agyinsam	- Member
	Mr. Ernest Akore	- Member
	Mrs Elsie Addo Awadzi	- Member
	Emma Mullen-Esien	- Secretary
Audit committee:	Mr. Felix Haizel	- Chairman
	Mr. Ransford Agyei	- Member
	Ms. Jessie Addico	- Member
	Mr. Ernest Akore	- Member
	Ms.Afua Asabea Asare	- Member
	Emma Mullen-Esien	- Secretary
HR, IT and Administration Committee	Madam Catherine Quaidoo	- Chairman
	Mr. Kwadwo Boateng Genfi	- Member
	Hon. Robert Ahomka -Lindsay	- Member
	Nana Appiagyei Dankawaso I	- Member
	Rev. Peter Kwame Abebrese	- Member
	Mr. Lawrence Agyinsam	- Member
	Mrs Elsie Addo Awadzi	- Member
	Emma Mullen-Esien	- Secretary
Strategy & Governance Committee	Hon. Ahomka -Lindsay	- Chairman
	Mr. Kwadwo Boateng Genfi	- Member
	Nana Appiagyei Dankawaso I	- Member
	Mr. Lawrence Agyinsam	- Member
	Mr. Ernest Akore	- Member
	Mrs Elsie Addo Awadzi	- Member
	Ms.Afua Asabea Asare	- Member
	Emma Mullen-Esien	- Secretary
Company secretary:	Emma Mullen-Esien P.O. Box MB 493 Accra - Ghana	
Registered office:	4th - 8th Floor, Africa Trade House. P.O. Box MB 493 Accra - Ghana	
Auditors:	Ghana Audit Service Accra - Ghana	
Bankers:	Bank of Ghana Ecobank Ghana Limited Fidelity Bank Limited First Atlantic Bank Limited Prudential Bank Limited	

Ghana Export-Import Bank

Report of the directors

Principal activities

The principal activities carried out by the Bank during the year under review are within the limits permitted by its regulations which continued to be the support and development, directly or indirectly trade between Ghana and other countries and build Ghana's capacity and competitiveness in the international market place.

Operational results - 2018

The results of operations for the year ended 31 December 2018 are set out in the income statement and balance sheet and the notes to the financial statements from pages 7 to 44.

Activities

Operational Results	2018 GH¢	2017 GH¢
Profit before taxation	1,133,308	5,073,760
Income tax expenses	-	-
National Fiscal Stabilisation Levy	-	-
Deferred tax	-	-
Profit after tax for the year	1,133,308	5,073,760
Other Comprehensive (loss)/income	-	-
	1,133,308	5,073,760

The bank made a profit after tax of GH¢1,133,308 relative to a profit position of GH¢5,073,761 in 2017. The total assets of the bank increased to GH¢1,108,727,499 in 2018 from GH¢ 911,933,436 in 2017, an increase of about 21.6% as at December 31, 2018.

Dividend

The directors do not recommend the payment of dividends.

Auditors

Ghana Audit Service continue in office as the bank's external auditors in accordance with Section 32 (2) of the Ghana Export-Import Bank Act, 2016 (Act 911).

Directors

The present list of members of the board is shown on page 2.

On behalf of the board

Lawrence Agyinsam
Chief Executive Officer

Kwadwo Boateng Genfi
Board Chairman

Statement of directors' responsibilities

For the year ended 31 December 2018

The Ghana Export-Import Bank Act, 2016 (Act 911) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the bank as at the end of the financial year and of the operating results of the bank for that year.

It also requires the directors to ensure that the bank keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the bank. They are also responsible for safeguarding the assets of the bank.

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 accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ghana Export-Import Bank Act, 2016 (Act 911). The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the bank and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.

Independent auditors report

To the members of Ghana Export-Import Bank

We have audited the accompanying financial statements of Ghana Export-Import Bank on pages 7 to 44 which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income, statement of changes in equity and statement of cashflow for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Directors' responsibility 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

Auditors' responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that 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.

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

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 2018.
The financial statements on pages 7 to 44 comprise:

- the statement of financial position as at 31 December 2018;
- 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.

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
Accra, Ghana
13/03/2020

Ghana Export-Import Bank
Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 GH¢	2017 GH¢
Interest income	8	**61,269,563**	59,404,178
Interest expense	9	**-**	-
Net interest income		**61,269,563**	59,404,178
Fees and commission income	10a	**2,433,067**	40,122
Fees and commissions expenses	10b	**-**	-
Net fees and commission income		**2,433,067**	40,122
Net trading Income	11	**-**	-
Net income from other financial instruments carried at fair value	12	**-**	-
Other operating income	13	**2,000**	205,867
Total Operating Income		**63,704,630**	59,650,167
Impairment Charges on loans and advances	19 c	**(1,888,110)**	(14,505,503)
Personnel expenses	14	**(41,852,629)**	(21,682,140)
Depreciation and amortisation	15	**(889,247)**	(721,965)
Other expenses	16	**(17,941,336)**	(17,666,799)
Profit/(loss) before taxation		**1,133,308**	5,073,760
Income tax expenses		**-**	-
Profit for the year		**1,133,308**	5,073,760
Net Gain /(loss) on available for sale investments net of tax		**-**	-
Total Comprehensive Income for the year, net of tax		**1,133,308**	5,073,760

Ghana Export-Import Bank
Statement of Financial Position

As at 31 December 2018

	Note	2018 GHc	2017 GHc
Assets			
Cash and balances with Bank of Ghana	18a	13,736,772	27,791,597
Investment securities (Money Market)	18b	170,516,491	423,999,989
Loans and advances to customers (net)	19 (a)	551,624,956	217,084,293
Investments (Other than Money Market)		10,000,000	5,000,000
Intangible Assets		-	-
Other assets	21	78,155,402	12,352,974
Property, plant and equipment	20	284,693,878	225,704,583
Total Assets		1,108,727,499	911,933,436
Liabilities			
Held for Government	22	435,934,034	262,394,319
Account payable and other liabilities	23	28,818,445	6,697,405
Total liabilities		464,752,480	269,091,724
Capital resources			
Stated capital	24	50,000,000	50,000,000
Retained earnings		582,050,529	589,096,475
Credit risk reserve	25	8,820,957	1,208,357
Statutory reserve	26	3,103,534	2,536,880
Shareholders' funds		643,975,020	642,841,712
Total liabilities and shareholders funds		1,108,727,500	911,933,436

The financial statements on pages 7 to 44 were approved by the board of directors on........ and were signed on its behalf by:

Lawrence Agyinsam
Chief Executive Officer

Kwadwo Boateng Genfi
Board Chairman

Ghana Export-Import Bank

Statement of changes in equity

For the year ended 31 December 2018

	Stated capital GH¢	Deposit For Shares GH¢	Income surplus GH¢	Credit risk Reserve GH¢	Statutory reserve GH¢	Available for sale reserve GH¢	**Total GH¢**
At 1 January 2017	50,000,000	-	587,767,952	-	-	-	637,767,952
Profit for the year			5,073,760			-	5,073,760
Other comprehensive income						-	-
Total comprehensive income	-	-	5,073,760	-	-	-	5,073,760
Transfer to credit reserve			(1,208,357)	1,208,357			-
Transfer to Statutory Reserve			(2,536,880)		2,536,880		-
At 31 December 2017	50,000,000	-	589,096,475	1,208,357	2,536,880	-	642,841,712

	Stated capital GH¢	Deposit For Shares GH¢	Income surplus GH¢	Credit risk Reserve GH¢	Statutory reserve GH¢	Available for sale reserve GH¢	**Total GH¢**
At 1 January 2018	50,000,000	-	589,096,475	1,208,357	2,536,880	-	642,841,712
Profit for the year			1,133,308			-	1,133,308
Other comprehensive income						-	-
IFRS 9 adjustment						-	-
Total comprehensive income	-	-	1,133,308	-	-	-	1,133,308
Transfer to credit reserve			(7,612,600)	7,612,600			-
Transfer to Statutory Reserve			(566,654)		566,654		-
Tax adjustment							-
At 31 December 2018	50,000,000	-	582,050,529	8,820,957	3,103,534	-	643,975,020

Ghana Export-Import Bank
Statement of cash flow
For the year ended 31 December 2018

	Note	2018 GH¢	2017 GH¢
Cash flows from operating activities			
Profit before taxation		**1,133,308**	5,073,760
Adjustments for:			
Depreciation and amortisation	**15**	**889,247**	721,965
Exchange gain on cash and cash equivalents		**-**	-
Gain on disposal of property and equipment	**13**	**(2,000)**	(205,867)
Loss on disposal of investment property	**20d**	**-**	-
Profit before working capital changes		**2,020,555**	**5,589,858**
Change in Loans and advances to customers	**19**	**(334,540,664)**	(28,360,434)
Change in other assets	**21**	**(65,802,428)**	1,718,899
Changes in Held for government	**22**	**173,539,715**	207,942,231
Change in other liabilities and provisions	**23**	**22,121,041**	1,034,709
		(202,661,781)	**187,925,263**
Income tax paid		**-**	-
Net cash used/generated from operating activities		**-**	-
		(202,661,781)	**187,925,263**
Cash flows from investing activities			
Purchase of investment securities		**(5,000,000)**	(5,000,000)
Proceeds from sale of investment securities		**-**	-
Purchase of property and equipment	**20**	**(59,878,542)**	(45,426,066)
Proceeds from the sale of property and equipment	**20**	**2,000**	-
Proceeds from investment property		**-**	-
Purchase of intangible assets	**20**	**-**	-
Net cash used in investing activities		**(64,876,542)**	(50,426,066)
Net cash from financing activities		**-**	-
Net increase / (decrease) in cash and cash equivalents	**18**	**(267,538,323)**	137,499,197
Cash and cash equivalents at 1 January	**18**	**451,791,587**	314,292,390
Effect of exchange rate fluctuations on cash held		**-**	-
		184,253,264	451,791,587

Operational cash flow from interest

	GH¢	GH¢
Interest received	**66,388,163**	**62,266,796**
Interest paid	**-**	-

Cash and cash equivalents at 31 December

Notes to the financial statements

For the year ended 31 December 2018

1. Reporting entity

Ghana Export-Import Bank is a financial institution incorporated in Ghana. The registered office of Ghana Export-Import Bank is located at Africa Trade House, Ambassadorial Enclave, Liberia Road, Accra, Ghana. Ghana Export-Import Bank operates under the The Ghana Export Import Bank Act, 2016 (Act 911).

2. Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

b. Basis of measurement

The financial statements are presented in Ghana cedis which is Ghana Export-Import Bank's functional currency. They are prepared on the historical cost basis except for the following assets and liabilities that are stated at their fair value: financial instruments that are fair valued through profit and loss and financial instruments classified as available-for-sale.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimating uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note three (3).

d. Segment reporting.

The Bank has elected not to provide segmental information in the financial statements.

3. Significant accounting policies

Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated as fair value through profit and loss, are recognized within interest income and interest expense in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Interest income includes interest on loans and advances and placements with other banks, and is recognised in the period in which it is earned.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

Fees and commissions

Fees and commission income and expenses that are integral part to 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.

Unquoted investments

Unquoted investments are stated at cost less impairment loss where applicable.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

Property and equipment

Property and equipment are stated at cost or as professionally revalued from time to time less accumulated depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of an asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves.

The bank's policy is to professionally revalue property at least once every five years.

Depreciation

Freehold land is not depreciated as it is deemed to have an indefinite life.

Depreciation on other property and equipment is calculated to write off their cost or valuation in equal annual installments over their estimated useful lives. The annual rates in use are:

Buildings on long leasehold	2%
Buildings on short leasehold land	Over the unexpired period of the lease
Computers	33.33%
Motor vehicles	25%
Equipment, furniture and fittings	25%

Short leasehold land refers to leases whose lease period does not exceed 50 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Leasehold land

Payments to acquire leasehold interest in land are treated as operating lease prepayments and amortised over the period of the lease.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

Computer software development costs

Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that are clearly associated with an identifiable and unique product which will be controlled by the bank and has a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original costs of the software.

Computer software development costs recognised as assets are stated at cost less amortisation.

Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

Taxation

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.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Ghana Cedis at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are dealt with in the income statement.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Credit risk reserve

IFRS 9 requires the bank to recognise an impairment loss when there is objective evidence that loans and advances are impaired. However, the Bank of Ghana (BoG) prudential guidelines recommend the setting aside of amounts for impairment losses on loans and advances in addition to those losses that have been recognised under IFRS 9. Any such amounts set aside represent appropriations of retained earnings and not expenses in determining profit or loss. These amounts are dealt with in the statutory credit risk reserve. The provision for this additional impairment amounts is to be made only when impairment amounts provided under IFRS rules is lower than the figure to be provided under BoG Prudential Guidelines.

Statutory reserve

This is an accumulation of transfers from profit for the year in accordance with section 28 (2) of the Ghana Export-Import Bank Act, 2016. Act 911.

Retirement benefit costs

The bank operates both a defined contribution and defined retirement benefit scheme for its employees. The assets of these schemes are held in separate trustee administered funds. The schemes are funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

The bank also contributes to the statutory Social Security & National Insurance Trust (SSNIT). This is a defined contribution scheme registered under the National Social Security Act. The bank’s obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. The bank’s obligations to staff retirement benefit schemes are charged to the income statement in the year to which they relate.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

Provision for employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

Financial instruments

A financial asset or liability is recognised when the bank becomes party to the contractual provisions of the instrument.

Financial assets

The bank classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans, advances and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through income statement at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading.

Loans, advances and receivables

Loans, advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and advances are recognized when cash is advanced to borrowers. They are categorized as originated loans and carried at amortised cost.

Financial instruments

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available for sale.

Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through income statement, (b) loans, advances and receivables, or (c) financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the bank's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

Impairment and uncollectability of financial assets

At each balance sheet date, all financial assets are subject to review for impairment.

If it is probable that the bank will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss incurred is included in income statement for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in the income statement for the period even though the financial asset has not been derecognised.

The bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific 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. Assets that are not individually significant are then collectively assessed for impairment together with financial assets with similar risk characteristics.

Objective evidence that financial assets are impaired can include observable data that comes to the attention of the bank about the following loss events:

- Significant financial difficulty of the borrower
- 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.

a. Assets carried at amortised cost

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 income statement 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.

b. Assets carried at fair value

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to income statement. When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through income statement.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

c. Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms has been renegotiated are initially put on a watch list for a minimum of six (6) months. Subject to the performance of the facility, it may be reclasified as a performing facility.

Financial liabilities

Debt and equity instruments are classified, as either financial liabilities or as equity in accordance with the substance of the contractual agreement.

After initial recognition, the bank measures all financial liabilities including customer deposits and borrowings other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Repurchase agreement transactions

Securities purchased from the Bank of Ghana under agreements to resell (reverse repos), are disclosed as balances with the Central Bank of Ghana as they are held to maturity after which they are repurchased and are not negotiable/discounted during the tenure. The difference between the sale and repurchase price is treated as interest and accrued over the life of the repurchase agreement using the effective yield method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Bank as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Bank’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease terms.

The Bank as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Contingent liabilities

Letters of credit, acceptances, guarantees and performance bonds are generally written by the bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer’s default. These obligations are accounted for as off balance sheet transactions and disclosed as contingent liabilities.

Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the bank acts in a fiduciary capacity such as nominee, trustee or agent.

Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the dates of the advances.

Notes to the financial statements

For the year ended 31 December 2018

3 Significant accounting policies - (continued)

Dividends

Dividends are charged to equity in the period in which they are declared. Proposed dividends are not accrued until they have been approved at the Annual General Meeting.

Segmental reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

4 Risk management

Introduction and overview

Taking risk is core in the business of banking. In the performing of its statutory duties, the bank analyses, evaluates and assumes positions of calculated risks. The degree of risk taken on by the bank is meant to be within what it can comfortably manage. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The most important types of risk faced by the bank include:

- Credit Risk
- Liquidity Risk
- Market Risk(i.e. risk related to currency trading, interest rate and other price risk)
- Operational Risk
- Compliance Risk

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 Credit, Risk and Investment Committee for the management of risk in the bank. The arm of the committee within management is the Risk Management Department which assists it in the discharge of this responsibility. 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.

Through the compliance function, the bank ensures it complies with all regulatory guidelines in the pursuit of profitable banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Being an inherent feature in the business of the Bank, various mitigating measures are put in place to better manage risk.

All risk management policies are formulated at the board level through the Board Committee on Credit, Risk and Investment. 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 Credit, Risk and Investment Committee is responsible among other things for authorising the scope of the risk management function and renewing and assessing the integrity of the risk control systems, ensuring that the risk policies and strategies are effectively managed.

i) Credit Risk

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

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

Management of Credit Risk:

The Board Credit, Risk and Investment Committee manage the risk of the bank with the assistance of the various management risk committees.

The Board Credit, Risk and Investment Committee fundamentally:

- Sets out the nature, role, responsibility and authority of the risk management function within the group and outlines the scope of the risk management function.
- Reviews and assesses the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed.
- Provides an independent and objective oversight and reviews the information presented by Management and the Audit Committee to the Board on financial, business and strategic risk issues.
- Adopts the principles of governance and codes of best practice.
- Reviews the decisions of the Management Credit Approval Committee and Asset-Liability Management Committee (ALCO) on a quarterly basis.
- Assists the board to determine the maximum mandate levels for the various credit sanctioning bodies.

The purpose of the Board Credit, Risk and Investment Committee is to:

- Oversee the credit risk function of the Bank to ensure a healthy credit portfolio
- Ensure that the bank exercise due care in the use of credit authority
- Approve/decline credit applications above limit of the Management
- Set and determine the Group's credit policy and general risk climate of the Bank
- Review on quarterly basis the monitoring of policy compliance, compliance of portfolio against standards and recommend for appropriate remedial action to be taken
- Ensure key triggers are kept under review and stress tests on the portfolio conducted whenever significant changes occur or are anticipated
- Agree portfolio targets, industry and credit grading concentrations
- Determine, in tandem with ALCO, market and product pricing based on risk adjusted return
- Ensure compliance with regulatory requirements in credit delivery

Ageing analysis of past due but not impaired gross financial instruments

	Up to 90-days	**Up to 180-days**	**Total**
As at December 2018	14,348,994	-	14,348,994
As at December 2017	4,374,248	-	4,374,248

i) Credit risk (continued)

	2018	2017
On-balance sheet items	**GH¢**	GH¢
a) Government securities	**-**	-
b) Deposits Due From financial Institutions:		
− Local	**170,459,337**	423,999,989
− Foreign	**57,154**	-
	170,516,491	423,999,989

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

c) Loans and advances to customers:

Individuals:		
− Overdraft	**-**	-
− Term loan	**6,495,761**	1,895,131
	6,495,761	1,895,131
Corporate entities:		
− Overdraft	**-**	-
− Term loan	**649,747,593**	317,919,450
	649,747,593	317,919,450
Gross loans and advances (including suspended interest)	**656,243,354**	319,814,581

d) Other assets:

− Interest receivables	**588,657**	**-**
− Others	**-**	-
	588,657	-
Off- balance sheet items		
Letters of credit	**-**	-
Letters of guarantee	**-**	-
	-	-

i) Credit risk (continued)

The bank does not perceive any significant credit risk on the following financial assets:

- Balances with Central Bank of Ghana.
- Off balance sheet items

Classification of loans and advances

The table below represents the maximum credit risk exposure to the bank at 31 December 2018, and after taking into account provision for impairment.

2018

Loans and advances to customers	**Gross amounts GH¢**	**Impairment allowances GH¢**	**Net amounts GH¢**	**%**
Past due and impaired	106,652,033	100,371,796	6,280,236	16.3%
Past due but not impaired	14,348,994	717,450	13,631,544	2.2%
Neither past due nor impaired	535,242,328	3,529,152	531,713,176	81.6%
	656,243,355	104,618,398	551,624,956	100.0%

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

2017

Loans and advances to customers	Gross amounts GH¢	Impairment allowances GH¢	Net amounts GH¢	%
Past due and impaired	131,027,145	99,281,658	31,745,487	41.0%
Past due but not impaired	4,374,248	21,712	4,352,537	1.4%
Neither past due nor impaired	184,413,188	3,426,918	180,986,270	57.7%
	319,814,582	102,730,288	217,084,294	100.0%

Neither past due nor impaired

Details	**2018 GH¢**	2017 GH¢
Strong	**-**	-
Good	**535,242,328**	184,413,188
Satisfactory	**-**	-
	535,242,328	**184,413,188**

Collateral held

The bank holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over Interbank placements, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2018.

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

Loans and advances to customers	**2018 GH¢**	**2017** GH¢
Against individually impaired	-	-
Against past due but not impaired	-	-
Against neither past due nor impaired	-	-
Total	**-**	-

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

Concentrations of risk

(a) Advances to customers- gross

	2018		2017	
	GH¢	%	GH¢	%
Agriculture	**247,450,195**	37.71%	121,824,064	38.09%
Manufacturing	**368,755,389**	56.19%	164,003,352	51.28%
Commerce & Finance	**17,613,646**	2.68%	16,299,578	5.10%
Transport & communications	**-**	0.00%	-	0.00%
Mining and quarrying	**1,480,367**	0.23%	2,184,155	0.68%
Building & construction	**1,907,261**	0.29%	-	0.00%
Services	**11,948,913**	1.82%	8,750,612	2.74%
Electricity, Water & Gas	**-**	0.00%	-	0.00%
Others	**7,087,583**	1.08%	6,752,821	2.11%
	656,243,355	**100%**	319,814,582	100%

(b) Off balance sheet items (letters of credit and guarantees)

	2018		2017	
	GH¢	%	GH¢	%
Agriculture	**-**	**0.0%**	-	0.0%
Manufacturing	**-**	**0.0%**	-	0.0%
Commerce & Finance	**-**	**0.0%**	-	0.0%
Transport & communications	**-**	**0.0%**	-	0.0%
Mining and quarrying	**-**	**0.0%**	-	0.0%
Building & construction	**-**	**0.0%**	-	0.0%
Services	**-**	**0.0%**	-	0.0%
Electricity, Water & Gas	**-**	**0.0%**	-	0.0%
Others	**-**	**0.0%**	-	0.0%
	-	**0.0%**	-	0.0%

Settlement risk

The bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the bank mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the bank's risk function.

Notes to the financial statements

For the year ended 31 December 2018 - (continued)

4 Risk management - (continued)

ii. Liquidity risk

Liquidity risk is the risk that the bank will encounter difficulty in meeting obligations from its financial assets.

Management of liquidity risk

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

Treasury department maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole.

i) Liquidity risk (continued)

Exposure to liquidity risk

The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to total liabilities. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any debt securities and liabilities, other borrowings and commitments maturing within the next month.

Residual contractual maturities of financial liabilities

The table below presents the cash flows payable by the bank under non-derivative financial liabilities by the remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cashflows, whereas the bank manages the inherent liquidity risk based on expected undiscounted inflows.

4 Risk management - (continued)

ii) Liquidity risk (continued)

Dec-18	Carrying amount GH¢	Up to 1 month GH¢	1-3 months GH¢	3-12 months GH¢	1-5 years GH¢	Over 5years GH¢	Total GH¢
Financial liabilities							
Government funding	**435,934,034**	-	-	-	435,934,034	-	**435,934,034**
Other liabilities	**28,818,445**	176,796	7,009,319	10,517,796	11,114,535	-	**28,818,446**
Total financial liabilities	**464,752,480**	**176,796**	**7,009,319**	**10,517,796**	**447,048,569**	**-**	**464,752,479**
Financial assets							
Cash and cash equivalents	**13,736,772**	13,736,772	-	-	-	-	**13,736,772**
Deposits and balances due from banking institutions	**170,516,491**	41,741,772	74,559,236	19,223,599	24,991,884	10,000,000	**170,516,491**
Non pledge trading assets	**-**	-	-	-	-	-	**-**
Loans and advances to customers (net)	**551,624,956**	2,963,557	5,927,114	23,403,452	519,330,834	-	**551,624,956**
Investment securities	**10,000,000**	-	-	-	-	10,000,000	**10,000,000**
Other assets	**78,155,402**	-	59,083,460	19,071,941	-	-	**78,155,402**
Total financial assets	**824,033,621**	**58,442,101**	**139,569,810**	**61,698,993**	**544,322,718**	**20,000,000**	**824,033,622**
NET LIQUIDITY GAP	**359,281,142**	**58,265,305**	**132,560,491**	**51,181,197**	**97,274,149**	**20,000,000**	**359,281,142**
As at 31 December 2018							
Total financial Liabilities	**464,752,480**	176,796	7,009,319	10,517,796	447,048,569	-	**464,752,479**
Total financial Assets	**824,033,621**	58,442,101	139,569,810	61,698,993	544,322,718	20,000,000	**824,033,622**
NET LIQUIDITY GAP	**359,281,142**	**58,265,305**	**132,560,491**	**51,181,197**	**97,274,149**	**20,000,000**	**359,281,142**
Off Balance Sheet							
Financial guarantee contract	**-**	-	-	-	-	-	**-**

The bank's cashflow however vary significantly from this analysis. For example, government funding is maintained for longer periods than the contractual maturity dates hence the deposit base is considered to be of a stable and long term nature.

4 Risk management - (continued)
ii) Liquidity risk (continued)

Dec-17	Carrying amount GH¢	Up to 1 month GH¢	1-3 months GH¢	3-12 months GH¢	1-5 years GH¢	Over 5years	Total GH¢
Financial liabilities							
Government funding	262,394,319	-	-	-	262,394,319	-	262,394,319
Other liabilities	6,697,405	1,117,393	948,436	2,673,083	1,958,493	-	6,697,405
Total financial liabilities	269,091,724	1,117,393	948,436	2,673,083	264,352,812		269,091,724
Financial assets							
Cash and cash equivalents	27,791,597	27,791,597	-	-	-	-	27,791,597
Deposits and balances due from banking institutions	423,999,989	76,156,829	114,445,451	228,397,709	-	5,000,000	423,999,990
Non pledge trading assets	-	-	-	-	-	-	-
Loans and advances to customers (net)	217,084,293	5,315,026	7,593,305	38,556,659	165,619,303	-	217,084,293
Investment securities	5,000,000	-	-	-	-	5,000,000	5,000,000
Other assets	12,352,974	-	-	12,352,974	-	-	12,352,974
Total financial assets	686,228,853	109,263,452	122,038,757	279,307,342	165,619,303	10,000,000	686,228,853
NET LIQUIDITY GAP	417,137,130	108,146,059	121,090,321	276,634,258	(98,733,509)	10,000,000	417,137,130
Off Balance Sheet							
Financial guarantee contract	-	-	-	-	-	-	-

The bank's cashflow however vary significantly from this analysis. For example, government funding are maintained for longer periods than the contractual maturity dates hence the deposit base is considered to be of a stable and long term nature.

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

ii. Liquidity risk (continued)

The previous table shows the undiscounted cash flows on the bank's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The bank's expected cash flows on these instruments vary significantly from this analysis. For example, unrecognised loan commitments are not all expected to be drawn down immediately. The gross nominal inflow/(outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment.

iii. Market risks

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

Management of market risks

Overall responsibility for management of market risk rests with Assets and Liabilities Committee (ALCO). The risk department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

a) Interest rate risk

The bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the bank's exposure to changes in interest rates and liquidity.

Interest rates on advances to customers and other risk assets are pegged to the bank's base lending rate. The base rate is adjusted from time to time to reflect the cost of funds.

The Assets and Liability Committee closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank.

The interest rate risks sensitivity analysis is based on the following assumptions.

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments
- Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognized at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modeling is applied to net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
- The projections make other assumptions including that all positions run to maturity.

4 Risk management - (continued)

a) Interest rate risk

Dec-18	Less than 1 month	1 month less than 3 months	3 months less than 6 months	6 months less than 1 year	1 year less than 5 years	Over 5 years	Non interest bearing	Total
Financial assets								-
Cash and cash equivalents	-	-	-	-	-	-	13,736,772	**13,736,772**
Investment in Securities	20,219,647	74,559,236	19,223,599	35,063,503	-	-	21,450,506	**170,516,491**
Non - pleged assets held for trading	-	-	-	-	-	-	-	-
Loans and advances to customers (net)	1,674,610	3,349,221	4,556,894	7,246,041	472,827,498	-	61,970,691	**551,624,956**
Other assets (excluding non-financial assets)	-	-	-	-	-	-	78,155,402	**78,155,402**
Total financial assets	**21,894,257**	**77,908,457**	**23,780,493**	**42,309,544**	**472,827,498**	**-**	**175,313,371**	**814,033,621**
Financial liabilities								
Government funding	-	-	-	-	-	-	435,934,034	**435,934,034**
Other liabilities (excluding non-financial liabilit	-	-	-	-	-	-	28,818,445	**28,818,445**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**464,752,480**	**464,752,480**
Interest rate sensitivity Gap	**21,894,257**	**77,908,457**	**23,780,493**	**42,309,544**	**472,827,498**	**-**	**(289,439,108)**	**349,281,142**

Interest Rate Sensitivity Analysis	**GH¢**		**Impact on Profit or Loss Increase/(decrease) in rates**	**Impact on Equity Increase/(decrease) in rates**
Rate Sensitive Assets	638,720,250	Increase in	31,936,013	31,936,013
Rate Sensitive Liabilities	-	500 basis point	-	-
			31,936,013	31,936,013
Rate Sensitive Assets	638,720,250	Decrease in	(31,936,013)	(31,936,013)
Rate Sensitive Liabilities	-	500 basis point	-	-
			(31,936,013)	(31,936,013)

4 Risk management - (continued)

a) Interest rate risk

Dec-17	Less than 1 month	1 month less than 3 months	3 months less than 6 months	6 months less than 1 year	1 year less than 5 years	Over 5 years	Non interest bearing	Total
Financial assets								-
Cash and cash equivalents	-	-	-	-	-	-	27,791,597	**27,791,597**
Investment in Securities	53,919,689	114,445,451	156,813,507	76,584,202	-	-	22,237,140	**423,999,989**
Non - pleged assets held for trading	-	-	-	-	-	-	-	-
Loans and advances to customers (net)	4,200,938	5,015,413	11,641,801	19,769,205	116,316,643	-	60,140,293	**217,084,293**
Other assets (excluding non-financial assets)	-	-	-	-	-	-	12,352,974	**12,352,974**
Total financial assets	**58,120,627**	**119,460,864**	**168,455,308**	**96,353,407**	**116,316,643**	**-**	**122,522,004**	**681,228,853**
Financial liabilities								
Government funding	-	-	-	-	-	-	262,394,319	**262,394,319**
Other liabilities (excluding non-financial liabilit	-	-	-	-	-	-	6,697,405	**6,697,405**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**269,091,724**	**269,091,724**
Interest rate sensitivity Gap	**58,120,627**	**119,460,864**	**168,455,308**	**96,353,407**	**116,316,643**	**-**	**(146,569,719)**	**412,137,130**

Interest Rate Sensitivity Analysis

	GH¢		Impact on Profit or Loss Increase/(decrease) in rates	Impact on Equity Increase/(decrease) in rates
Rate Sensitive Assets	558,706,849	Increase in	27,935,342	27,935,342
Rate Sensitive Liabilities	-	500 basis point	-	-
			27,935,342	27,935,342
Rate Sensitive Assets	558,706,849	Decrease in	(27,935,342)	(27,935,342)
Rate Sensitive Liabilities	-	500 basis point	-	-
			(27,935,342)	(27,935,342)

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

b. Foreign exchange risk

The bank maintains trade with correspondent banks. The bank is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The bank's currency position and exposure are managed within the exposure guideline recommended by the Bank of Ghana. This position is reviewed on a daily basis by the management.

The exchange rates used for translating the major foreign currency balances at the year end were as follows:

	2018	2017
	GH¢	GH¢
US Dollar	4.8200	4.4157
GB Pound	6.1711	5.9669
EURO	5.5131	5.2963
NGN	0.0064	0.0069

b) Foreign exchange risk - (continued)

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

The Foreign exchange risks sensitivity analysis is based on the following assumptions:

- Foreign exchange exposures represent net currency positions of all currencies other than Ghana Cedis (GH¢).
- The currency risk sensitivity analysis is based on the assumption that all net currency positions are highly effective.
- The base currency in which the bank's business is transacted is Ghana Cedis (GH¢).

iv) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the bank's operations and are faced by all business entities.

Operational risks relate to the risk that the Bank's operations may be halted temporarily or permanently by inadequate internal and/or systems controls, allowing for people to take advantage to commit fraud.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the bank's standards is supported by a programme of continuous reviews by the bank's risk management function and periodic reviews by the Internal audit Department. The reports on these reviews are discussed at the Management Risk and Compliance Committee with issues being escalated to the Board Credit, Risk and Investment Committee when necessary.

Notes to the financial statements

For the year ended 31 December 2018

4 Risk management - (continued)

v) Compliance Risk

Compliance risk, sometimes also referred to as integrity risk because a bank's reputation is closely connected with its adherence to principles of integrity and fair dealing, is defined as the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice (together, "laws, rules and standards").

As part of its efforts to address supervisory issues and enhance sound practices in the bank, the board, through its Credit, Risk and Investment committee and the Compliance function of the bank manages compliance related risk of the bank.

Compliance with laws, rules and standards helps to maintain the bank's reputation with, and thus meet the expectations of, its customers, the markets and society as a whole. Although compliance with laws, rules and standards has always been important, compliance risk management has become more formalised within the past few years and has emerged as a distinct risk management discipline.

Management of Compliance Risk:

The Board, through its Sub-Committee on Credit, Risk and Investment , oversees the compliance functions of the bank. The Compliance function of the bank, on monthly basis, updates the management on critical compliance issues within the period pertaining to statutory regulations and Ghana Export-Import Bank policies. Management of issues related to anti-money laundering is of core importance to management . The issues are aggregated and reported to the Board Credit, Risk and Investment Committee on a quarterly basis.

The Compliance function has standard procedural and policy checklist for every department of the bank. These check list ensures compliance on all regulatory and statutory issues. The complaince function has also instituted system to ensure that proper Know-Your-Customer (i.e. KYC) and Customer Due Diligence (i.e. CDD) procedures are followed in line with Bank of Ghana and Financial Intelligence Centre (i.e. FIC) recommendations. This is achieved through a developed culture of respecting the standard account opening procedure religiously and a system that fosters a continuous update of our customer data base.

Notes to the financial statements

For the year ended 31 December 2018

5. Capital management

Regulatory capital

The Ghana Export-Import Bank Act 2016, Act 911 sets and capital requirements for the bank.
The bank's objectives when managing capital are:

- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders.
- To maintain a strong capital base to support the current and future development needs of the business.
- To comply with the capital requirements as stipulated in Act 911.

Capital adequacy and use of regulatory capital are monitored by management employing techniques based on the guidelines developed by the Bank of Ghana. The required information is compiled by managment on a monthly basis and presented to the board on quarterly basis.

The Ghana Export-Import Bank Act 2016, Act 911 requires the bank to:

a) Hold the minimum level of stated capital of GH¢50 million.

The bank’s regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings, after deductions for intangible assets (excluding computer software), investments in equity instruments of other institutions and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes Capitalised Revaluations Reserves; Latent Revaluation Reserves; Undisclosed Reserves; Revaluation Reserves; Sub-ordinated Loans and Hybrid Capital subject to a limit of 100% of Tier 1 Capital.

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

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by the board's Credit, Risk and Investment committee, Risk management or ALCO as appropriate.

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

Notes to the financial statements

For the year ended 31 December 2018

5. Capital management - (continued)

6 Critical accounting estimates and judgements in applying the bank's accounting policies

In the process of applying the bank's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. These are dealt with below:

a **Impairment losses on loans and advances**

The bank reviews its loan portfolios to assess impairment regularly. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cashflows from a portfolio of loans, before a decrease can be identified with an individual loan in 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.

b **Impairment losses on loans and advances**

Management uses 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 its 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.

c **Held -to-maturity investments**

The bank follows the guidance of IFRS 9 on classifying 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 fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment.

7 Going concern

As at 31 December 2018, the bank recorded an operational cost of of GH¢60,838,412 an increase of 51.8% on the 2017 figure of GH¢ 40,070,904 figure. In spite of the Import levies received from government, management will like to achieve a situation where operational cost is funded solely from incomes generated and have put in place plans to achieve this by 2022.

The Directors have put in place enhanced measures to avoid and or mitigate risk that may lead to an erosion of the Bank's equity.

Notes to the financial statements

For the year ended 31 December 2018

		2018	2017
8	**Interest income**	**GH¢**	GH¢
	Placements	**36,162,100**	55,503,583
	Loans and advances	**25,107,463**	3,900,595
		61,269,563	59,404,178

9	**Interest expense**	**2018**	2017
	(b) On borrowed funds:		
	Inter-Bank Borrowing	**-**	-
	Borrowings	**-**	-
		-	-
		-	-

10	**Net fees and commission income**	**2018**	2017
	(a) Income	**GH¢**	GH¢
	Facility Fees	**979,430**	26,748
	Management Fees	**1,424,617**	13,374
	Other fees and commission income	**29,020**	-
		2,433,067	40,122
	(b) Expenses		
	Fees and commissions expenses	**-**	-
		2,433,067	40,122

		2018	2017
11	**Net trading income**	**GH¢**	GH¢
	Foreign exchange dealings	**-**	-
	Gains on financial assets held for trading	**-**	-
		-	-

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange dealings.

		2018	2017
12	**Net income income from other financial assets carried at fair value**	**GH¢**	GH¢
	Loss on swap revaluation	**-**	-

Notes to the financial statements

For the year ended 31 December 2018

13 Other income

	2018	2017
	GH¢	GH¢
Bad debts recovered	-	-
Gain on disposal of propert, plant and equipment	2,000	205,867
Loss on investment property	-	-
	2,000	205,867

14. Personnel expenses

	2018	2017
	GH¢	GH¢
Salaries, Bonuses and Staff Allowances	35,365,274	18,069,894
Social Security Fund Contribution	1,919,849	1,206,105
Provident Fund Contribution	1,478,288	893,637
Medicals	919,714	645,071
Other staff related costs	2,169,504	867,433
	41,852,629	21,682,140

15 Depreciation and amortisation

	2018	2017
	GH¢	GH¢
Depreciation	889,247	721,965
Amortisation of leasehold land	-	-
Amortisation of intangible assets	-	-
	889,247	721,965

16 Other expenses

	2018	2017
	GH¢	GH¢
Directors' fees	4,463,562	2,067,531
Occupancy cost	1,965,449	1,221,186
Auditors remuneration	114,800	97,328
Donations and social responsibility	1,481,584	216,200
Motor vehicle running	102,560	89,248
General & administrative	1,903,135	9,530,743
Repairs and maintenance	403,755	270,045
Insurance	521,062	327,798
Legal and other professional fees	710,094	521,002
IT, Software & Maintenance	216,275	-
Training & research	410,804	294,500
Security	304,993	165,816
Public Relations/Marketing	637,865	431,464
Printing & Stationery	247,578	192,222
Travel & Transportation	4,077,467	1,982,933
Bank Charges	288,038	101,637
Telephone and postage	92,315	157,146
	17,941,336	17,666,799

Notes to the financial statements

For the year ended 31 December 2018

17. Earning per share

Earning per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the year.

	2018 GH¢	2017 GH¢
Earnings (GH¢)		
Earnings attributable to ordinary shareholders	**1,133,308**	5,073,760
Weighted average number of shares		
Number of ordinary shares issued	**50,000,000**	50,000,000
Earning per share - Basic (GH¢)	**0.023**	0.101

There were no potentially dilutive instruments outstanding at balance sheet date.

18. Cash and cash equivalents

	2018 GH¢	2017 GH¢
Cash on Hand and Cash Balances with Bank of Ghana (18a)	**13,736,772**	27,791,597
Deposits and balances due from banking institutions (18b)	**170,516,491**	**423,999,989**
	184,253,264	451,791,587

18a Cash on hand balances with Bank of Ghana

	2018 GH¢	2017 GH¢
Cash on hand	**216,492**	4,462
Balances with Bank of Ghana	**13,520,280**	27,787,135
	13,736,772	27,791,597

18b Deposits and balances due from banking institutions

	2018 GH¢	2017 GH¢
Nostro balances		
Local currency	**21,393,352**	22,237,140
Foreign currency	**57,154**	-
Interbank placement		
Local currency	**149,065,985**	401,762,849
Foreign currency	**-**	-
	170,516,491	423,999,989

Notes to the financial statements

For the year ended 31 December 2018

		2018	2017
19	**Loans and advances to customers**	**GH¢**	GH¢
(a)	Overdrafts	**-**	-
	Loans	**656,243,354**	319,814,581
	Gross loans and advances	**656,243,354**	319,814,581
	Allowance for impaired loans and advances:		
	Allowance for impairment losses	**(104,618,398)**	(102,730,288)
		551,624,956	217,084,293

Included in loans and advances to customers are staff loans amounting to GH¢ 6,495,761 (2017 - GH¢ 1,895,131).

The effective interest rate on loans and advances at 31 December 2018 was 4.92% (2017 - 3.00%)

		2018	2017
		GH¢	GH¢
(b)	**By maturity**		
	Maturing:		
	Within one year	**32,294,123**	51,464,989
	After one year	**519,330,834**	165,619,303
		551,624,956	217,084,293

		2018	2017
(c)	**Loans and advances to customers**		
	Allowance for impairment on loans and advances:	**GH¢**	GH¢
	Collective Impairment	**4,246,602**	3,645,630
	Individual Impairment	**100,371,796**	99,084,658
	At 31 December	**104,618,398**	102,730,288

	2018	2017
Loans and advances to customers		
Provision for loans and advances	**GH¢**	GH¢
Collective Impairment		
Overdrafts	**-**	-
Loans	**600,972**	1,053,985
	600,972	1,053,985
Individual Impairment		
Overdrafts	**-**	-
Loans	**1,287,138**	13,451,519
	1,287,138	13,451,519
At 31 December	**1,888,110**	**14,505,503**

		2018	2017
(d)	Reconcilaition of Impairment Charges		
	Opening Balance	**102,730,288**	88,224,785
	Charge for the Year	**1,888,110**	14,505,503
	Write-offs	**-**	-
		104,618,398	102,730,288

Notes to the financial statements

For the year ended 31 December 2018

20. Property, Plant & Equipment

	Leasehold Land GH¢	Buildings on Short Leasehold Lands GH¢	Office Equipment GH¢	Furniture & Fittings GH¢	Motor vehicles GH¢	Computers Hardware GH¢	Work in progress GH¢	Total GH¢
Cost/Valuation								
At 1 January 2018	**-**	**-**	**552,428**	**1,032,331**	**2,616,096**	**2,391,361**	**225,159,751**	**231,751,968**
Additions	-	-	8,210	66,930	1,600,605	190,397	58,012,400	**59,878,542**
Transfers/Disposals	-	-	-	-	(281,970)	-	-	**(281,970)**
At 31 Dec. 2018	**-**	**-**	**560,638**	**1,099,261**	**3,934,731**	**2,581,758**	**283,172,151**	**291,348,540**

	Leasehold Land GH¢	Buildings on Short Leasehold Lands GH¢	Office Equipment GH¢	Furniture & Fittings GH¢	Motor vehicles GH¢	Computers Hardware GH¢	Work in progress GH¢	Total GH¢
Cost/Valuation								
At 1 January 2017	**-**	**-**	**547,628**	**991,359**	**3,015,096**	**2,168,745**	**180,002,074**	**186,724,902**
Additions	-	-	4,800	40,972	-	222,616	45,157,677	**45,426,066**
Transfers/Disposals	-	-	-	-	(399,000)	-	-	**(399,000)**
At 31 Dec. 2017	**-**	**-**	**552,428**	**1,032,331**	**2,616,096**	**2,391,361**	**225,159,751**	**231,751,968**

Notes to the financial statements

For the year ended 31 December 2018 - (continued)

20. Property Plant & Equipment - (continued)

	Leasehold Land	Buildings on Short Leasehold Lands	Office Equip't	Furniture & Fittings	Motor vehicles	Computers Hardware	Work in progress	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Depreciation								
At 1 Jan. 2018	**-**	**-**	**507,953**	**949,072**	**2,304,465**	**2,285,895**	-	**6,047,385**
Charge for the year	-	-	40,069	65,522	663,889	119,767	-	**889,247**
Released on Disp./Reval.	-	-	-	-	(281,970)	-	-	**(281,970)**
At 31 Dec. 2018	**-**	**-**	**548,022**	**1,014,594**	**2,686,384**	**2,405,662**	**-**	**6,654,662**
Net book value								
At 31 Dec. 2018	**-**	**-**	**12,616**	**84,667**	**1,248,347**	**176,096**	**283,172,151**	**284,693,878**
At 31 Dec. 2017	-	-	44,475	83,260	311,631	105,466	225,159,751	225,704,583

b. Disposal schedule

	Cost	Accum. Deprn.	NBV	Disposal Value	Profit/ Loss
	GH¢	GH¢	GH¢	GH¢	GH¢
Computer hardware	-	-	-	-	**-**
	-	**-**	**-**	**-**	**-**

Ghana Export-Import Bank

Notes to the financial statements

For the year ended 31 December 2018 - (continued)

20. Property Plant & Equipment - (continued)

	Leasehold Land GH¢	Buildings on Short Leasehold Lands GH¢	Office Equip't GH¢	Furniture & Fittings GH¢	Motor vehicles GH¢	Computers Hardware GH¢	Work in progress GH¢	Total GH¢
Depreciation								
At 1 Jan. 2017	**-**	**-**	**410,740**	**822,199**	**1,940,978**	**2,151,504**	-	**5,325,420**
Charge for the year	-	-	97,213	126,873	363,488	134,391	-	721,965
Released on Disp./Reval.	-	-	-	-	-	-	-	-
At 31 Dec. 2017	**-**	**-**	**507,953**	**949,072**	**2,304,465**	**2,285,895**	**-**	**6,047,385**
Net book value								
At 31 Dec. 2017	**-**	**-**	**44,475**	**83,260**	**311,631**	**105,466**	**225,159,751**	**225,704,583**
At 31 Dec. 2016								

d. Disposal of investment property

	Cost GH¢	Accum. Deprn. GH¢	NBV GH¢	Disposal Value GH¢	Profit/ Loss GH¢
Investment property	-	-	-	-	**-**
	-	**-**	**-**	**-**	**-**

Notes to the financial statements

For the year ended 31 December 2018

21 Other assets

	2018 GH¢	2017 GH¢
Prepayments	**5,187,004**	2,291,009
Prepaid staff cost	**36,005**	1,478
Recievables	**72,932,393**	10,060,487
Others	**-**	-
	78,155,402	12,352,974

Other assets

	2018 GH¢	2017 GH¢
By maturity		
Within one year	78,155,402	12,352,974
One to three years	-	-
	78,155,402	12,352,974

22 Held for Government

	2018 GH¢	2017 GH¢
Opening balance	**262,394,319**	54,452,088
Total Import Levies on Non-Petroleum Products	**221,045,351**	207,942,231
50% Levies recognised as income	**-**	-
Utilised for Research, Development, Promotion & Capacity Building	**(47,505,636)**	-
	435,934,034	262,394,319

Held for Government

Maturity analysis

Payable:		
Within one year	**-**	-
After one year	**435,934,034**	262,394,319
	435,934,034	262,394,319

23 Account payable & other liabilities

	2018 GH¢	2017 GH¢
Accruals	**1,935,118**	1,092,957
Sundry Creditors	**16,588,551**	1,785,128
Provisions	**3,042,328**	2,289,836
Management Fees	**1,775,924**	509,828
Facility Fess	**5,476,525**	1,019,656
	28,818,445	6,697,404.6

Maturity analysis

Payable:		
Within one year	**17,703,911**	4,738,912
After one year	**11,114,535**	1,958,493
	28,818,446	6,697,405

Notes to the financial statements

For the year ended 31 December 2018

24 Stated capital

	2018	2017
Authorised		
Number of ordinary shares of no par value	**100,000,000**	100,000,000

2018	**Number of Shares**	**GH¢**
Issued and Fully Paid		
1 January	**50,000,000**	50,000,000
Issued for cash	**-**	-
	50,000,000	**50,000,000**

2017	**Number of Shares**	**GH¢**
Issued and Fully Paid		
1 January	**50,000,000**	50,000,000
Issued for cash		
	50,000,000	**50,000,000**

25 REGULATORY CREDIT RISK RESERVE

	2018	2017
	GH¢	GH¢
1 January	**1,208,357**	-
Transfer from Income Surplus	**7,612,600**	1,208,357
	8,820,957	1,208,357

REGULATORY CREDIT RISK RESERVE

	GAAP	IFRS	TRS to CRR
	GH¢	GH¢	GH¢
2018 Loan provision	113,439,355	104,618,398	8,820,957
2017 Loan provision	103,938,646	102,730,288	1,208,357

26 STATUTORY RESERVE

	2018	2017
	GH¢	GH¢
1 January	**2,536,880**	-
Transfer from Income Surplus	**566,654**	2,536,880
	3,103,534	2,536,880

Notes to the financial statements

For the year ended 31 December 2018

27 Contingencies and commitments including off balance sheet items

Contingent liabilities

In common with other banks, the bank conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2018	2017
	GH¢	GH¢
Letters of credit	-	-
Guarantees and indemnities	-	-
	-	-

Letters of credit commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Concentrations of contingent liabilities are covered under note 2.

Capital expenditure

Capital expenditure not provided for in the financial statements as at 31 December 2018 was nil (2017: nil)

Notes to the financial statements

For the year ended 31 December 2018

28 Retirement benefit obligations

The bank makes contributions to a statutory pension scheme and a defined contribution to a provident fund for eligible employees. Contributions by the Bank to the mandatory pension scheme are determined by law. Total contributions to the scheme in Year 2018 was GH¢1,919,849. Total contributions towards employees Provident Fund was GH¢1,478,288. The bank's liability in both schemes is limited to its unpaid contributions to the scheme.

	2018	2017
	GH¢	GH¢
Contributions to the statutory defined Pension Scheme (SSNIT)	**1,919,849**	1,206,105
Contributions to Staff Provident Fund	**1,478,288**	893,637
	3,398,137	2,099,742

29 Government related transactions

	2018	2017
	GH¢	GH¢
Government securities		
The movement in Government related advances is as follows:		
At 1 January	**-**	-
Fair value gain/(loss)	**-**	-
Net Acquisitions/(Disposal) in Year 2018	**-**	-
At 31 December	**-**	-

The balance due from Government is categorised under Available for Sale Government Securities and held to maturity Government Securities.

30 Assets pledged as security

As at 31 December 2018, a total of GH¢ 0.00 of the Bank's investment in Government of Ghana securities were pledged as security for liabilities from other financial institutions. These assets cannot be sold or pledged as security whilst there is no default on the liability.

31 Incorporation

The bank is incorporated in Ghana under the Ghana Export Import Bank Act 2016 (Act 911).

32 Currency

These financial statements are presented in Ghana Cedis (GH¢).

Notes to the financial statements

For the year ended 31 December 2018

Capital adequacy ratio

The capital adequacy ratio as at 31 December 2018 was 60.34%.

33

	2018	2017
	GH¢	GH¢
Paid-up capital	50,000	50,000
Deposit for shares	-	-
Disclosed reserves	593,975	592,842
Tier 1 capital	643,975	642,842
Less		
Goodwill/intangibles	(14,008)	(3,499)
Adjusted capital base	**629,967**	**639,342**
Total assets (less contra items)	1,108,727	911,933.44
Less		
Cash at Bank of Ghana	(13,737)	(27,792)
Claims of financial & guaranteed loans	(136,413)	(339,200)
Adjusted total assets	**958,578**	**544,942**
Add		
Net contingent liabilities	-	-
50% of net open position	-	-
100% of 3years average annual gross income	85,478	55,407
Adjusted asset base	**1,044,056**	600,349
Capital Adequacy Ratio (%)	**60.34**	**106.50**
Capital surplus/deficit	**525,562**	**579,307**

34 **Breaches in statutory liquidity**

There were no statutory liquidity breaches in year 2018

Notes to the financial statements

For the year ended 31 December 2018

35 FAIR VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments measured at fair value at 31st December 2018 and 31st December 2017 were classified as follows

2018	Valuations based on observable inputs (This measurements are recurring)			
Assets measured at fair value on a recurring basis	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Investment securities available-for-sale	-	-	-	**-**
Held for trading investments	-	-	-	**-**
Assets measured at fair value on a non-recurring basis	170,516,491	-	-	**170,516,491**
Held to maturity investments	-	-	-	**-**
Repossessed collaterals held for sale	-	-	-	**-**
Total assets	**170,516,491**	**-**	**-**	**170,516,491**
Financial liabilities held for trading		-		**-**
Total liabilities	**-**	**-**	**-**	**-**

2017	Valuations based on observable inputs (This measurements are recurring)			
Assets measured at fair value on a recurring basis	**(Level 1)**	**(Level 2)**	**(Level 3)**	**Total**
Investment securities available-for-sale	-	-	-	**-**
Held for trading investments	-	-	-	**-**
Assets measured at fair value on a non-recurring basis	423,999,989	-	-	**423,999,989**
Held to maturity investments	-	-	-	**-**
Repossessed collaterals held for sale	-	-	-	**-**
Total assets	**423,999,989**	**-**	**-**	**423,999,989**
Financial liabilities held for trading	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**