2016

ANNUAL REPORT

(INCORPORATED AS A PUBLIC LIMITED LIABILITY COMPANY IN THE REPUBLIC OF GHANA UNDER REGISTRATION NUMBER “CS011472016”)

SOCIETE GENERALE GHANA

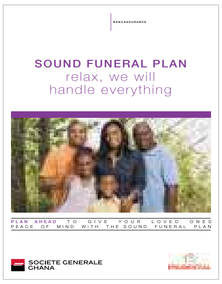
SOCIETE GENERALE
GHANA

2016 ANNUAL REPORT
AND FINANCIAL STATEMENTS

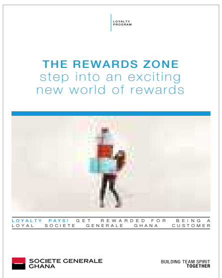
2016 Major Events

WE INTRODUCED NEW INNOVATIVE PRODUCTS & SERVICES

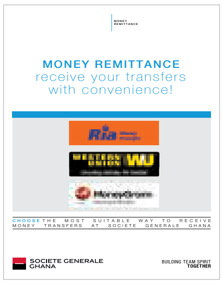
All-in-one
Product packages



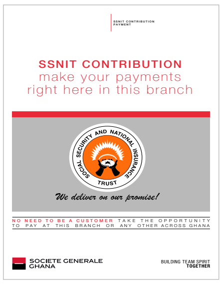
Funeral
Insurance

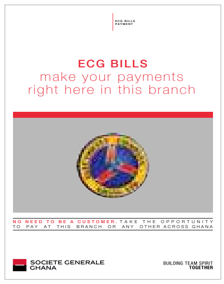


Loyalty
Program



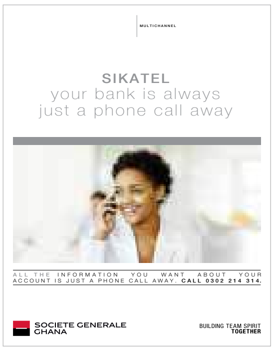
Money
Remittance



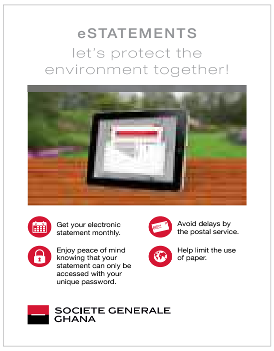


Contribution
and Bill Payments

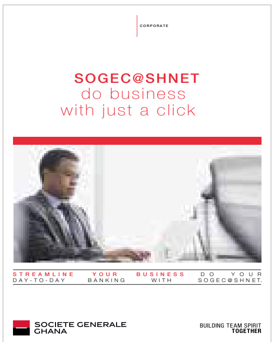
WE MADE OUR CUSTOMERS EXPERIENCE MORE DIGITAL



24/7
Telephone Banking



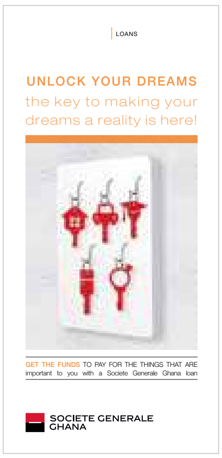
Paperless Green
Account Statement

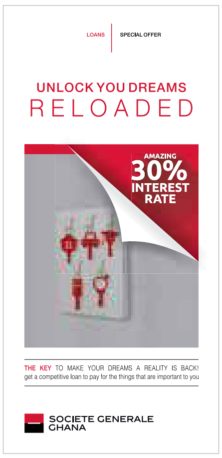


Internet
Banking for Corporates

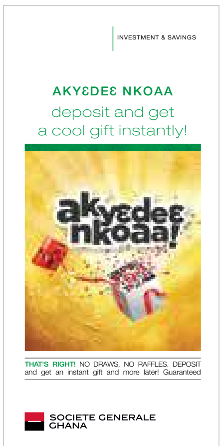
In-branch Digital Area
For Quick Transactions

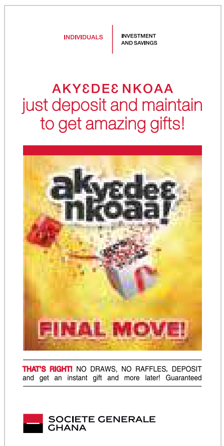
WE LAUNCHED EXCITING COMMERCIAL PROMOTIONS & CAMPAIGNS





Loans Promotion
for 30% Interest rate





Deposit Campaign
with Branch Activation

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Notice and Agenda for Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of Societe Generale Ghana Limited will be held at the Ridge Arena, Alisa Hotel, North Ridge, in Accra on Friday 31st March 2017 at 11am to transact the following business:

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31 December 2016.
2. To declare a final dividend for the period ended 31 December 2016.
3. To re-elect Directors.
4. To elect a Director.
5. To approve Directors' fees.
6. To authorize the Directors to determine the remuneration of the Auditors.

Dated, this 15th day of February 2017.

BY ORDER OF THE BOARD

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ANGELA NANANSAA BONSU

THE SECRETARY

NOTE

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member. A form of Proxy is attached to the Annual Report. For it to be valid for the purpose of the meeting it must be completed and deposited with the Registrars, NTHC Limited, Martco House, P. O. Box KA 9563, Airport Accra, Ghana not less than 48 hours before the appointed time of the meeting.

Corporate Information

BOARD OF DIRECTORS

Kofi Ampim	Chairman
Sionle Yeo	Managing Director
Francois Marchal	Deputy Managing Director
Arnaud Crouzet	Chief Operating Officer
Alexandre Maymat	Non-Executive Director
Michel Miaille	Non-Executive Director
Pierre Wolmarans	Non-Executive Director
Teresa Ntim	Non-Executive Director
Nii Adja Nablah	Non-Executive Director
Kofi Asamoah	Non-Executive Director
Hakim Ouzzani	Non-Executive Director - Appointed 16th November 2016
Christian Celin	Non-Executive Director - Resigned 4th October 2016

COMPANY SECRETARY

Angela Nanansaa Bonsu
Societe Generale Ghana Limited
2nd Crescent, Royalt Castle Road
Ring Road Central
P. O. Box 13119
Accra, Ghana

REGISTRARS

NTHC Limited
Martco House
P. O. Box KA 9563
Airport, Accra
Ghana

REGISTERED OFFICE

2nd Crescent, Royalt Castle Road
Ring Road Central, Accra
P. O. Box 13119
Accra, Ghana

COUNTRY OF INCORPORATION

Ghana, Accra

AUDITORS

Ernst & Young Chartered Accountants
No G 15 Building
Airport Residential Area
White Avenue
Accra Ghana
P. O. Box KA 16009
Airport, Accra, Ghana

HOLDING COMPANY

SG Financial Services, Holding

ULTIMATE HOLDING COMPANY

Societe Generale incorporated in France

The Board of **Directors**

KOFI AMPIM
Chairman

EXECUTIVE DIRECTORS

SIONLE YEO
Managing

FRANCOIS MARCHAL
Deputy Managing

ARNAUD CROUZET
Chief Operating Officer

NON EXECUTIVE DIRECTORS

ALEXANDRE MAYMAT
Member

TERESA NTIM
Member

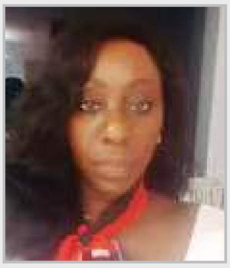
HAKIM OUZZANI
Member

NII ADJA NABLAH
Member

PIERRE WOLMARANS
Member

KOFI ASAMOAH
Member

MICHEL MIAILLE
Member



ANGELA NANANSAA BONSU
Company Secretary

Profile of the Board of Directors

Kofi Ampim: Chairman of the Board of Directors. He holds a Bachelor's degree and a Masters degree in International Business and Finance from the Pace University Lubin School of Business in New York. He is an Investment Banker and a Director of Total Oil Company. He is also the Chairman of Belstar Capital Limited and Chairman of Allianz Insurance Ghana Limited which is a subsidiary of the largest insurance company in the world. He joined the Board of Directors on 26th March, 2003.

Sionle Yeo: Managing Director of the bank. He holds a Post Graduate ITB degree from Institut Technique de Banque CNAM Paris. He is also a graduate of Engineering ENSIEG from Ecole Nationale Superieure d'Ingenieurs Electriciens de Grenoble group ING and specialised in Automation and Industrial Computer Science with honours. He also holds an Engineering ESIM degree from Ecole Superieure d'ingenieurs de Marseille, with cross training option in Civil Engineering. Prior to joining Societe Generale Ghana he was Chief Executive Officer of Societe Generale Burkina Faso from 2011 to 2015. Mr Yeo was the Deputy Managing Director of Societe Generale Cote d'Ivoire from 2008 to July 2011 and was instrumental in re-launching the bank after the Ivorian crisis. Mr Yeo was appointed to the Board of Directors of Societe Generale Ghana in April 2015 with the Bank of Ghana granting approval to the said appointment on 30th July 2015.

Francois Marchal: Deputy Managing Director of the bank. He holds a Master of Science in Finance and Management degree and a Masters degree in Law. Prior to joining Societe Generale Ghana he was an Inspector in SG Paris, with Head of Missions since 2008. He has a strong experience in Credit. He worked as a principal Inspector since 2011, supervising a portfolio of assignments. He supervised the credit review by the European Central Bank on the SG Group. Mr Francois Marchal has also worked in Algeria in Data Rooms and a subsidiary in Eastern Europe. He joined the Board of Directors on 26th July 2014.

Arnaud Crouzet: Chief Operating Officer of the bank. He holds a Master of Science degree in Economics and Finance. He joined the Societe Generale Group in 2001. He was an internal auditor specialized in banking Services, Cash Management, Custody, Trade services, insurance, Long Term renting activity, Retail Banking. In Greece he put in place a structure for the liquidation and restructuring of the Societe Generale subsidiary. He worked for 7 years for Sofinco Consumer Finance in France (Credit Agricole). Mr. Crouzet was also a Head Hunter and has extensive sales expertise. He joined the Board of Directors on 26th July 2014.

Alexandre Maymat: He holds Statistics and Economic Administration degrees from the Polytechnic School and from the National School of Statistics and Economic Administration. He has a vast experience in the public service of France and of the European Union Economic. Within the Societe Generale Group, he has held the following positions, Chief Inspector, Regional Manager of the Franche-Comté area, Director and CEO of Societe Generale de Banque in Cameroon and he is now the Deputy Head of the Group's International Retail Banking Division. He joined the Board of Directors on 15th November 2012.

Teresa Ntim (Mrs): She holds a BSc and MSc. in Agricultural Economics. Her career spans over 33 years with the Bank of Ghana serving in different capacities in the Research, Rural Finance, Development Finance and Foreign Operations departments and was Head of Treasury from 1993 to 1997. She also served as Special Advisor to the Governor of the Bank of Ghana and retired in 2004. She joined the Board of Directors on 7th February, 2005.

Profile of the Board of Directors cont'd

Kofi Asamoah: He holds an Honorary Doctorate degree for outstanding Leadership from Columbia University Washington DC Global Centre for Transformational Leadership. He also holds a Master of Arts degree in Philosophy and Labour Development from the Columbia University Washington District of Columbia, a Post Graduate Diploma in Labour Studies from the University of Histradrut Tel Aviv Israel, a Post Graduate Diploma in Socio Political Science Institute of Social Sciences Moscow Russia and a Post Graduate Diploma in Labour Policies Studies from the University of Cape Coast. He is the immediate past Secretary General of the Trade Unions Congress ("TUC"). He joined the Board of Directors on 20th November 2013.

Michel Miaille: He holds Bachelor's degree in Law. He joined Societe Generale in 1971. In 1980-1986 he was the General Manager of Societe Generale Nigeria. From 1986 to 1990 he was the General Manager for a Societe Generale affiliate in Oman in the Middle East. From 1990 to 1994 Mr Miaille was the General Manager for Societe Generale Taiwan. From 1994 to 1999, he was the Managing Director for Societe Generale Cameroon. His last position was Managing Director of Societe Generale de Banques Cote d'Ivoire. He joined the Board of Directors on 26th March, 2003.

Nii Adja Nablah: He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester UK. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis. He is the Deputy Director General at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked with KPMG, a practicing firm of Chartered Accountants offering Audit, Taxation, Management Consultancy and other services. Directorships held are with NTHC Company Limited, NTHC Properties and Kumasi Catering Resthouse Limited. He joined the bank's Board of Directors on 24th November 2010.

Pierre Wolmarans: He holds LLB and B Com (Law, Economics and Accountancy 3A) and is an Attorney by profession. He joined Societe Generale in 1990. He is presently the Chief Executive for Societe Generale Corporate and Investment Bank, Southern Africa and Indian Ocean Region, Johannesburg. He joined the Board of Directors on 7th February, 2005.

Hakim Ouzzani: He holds a Bachelor of Arts degree in Economics and a Master of Arts degree in Organisation Sociology from the Ecole Nationale Superieure d' Administration et de Gestation National School of Management and Administration. He also holds a Diploma in Bank and Finances from the Institute of Financing of Development Tunis. Mr Ouzzani has a Diploma of Higher Education from the Arab Maghred Development Financing Institute. He is presently the Senior Executive Regional Manager with Societe Generale International Banking and Financial Services in charge of Cameroun, Chad, Congo Brazaville, Equatorial Guinea, Ghana and Guinea Conakry. From 2012 to 2016 he was the Chief Executive Officer of Societe Generale Chad. He also held various positions within Societe Generale as Group Deputy General Manager SG Algerie, Network and Sales Manager SG Algerie and Network Development Manager SG Algerie. From 2000 to 2002 he managed the Corporate Branch of the Union Bank Brokerage. In 1998 he was the New Products Development Manager at the Union Bank. He had also worked as a Professor at the Ecole Superieure de Banque. He also worked with the Central Bank of Algerie as a Senior Officer Loans & Refinancing Direction and Licencing & Regulatory Direction. Mr Ouzzani was appointed to the Board of Directors of Societe Generale Ghana on 16th November 2016 with the Bank of Ghana granting approval to the said appointment on 23rd January 2017.

Key Management Personnel

Sionle Yeo - Managing Director: Please refer to the section under Board of Directors.

Francois Marchal - Deputy Managing Director: Please refer to the section under Board of Directors

Arnaud Crouzet - Chief Operating Officer: Please refer to the section under Board of Directors

Edmund Wireko Brobbey: Advisor to the Managing Director: He holds a Master of Business Administration (Finance) from the Fordham University, New York USA and a BSC (Management) degree from the New York Institute of Technology USA. He joined the bank in 1981 and has served in different capacities as Head Corporate Department, Head of Marketing Department, Head Business Development, Head Priority Banking Service, Head Privilege Banking Unit, Head Retail Sales Department and Head Development and Bank Strategy Department. He has over 30 years banking experience.

Kwame Abbey: Chief Risk Officer in charge of Credit and Market Risk. He is a graduate of the Kwame Nkrumah University of Science and Technology Ghana with a BSc in Mechanical Engineering. He is also a professionally qualified member of both the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Bankers Ghana. Kwame Abbey has over 16 years banking experience with specialization in Corporate Banking, Credit and Risk Management having worked in various positions as Assistant Corporate Relationship Manager, Senior Credit Analyst, Head of Business Credit Administration and Leasing in the Business Banking Department. He is a member of the Credit and Market Risk Committee of the bank.

Irene Owiredu Akrofi: General Manager, Treasury: She holds an Executive Master of Business Administration (Finance) and a BSc Administration from the University of Ghana and two professional qualifications (ACIB) from the Chartered Institute of Bankers in London and (ACI) Association Cambiste Internationale based in Paris. Over her 25 year career she has built expertise in Retail Banking, Product Development, Card Payment Systems, Operational risk management and control, project management, treasury business development and sales, and executive management. She is charged with managing the bank's Assets and Liabilities and is also responsible for the bank's market activity.

Angela Nanansaa Bonsu: General Manager, Company Secretariat: She holds a Master of Business Administration second degree from the Middlesex University Business School, London and an honours degree in Law from the Birkbeck College, University of London. She is a professionally qualified member of good standing with the Institute of Directors Ghana. She is richly experienced in Company Secretaryship, Compliance, Corporate Governance, Business Integration, Global Employee Share Ownership Programmes, Legal Administration, Human Resource and Project Management with over 20 years' experience working in various capacities. As the Company Secretary for the bank which is listed on the Ghana Stock Exchange, Ms Bonsu also has oversight responsibility for the Legal Department, manages Communications, Environmental & Social Management Systems, Sustainable Development & Corporate Social Responsibility.

Fred Obosu: General Manager Corporate Banking: He holds a Master of Business Administration from the Kwame Nkrumah University of Science & Technology, Bachelor of Arts (Hons) degree in Economics from the University of Cape Coast, Bsc (Hons) in Banking Practice and Management from IFS School of Finance UK and Professional Post Graduate Diploma in Marketing from the Chartered Institute of Marketing UK. With over 15 years' experience in the banking Industry, He has gained significant experience in Corporate and Investment Banking, Commercial/SME banking, Product & Business Development, Cash Management, Supply/Value Chain Financing, International Trade Finance spanning various industries/sectors.

Kwaku Tweneboa Kodua: General Manager Retail Banking: He is a seasoned Banker with Retail Banking experience in the Banking industry in Ghana. He has managed teams spanning from few members to 4000 plus. His most famous role was the Head of Direct Sales in the banking industry where he championed the taking over of the market concept with a dedicated and well drilled sales

Key Management Personnel cont'd

force known as Direct Sales Agents. He left the Banking industry briefly in 2011 where he took up the position of Chief Operating Officer of Roverman Productions, the most consistent theatre company in Ghana where he was able to obtain sponsorship syndications with corporate Ghana and thus bringing theatre on a regular basis to Ghanaians.

Bernice Allotey: Assistant General Manager, Organisation & Projects: She holds an Executive Masters in Business Administration (Finance) second degree and a BSC in Computer Science and Statistics from the University of Ghana, Legon and was accredited as a Prince 2 Practitioner by the Association of Project Managers Group in 2005. She has extensive knowledge and proven expertise in Project and Change Management and process improvement/ procedure writing with over 17 years' experience in the Banking industry. She has handled projects relating to various functions of the banking industry and provided support for the Core Banking Application. As the Head of Organisation and Projects, she is responsible for the Societe Generale Ghana Project Portfolio and Methods & Procedures.

Lawrence Ribeiro: Assistant General Manager, Logistics & Support: He holds Post Graduate Diploma in Legal Studies from the Ghana School of Law, Executive Master of Business Administration (Finance option) from the University of Ghana, Legon and BSc Electrical/Electronic Engineering degree from the Kwame Nkrumah University of Science and Technology. In the last seventeen years he has built extensive experience in enterprise IT management and service delivery. He is also experienced in Logistics and Estate management. He worked in various capacities as Head of Data Centre Operations, Head of Network and System, Head of IT Security and Business Continuity Planning and Head of Information Systems and Technology.

Albert Ofori: Assistant General Manager Human Resources Management: He is a professionally qualified member of good standing with the Institute of Human Resource Management Practitioners (Ghana). He holds a Master's degree in Industrial-Organizational Psychology and a B. A. Degree in Psychology with Philosophy from the University of Ghana. He is an Associate member of the Institute of Professional Financial Managers (IPFM) and the Society for Human Resource Management (SHRM). He has over 16 years' experience in generalist and specialist roles in Human Resource Management and 6 years' experience in Retail Banking.

Sydney Vanderpuye: Assistant General Manager Finance Department. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants (Ghana). He holds an MBA (Finance) from the London South Bank University and BSc. Administration (Accounting Option) from the University of Ghana. He has experience in UK Public Sector Accounting and also worked with Ernst & Young (Ghana) where he was involved in various audit and consultancy assignments. In 2006 he was a pioneer staff of a bank which was later taken over by one of the current industry leaders. In both banks he led various functions including Finance, Corporate Strategy, Performance Management, Internal Control, Corporate Finance and Electronic Banking Business. He joined Societe Generale Ghana in 2012 as Head, Accounts and subsequently appointed Head, Finance.

Dorcas Hazel Quaye: Assistant General Manager, Permanent Control and Operational Risks. She holds a BA in Social Sciences having studied Economics, Law and English from the Kwame Nkrumah University of Science and Technology. She has over 30 years of banking experience in branch management, Retail and SME businesses. She was the first woman to be appointed Branch manager in the Bank. Thereafter she was appointed as the Head of the SME Business Banking Unit. She was appointed the Head of Compliance, AML & CFT when the Unit was created in the Bank in 2010. In October 2015, she was appointed to her current position as the Head of Permanent Control and Operational Risk, with oversight responsibility for Managerial Supervision, Business Continuity and Crisis Management, Compliance /Anti Money Laundering and Operational Risk.

Hend Boulahya: Head Marketing Multi Channel and Quality. She holds a Masters degree in Management and Marketing from the University of Paris XIII. She joined Societe Generale Group in Tunisia in 2003 where she acted as Head of Multichannel Department of Societe Generale Tunisia UIB before becoming Head of Marketing and Communication. She previously worked for 6 years as Head of E-cash Management and E-Banking in Citibank Tunisia. Before joining the banking sector, Hend Boulahya was Sales Manager for Abou Nawas Resorts in Tunisia.

Chairman's Statement

Distinguished Shareholders, on behalf of the Board of Directors and Management of Societe Generale Ghana Limited, I warmly welcome you to the 37th Annual General meeting of our Bank and present to you, the Annual Report and Financial Statements for the financial year ended 31 December 2016. Our Bank's financial performance remained robust within the context of a competitive and dynamic environment.

Economic Environment

The Global growth for 2016 is expected to reflect a subdued outlook, estimated to slow to 3.1 per cent. However a gradual recovery is projected over the ensuing years 2017 and 2018, with growth rates to accelerate to 3.4 and 3.6 percent.

The relatively lower 2016 forecast is mainly attributable to both short and long term factors which include the "Brexit" - U.K vote in favour of leaving the European Union in June 2016 and the ongoing realignments such as rebalancing in China and the adjustment of commodity exports to protracted decline in terms of trade (in prices especially oil).

In Sub-Saharan Africa, economic activity decelerated sharply in 2016 expanding by only 1.4 per cent, against the backdrop of lower commodity prices. A modest recovery to less than 3 percent is projected for 2017 provided there are actions to address significant macroeconomic imbalances and heightened policy uncertainty in several of the region's largest economies.

Operating Environment

The successful outcome of the December general elections and the subsequent transition of power further heightens Ghana's political credentials as a maturing democracy in the Sub-Saharan region.

Over the period 2016, the Government's fiscal and monetary policy consolidation program remained broadly on track with the economy experiencing relative stability compared to 2015. This was notwithstanding significant fiscal slippages ahead of the general elections and lower revenues caused by oil production challenges and weaker oil prices.

Key improvements over the year included better electricity supply, marginal depreciation of the Cedi, controlled inflation and three (3) successful reviews under the ongoing IMF Extended Credit Facility Programme.

Economic growth is expected to improve further in 2017 on the back of a gradual increase in commodity prices of key exports, increased oil production from the Tweneboa, Enyenra, Ntomme (TEN) oil fields and the onset of oil exploration on the Sankofa Gye Nyame fields.

However, the downside risks to economic growth include the tight monetary and fiscal conditions underpinning the International Monetary Fund Extended Credit Facility (IMF ECF), possibility of higher inflation and sustained pressure on the Ghana Cedi.

Provisional data on the performance of the economy in 2016 indicates that real GDP grew at an estimated 3.6 percent, against a revised projection of 4.1 percent and achieved 2015 of 4.9 percent. The Sectorial performance shown that the Service and Agriculture sectors contributed positively to the growth while Industry recorded a negative growth. The decline in Industry was driven by a contraction in upstream petroleum output largely due to the downtime

Chairman's Statement cont'd

arising from the damage to the turret bearing of the FPSO Kwame Nkrumah. GDP for 2017 is projected to increase to 6.3 percent and is expected to be attained on the back of increased upstream petroleum activity, normalization of power supply and the implementation of proposed business- friendly policies.

Gross Foreign Assets for 2016 was estimated at 3.5 months of goods and services and was broadly in line with the target of not less than 3 months of import cover. The overall budget deficit on cash basis was 8.7 percent of GDP against an IMF ECF programme target of 5.3 percent of GDP, mainly due to lower oil and non-oil revenue performance and large expenditure overruns. As a result, the total debt stock to GDP increased from 72.2 percent in 2015 to 73 percent in 2016.

On the international commodities market, gold prices made a substantial recovery over the first three quarters of the year but declined in the last quarter. Prices increased by 17.3 percent from US$1,117.8 per tonne in January 2016 to US$1,311.20 in September 2016 and reduced by 12.2 percent over the last quarter. The end of year prices therefore showed a marginal growth of 6.8 percent from US$1,077.6 per ounce in 2015 to US$1,150.9 per ounce in 2016. Gold prices are however expected to decline from an average of US$1,249 per fine ounce in 2016 to US$1,219 in 2017, due largely to an expected strengthening of the US dollar.

Crude oil prices fell sharply in the first quarter of 2016 mainly due to increased global supply from the major oil producing countries. However prices trended upwards over the remaining part of the year ending the year at US$55.6 per barrel, an increase of 45.7 percent against US$38.17 in 2015. The forecast for oil remain positive in 2017. The rebalancing of the oil market as a result of OPEC members' decision to decrease oil production is expected to increase crude oil prices, which will translate into increased oil revenues for Ghana in 2017.

Cocoa prices however recorded a decrease of 37.3 percent from US$3,271.1 per tonne in 2015 to US$2,148.2 per tonne in 2016. The declining trend in global cocoa prices over the year was due mainly to a lower world demand and a slowing Chinese economy. Cocoa prices are projected to average US$2,940 per tonne in 2017, up from US$2,850 in 2016. Ghana's cocoa production over the 2017/2018 crop season is expected to increase due to various policy initiatives to be implemented by Government.

The tight monetary stance and other interventions by the Bank of Ghana helped the Cedi perform relatively better on the forex market as against its performance in 2015. Moreover, inflows from USD750M Eurobond issue coupled with the USD1.8B syndicated pre-export finance facility and the USD94.64M local dollar bond helped to sustain the Cedi's stability over the year.

The Cedi recorded a year-on-year depreciation of 9.65 percent against the USD, 6.87 percent against the EUR. It appreciated against the Pound by 8.08. Compared to the corresponding period in 2015, the cedi was relatively weak against all three currencies, with depreciation rates of 15.7 percent, 6.1 percent, and 11.2 percent against the dollar, the euro and the pound, respectively.

Headline inflation increased from 17.7 percent at end of December 2015 and peaked at 19.2 percent at end of March 2016. This trended downwards to 15.4 percent at end of December 2016. The decreasing inflation was supported by the monetary policy tightening over the past years, the relative stability of the exchange rate coupled with the easing of the underlying inflation pressures. However, on the basis of anticipated fiscal consolidation, end-year headline inflation is expected to fall to 11.2 percent in 2017, and further decline to be within the medium-term target band of 8±2 percent for the period 2018–2019.

The Central Bank maintained a tight policy stance throughout 2016, with the objective of anchoring inflation expectations and ensuring the stability of the domestic currency. The policy rate was kept at 26 percent from the beginning of the year to October 2016 since risks to inflation and growth were assessed as balanced. In November 2016, the Committee reduced the policy rate by 50 basis points to 25.5 percent.

Interest rates in the money market reflected varied trends. Yields on short-term Government securities decreased, while those of medium to long-term Government bonds increased. This was consistent with Government policy to properly align the yield curve and extend the maturity profile. The yield of the Benchmark 91 day T-bill decreased from 22.8 percent in 2015 to 16.42 percent in 2016 while the 182 day bill also decreased from 24.4 percent in 2015 to 17.63 percent in 2016.

Chairman's Statement cont'd

2016 Operating Results

Our Bank recorded a Profit before Taxation of GHS 91,888,031 from which taxation of GHS 27,988,176 was deducted giving a Profit after Tax of GHS63,899,855. Net Banking Income increased by 21.4% and Current Operating Expenses grew by 17.0%. Shareholders' Funds increased from GHS263,980,201 to GHS332,555,424 representing an increase of 26.0%.

Dividend

In line with the regulation of the Bank a final dividend of GHS0.033 per share is being recommended by the Board of Directors to Shareholders. This represents 22.2% of the profit after tax.

Share Performance

The performance of SG Ghana share reflected the overall performance of the Financial Stocks Index (FSI) and the Ghana Stock Exchange Composite Index (GSE-CI) over the period. The bourse was bearish over the year. The GSE-CI remained negative, recording a loss of 15.3 percent, generally reflecting investor preference for higher yielding money market instruments. The Financial Stock Index (FSI) which measures the performance of financial stocks also posted a capital loss of 19.9 percent.

At the start of the year, the share price was GHS0.80, maintaining an average of GHS0.76 over the year and closing the year at GHS0.62.

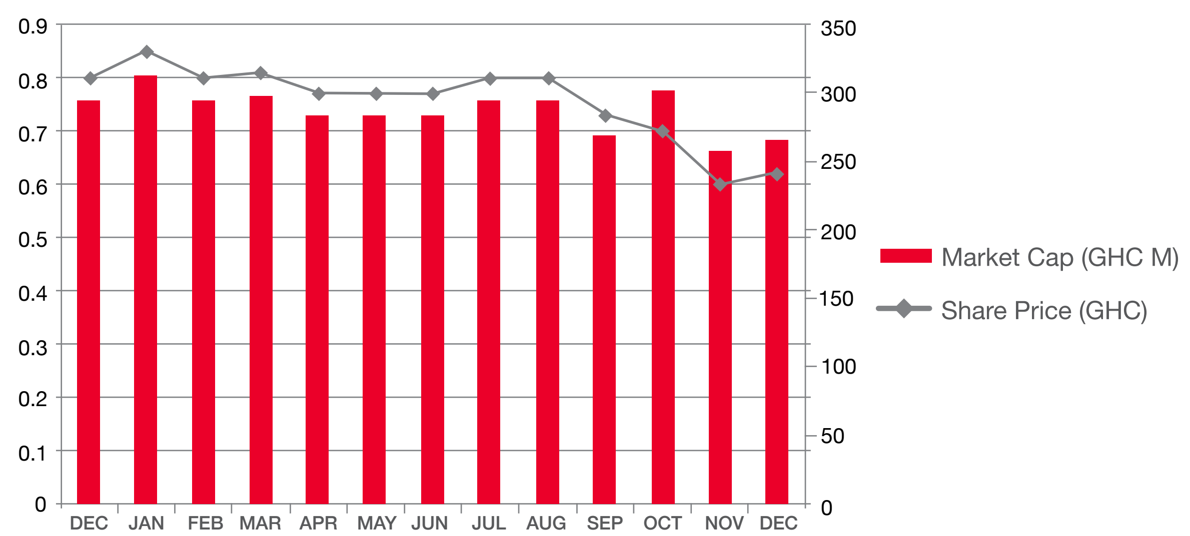
Increase in the Stated Capital of the Bank

In 2016 Shareholders of the Bank approved a special resolution to increase the stated capital of the Bank from GHS100 million to GHS140million. This was achieved through a Rights Issue. I am happy to inform you that the stated capital of our Bank is now One Hundred and Thirty Eight Million, Three Hundred and Two Thousand Nine Hundred and Twenty Five Ghana Cedis (GHS138,302,925)

Changes in the Board of Directors

During the year, Mr Christian Celin resigned as a Director of the Bank upon being transferred from the International Banking and Financial Services of SG to Head SG Group Compliance. At Societe Generale Ghana he served the Bank diligently whilst serving on the Board and also in his capacity as Supervisor for Societe Generale Ghana. On behalf of the Board of Directors of the Bank and on my own behalf, I would like to thank Mr Christan Celin for his immense contribution to the development of our bank during his tenure.

We warmly welcome our new Director Mr Hakim Ouzzani to the Board of SG Ghana. On the recommendation of the Board of Directors and with the approval of the Bank of Ghana Mr Ouzzani was appointed a Director. As required by the Regulations of our bank Mr Ouzanni will be seeking election as a Director.



Chairman's Statement cont'd

Corporate Governance

Our Bank is committed to ensuring effective corporate governance and sound risk management which are of fundamental importance in banking business. The Companies Code, The Banking Act, Securities and Exchange Regulations as well as the Continuing Listing Requirements of the Ghana Stock Exchange provide us with the regulatory framework for ensuring effective corporate governance, anti-money laundering and combating financing of terrorism.

Outlook for the Year 2017

The year 2017 holds a lot of promise for Ghana and our Bank, as the newly elected President is sworn into office and tasked with the management of the country over the next four years. We will therefore continue to deepen stakeholder relationships by effectively liaising with our customers, our communities and our regulators. We will continue to work with the Bank of Ghana to strengthen our regulatory framework. We will also consolidate on the Transformation Programme undertaken in 2016 with a view to increasing our Bank's market share. The year 2017 will be the year of Digitalisation for our Bank

Acknowledgement

On behalf of the Board of Directors, I would like to express my sincere gratitude to Management and staff of the Bank at all levels for their contribution to the roboust and strong profits we made in 2016. I also extend my appreciation to shareholders and customers for the firm confidence and support demonstrated. I am confident that together we can continue to transform and build our Bank Societe Generale Ghana into the preferred institution which employs Team Spirit, Innovation Commitment and Responsibility resulting in a more profitable Bank of which we can all be proud.

Thank you for your attention.

KOFI AMPIM,
Chairman

Managing Director's Review

It is my pleasure to present to you a review of our Bank's operations which will give an insight into the performance of our Bank for the year 2016.

2016 Operating Results

Notwithstanding the intense competition in the Banking industry, our Bank recorded a Profit after Taxation of GHS63,899,855 representing an increase over the 2015 profit by 43.3%. Operating Expenses grew by 17.0% whilst Shareholders' Funds increased by 26.0% from GHS263,980,201 to GHS332,555,424.

Review of Operations

During the year 2016 our Bank in an effort to grow the company's market share, embarked on a Transformation Program and continued with its strategy to achieve profitable and organic growth through the following accomplishments:-

- Dynamic Global Transaction Banking
- New Products and Services Delivery
- Development at Human Resource Management
- Strong Growth in Corporate Banking
- Sustained Performance in Retail Banking
- Liquidity Maintained at Treasury Department
- Robust Operational Risk and Permanent Control
- Sustained Environmental and Social Management System

The 2016 Transformation Programme

The 2016 Transformation Programme resulted in 19 Projects under the Programme. Retail banking business had the removal of the Back Office units in all branches and transfer of operations to the Central Back Office. The number of Universal Relationship Officers, tellers, Cash Handlers were adjusted to the size of the portfolio and potential of the branch. A new Branch layout with a larger and more comfortable commercial space, a Welcome Desk, an Automatic Queue Management System dispensing tickets to the customers equipped with video-displays, a Privilege Lounge for the affluent customers, a Digital Corner accessible 24 hours a day 7 days a week with tablets to access the e-banking, IP phones to access the Contact Centre and new Generation ATMs. Three branches were renovated and 8 others were undergoing renovation.

The Corporate Coverage Division was reorganized to comply with the Societe Generale Group standard. A Global Transaction Banking Department was set up together with a reorganised Corporate Coverage Department, both sitting in a reorganised office space providing comfort and efficiency. All the Back Office operations were regrouped into the new full Central Back Office according to the Societe Generale Group standard. Under the Human Resources Transformation, staff numbers in the bank were optimized, the total headcount being reduced by 20%. The Quality of service was enhanced to resolve outstanding issues and to improve customer service. The claims management process was centralized for more efficiency. Structural changes were put in place to boost the development of the business, The Retail Risk Policy was reviewed to boost the loan book and the Bank's capital was increased to enhance the Single Obligor Limit for lending to Corporate Customers. New Channels were developed under the Transformation Programme with the solar off-site ATM and the Light Mobile Branch. For Commercial Animation, Monthly and Quarterly Business Development Committees were set up for both Retail and Corporate departments. A Quarterly Committee for Steering and monitoring the bank's Operations was set up.

Global Transaction Banking

The Global Transaction Banking Department merged all Corporate Transaction Banking activities, in line with best practices in the Societe Generale Group and more broadly, in the industry to improve the efficiency of the Bank.

The Department had regrouped Cash Management, Trade Finance, Correspondent Banking, Factoring and Leasing into one department with the mission to improve the content and marketing of the bank's transaction banking offer, boost customer loyalty and fee income generation. The key feature of the GTB organization is the implementation of business experts whose role is to provide specific expertise to the sales teams to help them promote and sell transaction banking products and services such as Electronic Banking, Letters of Credits, and Factoring. These business experts also undertake product marketing, product development and other key functions on the transaction banking activities.

The Department launched its global offer at a business event widely attended by the bank's Corporate Customers. The department had already led the successful roll out of the bank's new internet banking offer dedicated to corporates: bill payment services, electronic statements and Finasia a trade solution for international trade business with Asian countries. As a result the bank has tripled its Factoring business, structured complex trade deals and increased generally, the transaction banking activities. Societe Generale Ghana was awarded the 3rd Cash Manager in Ghana by the 2016 Euromoney Cash Management Survey and 2nd place at the Societe Generale Interbranch Cooperation Award for developments in Factoring.

New Products and Services

In 2016, new products and services, as well as promotional campaigns and programs were developed and introduced. Existing products were also revitalized in response to customer needs and market insights. 4 product packages called "Kits" were introduced to give individual customers an easy way to access a varied range of products and services. Loan promotions called "Unlock your dreams" and "Unlock your dreams reloaded" gave customers the opportunity to take loans at a highly competitive rate of 30%, and a deposit campaign "Akyedee Nkoaa" ("Nothing but gifts") which rewarded all customers who participated without any draws or raffles was launched. Money remittance services available at the Bank were also extended, with "RIA" money transfer services being added to the MoneyGram and Western Union services already on offer. To show customers appreciation, the Bank rolled out a loyalty program "Rewards Zone" which is designed to reward loyal customers with gifts as they perform day-to-day banking transactions through the various Kits on offer.

The Bank also chose to go "green" with the introduction of the "eStatements" to replace printed statements for customers. Further, steps to re-organize the Bank's electronic banking offers were taken in line with the overall transformation project launched in 2016. Internet banking services for corporate clients was refined with the introduction of "Socgec@shnet" and the telephone banking service, "Sikatel", was revamped to include self-banking services as well as, access to skilled contact agents at the bank's ultra-modern Contact Centre.

Development at Human Resources Management

The Human Resource Management Department in 2016 aligned its initiatives to the 3 years Transformation Program of the Bank which aimed at increasing the bank's market share through operational efficiency and quality of service delivery. The Bank undertook 19 Transformation Projects in 2016 that had HRM align the human resource requirements to the business strategy. HRM spearheaded the reorganization of the Retail Network Project that saw the centralization of Back Office operations within the Branch Network to the Central Back Office to free the Branches to focus on sales activities.

The Transformation Program also saw the restructuring and creation of new roles such as the Deputy Branch Manager role in the Branches, Sector Heads, Relationship Managers and Assistant Relationship Managers roles within the Corporate Coverage Department and Business Experts within Global Transaction Banking Department. To promote the commercial animation capacities of the Sales Teams in Retail, Corporate Coverage and Global Transaction Banking Departments, the Bank rolled out a Sales and Prospection Training to 323 staff in 2016. In line with the Transformation Program and the centralization of Back Office operations, certain roles ceased to exist in the Retail Network, Corporate and SME Department which saw 46 staff separated from the Bank through a Redundancy Program.

Globally, the optimisation of the bank's organisation saw the total staff head count (permanent + contract + outsource,

Managing Director's Review cont'd

excluding the National Service Personnels) decrease from 914 in June 2015 to 728 in December 2016 (-20.4%). This was reached through two Early Leavers Schemes in 2015 and 2016 and through the redundancy exercise occassioned by the centralisation of the Back Office operations from the branches to the Head Office in 2016. These actions also contributed to a notable improvement in the staff age pyramid.

Operational Risk and Permanent Control

During the transformation exercise in 2016, Operational Risk and Permanent Control framework remained robust. The transformation led to a change in roles and functions, introduction of new tools and applications yet the existing and emerging risks were effectively identified, controlled and monitored resulting in a decline in operational losses for the period.

Strong Growth in Corporate Banking

In 2016, the then Corporate Banking and SME departments experienced significant re-organization and transformation in line with the bank wide re-organization agenda. The re-organization culminated in the creation of the Corporate Coverage Department which encompasses the upper tier segment of the SME business-called Middle Market, the Large Corporates and the Portfolio and Performance Monitoring Unit. The large Corporate space was re-organized based on sectors with sector heads and the Middle Market segment was geographically organized due to the numbers, multi sectorial and the relatively wide spread nature of the clientele base in that space.

The re-organization programme saw the replacement of the then Corporate and SME Services Support and the Credit Analyst teams and affected staff integrated into the Relationship Manager/Assistant Relationship Management dual structure of the front line, or joined the Portfolio and Performance Monitoring unit or moved to the Corporate Back Office unit of the Central Back Office. Appropriate training programmes both in-house and outsourced, bordering on credit origination and risk management, International Trade Finance, Factoring and Cash management were organized to re-orient and prepare staff for effective performance. The realignment & re-organization of the structures and human resources of the department has contributed towards ensuring efficient and effective value delivery, helped clarify career growth paths for staff and has ultimately provided the setting/working environment for improved customer service delivery on a sustained basis.

The year under review also witnessed close working relationship with the Global Transaction Banking team. The Corporate coverage department will continue to enhance the collaboration with GTB team to deploy the products (Factoring, Cash management and Trade) and intensify the joint presentations to customers and prospects for maximum realization of the benefits of the value chain and cross selling strategy.

Corporate Coverage Department worked closely with the Treasury Department to close SWAP deals for some of our major MNCs occasioned by the relative stability of the cedi against the major foreign currencies during the year under review. FX supply sources saw relative improvement on account of the on-boarding of new names in the mining and oil, gas and Power Sectors and marked improvement in the level of business with the existing sources. The Factoring and the Finance lease products would be strongly pushed through the mining value delivery chain for a much stronger and sustained FX supplies to meet the needs of our customers.

The asset portfolio of the Corporate Coverage Department (the then Corporate & SME combined) recorded a moderate growth of 12% over the 2015 position. Unanticipated reduced utilization of overdrafts by Licensed Cocoa Buying companies and other MNCs contributed significantly to this situation despite a commercial production on track with our higher ambitions during most of the year. This is a consequence of the structure of the asset book tilted more towards short term facilities than medium term Capex loans, making the asset book more volatile around election period. Conscious measures targeted at sectors prone to Capex and or medium to long term loan needs have been put in place to rebalance the portfolio, especially if a reduction in interest rate occurs. The department would continue with its ambitious approach to the value chain financing whilst intensifying marketing and business development activities to diversify the asset base and improve the medium and long term loan book.

2016 saw NPLs being held in check and recoveries completed on major NPL names thus keeping the overall position within acceptable levels. This effort would be sustained and reinforced with the support of our Portfolio and Performance Monitoring team.

Managing Director's Review cont'd

The focus on liquidity and deposit collection have largely been successful: deposits grew by 28.2% thanks to new accounts opened, reactivation of existing good but dormant accounts, the sales and implementation of bill payment platform to some major utility companies and schools and improvement in wallet share of existing customers. The bill payment and general cash management solution is strongly being promoted to more utility companies, schools, trade based companies and this is expected to boost the local currency position at a cheaper cost. This move would also widen the deposit sources to cushion the department against any volatility caused by withdrawals from major contributors of deposits.

Overall, the strategic thrust of the department in 2017 is to grow the asset book fuelled largely by Capex and general medium to long term loan finance, from diverse sources whilst deploying the GTB products for affordable deposit mobilization, fee income generation and value chain benefits maximization.

It is worth noting that the growth in the asset book will be helped by the increase in the bank's Single Obligor Limit (SOL) that was achieved through the 2016 capital increase operation. This was aimed at boosting the bank's ability to lend more to its major Corporate Customers.

Sustained Performance in Retail Banking

The Retail space experienced some significant transformation in 2016 to help drive productivity and sustain the profitability of the business as well as to remain competitive in the market.

SG Ghana embarked on an aggressive Back office centralization of the Retail space to stream line some key activities in the branches. This was to enable the Branches work in a synchronized manner and also ensure all Branches are more sales driven. Major operational activities were redesigned and transferred to the head office with the creation of a centralized Back office. This also brought to the fore the need to redefine some job roles whiles allowing staff who also wanted to take advantage of the voluntary retirement programme to do so.

Some key sales promotion activities that were embarked to improve the balance sheet were:

- Akyedie Nkooa deposit campaign;
- Final count down deposit campaign;
- Spread the word, refer and win promo to foster recommendation of the bank;
- Unlock your dreams loan campaign;
- Moneygram back to school promotion;

The year also saw the launch of some Retail products such as:

- The My KIT account as part of the KIT package;
- Sound Education, a Bancassurance product in partnership with Prudential insurance;
- RIA was launched to increase the number of remittance options available to customers.

To increase the foot prints of the Branches and also promote visibility as well as efficiency, two (2) new Branches were opened-Airport City and Dansoman. These Branches became the new faces of the Retail network with the introduction of Digital Corners, New Generation ATMs, welcome Desks, Digitalized Queuing systems and Previlege Lounges. In addition, renovation of some key Branches started and notable amongst these were the Accra Main Branch, Faanofa, and Premier Towers. Worthy of special mention is the conversion of offsite ATMs that augment the efforts of the Branches into solar powered ATMs to avoid offline modes due to frequent electricity outages.

To further boost loan sales and also ensure the public sector is served well, Retail introduced the Controller and Accountant General Department (CAGD) loans for the public sector. The introduction of this product further puts SG Retail as one of the most competitive forces when it comes to granting loans to the public sector, as we are now able to combine our very competitive rates with the nre enhacements in the bank's Retail Credit Policy. This enhancements include:

- The deduction at source allowing to grant loans to CAGD enrolled civil servants without having to poach their account
- The reduction from 3 to 1 of the number of monthly salaries to be recieved in a customer's accounts before the bank can lend to such customer
- The increase of the maximum loan tenor from 4 to 5 years

Managing Director's Review cont'd

Liquidity Maintained at Treasury

The bank maintained adequate liquidity at all times and continued to be a net lender to the market in both local and foreign currency. Volume of local currency placements increased from GHS 21,000m to GHS 24,000m, an increase of 14%, mainly driven by cyclical customer deposits which came in the last quarter. Liquidity Reserving Requirement was met at all times with no breach, while Group and International Financing Institutions funding lines remained in place. There were no new drawings on IFI lines and an outstanding amount of USD 12.2m of Sub debt from Head Office was paid off. The bank continued to use foreign exchange swaps with Bank of Ghana to provide contingency cedi liquidity buffers. Bank of Ghana introduced new guidelines on mobile financial services which will impact the liquidity of banks engaged in this business. For SG Ghana there is no impact so far. The Bank's Base rate ended the year at 22.25% from 21.35% in January, the main driver being increased Operating Expenses, while Bank of Ghana Prime rate was at 26.00% and stayed at this level for most of the year only decreasing to 25.50% in mid-November. Domestic weighted cost of funds reduced from 7.44% in January to 7.21% in December.

Bank of Ghana introduced a fortnightly auction system for the purchase and sale of foreign exchange alongside the usual daily support given to the market. This came into effect in November 2016 and the impact has been to somehow slow down the rate of GHS depreciation.

Retention agreements between Bank of Ghana and mining companies were relaxed to support better flows directly to the inter-bank market. This change in direction is to be exploited fully in 2017. Foreign exchange turnover increased but margins remained tight through the election year where USD/GHS rates stayed largely stable but dipped towards the year-end as demand picked up, to close at USD/GHS 4.200. Year on year depreciation was at 9.65%.

For government security issues, 2016 was a year of many firsts. Government issued the following bonds for the first time ever: a 7 year bond, a 10 year bond and local USD bond. Bank of Ghana and the Central Securities Depository enforced the rules of Primary Dealership in government securities such that participants now buy securities wholesale at the auction and sell to customers out of their own portfolios, while Central Securities Depository revised its charges slightly upwards. Activity improved with trading turnover increasing by 70% from GHS 611m to GHS 1,035m and income growing by 28%.

Environmental & Social Management Systems

The Bank continued conducting its activities in an environmentally friendly and socially responsible way; while at the same time helping its clients to carry out their business in a more sustainable manner. We continued our lending activities which were informed by our commitment to the tenets of sustainable development through the Bank's Environmental and Social Management Systems policy.

The Bank's policy includes procedures and Environmental and Social risk assessment tools; which help to prevent and mitigate potential risks associated with credit proposals. During the year in focus, the policy was enhanced with the inclusion of initiatives in line with International Standards. These initiatives cover areas such as the civil nuclear energy power sector, thermal power sector, renewable energy sector and the alternative liquid gas sector. The policy guides the Bank's ethical responsibilities towards its key stakeholders - customers, shareholders and employees as well as our partners in the Development Financial Institutions.

With the continuous implementation of Environmental and Social Risk Management principles, Societe Generale Ghana aims at contributing to a sustainable Ghanaian society through the management of the bank's overall risk exposure.

The Future

The year 2017 will be the year of intense digital transformation of the Bank with the launch of a mobile application for Ghana and Africa as a whole. With the low banking penetration rates and increasing mobile penetration, Ghana provides the fertile ground for the development of mobile money. This is why the Societe Generale Group and our Bank have developed YUP the logo for Agency Banking in Africa the purposes of which will be to offer a new and accessible account model combining both online services and a widespread physical distribution network. Through an electronic money account YUP will provide a complete range of bank like services; withdrawals, deposit and money transfer; bill payment and mobile credit purchases. Customers will access these services via a mobile application through a wide network of officers equipped with a payment terminal including authentication technology. We hope to make financial services accessible to a wider audience thus promoting financial inclusion. Through this solution, both Societe Generale Ghana customers and non-customers will have access to a large base of Mobile Money agents for payments, transfers and cash operations.

Finally I would like to end by congratulating all employees and also all the people of this country for the renewed lesson they have given to Africa and to the world, through the recent democratic, transparent and peaceful 2016 general elections. Now, our common hope for 2017 is that the nation's economy continues and strengthens the already started recovery that will, as we all expect, generate higher growth and more wealth to benefit everyone in this country.

Sionle YEO

Managing Director

Report of the **Directors**

The directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2016 reports as follows:

	2016	2015
	GH¢	GH¢
The Bank recorded Net Profit before Taxation	**91,888,031**	64,387,599
From which is deducted Taxation of	**(27,988,176)**	(19,782,522)
Giving a Net Profit after Taxation of	**63,899,855**	44,605,077
There was transfer to Statutory Reserves of	**(15,859,777)**	(11,151,269)
Leaving a Profit for the Year after Taxation and transfer to Statutory Reserves of	**48,040,078**	33,453,808
When added to the opening balance on the income surplus account as of 1 January of	**50,505,724**	50,345,751
From which is deducted a reclassification adjustment of	**-**	(319,732)
From which is deducted a bonus issue transferred to Stated Capital		(34,662,687)
From which is deducted a right issue expenses	**(1,182,701)**	-
From which is deducted a withholding tax on Bonus Issue	**-**	(2,682,476)
From which is deducted final Dividend Paid of	**(27,913,376)**	-
Leaving a balance of	**69,449,725**	46,134,664
And adjusting it with transfer from Credit Risk Reserve of	**9,153,547**	4,371,060
It leaves a closing balance on the Income Surplus account of	**78,603,272**	50,505,724

Objective of the bank and Nature of business

Societe Generale Ghana Limited is a public limited liability company incorporated under the Companies Act of Ghana 1963 Act 179 as amended by the Companies (Amendment) Act 2012 Act 835. The company which is a Bank is listed on the Ghana Stock Exchange. The Company is licenced by the Bank of Ghana as a Universal Bank in Ghana under the Banking Act 2004 Act 673 as amended by the Banking Amendment Act 2007 Act 738.

Holding company

The Societe Generale Group through its wholly owned investment subsidiary SG Financial Services Holding owns 56.67% of the issued capital of the bank, thus making Societe Generale Ghana Limited, a subsidiary of Societe Generale Group.

Report of the Directors cont'd

Stated capital

The Bank has complied with the minimum stated capital requirement for universal banking as directed by the Bank of Ghana.

Changes in Board of Directors and Senior Management

Re-election of Directors

In accordance with Section 88 (1) of the Regulations of the Bank, Mr Alexandre Maymat, Mr Kofi Asamoah, Mr Nii Adja Nablah and Mrs Teresa Ntim retire by rotation and being eligible, offer themselves for re-election as Directors.

Alexandre Maymat: He holds Statistics and Economic Administration degrees from the Polytechnics School and from the National School of Statistics and Economic Administration. He has a vast experience in the public service of France and of the European Union Economic. Within the Societe Generale Group, he has held the following positions; Chief Inspector, Regional Manager of the Franche-Comté area, Director and CEO of Societe Generale de Banque in Cameroon and he is now the Deputy Head of the Group's International Retail Banking Division. He joined the Board of Directors on 15th November 2012.

Kofi Asamoah: He holds an Honorary Doctorate degree for outstanding Leadership from Columbia University Washington DC Global Centre for Transformational Leadership. He also holds a Master of Arts degree in Philosophy and Labour Development from the Columbia University Washington District of Columbia, a Post Graduate Diploma in Labour Studies from the University of Histradrut Tel Aviv Israel, a Post Graduate Diploma in Socio Political Science Institute of Social Sciences Moscow Russia and a Post Graduate Diploma in Labour Policies Studies from the University of Cape Coast. He is the immediate past Secretary General of the Trade Unions Congress ("TUC"). He joined the Board of Directors on 20th November 2013.

Nii Adja Nablah: He is a Chartered Accountant by profession and holds an MBA (Finance) from the University of Wales and University of Manchester UK. He has extensive experience in the Implementation and Review of Accounting Systems, Procedures and Controls and Financial Systems Analysis. He is the Deputy Director General at the Social Security and National Insurance Trust (SSNIT). Before joining SSNIT he worked with KPMG, a practicing firm of Chartered Accountants offering Audit, Taxation, Management Consultancy and other services. Directorships held are with NTHC Company Limited, NTHC Properties, and Kumasi Catering Resthouse Limited. He joined the Bank's Board of Directors on 24th November 2010.

Teresa Ntim (Mrs): She holds a BSc and MSc. in Agricultural Economics. Her career spans over 33 years with the Bank of Ghana serving in different capacities in the Research, Rural Finance, Development Finance and Foreign Operations departments and was Head of Treasury from 1993 to 1997. She also served as Special Advisor to the Governor of the Bank of Ghana and retired in 2004. She joined the Board of Directors on 7th February, 2005.

Election of a Director

In accordance with Regulation 72(1) and 90 of the Regulations of the Bank Mr Hakim Ouzzani appointed during the year offers himself for election.

Hakim Ouzzani: He holds a Bachelors of Arts degree in Economics and a Master of Arts degree in Organisation Sociology from the Ecole Nationale Superieure d'Administration et de Gestation National School of Management and Administration. He also holds a Diploma of the third cycle in Bank and Finances from the Institute of Financing of the Development, Tunis. Mr Ouzzani also holds a Diploma of Higher Education from the Arab Maghreb Development Financing Institute.

He is presently the Senior Executive Regional Manager with Societe Generale International Banking Financial Services in charge of Ghana, Cameroun, Chad, Congo Brazaville, Equatorial Guinea, and Guinea Conakry. From 2012 to 2016 he was the Chief Executive Officer of Societe Generale Chad. He also held various positions within the Societe Generale as Group Deputy General Manager SG Algerie, Network and Sales Manager SG Algerie, Network Development Manager SG Algerie. From 2000 to 2002 he managed the Corporate Branch of the Union Bank Brokerage. In 1998 he was the New Products Development Manager at the Union Bank. He had also worked as a Professor at the Ecole Superieure de Banque. He also worked with the Central Bank of Algerie as a Senior Officer Loans & Refinancing and Licencing & Regulatory Direction. Mr Ouzzani was appointed to the Board of Directors of Societe Generale Ghana in November 2016 with Bank of Ghana granting approval to the said appointment in January 2017.

Report of the Directors cont'd

Directors' Interest

Two Directors holding office at the end of the year owned a total of 4,884 shares of the Banks total shares of 429,060,180.

Dividend

The Board of Directors have recommended a dividend payment of GH¢0.033 per share for the year ended 31 December 2016.

Bonus Issue

There has been no proposal for the issue of bonus shares during the year under review.

Corporate Responsibilities and Compliance

Policy and performance in connection with environmental and social responsibility.

The Bank has a Policy on Environmental and Social Management Systems which was approved by the Board of Directors on 25th July 2014. It also has an Environmental and Social Management Systems Charter which was duly approved by the Board of Directors of the Bank on 26th July 2013. Societe Generale Ghana considers that the banking and financial sector is an essential contributor to the economic development. Fully aware of its role in assisting the economic sphere, Societe Generale Ghana is committed to conducting its activities in a responsible way. Taking into account the economic, environmental and social consequences and impacts of its activities is a major focus of the Bank's sustainable development policy.

Based on continuous improvement, sustainable development as interpreted by Societe Generale Ghana draws on best practices of the Societe Generale Group and the other economic sectors. The objective of the Bank is to better understand, manage and improve its impacts on society and the environment, in conjunction with its stakeholders. Societe Generale Ghana has established an Environmental and Social Management Systems (ESMS) General Guidelines. The ESMS General Principles stem from the legal and regulatory framework applicable to the Bank's activities. They are implemented through processes and procedures adapted to the different activities of the Bank.

The Guidelines outline the key standards and parameters enabling a responsible engagement of Societe Generale Ghana in all its activities. They may evolve in time, according to legislative or regulatory evolutions and as a result of the discussions between the Bank and its various stakeholders.The scope of these guidelines apply to banking and financial services provided by Societe Generale Ghana.

Societe Generale Ghana complies with the Environmental and Social laws and regulations in force in Ghana and with the applicable international Environmental and Social conventions and agreements. Societe Generale Ghana being part of the Societe Generale Group adopts and respects the values and principles enshrined in the following international conventions and agreements:

- the Universal Declaration of Human Rights and associated covenants (namely, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights);
- the main Conventions of the International Labour Organization;
- the UNESCO Convention concerning the Protection of the World Cultural and Natural Heritage;
- the OECD Guidelines for Multinational Enterprises.
- the UNEP Finance Initiative;
- the UN Global Compact;
- the Equator Principles.

Legal and regulatory obligations and adoption of the above standards and initiatives entail that Societe Generale Ghana shall not knowingly finance transactions linked to certain goods and services defined in its policy.

A Code of Ethics for all company employees

Societe Generale Ghana has a Code of Ethics for staff and this has been made available to all employees of the Bank.

Code of Ethics for the Board and waivers to the ethics code

The Regulations of the Bank provides for ethics for the Board and provides that the Directors stand in a fiduciary relationship towards the Company in any transaction with it or on its behalf. A Director shall act at all times in what he believes to be in the best interests of the Company as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skilful Director would act in the circumstances. In considering whether a particular transaction or course of action is in the best interests of the Company as a whole a Director may have regard to the interests of the employees, as well as the members, of the Company, and, when appointed by, or as representative of, a special class of members, employees, or creditors may give special, but not exclusive, consideration to the interests of that class.

Types and duties of outside board and management positions

Name	Nationality	Age	Position	Appointed	Profession & Directorships held
Kofi Ampim	Ghanaian	70	Chairman	2003	Investment Banker · Total Oil Co. Ltd · Allianz Ghana Ltd · Belstar Ltd.
Sionle Yeo	Ivorian	57	Executive	2015	Bank Chief Executive · Societe Generale Ghana · SSB Investment Co. Ltd
Francois Marchal	French	36	Executive	2014	Banker, Advans Ghana Limited
Arnaud Crouzet	French	50	Executive	2014	Banker
Alexandre Maymat	French	49	Non-executive	2012	Statistician/Economist/Banker
Teresa Ntim	Ghanaian	72	Non-executive	2005	Consultant · Lower Pra Rural Bank · Isser Development Fund · Ave Maria Health Farm · Telecom International Ghana Ltd
Michel Miaille	French	73	Non-executive	2003	Retired Banker
Nii` Adja Nablah	Ghanaian	56	Non-executive	2011	· The Trust Bank · NTHC Limited · NTHC Properties · Kumasi Catering Resthouse Ltd
Pierre Wolmarans	South African	57	Non-executive	2005	Bank Chief Executive
Kofi Asamoah	Ghanaian	63	Non-executive	2013	Retired Trade Unionist
Hakim Ouzzani	French	48	Non-executive	2016	Banker

Report of the Directors cont'd

Number of outside board and management positions held by the Directors

The company does not have a policy limiting the number of board positions any one director can hold.

Professional development and training activities

Once Directors are appointed as members of the Board, they are furnished with a copy of the Regulations of the Bank, The Banking Act 2004 (Act 673). The Banking Amendment Act 2007 (Act 738), the last Annual Report and a Memorandum of Directors Responsibilities and Duties and Obligations for their learning. During the Reporting Period an Executive Director and a Non-Executive Director received training on board matters.

Performance evaluation process

The Board has in place an evaluation process which covers the functions of the Board, Board meetings management and procedures, Appointment, Induction, Training and Development, Succession and Removal, Board Structure, Information and Communication. An evaluation was undertaken during the Reporting period

Role and functions of the board of directors and committees of the board

The main task of the Board of Directors is to make sure that the Bank's operations comply with the relevant applicable regulations and with the strategy defined. In this capacity, it must:

Define and follow up the implementation of the Bank's strategic orientations while making sure its business is developing in the proper conditions of security,

Check and approve management (business activities, results, human and technical resources, investments, etc.) by relying on the work of the reporting committees from which it regularly receives information and to which it may assign tasks where necessary

Appoint, according to applicable local rules, the Bank's Representatives who shall manage the Bank,

Make sure the information given to the banking and market authorities and to shareholders is reliable. Therefore, it draws up the financial statements then presents them to the shareholders' meeting for approval.

There are three reporting Committees responsible for supporting the Board of Directors which are The Credit Risk Committee, The Audit and Accounts Committee and the Nomination and Compensation Committee.

Existence of procedure(s) for addressing conflicts of interest among board members

The Board relies on Section 205 of the Companies Act (Act 179) as amended by the Companies Amendment Act 2012 (Act 835) and the Section 85(3) of the Regulations of the Bank should the need arise to address conflicts of interest situations.

Independence of the board of directors

The Bank is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management when conducting its business. The Bank ensures that it conducts its business activities in accordance with all laws and regulations which govern its business activities. The Board of Directors are responsible for ensuring that Societe Generale Ghana achieves and maintains a high standard of corporate governance and practices.

The Bank has an eleven member Board comprising three executive directors and eight non-executive directors. The Board consists of highly qualified individuals with diverse professional experiences: The core role of the Board is to promote the success of the Bank by providing direction and supervision in the Bank's affairs. Among other roles, the Board:

- Provides leadership to the Bank within a framework of prudent and effective controls which enable risks to be assessed and managed;
- Provides input into the development of the long-term objectives and overall commercial strategy for the Bank and is responsible for the oversight of the Bank's operations while evaluating and directing the implementation of the Bank's controls and procedures;
- Provides oversight of the Bank's strategic aims, ensuring that the necessary financial and human resources are in place for the Bank to meet its

objectives, as well as reviewing management performance;

- Upholds the Bank's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met;
- Ensures timely and accurate financial reporting to shareholders and
- Reviews the work done by Periodic and Permanent Control:

Determination and composition of directors' remuneration

Section 194(1) of the Companies Code 1963 (Act 179) as amended by the Companies (Amendment) Act 2012 Act 835 provides that the fees and other remuneration payable to the Directors in whatsoever capacity shall be determined from time to time by ordinary resolution of the company and not by any provisions in the Regulations or in any agreement which provision shall be null and void. Section 78(3) of the Regulations of the Bank provides that fees payable to Directors shall not be increased except pursuant to an ordinary resolution passed at a General Meeting, where notice of the proposed increase has been given in the Notice convening the meeting. Collectively, the Directors at the Board meeting preceding the Annual General Meeting agree their fees and this then placed before the Shareholders of the Bank through an ordinary resolution at the Annual General Meeting.

Checks and balances mechanisms balancing the power of the CEO with the power of the board

Section 87 of the Regulations of the Bank provide that the Board of Directors may from time to time appoint one of their body to the office of Managing Director, who shall be the Chief Executive, for such period and on such terms as may be determined and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment and such appointment shall be automatically determined if the holder of the office ceases from any cause to be a Director.

Subject to any directives of the Board on matters of general policy the Managing Director shall be responsible for the directions of the day-to-day business of the Bank and for its administration.

If the Managing Director is absent from Ghana or is otherwise incapacitated from performing duties of the office, the Board may authorise an employee of the Bank to exercise, for the time being, all the duties and powers of the Managing Director.

"The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and with such restrictions as they think fit, and either collaterally with, or to the exclusion of, their own powers and, subject to the terms of any agreement entered into in any particular case, may from time to time revoke or vary all or any of such powers.

Process for interaction with external auditors

The Board of Directors on an annual basis invite the external auditors of the company to a meeting for an Independent Auditors Report on the Audited Financial Statements of the Company. At the meeting a Management letter of the company is submitted to the Directors of the Company. The external auditors of the company explain to the Board the completion of the audit on the company which is undertaken in accordance with international standards. They usually state that the audit is conducted to enable the external auditors form an opinion on the financial statements that have been prepared management with oversight of the Board of Directors. They further explain to the Board that the audit of the financial statements does not relieve management or the Board of their responsibilities. The auditors draw the Board's attention to any matters identified during the audit of the financial statements of the company. The auditors obtain Management's Responses to any matters and draw the Board's attention to any areas of concern. At the meeting the External Auditors report on the Financial Statements, the Directors Responsibility for the Financial Statements, the Auditors Responsibility, Opinion and Report on other legal and regulatory requirements are discussed.

Duration of current auditors

Messrs Ernst & Young were appointed as Auditors of Societe Generale Ghana Limited on 31 March 2016 during the Bank's Annual General Meeting. Thus, they are in their first year of providing auditing services to the bank. They replaced Messrs Deloite & Touche who provided this service for five (5) years.

Auditors' involvement in non-audit work and the fees paid to the auditors

Apart from the audit assignment, Ernst and Young were not engaged by the bank to undertake any non-audit work during the year.

Auditors Remuneration

In accordance with Section 134(5) of the Companies Code 1963 (Act 173) as amended by the Companies (Amendment) Act 2012 (Act 835). Messrs' Ernst & Young the Company's auditors have agreed to continue in office as the Bank's auditors. A Resolution to authorize the Directors to determine their remuneration for the year ended 31 December 2017 will be proposed at the Annual General Meeting.

Increase in the Stated Capital of the Bank

The stated capital of the bank is now GHS138,302,925 after a successful Rights Issue undertaken during the period under review.

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in note (45) to the financial statements.

Corporate Governance

Societe Generale Ghana Limited respects the standards of good corporate governance, which include transparency, accountability and rights of all its stakeholders.

Credit Risk Committee

In line with its Corporate Governance principles, the Board of Directors has a Credit Risk Committee made up of the following directors:

Michel Miaille	-	Chairman
Alexander Maymat	-	Member
Hakim Ouzanni	-	Member
Sionle Yeo	-	Member
Francois Marchal	-	Member

This Committee reviews and makes recommendations to the Board of Directors on all aspects of Credit and Market risks. In attendance is the General Manager for Credit and Market Risk of the bank. The Committee analyses on a periodic basis the organisation and function of the bank's risk department and reviews the portfolio of credit and market risks to which the bank is exposed as regards counterparty risks, the Credit Risk Committee reviews the content of and changes to the portfolio per type of facility and debtor, the regulatory ratios and key indicators, changes to the quality of commitments: sensitive, irregular, non-performing files, compliance with the conditional authorizations issued by the Societe Generale Group, adequacy of the level of provision for the risks incurred, the efficiency of debt collection. The committee reports its findings to the Board of Directors with the requisite recommendation.

Audit and Accounts Committee

In line with its Corporate Governance principles, the Board of Directors has an Audit and Accounts Committee made up of the following directors:

Nii Adja Nablah	-	Chairman
Alexander Maymat	-	Member
Hakim Ouzzani	-	Member
Michel Miaille	-	Member
Kofi Ampim	-	Member
Teresa Ntim	-	Member

This Committee reviews and makes recommendations to the Board on all aspects of the audit and financial reporting processes. In attendance at Audit and Accounts Committee meetings are the Managing Director, Deputy Managing Director, Chief Operating Officer, Head of Audit Department, Head of Permanent Control Department and where necessary, the bank's external auditors.

- Keeps up-to-date with changes in the legal and regulatory environment affecting the work the committee monitors for proper execution
- Reviewing and validating the accounts of the bank and the work of the External Auditors
- Periodically gives an opinion of the organisation and functioning of the Bank's periodic and permanent internal control. Suggests to the Board of Directors the relevant adaptations, monitors the implementation of these measures and reports on their application to the Board of Directors

Report of the Directors cont'd

- Validates, in consultation with the Groups relevant Departments the Audit Plan of the Bank while making sure that the development method enables the areas of risk to be properly detected and covered.
- Follows up the implementation of the Audit Plan and proposes adjustments if necessary.
- Reviews the work done by Periodic and Permanent Control:
  - reports to the Board of Directors on any anomalies and gives its opinion of the relevance of the corrective measures chosen by the bank's management,
  - monitors the implementation, according to the deadlines set, of the critical periodic control recommendations as well as the solving of the critical points identified,
  - Informs the Board of Directors of any discrepancies in the critical and priority corrective measures (failures exposing the entity to a high risk).
- Reviews the procedures and the functioning of the anti-money laundering and terrorism financing systems, and the compliance risk control.
- Submits to the Board of Directors the measures likely to improve, where applicable, the security of operations, and monitors the implementation of the selected measures
- Is generally informed by management of any event occurring in the operation of the Bank which is likely to adversely affect its control of risks.
- The list of issues to be addressed at the Audit and Accounts Committee meetings are formalised in the Audit and Accounts Committee File; Audit and Accounts Committee Apendix; Permanent Control Activity; Internal Audit Report to the Audit and Accounts Committee and discussed according to the Agenda.

Nomination and Compensation Committee

In line with its Corporate Governance principles the Board of Directors has a Nomination and Compensation Committee made up of the following directors:

Teresa Ntim	-	Chairperson
Kofi Asamoah	-	Member
Kofi Ampim	-	Member
Nii Adja Nablah	-	Member
Michel Miaille	-	Member
Sionle Yeo	-	Member

This Committee ensures the bank has a board of competent and effective composition and is adequately charged to carry out its responsibility in the best interest of the bank and its shareholders.

The following are the elements that may come under its scope and authority:-

- The Bank's general wage policies
- The detailed salaries of the bank's senior executives and key management personnel
- Changes in social liabilities
- Administrators and Company Managers pay.

The Nomination & Compensation Committee does not however have authority to make decisions on these issues and has a purely advisory capacity, therefore it may only formulate opinions and recommendations to the Board of Directors.

Compliance with Securities and Exchange Commission Regulations

The Bank has complied with the regulations of the Securities and Exchange Commission (L.I. 1728 Regulation 61) and has submitted to the Commission as requested, two (2) reports of the Audit and Accounts Committee for the year 2016. The Audit Committee held three meetings during the year under review. In fulfilment of the Securities and Exchange Commission requirements, we present a summary of the reports so submitted:

- Report on the Credit Risk, Operational Risk, and Market Risk Activities
- Report on Structural Risks and Statutory Ratios
- Report on Bank of Ghana's Prudential Ratios
- Report on an overview of the Audit Division and its functions
- Report on Compliance Monitoring, Anti Money Laundering and Permanent Supervision ensuring continuous monitoring of operational activities.
- Report on Counterparty Risks
- Report on Changes in Organisational Structure
- Report on Business Continuity Plan
- Audit Reports on Branches.

The External Auditors submitted their audit plan for the year and performed the audit in accordance with International Standards on Auditing.

By order of the board

Managing Director
(Sionle Yeo)

Accra
8 March, 2017

Director
(Nii Adja Nablah)

Accra
8 March, 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the bank at the end of the period and of the profit or loss of the bank for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether the applicable accounting standards have been followed.
- Ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the bank will continue in business.

The Directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Code 1963 (Act 179) as amended by the Companies (Amendment) Act 2012 (Act 835) and the Banking Act, 2004 (Act 673) and the Banking (Amendment) Act, 2007 (Act 738) and International Financial Reporting Standards. They are responsible for safeguarding the assets of the bank and hence for taking steps for the prevention and detection of fraud and other irregularities.

The above statement should be read in conjunction with the statement of the auditors' responsibilities on page 33, which is made with a view to distinguishing, for shareholders, the respective responsibilities of the directors and the auditors in relation to the financial statements.

Independent Auditor's Report

TO THE SHAREHOLDERS OF SOCIETE GENERALE GHANA LIMITED

EY
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Societe Generale Ghana Limited (the Bank) set out on pages 38 to 99, which comprise the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Societe Generale Ghana Limited. We have fulfilled our other ethical responsibilities in accordance with the IFAC Code, and in accordance with other ethical requirements applicable to performing the audit of Societe Generale Ghana Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report cont'd

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Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances in line with IFRS Due to the significance of the bank's loans and advances to customers (which represent 38% of the bank's total assets) and the related estimation uncertainty of the provision for impairment, this is considered a key audit risk. Disclosures related to impairment losses and the Bank's accounting policies regarding estimating these have been disclosed in note 2.15c and note 19. The appropriateness of loan loss provisions is a key area of judgement for management. The identification of impairment and the determination of the recoverable amount are inherently uncertain processes involving various assumptions and factors including the financial condition of the counterparty, expected future cash flows, estimated time to realisation of collaterals and expected net selling prices. The use of different modelling techniques and assumptions could produce significantly different estimates of loan loss provisions.	We assessed and tested the design and operating effectiveness of the controls over individual and collective impairment calculations including the quality of underlying data and systems. For loan loss provisions calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. For loan loss provisions calculated on a collective basis, we tested the reasonableness of the underlying assumptions in relation to industry norms.
Adequacy of regulatory credit risk provisioning Aside application of IFRS impairment rules, Bank of Ghana has specific rules governing regulatory provisions as disclosed in note 19d of the financial statements. Unlike IFRS impairment rules however, regulatory provision rules are more deterministic and triggered mainly by the number of days a facility has been in default. The excess of regulatory provision over IFRS provision is recognised directly in equity as Credit risk reserves. Regulatory credit risk provisions represent a key risk area for the bank as misstatements in the carrying amount of this balance could have significant impact on the bank's financial statements including the accuracy of its capital adequacy computations and other key industry performance indicators. The balance on the bank's regulatory credit risk reserve at 31 December 2016 amounted to GHS6.3m.	We assessed the systems and related controls instituted by management to ensure the accurate determination of these provisions. We reviewed the process for aging and categorisation of the various loan buckets and the application of related regulatory provision rates. We tested a sample of these provisions based on our overall risk assessment of this account.

Independent Auditor's Report cont'd

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Other Information

The directors are responsible for the other information. The other information comprises the notice and agenda for Annual General Meeting (AGM), Corporate Information, profile of the Board of directors, key management personnel, Chairman's statement, Managing Director's review, report of the Directors and statement of directors' responsibilities. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act 2007 (Act 738)**,** and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of 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.

Independent Auditor's Report cont'd

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other matter

The financial statements of the Bank for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 23 March 2016.

A member firm of Ernst & Young Global Limited.
Partners: Ferdinand A. Gunn, Kwadwo Mpeani Brantuo, Victor C. Gborglah, Pamela Des Bordes, Isaac Nketiah Sarpong

Independent Auditor's Report cont'd

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Report on other legal requirements

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books;
- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and
- The balance sheet (statement of financial position) and the profit or loss account (profit or loss section of the statement of profit or loss and other comprehensive income) are in agreement with the books of account.

The Banking Act, 2004 (Act 673) Section 78(2) requires that we state certain matters in the report. We confirm that:

- The accounts give a true and fair view of the state of affairs of the Bank and its results for the period.
- We were able to obtain all relevant information and explanations required for the efficient performance of our functions.
- The Bank's transactions were within the powers of the Bank and
- The Bank has generally complied with the provisions of the Banking Act, 2004 (Act 673), as amended.

Ernst & Young

Pamela Des Bordes (ICAG/P/1329)

For and on behalf of Ernst & Young (ICAG/F/2017/126)

Chartered Accountants

Accra, Ghana

Date: 8 March, 2017

FINANCIAL STATEMENTS

Statement of Profit or Loss and other Comprehensive Income

For the Year ended 31 December 2016

	Notes	2016 GH¢	2015 GH¢
Interest Income	5	**259,746,071**	226,751,618
Interest Expense	6	**(61,803,444)**	(53,422,038)
Net Interest Income		**197,942,627**	**173,329,580**
Fees & Commission Income	7a	**71,765,799**	64,583,434
Fees & Commission Expense	7b	**(14,147,517)**	(12,564,792)
Net Fees and Commission Income		**57,618,282**	**52,018,642**
Net Trading Revenue	8a	**19,905,271**	6,724,734
Net income from Other Financial Instruments Carried at Fair Value	8b	**41,040,230**	21,506,828
Other Operating Income	10	**11,943,658**	17,082,402
Total Other Operating Income		**72,889,159**	**45,313,964**
Operating Income		**328,450,068**	**270,662,186**
Net Impairment Loss on Financial Assets	11	**(39,513,455)**	(37,912,719)
Personnel Expense	12	**(95,946,310)**	(81,684,827)
Depreciation and Amortization	24a	**(11,236,207)**	(10,451,037)
Other Expenses	13	**(89,866,065)**	(76,226,004)
Profit before Income Tax		**91,888,031**	64,387,599
Income Tax Expenses	14	**(27,988,176)**	(19,782,522)
Profit after Tax Expense		**63,899,855**	**44,605,077**
Other Comprehensive Income, Net of Income Tax			
Items that may be reclassified subsequently to Profit or Loss:			
- Available for Sale Financial Assets			
Net Fair Value Gain/(Loss) on Available-for-Sale Financial Assets during the year		**1,463,155**	(379,043)
Reclassification adjustment relating to Available for Sale Financial Assets disposed of in the year		**-**	453,478
Other Comprehensive Income for the Period (Net of Tax)		**1,463,155**	**74,435**
Total Comprehensive Income for the Period		**65,363,010**	**44,679,512**
Profit attributable to:			
Controlling Equity holders of the Bank		**36,212,048**	23,301,692
Non-controlling Interest		**27,687,807**	21,303,385
Profit for the Period		**63,899,855**	44,605,077
Total Comprehensive Income attributable to:			
Controlling Equity holders of the Bank		**37,041,218**	23,340,577
Non-Controlling Interest		**28,321,792**	21,338,935
Total Comprehensive Income for the Period		**65,363,010**	**44,679,512**
Earnings Per Share:			
Basic and Diluted Earnings per Share (GH¢)	15	**0.17**	0.12

Statement of Financial Position

AS AT 31 DECEMBER 2016

	Notes	2016 GH¢	2015 GH¢
Assets			
Cash and Cash Equivalents	16	**775,207,151**	850,155,014
Non-Pledged Trading Assets	17	**70,023,376**	51,080,883
Pledged Trading Assets		**-**	-
Derivative Assets held for Risk Management		**-**	-
Investments (Other than Securities)	18	**406,500**	406,500
Loans and Advances to Customers	19	**942,307,572**	900,961,822
Investment Securities	20	**540,724,245**	75,663,667
Current Tax Assets	21	**597,611**	1,047,500
Deferred Tax Assets	14b	**-**	1,769,371
Intangible Assets	22	**2,973,027**	1,424,092
Other Assets	23	**29,271,430**	23,719,331
Property, Plant and Equipment	24	**87,325,289**	86,002,995
Total Assets		2,448,836,201	1,992,231,175
Liabilities			
Trading Liabilities		-	-
Derivative Liabilities held for Risk Management	25	**6,496,857**	-
Deposits from Banks	27	**2,166,497**	1,110,020
Deposits from Customers	27	**1,791,064,063**	1,397,430,483
Borrowings	26	**200,733,796**	235,981,582
Current Tax Liabilities		**-**	-
Deferred Tax Liabilities	14b	**4,521,586**	-
Retirement benefit Liabilities		**-**	-
Other Liabilities	28	**111,297,978**	93,728,889
Total Liabilities		2,116,280,777	1,728,250,974
Shareholders' Fund			
Stated Capital	29	**138,302,925**	100,000,000
Income Surplus	40c	**78,603,272**	50,505,724
Revaluation Reserve	40d	**17,983,906**	23,978,541
Statutory Reserve	40e	**89,999,883**	74,140,106
Credit Risk Reserve	40f	**6,279,392**	15,432,939
Other Reserves	30	**1,386,046**	(77,109)
Total Shareholders' Fund		332,555,424	263,980,201
Total Liabilities and Shareholders' Fund		2,448,836,201	1,992,231,175

Approved by the Board on 15th February, 2017 and signed on its behalf as follows:

NII ADJA NABLAH (Director)
8 March, 2017

SIONLE YEO (Managing Director)
8 March, 2017

Statement of Changes in Equity

	Stated Capital	Income Surplus	Revaluation Reserve	Statutory reserve	Credit Risk Reserve	Other Reserves	Total Shareholders' Equity
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
For the year ended 31 December 2016							
Balance as 1 January 2016	**100,000,000**	**50,505,724**	**23,978,541**	**74,140,106**	**15,432,939**	**(77,109)**	**263,980,201**
Movements during the Year:							-
Profit for the year	-	63,899,855	-	-	-		63,899,855
Other comprehensive income						1,463,155	1,463,155
Other Movements in Equity		-					-
Rights Issue	38,302,925						38,302,925
Expenses on Rights Issue		(1,182,701)					(1,182,701)
Dividend Paid		(27,913,376)					(27,913,376)
Transfer to Statutory Reserve	-	(15,859,777)	-	15,859,777	-	-	-
Transfer from Regulatory Credit Reserve	-	9,153,547	-	-	(9,153,547)	-	-
Deferred Tax On Capital Surplus			(5,994,635)				(5,994,635)
Balance at 31 December 2016	**138,302,925**	**78,603,272**	**17,983,906**	**89,999,883**	**6,279,392**	**1,386,046**	**332,555,424**

Statement of Changes in Equity cont'd

	Stated Capital	Income Surplus	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Other Reserves	Share Deals	Total Shareholders' Equity
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
For the year ended 31 December 2015								
Balance as 1 January 2015	**62,393,558**	**50,345,751**	**23,978,541**	**62,988,837**	**19,803,999**	**(471,276)**	**2,943,755**	**221,983,165**
Reclassification Adjustment	-	(319,732)	-	-	-	319,732	-	-
Movements during the Year:								
Total Comprehensive Income	-	44,605,077	-	-	-	74,435	-	44,679,512
Other Movements in Equity								-
Transfer to Statutory Reserve	-	(11,151,269)	-	11,151,269	-	-	-	-
Transfer from Regulatory Credit Reserve	-	4,371,060	-	-	(4,371,060)	-	-	-
Transfer from Share Deals Account	2,943,755	-	-	-	-	-	(2,943,755)	-
Transfer from Income Surplus	34,662,687	(34,662,687)	-	-	-	-	-	-
Withholding Tax on Income Surplus Transfer	-	(2,682,476)	-	-	-	-	-	(2,682,476)
Balance at 31 December 2015	**100,000,000**	**50,505,724**	**23,978,541**	**74,140,106**	**15,432,939**	**(77,109)**	**-**	**263,980,201**

Statement of Cashflows

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 GH¢	2015 GH¢
Cash flow from Operating Activities			
Operating Profit before Taxation		**91,888,031**	64,387,599
Adjustments for:			
Depreciation and Amortization	24a	**11,236,207**	10,451,037
Unrealized Losses on Forex and Revaluations		**(3,836,394)**	13,414,226
Profit on Sales of Property, Plant and Equipment	10	**(122,632)**	(424,681)
Operating Profit before Working Capital Changes		**99,165,213**	87,828,181
Changes in Operating and Other Assets and Liabilities			
Change in Non-Pledged Trading Assets	17	**(18,745,458)**	2,796,628
Change in Loans and Advances to Customers	19	**(41,345,750)**	(27,392,987)
Change in Other Assets	23	**(5,552,099)**	(3,965,273)
Change in Derivative Liabilities Held for Risk Management	25	**6,496,857**	(10,093,762)
Change in Borrowings	26b	**5,296,788**	(42,257,913)
Change in Deposit from Banks	27	**1,056,477**	(5,154,291)
Change in Deposit from Customers	27	**393,633,580**	273,995,417
Change in Other Liabilities	28	**17,569,089**	27,529,744
		358,409,484	215,457,563
Income Tax Paid	21a & 21b	**(27,729,685)**	(22,848,394)
Net Cash Generated from Operating Activities		**429,845,012**	280,437,350
Cash flow from Investing Activities			
Change in Investment Securities	20	**(463,109,705)**	207,801,292
Purchase of Property, Plant and Equipment	24b	**(12,693,691)**	(12,874,970)
Purchase of Intangible Assets	22	**(1,422,431)**	(706,044)
Proceeds from Sale of Property, Plant and Equipment		**84,372**	436,087
Net Cash (used in)/generated from Investing Activities		**(477,141,455)**	194,656,365
Cash flow from Financing Activities			
Dividend Paid	31	**(27,913,376)**	-
Subordinated Debt	26a	**(40,544,574)**	40,544,574
Withholding Tax on Dividend		**-**	(2,682,476)
Rights Issue		**37,120,224**	
Net Cash used in Financing Activities		**(31,337,726)**	37,862,098
Increase in Cash and Cash Equivalents		**(78,634,170)**	512,955,813
Net Foreign Exchange Difference		**3,686,306**	(13,738,086)
Cash & Cash Equivalents as 1 January		**850,155,014**	350,937,287
Cash and Cash Equivalents at 31 December 2016	16	**775,207,151**	850,155,014
Operational Cash Flows from Interest:			
Interest Received		**259,746,071**	227,853,599
Interest Paid		**60,915,009**	52,693,280

Notes to Financial Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Reporting Entity

Societe Generale Ghana Limited (the Bank) is a limited liability company incorporated in Ghana under the Companies Code, 1963 (Act 179). The Bank is domiciled in Ghana with its registered office at 2nd Crescent, Royalt Castle Road, Ring Road Central, Accra. The Bank is authorized and licensed to carry out the business of banking and provides retail banking, corporate banking, investment banking and other financial intermediation activities and specialized financing activities such as leasing and consumer credits through its network of branches and outlets including divisions across Ghana.

The principal activities of the Bank are described in the Directors' Report. Societe Generale (Group), a bank incorporated in France, is the ultimate parent of the Bank.

The Bank is listed on the Ghana Stock Exchange (GSE). This has enabled the equity shares of the Bank to be traded publicly on the GSE.

1.1 Authorization for publication

The financial statements of the Bank for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the board of directors on 15 February 2017.

1.2 Statement of compliance

The financial statements of the Bank For the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.2.1 Presentation of Financial Statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the date is presented in note 37.

1.3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2. Summary of significant accounting policies

The significant accounting policies applied by Societe Generale Ghana Limited in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements of the Bank have been prepared on a historical cost basis, except for available for sale investments, other financial assets and financial liabilities held for trading which is at fair value. Land & buildings are also carried under the revaluation model.

2.2 Functional and presentation currency

The financial statements are presented in Ghana Cedis [GH¢], which is the functional and presentational currency of the Bank.

2.3 Foreign currency transactions

Transactions denominated in foreign currencies are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognized in profit or loss under the heading "trading revenue". Foreign exchange gains and losses resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss under the heading "other operating income".

2.3 Foreign currency transactions cont'd

The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency is reported in the statement of cash flow as part of the reconciliation of cash and cash equivalents at the beginning and end of the period. This amount is presented separately from cash flows from operating, investing and financing activities and includes the differences, if any, had those cash flows been reported at end of period exchange rates.

2.4 Segmental reporting

IFRS 8 requires the identification of operating segments to be on the basis of internal reports that are reviewed by an entity's Chief Operating Decision Maker (CODM) to allocate resources to the segment and assess its performance.

IFRS 8 requires entities whose shares or debts are traded publicly to produce segmental report.

Societe Generale Ghana Limited is managed on a basis that takes account of the different business lines that dominate the operating activities of the Bank. Major business lines of the Bank are:

a. Retail banking
b. Corporate banking
c. SME banking
d. Treasury

The banking activities of the Bank have been segmented into various business lines. The profitability of these business lines is assessed based on the profit and Loss statement produced. These are illustrated in Note 39.

2.5 Property, plant and equipment

The Bank recognizes an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost of the item can be measured reliably.

Land and buildings held for use in the provision of services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for provision of services or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the bank's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.5 Property, plant and equipment cont'd

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Buildings	3.00%
Furniture and equipment	20.00%
Computer	33.33%
Household furniture	25.00%
Motor vehicles	33.33%

Leasehold land amortized over leased period

Freehold land not depreciated

Costs associated with routine servicing and maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalized if it is probable that future economic benefits associated with the item will flow to the Bank.

The carrying values of property and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

2.6 Intangible assets: Computer software

Costs incurred to acquire and bring to use specific computer software licenses are capitalized. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any impairment losses. The amortization period and method for an intangible asset, in this case computer software, are reviewed at least at each reporting date. Changes in the expected useful life in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on the intangible assets is recognized in profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated using the straight line method on the basis of the expected useful lives of the assets which range between 4 and 5 years.

The carrying values of intangible assets are reviewed for indications of impairment annually or when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

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

Gains or losses arising from de- recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Notes to Financial Statement cont'd

2.7 Provisions

The Bank recognizes provisions when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.8 Employee benefits

The Bank contributes to two defined contribution schemes (the Social Security Fund and the Provident Fund) on behalf of employees.

a. Social security contributions

This is a national pension scheme under which the Bank pays 13% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to profit or loss as incurred and included under personnel expenses.

b. Provident Fund

This is Societe Generale Ghana Limited's specific defined contribution scheme under which the Bank contributes 10% of qualifying employees' basic monthly salaries to a fund managed by a trustee on behalf of, and for the benefit of the employees. All employer contributions are charged to profit or loss as incurred and included under personnel expenses with no further or future obligation on the part of the Bank.

2.9 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

a. Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments measured at amortized cost, including loans and advances, as interest accrues using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating the interest income. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

The effective interest rate is calculated on initial recognition of the financial asset or liability, estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses.

The calculation includes all amounts for processing and commitment fees paid or received by the Bank that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank retains no part of the loan package for itself or retains a part at the same effective interest rate for all interest-bearing financial instruments, including loans and advances, as for the other participants.

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

b. **Commissions and fees**

Commission and fees revenues and expenses that are integral part of financial instruments and are included in the measurement of the effective interest rate are spread over the period of the financial instruments. Commission and fees in respect of services are recognized in the income statement when the related services are performed.

The Bank earns commission and fees from a diverse range of services provided to its customers. Fee revenue is accounted as follows:

- Revenue is earned on execution of discrete act (such as funds transfers, special clearing and fees arising from negotiating transactions with third parties) is recognized as revenue when the act is completed.
- Income earned from the provision of services (such as request for special statements, safe custody, COTs and advisory services) is recognized as revenue as the services are provided.
- Fees which forms an integral part of the effective interest rate of a financial instrument (such as commitment and processing fees on corporate loans) is recognized as an adjustment to the effective interest rate.

c. **Dividends**

Revenue is recognized when the Bank's right to receive the dividend is established and treated as investment revenue.

d. **Rental income**

Rental revenue is recognized on accrual basis.

e. **Other operating income**

This is made up of other operating income including bad debts recovered, profit or loss on sale of property, plant and equipment, other miscellaneous incomes and exchange gains.

2.10 Interest expense

Interest expense is recognized in profit or loss for all interest-bearing financial instruments measured at amortized cost, including loans and advances, as interest accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense.

The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The effective interest rate is calculated on initial recognition of the financial liability, estimating the future cash flows after considering all the contractual terms of the instrument. The calculation includes all amounts for processing and commitment fees paid by the Bank that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts.

2.11. Taxation

Income tax charged to the profit or loss account for the year comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

a. **Current income tax**

Current tax is the tax expected to be payable under the Income Tax Act, 2015 (Act 896) on the taxable profit for the year, calculated using the tax rates enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Bank intends to settle on net basis and the legal right to set off exists.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss.

b. Deferred income tax

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is calculated using the rate expected to apply in the period in which the assets will be realized or the liabilities settled. Deferred tax assets and liabilities are offset when they arise in the same tax reporting entities and relate to income taxes levied by the same taxation authority, and when a legal right to set off exists in the entity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in profit or loss.

c. Value Added Tax -VAT

Revenues, expenses and assets are recognized net of the amount of VAT except:

- Where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of value added tax included.
- The net amount of value added tax recoverable from, or payable to, the Ghana Revenue Authority is included as part of receivables or payables in the statement of financial position.

2.12 National stabilization levy

Under the National Fiscal Stabilization Levy Act, 2013 of Ghana, financial institutions and some large firms were required to pay a levy of 5% of their profit before tax towards fiscal stabilization with effect from July 2013. The Bank has complied with this statutory obligation.

2.13 Classification of financial assets and liabilities

The Bank classifies its financial assets as follows: financial assets held at fair value through profit or loss; loans and receivable; held-to-maturity and available for sale financial assets. However, the classification of financial liabilities is restricted to either held at fair value through profit or loss, or at amortized cost.

2.14 Financial instruments - Initial recognition and subsequent measurement

a. Date of recognition

Purchases and sale of financial instruments that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognized on the trade date, i.e. the date the Bank commits to purchase or sell the asset.

b. Initial recognition of financial instruments

Financial instruments are initially recognized at their fair value, plus in the case of financial assets or financial liabilities not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

c. Financial assets designated at fair value through profit and loss

Financial instruments held at fair value through profit and loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit and loss.

Debt securities and equity shares acquired principally for the purpose of selling in the short term or which are part of a portfolio which is managed for short- term gains are classified as trading securities and recognized in the statement of financial position at their fair value.

Gains and losses arising from changes in their fair value are recognized in the profit and loss in the period in which they occur. Other financial assets at fair value through profit or loss are designated as such by management upon initial recognition.

Such assets are carried in the statement of financial position at their fair value and gains and losses recognized in the profit and loss in the period in which they occur.

Financial assets are only designated as at fair value through profit or loss when doing so results in more relevant information because it eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

d. Available for sale assets

Debt securities including investments in money market and equity shares, other than those classified as trading securities or at fair value through profit or loss, are classified as available-for- sale and recognized in the statement of financial position at their fair value.

Available for sale financial assets are measured at fair value on the statement of financial position, with gains and losses arising from changes in the fair value of investments recognized in other comprehensive income and accumulated in other reserves in equity, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognized in equity is recognized through other comprehensive income into profit and loss.

Interest calculated using the effective interest method is recognized in profit or loss. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Bank's right to receive payment is established.

e. Held-to-maturity assets

Held-to-maturity assets are non-derivative financial instruments with fixed or determinable payments and maturity dates.

Financial assets including Government of Ghana Index Linked Bond that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are measured at amortized cost using the effective interest method, less impairment losses.

f. Due from banks and loans and advances to customers

Loans and advances to banks and customers are accounted for at amortized cost using the effective interest method, except those which the Bank intends to sell in the short term and which are accounted for at fair value, with the gains and losses arising from changes in their fair value reflected in profit or loss. Amortized cost is calculated by

f. **Due from banks and loans and advances to customers cont'd**

taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate.

Subsequent to initial recognition, loans and advances to banks and customers are stated on the statement of financial position at amortized cost using the effective interest method less impairment losses. The amortization is included in 'Interest and similar income' in profit or loss and losses arising from impairment are recognized in profit or loss in 'interest and similar expense'.

g. **Financial liabilities**

Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss.

Non-trading liabilities are recorded at amortized cost applying the effective interest method. Held for trading liabilities or liabilities designated as held at fair value through profit and loss, are accounted for as indicated above.

h. **Determination of fair value of financial instruments**

i) Availability of active market

The fair value of a financial instrument traded in active markets such as the Ghana Stock Exchange (GSE) at the reporting date is based on their quoted market price without any deduction of transaction costs.

ii) Non-availability of active market

Where market prices are not available, the Bank establishes a fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants.

For private equity investments that are not publicly traded, management uses comparisons to similar companies, relevant third party arm's length transactions and other information specific to the investment.

i. **De-recognition of financial assets and liabilities**

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

- The rights to receive cash flows from the asset have expired
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either when the bank have a legal right to offset the amount and have the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(a) the Bank has transferred substantially all the risks and rewards of the asset, or

(b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset.

In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay. A financial liability is derecognized when the obligation is discharged, cancelled or expired.

(j) Offsetting

Financial assets and liabilities are off set and the net amount is shown in the statement of financial position, and only when the bank have a legal right to offset the amount and have the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(k) Derivatives

Usually, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration at their inception. However, these instruments frequently involve a high degree of leverage and are very volatile.

A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank. Over–the–counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

The Bank's exposure under derivative contracts is closely monitored as part of the overall management of its market risk

Forward and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over–the–counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

The main differences in the risks associated with forward and futures contracts are credit risk and liquidity risk. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is considered minimal because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are settled gross and are, therefore, considered to bear a higher liquidity risk than the futures contracts that are settled on a net basis. Both types of contracts result in market risk exposure."

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross–settled.

2.15 Impairment of financial assets

a. Framework for impairing financial assets

At each reporting date the Bank assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets have become impaired. Evidence of impairment may include indications that the borrower or group of borrowers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, or the fact that the debt is being restructured to reduce the burden on the borrower.

b. Available-for-sale financial assets

For available-for-sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include significant or prolonged decline in the fair value of the investment below its cost.

b. **Available-for-sale financial assets cont'd**

Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss) is removed from available for sale reserve and recognized through other comprehensive income into profit or loss.

Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the profit and loss statement.

c. **Loans and advances and due from banks & other financial institutions**

For loans and advances to customers and amounts due from banks and other financial institutions carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

Loans together with the associated allowances are written off when there is no realistic prospect of future recovery and all collaterals have been utilized or have been transferred to the Bank and all the necessary procedures have been completed.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the 'other operating income'.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. For the purposes of collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics, such as asset type, industry, geographical location, collateral type, past- due status and other relevant factors.

2.16 Credit Risk Reserve

Loans & Advances

To cater for any excess of Bank of Ghana's credit loss provision requirements over loans and advances impairments based on IFRS principles, a transfer is made from the income surplus (distributable reserves) to a non- distributable reserves in the statement of changes in equity, being the Regulatory Credit Reserve.

The non-distributable Regulatory Credit Reserve ensures that minimum regulatory provisioning requirements as established by the Bank of Ghana are maintained.

2.17 Dividend

Dividends declared are treated as an appropriation of profit in the year of approval while dividends proposed are disclosed as a note to the financial statements.

2.18 Cash and cash equivalents

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

2.19 Leasing

The determination of whether an arrangement is a lease or not is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases which do not transfer to the bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in profit or loss on the straight line basis over the lease term. Contingent rental payable are recognized as expense in the period in which they occurred.

2.20 Borrowing

Borrowings by the Bank are initially recognized at fair value and there after stated at amortized cost. Associated net transaction costs of borrowings are recognized in profit or loss over the maturity period of the borrowings.

2.21 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognized in the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognized in the statement of financial position as an asset with corresponding obligation to return it, including accrued interest as a liability within Cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the Effective Interest Rate (EIR). When the counterparty has the right to sell or re-pledge the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate.

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

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

Notes to Financial Statement cont'd

2.22 Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within' other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement in general expenses. The premium received is recognized in the income statement in Net fees and commission income on straight line basis over the life of the guarantee.

2.23 Reclassification of 2015 figures

The Bank in 2016 modified the presentation of its financial statements to align it with the Sector based illustrative financial statements published by the Bank of Ghana in December 2016. The Bank has assessed the impact of the changes in presentation and has concluded that the presentation of the third statement of financial position (i.e. as at 1 January 2015) would not provide users of the financial information with any additional information that is useful or relevant. A summary of the key changes that impact the prior year (31 December 2015) are presented below;

Statement of Profit or Loss and Other Comprehensive Income

- "Net Trading Revenue" (Note 9a) and "Net income" (Note 9b) from other financial instruments carried at fair value were previously aggregated as "Trading Revenue" (GHS28,231,562) in the 2015 annual report. In the current year "Trading Revenue" has been disaggregated into "Net trading revenue" and "Net income" with a corresponding change in the comparatives.
- "Depreciation and amortisation" which hither to was reported as separate items ("Depreciation" – GHS9,483,078 and "Amortisation" – GHS 819,659); are now reported on one line in the income statement.
- Income tax expenses in the current financial statement is a sum of what was previously reported separately being the National stabilisation levy (GHS3,219,380) and Income tax expense (GHS16,563,142). These figures were previously reported on separate lines in the 2015, but have been aggregated as "Income tax expenses" in the current period with comparatives being restated accordingly.

Statement of Financial Position

- Cash and Cash Equivalents in the current financial statement is an aggregation of "Cash and balances with bank of Ghana" (2015: GHS248,884,782) (2014: GHS180,766,621), and "Due from other banks and financial institution" (GHS601,270,232) (2014: GHS170,171,026) which were previously presented separately in the 2015 annual report.
- Investment securities amounting to GHS126,744,550 (2014: GHS337,196,973) reported as one line in the 2015 financial statements has now been split and reported as "Non Pledged Trading Assets" (GHS51,080,883) and "Investment Securities" (GHS75,663,667) (2014: GHS53,922,374 and GHS283,274,599 respectively) in the current period with comparatives being restated accordingly.
- Deferred income was previously presented under "Other liabilities" in the 2015 annual report. In the current year the deferred income has been presented as part of "Loans and Advances to Customers". Deferred income relates to the upfront fees received on origination of the loans and advances (GHS10,510,702) (2014: 9,475,386). It has been reclassified to "Loans and advances to customers" as it represents a transaction cost that forms part of the effective interest rate and is integral to the loan asset.
- Current tax assets" and "National Fiscal Stabilisation levy" of GHS 631,056 (2014: 136,354) and 416,444 (2014: 161,422) respectively, have now been merged and reported as "Current Tax Assets".
- "Borrowings" in the current financial statement represents an aggregation of "Subordinated debt" (GHS40,000,000) (2014: nil) and "Due to banks & other financial institutions" (GHS194,266,381) (2014: 236,247,094) which was previously reported

2.23 Reclassification of 2015 figures cont'd

on separate lines in the 2015 annual report. The current classification as "Borrowings" also includes interest payable (GHS1,715,201) (2014: 3,717,421) which was reported under "Other liabilities" in the 2015 annual report.

- "Property, Plant and Equipment" in the current financial statement includes "Long term lease" (GHS3,485,050) (2014: 3,633,350) which was previously reported separately in the 2015 annual report."

Statement of Cash flows

- Depreciation (GHS 9,483,078), amortisation (GHS 819,659), and long term lease amortisation (GHS 148,300) which reported in the 2015 financial statements as separate line items as adjustments to the operating cash flows, has now been merged and reported as a single line item under "depreciation and amortisation".
- The non-cash movements on loans and advances such as "credit for impairment charge" – GHS 37,912,719, "loans and advances written off" – GHS (5,616,728) and "interest in suspense" – GHS 12,757,413, have now been incorporated into the working capital movement in loans and advances in the changes in operating assets and liabilities section of the cash flow.
- Income tax paid and National Reconstruction Levy paid has now been merged and reported as one line item

3. Significant Accounting Estimates, Assumptions & Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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 factors that are believed to be reasonable under the circumstances, the results of which form the basis for 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.

3.1 Going concern

The management of the Bank has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the required resources to continue in business for the foreseeable future.

Furthermore, the Bank's management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Consequently, the financial statements continue to be prepared on the going concern basis.

3.2 Value of unquoted equity Instruments

Unquoted equities are carried at cost.

3.3 Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax is shown in Note 14.

3.4 Impairment of financial assets

The Bank makes an allowance for unrecoverable loans and receivables, held-to-maturity investments and available for sale financial assets when there is objective evidence that the carrying amount may not be recoverable. Significant management judgment is required to determine when objective evidence of impairment exists, and also in estimating future cash flows from the assets. Refer to 2.15 for details.

4. Application of new and revised International Financial Reporting Standards (IFRSs)

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

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

(a) Classification and measurement

From a classification and measurement perspective, the new standard will require 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

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.

(b) Impairment

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace

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

The Bank is yet to establish a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition but may consider changes in the risk of default occurring over the remaining life of the financial instrument. The Bank will also incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs.

The Bank plans to adopt the new standard on the required effective date. Overall, the Bank expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Bank expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

4. Application of new and revised International Financial Reporting Standards (IFRSs) - continued

IFRS 15 Revenue from Contracts with Customers

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

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Bank plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Bank performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Bank is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. The Bank does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Bank is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities 'liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.The Bank is currently evaluating the impact.

Notes to Financial Statement cont'd

		2016 GH¢	2015 GH¢
5	**Interest Income**		
	Cash & Short Term Funds	**16,619,524**	14,496,526
	Investments Securities (Note 5a)	**18,015,716**	19,717,879
	Loans & Advances	**225,110,831**	192,537,213
		259,746,071	226,751,618
5a	**Investments Securities**		
	Bank of Ghana Treasury Bills	**17,929,491**	19,653,502
	Other Securities	**86,225**	64,377
		18,015,716	19,717,879
6.	**Interest and Similar Expense**		
	Savings Accounts	**23,783,078**	20,482,444
	Current Accounts	**451,000**	370,725
	Term Deposits	**20,750,020**	13,261,071
	Borrowings	**16,819,346**	19,307,798
		61,803,444	53,422,038
7a	**Fees and Commission Income**		
	Domestic Operations	**57,212,292**	51,481,764
	Remittance	**2,315,941**	2,276,796
	Cards Operations	**12,009,599**	10,442,855
	Brokerage	**227,967**	382,019
		71,765,799	64,583,434
7a	**Fees and Commission Expense**		
	Remittance	**258,289**	258,662
	Cards Operations	**12,731,178**	11,141,051
	Cheque Books	**238,399**	412,248
	Cash Collection	**919,651**	752,831
		14,147,517	12,564,792

		2016	2015
		GH¢	GH¢
8a	**Net Trading Income**		
	Forex Trading Gains	33,215,415	46,915,509
	Forex Trading Losses	(13,310,144)	(40,190,775)
		19,905,271	6,724,734
8b	**Net Income from Other Financial Instruments carried at Fair Value**		
	Debt Instruments	93,377,587	25,008,380
	Net Forex Gains	(20,390,000)	6,765,000
	Revaluation Losses	(47,616,857)	(22,515,000)
	Margin on Bond Trading	15,669,500	12,248,448
		41,040,230	21,506,828
9	**Investment Revenue**		
	Dividend Received	-	-
10	**Other Operating Income**		
	Bad Debt Recoveries	766,613	710,673
	Profit on Sale of Plant, Property and Equipment	122,632	424,681
	Miscellaneous & Others (Note: 10a)	7,368,107	7,170,133
	Exchange Gain	3,686,306	8,776,915
		11,943,658	17,082,402

		2016	2015
		GH¢	GH¢
10a	**Miscellaneous & Others**		
	Miscellaneous	6,855,680	6,841,903
	Rent/Hiring Fees	130,469	86,406
	Postages	21,079	18,432
	Fees Received - Insurance	360,879	223,392
		7,368,107	7,170,133

Notes to Financial Statement cont'd

		2016	2015
		GH¢	GH¢
11	**Net Impairment Loss on Financial Assets**		
	Individual Impairment	**48,262,000**	53,235,000
	Portfolio Impairment	**-**	811,719
	Reversals - Portfolio Impairment	**(67,545)**	-
	Reversals - Individual Impairement	**(8,681,000)**	(16,134,000)
		39,513,455	37,912,719
12	**Personnel Expenses**		
	Salaries, Bonuses and Staff Allowances	**65,080,918**	60,204,517
	Social Security Fund Contribution	**4,300,047**	4,073,626
	Provident Fund Contribution	**3,333,650**	3,160,225
	Medicals	**3,481,942**	2,798,152
	Insurance	**519,824**	469,558
	Termination Expenses	**15,035,943**	6,999,996
	Other Employee Costs	**4,193,986**	3,978,753
		95,946,310	81,684,827

Termination Expenses

2016: The bank embarked upon a Transformation Programme in 2016 with the aim of increasing market share and improving efficiency. As part of the staff optimisation under the programme, 46 staff exited the bank under a Redundancy exercise.

2015: Forty-seven (47) staff left the bank under the 2015 voluntary Early Leavers Scheme. The Scheme is in line with the bank's policy to allow employees of the bank who have served the bank for a stipulated period of time and would want to exit to pursue other career interests.

			2016	2015
			GH¢	GH¢
13	**Other Operating Expenses**			
	Directors and Key Management Emoluments (13a)		**3,640,987**	3,530,891
	Donations		**328,323**	272,640
	Advertising and Marketing		**5,418,496**	4,691,882
	Training		**852,542**	1,434,620
	Others:	Office Expenses	**40,010,285**	36,775,815
		Administrative Expenses	**8,523,179**	8,020,445
		General Expenses	**31,092,253**	21,499,711
			89,866,065	76,226,004

Notes to Financial Statement cont'd

		2016	2015
		GH¢	GH¢
13a	**Details of directors and key management emoluments are those disclosed under related party transactions under note 32c.**		
13b	**Auditors' Remuneration**		
	Auditors' remuneration in relation to statutory audit amounted to GH¢371,300 (2015: GH¢321,950).		
	Statutory Audit	371,300	321,950
14	**Income Tax Expense**		
	Current Tax (21a)	**23,585,172**	18,879,290
	Deferred Tax (14b)	**(191,397)**	(2,316,148)
	National Stabilization Levy (14c)	**4,594,401**	3,219,380
		27,988,176	19,782,522
14a	**Current & Deferred Tax**		
	Analysis of charge for the year		
	Current Tax (21a)	**23,585,172**	18,879,290
	Deferred Tax (14b)	**(191,397)**	(2,316,148)
		23,393,775	16,563,142

The current tax charge on the profit is based on Ghana's corporate tax rate of 25% (2015:25%).

		2016	2015
14b	**Deferred Tax**		
	Balance as at 1 January	**(1,769,371)**	803,608
	Tax expense during the Year recognised in Profit or Loss	**(191,397)**	(2,316,148)
	Tax (income) during the Year recognised in Equity	**6,482,354**	(256,831)
	Balance as at 31 December	4,521,586	(1,769,371)

Deferred Tax Assets and Liabilities are attributable to the following:

	2016			2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Property, plant and equipment	**-**	**6,993,264**	**6,993,264**		1,884,400	1,884,400
Provisions and Contingencies	**(2,933,681)**	**-**	**(2,933,681)**	(3,628,055)	-	(3,628,055)
(Gains) / losses on AFS investments	**-**	**462,003**	**462,003**	(25,716)		(25,716)
Net tax liabilities/(assets)	(2,933,681)	7,455,267	4,521,586	(3,653,771)	1,884,400	(1,769,371)

14c National Stabilization Levy

	2016	2015
Analysis of Charge for the Year	GH¢	GH¢
Charge to Statement of Profit or Loss or Other Comprehensive Income	4,594,401	3,219,380

In accordance with the National Fiscal Stabilization Act, 2013 (Act 862) all companies in Banking, Non Bank Financial Institutions, Insurance, Mining, Brewery and Communication are supposed to pay a levy of 5% of profit before tax towards National Fiscal Stability.

14d Factors Affecting the Current Tax Charged for the Year

A reconciliation of the charge that would result from applying the standard Ghana corporate tax rate to profit before tax to tax charge for the year is given below:

	2016	2015
	GH¢	GH¢
Profit for the Year	91,888,031	64,387,599
Tax charge thereon at Ghana corporate tax rate of 25%	22,972,008	16,096,900
Factors affecting Charge:		
Non deductible expenses	641,654	944,310
Items of different tax rates	(157,800)	(8,640)
Income exempted	(62,087)	(469,427)
National Stabilisation Levy	4,594,401	3,219,379
Tax on corporate profit (Note 14)	27,988,176	19,782,522
Effective Corporate Income tax rate	30.5%	30.7%

The tax charge on profit for the year is based on Ghana's corporate tax rate of 25% (2015:25%).

15 Earnings per Share

Basic earnings per share is calculated by dividing the profit after tax for the year attributable to the equity holders of the Bank by the weighted average number of shares, held during the year after deducting treasury shares.

The following table shows the income and share data used in the calculation of the basic earnings per share:

	2016	2015
	GH¢	GH¢
Profit attributable to shareholders of the Bank (GH¢)	63,899,855	44,605,077
Weighted average number of outstanding ordinary shares	381,837,396	367,281,269
Basic Earning per Share (GH¢)	0.17	0.12

Diluted Earnings per Share: The Bank has no category of dilutive potential ordinary shares.

16 Cash and Cash Equivalents

	2016	2015
	GH¢	GH¢
Cash on Hand and Cash Balances with Bank of Ghana (Note 16a)	**265,547,671**	248,884,782
Due from Banks and other Institutions (Note 16b)	**509,659,480**	601,270,232
	775,207,151	850,155,014

16a Cash on Hand and Cash Balances with Bank of Ghana

	2016	2015
	GH¢	GH¢
Cash on Hand	**55,466,377**	46,482,614
Balance with Bank of Ghana	**210,081,294**	202,402,168
	265,547,671	248,884,782

Deposits with Bank of Ghana include a mandatory reserve of GH¢174,826,264.95 (2015: GH¢146,794,105).

16b Due from Banks and Other Institutions

	2016	2015
	GH¢	GH¢
Nostro Account Balances and Nostro Placements	**236,835,727**	549,972,871
Items in Course of Collection	**12,823,753**	11,297,361
Placement with Local Banks	**260,000,000**	40,000,000
	509,659,480	601,270,232

17 Non-Pledged Trading assets

Trading Assets

	2016	2015
	GH¢	GH¢
Government Bonds	**37,221,043**	12,086,885
Treasury Bills	**32,802,333**	38,993,998
	70,023,376	51,080,883

Notes to Financial Statement cont'd

17a Trading Assets

	2016	2,015
	FV	FV
	Through P&L	Through P&L
	GH¢	GH¢
Balance as at 1 January	**51,080,883**	53,922,374
Additions	**761,271,511**	413,653,510
Reimbursements/Disposals	**(742,526,053)**	(416,541,252)
Fair value movement during the year	**197,035**	46,251
Balance as at 31 December	70,023,376	51,080,883

None of the financial instruments was pledged as collateral during the year (2015: Nil).

18 Investments (Other than Securities)

	2016	2015
	GH¢	GH¢
Advans Ghana Limited (Unlisted Equity)	406,500	406,500

This relates to unlisted equity investment in Advance Ghana which is carried at cost less accummulated impairment. Fair value information has not been disclosed for this instrument because their fair value cannot be measured reliably.

19 Loans and advances

Overdrafts	**416,229,088**	374,044,772
Term Loans	**624,046,259**	575,209,434
Export Financing	**1,006,815**	2,578,149
Staff Loan	**31,722,494**	24,158,948
Equipment Finance Lease	**73,959,595**	72,230,302
Gross Loans and Advances	**1,146,964,251**	1,048,221,605
Amortised Cost Adjustment	**(16,615,216)**	(10,510,702)
Interest in Suspense	**(52,505,421)**	(37,871,554)
Less: Allowances for Impairment - Note 19d	**(135,536,042)**	(98,877,527)
	942,307,572	900,961,822

All loans have been written down to their estimated recoverable amount.

Notes to Financial Statement cont'd

		2016	2015
		GH¢	GH¢
19a	**Other Statistics**		
	i. Loan Loss Provision Ratio	**11.8%**	8.1%
	ii. Gross Non-performing Loan Ratio	**16.9%**	14.8%
	iii 50 Largest Exposure (Gross Funded Loan and Advances to Total Exposure)	**50.5%**	58.3%
19b	**Analysis by Type of Customers**		
	Individual	**344,449,233**	341,241,888
	Private Enterprise	**672,966,383**	496,885,365
	Public Enterprise	**82,007,665**	118,054,425
	Government Departments and Agencies	**15,818,476**	67,880,979
	Staff	**31,722,494**	24,158,948
		1,146,964,251	1,048,221,605
19c	**Analysis by Industry Sector**		
	Agriculture, Forestry and Fishing	**132,555,230**	122,879,189
	Mining and Quarrying	**9,887,121**	6,582,472
	Manufacturing	**216,956,497**	171,852,926
	Construction	**30,999,100**	32,844,427
	Electricity, Gas and Water	**89,140,367**	73,551,527
	Commerce and Finance	**150,137,445**	168,416,312
	Transport, Storage, Communication and services	**487,810,383**	444,424,698
	Miscellaneous*	**29,478,108**	27,670,054
		1,146,964,251	1,048,221,605

*Miscellaneous includes Staff Personal Loans of GH¢22,924,963 (2015: GH¢19,744,304)

		2016	2015
19d	**Impairment Allowance for Loans and Receivables**		
	Balance at 1 January	**98,877,527**	66,581,536
	Charge for the Year	**39,513,455**	37,912,719
	Amount Written Off	**(2,854,940)**	(5,616,728)
	Balance at 31 December	**135,536,042**	98,877,527
	Individual Impairment	**133,283,000**	96,951,196
	Collective Impairment	**2,253,042**	1,926,331
	Balance at 31 December	**135,536,042**	98,877,527

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

Notes to Financial Statement cont'd

When the credit loss provision calculated under IFRS principles is less than what is required under the Bank of Ghana, transfers are made from the income surplus account into the non-distributable regulatory credit reserves. During the year ended 2016, the Bank of Ghana stock of provisions for bad debts against loans and advances exceeded the stock of provision computed under IFRS guidelines by GH¢ 6,279,392 (GH¢15,432,939 in 2015). This excess amount has been transferred from the income surplus to General Regulatory Credit Reserve in line with Bank of Ghana regulations.

	2016	2015
	GH¢	GH¢
Provisions per Bank of Ghana Guidelines	141,815,434	114,310,466
Provisions per IFRS	(135,536,042)	(98,877,527)
Credit Risk Reserve	6,279,392	15,432,939

Under both the Bank of Ghana requirements and IFRS principles of loan impairment, some loans were individually assessed for impairment and others were assessed collectively.

20 Investment Securities

	2016	2015
Available for Sale Investment Securities	GH¢	GH¢
Government Bonds	540,724,245	75,663,667
	540,724,245	75,663,667

20a Available for Sale Investment Securities (AFS)

	2016	2,015
	AFS	AFS
	Through Equity	Through Equity
	GH¢	GH¢
Balance as at 1 January	75,663,667	283,274,599
Additions	1,107,297,905	540,958,655
Reimbursements/Disposals	(644,188,201)	(748,668,833)
Fair value movement during the year	1,950,874	99,246
Balance as at 31 December	540,724,245	75,663,667

None of the financial instruments was pledged as collateral during the year (2015: Nil).

21 Current Tax: (Assets)/Liabilities

	2016	2015
	GH¢	GH¢
Corporate tax (note 21a)	(220,225)	(631,056)
National Stabilisation Levy (Note 21b)	(377,386)	(416,444)
	(597,611)	(1,047,500)

21a Current Tax: (Assets)/Liabilities

	Balance 01-Jan	Charge for the year	Payment/ Credits during the year	Balance 31-Dec
	GH¢	GH¢	GH¢	GH¢
Corporate tax				
2013	(1,243,768)	-	-	(1,243,768)
2014	1,107,414	-	-	1,107,414
2015	(494,702)	-	-	(494,702)
2016	-	23,585,172	(23,174,341)	410,831
	(631,056)	23,585,172	(23,174,341)	(220,225)

21b National Stabilization Levy

	2016	2015
	GH¢	GH¢
Balance as at 1 January	(416,444)	(161,422)
Charge to Statement of Profit or Loss and Other Comprehensive Income	4,594,402	3,219,380
Payment during the year	(4,555,344)	(3,474,402)
Balance as at 31 December	(377,386)	(416,444)

The levy charged on the profit is based on a rate of 5%.

In accordance with the National Fiscal Stabilization Act, 2013, (Act 862) all companies in Banking, Non Bank Financial Institutions, Insurance, Mining, Brewery and Communication are supposed to pay a levy of 5% of profit before tax towards National Fiscal Stability.

22 Intangible Assets

	2016	2015
Computer Software	GH¢	GH¢
Cost		
Balance at 1 January	14,538,968	13,832,924
Additions	1,422,431	706,044
Transfers from Asset in Course of Construction	1,766,836	-
Balance at 31 December	17,728,235	14,538,968
Amortisation		
Balance at 1 January	13,114,876	12,295,217
Charge for the Year	1,640,332	819,659
Balance at 31 December	14,755,208	13,114,876
Carrying Amount as at 31 December	2,973,027	1,424,092

The amortization periods and key factors considered in determining the useful life are the same as disclosed in note 2.6.

23 Other Assets

	2016	2015
	GH¢	GH¢
Stationary and Consumable Stocks	**-**	-
Prepayments and Sundry Debtors	**29,054,027**	23,611,963
Accrued Income	**217,403**	107,368
	29,271,430	23,719,331

Included in prepayments and sundry debtors is GH¢11,981,407 relating to prepayments on office premises. (2015: GH¢11,003,808).

24 Property, Plant and Equipment

	2016	2015
	GH¢	GH¢
Property, Plant and Equipment (24b)	**83,988,539**	82,517,945
Long Term Lease (24c)	**3,336,750**	3,485,050
	87,325,289	86,002,995

24a Depreciation and Amortization

	2016	2015
	GH¢	GH¢
Property, Plant and Equipment (24b)	**9,447,575**	9,483,078
Intangible Assets (22)	**1,640,332**	819,659
Long Term Lease (24c)	**148,300**	148,300
	11,236,207	10,451,037

Notes to Financial Statement cont'd

24b Property, Plant and Equipment

2016	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Assets in Course of Construction	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost/valuation						
Balance at 1 January	75,571,304	16,677,928	23,695,705	1,407,410	3,461,479	120,813,826
Additions	2,289,874	1,543,222	1,201,792	118,888	7,539,915	12,693,691
Transfers	1,140,870	433,110	1,017,532	-	(4,358,347)	(1,766,835)
Disposal/other adjustments	-	-	(30,664)	(74,687)	(1,900)	(107,251)
Balance at 31 December	79,002,048	18,654,260	25,884,365	1,451,611	6,641,147	131,633,431
Depreciation						
Balance at 1 January	12,562,608	14,513,403	10,093,295	1,126,575	-	38,295,881
Charge for the year	3,699,312	1,394,037	4,207,097	147,129	-	9,447,575
Disposals/other adjustments	-	-	(23,870)	(74,694)	-	(98,564)
Balance at 31 December	16,261,920	15,907,440	14,276,522	1,199,010	-	47,644,892
Net book value as at 31 December 2016	62,740,128	2,746,820	11,607,843	252,601	6,641,147	83,988,539

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Notes to Financial Statement cont'd

24b Property, Plant and Equipment - continued

2015	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Assets in Course of Construction	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cost/valuation						
Balance at 1 January	72,529,021	15,440,040	14,625,020	1,345,400	4,518,034	108,457,515
Additions	4,418,154	1,142,144	3,547,969	235,326	3,531,377	12,874,970
Transfers	1,286,306	103,461	3,198,165	-	(4,587,932)	-
Disposal/other adjustments	(2,662,177)	(7,717)	2,324,551	(173,316)	-	(518,659)
Balance at 31 December	75,571,304	16,677,928	23,695,705	1,407,410	3,461,479	120,813,826
Depreciation						
Balance at 1 January	9,032,084	13,185,757	5,950,078	1,148,104	-	29,316,023
Charge for the year	3,530,524	1,335,363	4,475,823	141,368	-	9,483,078
Disposals/other adjustments	-	(7,717)	(332,606)	(162,897)	-	(503,220)
Balance at 31 December	12,562,608	14,513,403	10,093,295	1,126,575	-	38,295,881
Net book value as at 31 December 2015	63,008,696	2,164,525	13,602,410	280,835	3,461,479	82,517,945

24c Long Term Operating Lease

	2016	2015
The Bank as a Lessee	GH¢	GH¢
Balance as at 1 January	**3,485,050**	3,633,350
Amount expensed during the Year	**(148,300)**	(148,300)
Balance as at 31 December	**3,336,750**	3,485,050

24d Future Minimum Lease Payments are as follows

	2016	2015
	GH¢	GH¢
Not later than one year	**148,300**	148,300
Later than one year but not later than five years	**593,200**	593,200
Later than five years	**2,595,250**	2,743,550
Balance as at 31 December	**3,336,750**	3,485,050

Long term operating lease payments represent rentals paid by the Bank for its land where the Bank is a lessee.

25 Derivative Liabilities Held for Risk Management

	2016	2015
	GH¢	GH¢
Foreign exchange	6,496,857	-
	6,496,857	-

Derivative Financial Instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	2016	2016	2015	2015
	GH¢	GH¢	GH¢	GH¢
	Fair value of derivatives held for trading	Notional amount	Fair value of derivatives held for trading	Notional amount
	GH¢	GH¢	GH¢	GH¢
Foreign Exchange SWAP	6,496,857	393,130,000	-	-

Most of the Bank's derivative trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates or indices.

The derivatives of the bank are fair valued at level 2 using the discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

26 Borrowings

	2016	2015
	GH¢	GH¢
Subordinated Debt	-	40,544,574
Other Borrowings	200,733,796	195,437,008
	200,733,796	235,981,582

26a Subordinated Debt

	2016	2015
	GH¢	GH¢
Societe Generale Group	-	40,000,000
Interest Payable	-	544,574
	-	40,544,574

In February 2015 Societe Generale Group granted the bank a Subordinated Loan of USD 24,390,243.9 an equivalent of GH¢80, 000,000 with a tenor of 10 years and an interest rate of 6-month Libor plus a margin of 9.60%.

There was to be no repayment of the principal for a minimum of 5 years. The repayment would be in bullet at the end of the initial term on 5 February 2025 and the interest was to be payable semi-annually, in arrears, over the 10 year period.

However based on an exceptional approval from the Bank of Ghana, 50% of the debt (USD 12,195,121.95) was repaid in November 2015, and the balance paid off in September 2016.

26b Other Borrowings	2016	2015
	GH¢	GH¢
Borrowings - Repurchase agreement	**1,297,355**	1,858,731
European International Bank	**35,139,741**	35,981,783
PROPARCO	**60,437,559**	62,520,607
International Finance Corporation (IFC)	**101,015,9978**	91,252,556
Edaif Managed Fund	**2,843,143**	3,823,331
	200,733,796	195,437,008

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2015 or 2016.

Summary of Borrowing Arrangements

Societe de Promotion et de Participation pour la Cooperation Economique (PROPARCO). This is a USD 30 million long-term credit line ('the facility') granted to the bank. The first draw down of USD 6 million has a fixed interest rate of 5.12% and will mature on 30 April 2020. The second draw down of USD 4 million has a fixed interest rate of 5.19% and will mature on 30 April 2020. The third draw down was EUR7.5 million. The related interest rate is 6-months Libor plus a margin of 370 basis points and will mature on 31 October 2024.

European Investment Bank (EIB). This is a EUR 20 million credit facility extended to the bank by EIB. The loan is to be used to finance up to 50% of the banks capital expenditure intended to develop the bank's intermediation capacities (such as developing its branch network, IT Systems, training etc.) and for financing eligible Private Sector Small and Medium Sized Enterprises. The interest rate on the drawn portion is fixed at 5.422% and matures on 1 April 2024. As at 31 December 2016 the outstanding balance is USD 8.25m.

International Finance Corporation (IFC). This is a USD30 million IFC Senior Loan. The loan is to be used to exclusively finance trade-related lending activities of the bank by way of sub-loans to eligible borrowers. None of the proceeds of the IFC Senior Loan may be used to refinance or reschedule existing indebtedness of an eligible sub-borrower (including debt to equity convertions) unless that refinancing or scheduling is part of a financial restructuring aimed at the acquisition of new capital assets by that eligible sub-borrower. The loan matured 15 March 2016, and was rolled over for one (1) year. The current interest rate is 3-months LIBOR plus a margin of 375 basis points. As at 31 December 2016 an amount of USD 24 million was outstanding.

Notes to Financial Statement cont'd

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

Current interest rate applicable on credit facilities is 12.5% (which is subject to review by the board from time to time). No minimum loan is prescribed but the maximum loan per borrower is pegged at GH¢ 10.0 million. Facility tenures are short term - not exceeding 2 years, medium term - not exceeding 5 years and long term - for a period not exceeding 10 years.

Repurchase Agreement. The Bank has no programme to borrow and lend securities but to sell securities under agreements to repurchase (repos) and to purchase securities under agreements to resell (reverse repos).

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Bank reclassifies those securities in its statement of financial position to Financial assets held for trading pledged as collateral or to Financial investments available-for-sale pledged as collateral, as appropriate.

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

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

Up to 31 December 2016 all transactions have been of the nature 'Securities sold under agreements to repurchase at a specified future date'.

The following table summarises the carrying amount of the assets and liabilities under the repurchase agreement

	2016	2015
	GH¢	GH¢
Carrying Amount of Assets	**1,296,923**	1,940,400
Carrying Amount of Liabilities	**(1,297,355)**	(1,858,731)
	(432)	81,669

Notes to Financial Statement cont'd

		2016	2015
		GH¢	GH¢
27	**Deposit from Customers**		
	Retail Customers		
	Term Deposits	**128,232,952**	78,697,716
	Current Deposits	**294,961,588**	238,514,236
	Savings Deposits	**236,099,382**	217,487,855
	Corporate Customers		
	Term Deposits	**66,073,751**	105,696,487
	Current Deposits	**1,051,038,565**	745,983,516
	Savings Deposits	**10,553,619**	8,319,696
	Interest payable on deposits	**4,104,206**	2,730,977
	Deposits from customers	**1,791,064,063**	1,397,430,483
	Deposits from banks	**2,166,497**	1,110,020
		1,793,230,560	1,398,540,503

		2016	2015
27a	**Analysis by Type of Deposits**		
	Financial Institutions	**8,496,089**	13,710,768
	Individuals and Other Private Enterprise	**1,604,938,364**	1,247,508,215
	Government Departments and Agencies	**8,514,799**	4,801,045
	Public Enterprises	**167,177,102**	129,789,498
	Deposit Interest Payable	**4,104,206**	2,730,977
		1,793,230,560	1,398,540,503
	20 Largest depositors to total deposit ratio	**34.48%**	32.41%

		2016	2015
28	**Other Liabilities**		
	Creditors	**13,217,372**	8,528,030
	Other Creditors and Provisions (28a)	**65,642,547**	67,417,883
	Accruals	**32,438,059**	17,782,976
		111,297,978	93,728,889

Notes to Financial Statement cont'd

		2016	2015
		GH¢	GH¢
28a	**Other Creditors and Provisions**		
	Payment Orders	**18,126,343**	8,233,842
	Statutory Deductions	**1,185,150**	1,192,089
	Uncleared Effects	**36,227,800**	44,103,417
	Subordinated Debt Revaluation	**-**	6,280,488
	Other Commitments & Credit Balances	**2,371,530**	1,592,076
	Provisions for Legal Expenses	**2,360,302**	1,425,304
	Other Provisions	**5,371,422**	4,590,667
		65,642,547	67,417,883

Uncleared Effects

This comprises uncleared balances on customer cheques and balances on customer transit accounts pending onward transfer.

28b Provisions

	Provisions for Legal Expenses	Others	Total
2016	GH¢	GH¢	GH¢
As at 1 January 2016	**1,425,304**	**4,590,667**	**6,015,971**
Provisions made during the year	**1,284,999**	**1,597,303**	**2,882,302**
Provisions reversed during the year	**(350,000)**	**(816,548)**	**(1,166,548)**
As at 31 December 2016	2,360,303	5,371,422	7,731,725
2015			
As at 1 January 2015	3,044,475	1,269,899	4,314,374
Provisions made during the year	-	3,893,768	3,893,768
Provisions reversed during the year	(1,619,171)	(573,000)	(2,192,171)
As at 31 December 2015	1,425,304	4,590,667	6,015,971

29 Stated Capital

a. **Authorised shares**	2016	2015
Number of shares of no par value	500,000,000	500,000,000

29 Stated Capital - continued

b. Issued shares	2016 Number	2016 Amount GH¢	2015 Number	2015 Amount GH¢
Issued and fully paid ordinary shares	429,060,180	138,302,925	367,281,269	100,000,000

Increase in Stated Capital

At the 36th Annual General Meeting held on 31 March, 2016, shareholders of the Bank passed a Special Resolution to authorise the Board of Directors to increase the Stated Capital to a minimum of GHS140 million through a Rights Issue. Under a Renounceable Rights Issue, a total of 61,778,911 rights were exercised with a value of GHS38,302,925, bringing the Bank's Stated Capital to GHS138,302,925. The total cost of raising the additional capital was GHS1,182,701.

30 Other Reserves

	2016 GH¢	2015 GH¢
Balance 1 January	(77,109)	(471,276)
Movements during the year	1,463,155	394,167
Balance at 31 December	1,386,046	(77,109)

31 Dividend Declared and Paid

	2016 GH¢	2015 GH¢
Equity dividend on ordinary shares:		
Final dividend for the preceding year	27,913,376	-
Total dividend payments during the year	(27,913,376)	-
Balance at 31 December	-	-

Dividends are treated as appropriation of profit in the year of approval by shareholders. But dividends proposed are disclosed as Notes to the Financial Statements.

32 Related Party Transactions / Disclosures

A number of banking transactions were entered into with related parties in the normal course of business. These include loans and placements. Loans to related parties is approved by the highest approving authority as spelt out in the Banking Act, 2004 (Act 673). The following steps are considered in the approach to approval in line with Section 45 of the Act;

a) The person to whom the credit facility is given has credit worthiness which is not less than that normally required by the Bank or other persons to whom credit facilities are given.

b) The terms of the credit facility are not less favourable to the Bank than those normally offered to other persons and

c) The granting of the credit facility is in the interest of the bank.

The credit facility shall be approved by the Board of Directors.

Notes to Financial Statement cont'd

During the year the following transactions were performed with related parties:

a. Interest paid and interest received from related parties during the year

	2016		2015	
	Interest Paid	**Interest Received**	Interest Paid	Interest Received
	GH¢	**GH¢**	GH¢	GH¢
Societe Generale Borrowing	**2,816,016**	**86,225**	8,879,673	64,377

b. Related party balances at December

Lending to Related Parties:

	2016	2015
	GH¢	GH¢
Officers and Employees other than Directors	**31,722,494**	24,158,948
Placement with Societe Generale Group	**24,638,550**	139,989,900
Nostro Account Balances with Societe Generale Group	**194,737,442**	215,952,102

c. Compensation to Key Management Personnel of the Bank

	2016	2015
	GH¢	GH¢
Fees	**559,001**	585,286
Directors Expenses	**384,466**	339,851
Salaries & Other allowances	**2,697,520**	2,605,754
	3,640,987	3,530,891

d. Loans to Directors

There were no loans to directors during the period.

e. Controlling Relationship

Societe Generale Group is related by virtue of its ultimate (100%) controlling interest in SG Financial Services Holding, which has significant controlling interest in the shareholding in Societe Generale Ghana Limited.

33 a. Contingent Liabilities

	2016	2015
	GH¢	GH¢
Guarantees and Indemnities	**165,322,863**	184,967,014
Letters of Credit & Others	**237,346,530**	163,458,003
	402,669,393	348,425,017

33 a. Contingent Liabilities - continued

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

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in credit loss expense. The premium received is cognised in the income statement in net fees and commission income on a straight line basis over the life of the guarantee.

b. Undrawn Commitments	**2016**	2015
	GH¢	GH¢
Undrawn Commitments	**285,500,762**	168,334,619

34 Legal Liability

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had several unresolved legal claims.

Adequate provision has been made for all the relevant litigation for which losses may be probable. The possible outflow which could result from all such litigation, based on the current status of the various legal proceedings, is estimated to be no more than GH¢481,800 (2015: GH¢ 382,700).

35 Analysis of Financial Assets and Liabilities

Financial assets and liabilities are measured on an on-going basis either at fair value or at amortized cost. The principal accounting policies in Notes 2 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized. The following table analyses the financial assets and liabilities in the statement of financial position by class of financial instrument to which they are assigned, and therefore by the measurement basis:

35 Analysis of Financial Assets and Liabilities - continued

31 December 2016	Designated at Fair Value through Profit & Loss	Held to Maturity Investments	Available for-Sale Financial Assets	Loans and Receivables	Total Carrying Amount	Fair value
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash & Cash Equivalents		-	-	775,207,151	775,207,151	775,207,151
Non-Pledged Trading assets	70,023,376	-	-	-	70,023,376	70,023,376
Investments (other than securities)	-	-	-	406,500	406,500	406,500
Loans and Advances to Customers	-	-	-	942,307,572	942,307,572	942,307,572
Investment securities	-	-	540,724,245	-	540,724,245	540,724,245
Total Financial Assets	70,023,376	-	540,724,245	1,717,921,223	2,328,668,844	2,328,668,844
Total Non-Financial Assets						120,167,357
Total Assets						2,448,836,201

Financial Liabilities	Financial Liabilities Measured at Amortised Cost	Total Carrying Amount	Fair value
	GH¢	GH¢	GH¢
Deposits from Banks and Customers	1,793,230,560	1,793,230,560	1,793,230,560
Borrowings	200,733,796	200,733,796	200,733,796
Other Liabilities	122,316,421	122,316,421	122,316,421
Total Financial Liabilities	2,116,280,777	2,116,280,777	2,116,280,777
Total Non-financial Liabilities			332,555,424
Total Liabilities and Shareholders Fund			2,448,836,201

Notes to Financial Statement cont'd

35 Analysis of Financial Assets and Liabilities - continued

31 December 2015	Designated at Fair Value through Profit & Loss	Held to Maturity Investments	Available for-Sale Financial Assets	Loans and Receivables	Total Carrying Amount	Fair value
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Cash & Cash Equivalents		-	-	850,155,014	850,155,014	850,155,014
Non-Pledged Trading assets	51,080,883	-	-	-	51,080,883	51,080,883
Investments (other than securities)	-	-	-	406,500	406,500	406,500
Loans and Advances to Customers	-	-	-	900,961,822	900,961,822	900,961,822
Investment securities	-	-	75,663,667	-	75,663,667	75,663,667
Total Financial Assets	51,080,883	-	75,663,667	901,368,322	1,751,523,336	1,878,267,886
Total Non-Financial Assets						112,193,918
Total Assets						1,990,461,804

The fair values approximates their carrying amounts, hence there is no further disclosure on fair values.

Financial Liabilities

	Financial Liabilities Measured at Amortised Cost	Total Carrying Amount	Fair value
	GH¢	GH¢	GH¢
Deposits from Banks and Customers	1,398,540,503	1,398,540,503	1,398,540,503
Borrowings	235,981,582	235,981,582	235,981,582
Other Liabilities	93,728,889	93,728,889	93,728,889
Total Financial Liabilities	1,728,250,974	1,728,250,974	1,728,250,974
Total Non-financial Liabilities			263,980,201
Total Liabilities and Shareholders Fund			1,992,231,175

36 Determination of Fair Value and Fair Values Hierarchy

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

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

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

Non-market observable inputs means that fair values are determined in whole, or in parts, using a valuation technique, based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, observable inputs reflect the Bank's own assumption about the assumptions that market participants will use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available which might include the Bank's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy done on a recurring basis.

	Note	Level 1	Level 2	Level 3	Total
31 December 2016		**GH¢**	**GH¢**	**GH¢**	**GH¢**
Government securities	**17 & 20**	**-**	**610,747,621**	**-**	**610,747,621**
		-	**610,747,621**	**-**	**610,747,621**

31 December 2015	Note	Level 1	Level 2	Level 3	Total
		GH¢	GH¢	GH¢	GH¢
Government securities	17 & 20	-	126,744,550	-	126,744,550
		-	126,744,550	-	126,744,550

There were no transfers between levels 1 and 2 within the period.

Level 2 Valuation Technique

The assets in Level 2 comprise mainly Government of Ghana securities (Treasury Bills). They are valued using published results of tender for government of Ghana and Bank of Ghana bill, notes and bonds at the financial year end.

Day 1 Profit

The day 1 profit recognised on the derivative financial instrument was GH¢380,000 (2015: Day 1 Loss of GH¢60,000).

37. Financial Risk Management

Risk is inherent in the Bank's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

The Bank is exposed to credit risk, liquidity risk, interest rate risk and market risk. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Risk Committees

The Risk Committees have the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committees are responsible for managing risk decisions and monitoring risk levels. The main Risk Committees and their frequency of meetings are:

i. Credit Risk Committee - Quarterly;

ii. Asset and Liabilities Committee - Weekly;

iii. Structural Risk Committee - Quarterly;

iv. Market Risk Committee - Quarterly;

v. Operational Risk Committee (Periodic and Permanent Control, Business Continuity Planning and Compliance) - Quarterly.

Risk Management

Risk Management is done under specialists units of Credit and Market Risk Department and Operational and Permanent Control Division. These units are responsible for implementing and maintaining risk related procedures to ensure independent control process is maintained.

Risk Control

Risk Control is done under the various specialist units of Risk Management where monitoring of compliance with risk principles, policies and limits across the Bank is undertaken. Each business group has its own unit which is responsible for the independent control risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. These units also ensure the complete capture of the risk in risk measurement and reporting systems through the various committees to the Board.

Bank Treasury

The Bank's Treasury is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks management of the Bank.

Internal control systems

The bank has in place internal control systems and mechanisms aimed at ensuring that legal and regulatory provisions, ethics, and professional practices are complied with, internal processes of the bank are functioning properly and the financial information are reliable. The system is particularly designed to identify malfunctions and irregularities, to efficiently control risks, and to make sure that information systems are reliable. Internal control system distinguishes two levels of control: Permanent Control which forms the first level of control and Periodic Controls as a second level of control.

Permanent Control is essential for the bank's internal control structure and is defined as all procedures implemented on a permanent basis to guarantee that operations carried out on an operational level are correctly handled, secure and valid. It is based on day-to-day security, which is

37 Financial Risk Management - continued

everyone's responsibility and on formal supervision carried out by management.

Periodic control activities are performed by dedicated and specialized teams of auditors which are independent from the operational entities. The scope of Periodic Controls encompasses all the bank's activities and can focus on any aspect of these activities, without any restrictions."

Internal Audit

The Bank's policy is that risk management processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

The most significant risks which the bank is exposed to and how they are managed are as below:

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Bank also manages its counter party risk through adherence to Bank of Ghana prudential requirements by ensuring that it's secured lending to any single borrower is below 25% of its net worth and that any single unsecured lending by the bank is less than 10% of the bank's net worth.

The framework for managing this risk is the credit policy which spells out the overall underwriting standards, credit approval process, credit administration and recovery processes. The policy is reviewed from time to time (at least yearly) in response to risk profile of new business opportunities/products, and any challenges with the recovery process.

The Bank has established a credit quality review process through the Credit Committee to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns major counterparty a risk rating.

Risk ratings are subject to regular revision.

The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Bank's credit quality review process is established in line with the Societe Generale Group's risk management governance based on the following;

- A strong managerial involvement throughout the entire organization: From the Board of Directors through to the Credit Committee and to the operational field management teams.
- A tight framework of internal procedures and guidelines.
- A well defined permanent supervision process that assists to identify through a self examination the need for review of certain processes to improve on the Bank's credit delivery and collection processes.
- Independence of Risk assessment department from the business divisions;
- A consistent approach to risk assessment and monitoring applied throughout the Group.

The bank in estimating and establishing its potential credit losses, counterparty limits are established by the use of a credit risk classification system, which assigns major counterparties a risk rating. Risk ratings are subject to regular revision.

The Credit Committee also monitors the portfolio of loans and debt collection operations.

37 Financial Risk Management - continued

In this capacity, it does:

- analyze the portfolio of loans: retail customers, companies, banks and financial institutions and sovereign,
- monitor irregular commitments and the main sensitive risks,
- monitor debt collection files,
- assess guarantees and monitor provisions,
- ensure that the actions reported are monitored and performed

Total Credit approvals for 2016 was GH¢1,573.49 million; an increase of 11.7% compared to GH¢1,408.12million recorded in 2015. The volume of files also increased by 8.2%; from 13,372 files in 2015 to 14,464 files in 2016.

There has been a deterioration in the Non Performing Loan ratio over the period. NPL ratio (Bank of Ghana regulations) increased to 16.9% in December 2016 from 14.8% in December 2015. It increased over the period on the back of deterioration of some major corporate accounts. A close follow-up action plan has been implemented on these accounts to ensure repayment of arrears. Adequate provisions have been made in respect of all non-performing loans to ensure that the bank does not make any significant losses although the prospect of recovery for these loans is high.

In line with the bank's policy, the provisions have been made for all delinquent facilities in addition to a collective provisioning done for all sensitive and potentially sensitive clients.

At 31 December 2016, the bank's credit exposure were categorised as follows:

- Exposures that are neither past due nor impaired
- Exposures that are past due but not impaired and
- Individually impaired facilities

  The balances for each category have been analysed below;

	2016		2015	
	Loans & Advances to Customers	**Due from Bank and Other Financial Institution**	Loans & Advances to Customers	Due from Bank and Other Financial Institution
	GH¢'000	**GH¢'000**	GH¢'000	GH¢'000
Neither past due nor impaired	**887,458**	**509,659,480**	720,337	601,270,232
Past due but not impaired	**26,275**	**-**	92,333	-
Individually impaired	**233,231**	**-**	235,552	-
Gross	**1,146,964**	**509,659,480**	1,048,222	601,270,232
Less Allowance for impairment	**(135,536)**	**-**	(98,878)	-
Interest in suspense	**(52,505)**	**-**	(37,871)	-
Deferred Income	**(16,615)**		(10,511)	
Net Amount	**942,308**	**509,659,480**	900,962	601,270,232

Loans and advances to customers Past due but not impaired have not been deliquent for more than 30 days.

Loans and advances to customers in Ghana analysed by customer type, as well as by industry sector is shown in note 19(b) & 19(c).

37 Financial Risk Management - continued

	2016	2015
	GH¢'000	GH¢'000
Maximum Credit Exposure		
Due from Bank and Other Financial Institutions	**509,659**	601,270
Non-Pledged Trading Assets	**70,023**	51,081
Investment Securities	**540,724**	75,664
Loans and Advances	**942,308**	900,962
Unsecured Contingent Liabilities and Commitments	**402,669**	347,228
	2,465,383	1,976,205

Fair Value of Collateral Held

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

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

	2016	2015
	GH¢'000	GH¢'000
Against Impaired Assets	**326,325**	245,579
Against Past Due but not Impaired Assets	**30,661**	157,905
	356,986	403,484

Liquidity risk and Structural interest rate risk

Liquidity risk

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The liquidity policy of the Bank is approved by the Board under guidelines issued by SG Group and monitored daily to ensure that its funding requirements can be met at all times and that a stock of high quality liquid assets is maintained.

The net liquidity gap resulting from liquidity analysis of assets and liabilities of the Bank as of 31 December 2016 is shown in the table of maturity of assets and liabilities.

Maturity analysis of the assets and liabilities

The table shows summary of assets and liabilities analysed according to their undiscounted contractual terms of the transactions and models of historic client behaviour (models determined with the contribution of the Group), as well as conventional assumptions for some balance sheet items.

37 Financial Risk Management - continued

As at 31 December 2016	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Assets					
Cash and Cash Equivalents	**775,207,151**	775,207,151	-	-	-
Non-Pledged Trading Assets	**70,023,376**	70,023,376	-	-	-
Pledged Trading Assets	**-**	-	-	-	-
Derivative Assets held for Risk Management	**-**	-	-	-	-
Investments (Other than Securities)	**406,500**	-	-	-	406,500
Loans and Advances to Customers	**942,307,572**	417,252,141	58,496,644	125,486,893	341,071,894
Investment Securities	**540,724,245**	490,109,542	5,011,051	20,166,319	25,437,333
Current Tax Assets	**597,611**	597,611	-	-	-
Deferred Tax Assets	**-**	-	-	-	-
Intangible Assets	**2,973,027**	2,973,027	-	-	-
Other Assets	**29,271,430**	14,635,715	10,245,001	4,390,715	-
Property, Plant and Equipment	**87,325,289**	87,325,289	-	-	-
Total Assets	**2,448,836,201**	**1,858,123,852**	**73,752,696**	**150,043,927**	**366,915,727**
Liabilities					
Trading Liabilities	**-**	-	-	-	-
Derivative Liabilities Held for Risk Management	**6,496,857**	6,496,857	-	-	-
Deposits from Banks	**2,166,497**	2,166,497	-	-	-
Deposits from Customers	**1,791,064,063**	1,701,311,749	29,474,565	58,848,130	1,429,619
Borrowings	**200,733,796**	140,398,205	60,335,591	-	-
Current Tax Liabilities	**-**	-	-	-	-
Deferred Tax Liabilities	**4,521,586**	4,521,586	-	-	-
Retirement Benefit Liabilities	**-**	-	-	-	-
Other Liabilities	**111,297,978**	56,597,206	44,165,845	10,534,927	-
Total Liabilities	**2,116,280,777**	**1,911,492,100**	**133,976,001**	**69,383,057**	**1,429,619**
Net Liquidity Gap	**332,555,424**	**(53,368,248)**	**(60,223,305)**	**80,660,870**	**365,486,108**
Contingent liabilities - Guarantees and Letters of Credit	**402,669,393**	333,203,450	20,349,080	38,594,796	10,522,067

37 Financial Risk Management - continued

As at 31 December 2015	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Assets					
Cash and Cash Equivalents	**850,155,014**	850,155,014	-	-	-
Non-Pledged Trading Assets	**51,080,883**	51,080,883	-	-	-
Pledged Trading Assets	**-**	-	-	-	-
Derivative Assets Held for Risk Management	**-**	-	-	-	-
Investments (Other than Securities)	**406,500**	-	-	-	406,500
Loans and Advances to Customers	**900,961,822**	416,702,694	43,490,753	122,565,468	318,202,908
Investment Securities	**75,663,667**	54,108,961	10,567,206	10,987,500	-
Current Tax Assets	**1,047,500**	1,047,500	-	-	-
Deferred Tax Assets	**1,769,371**	1,769,371	-	-	-
Intangible Assets	**1,424,092**	1,424,092	-	-	-
Other Assets	**23,719,331**	11,223,100.0	7,497,738.0	4,998,493.0	-
Property, Plant and Equipment	**86,002,995**	86,002,995	-	-	-
Total Assets	**1,992,231,175**	1,473,514,610	61,555,697	138,551,461	318,609,408
Liabilities					
Trading Liabilities	**-**	-	-	-	-
Derivative Liabilities Held for Risk Management	**-**	-	-	-	-
Deposits from Banks	**1,110,020**	1,110,020	-	-	-
Deposits from Customers	**1,397,430,483**	1,346,361,265	16,865,200	33,754,400	449,619
Borrowings	**235,981,582**	133,397,008	62,040,000	-	40,544,574
Current Tax Liabilities	**-**	-	-	-	-
Deferred Tax Liabilities	**-**	-	-	-	-
Retirement Benefit Liabilities	**-**	-	-	-	-
Other Liabilities	**93,728,889**	45,086,577	30,881,304	17,761,008	-
Total Liabilities	**1,728,250,974**	1,525,954,870	109,786,504	51,515,408	40,994,193
Net Liquidity Gap	**263,980,201**	(52,440,260)	(48,230,807)	87,036,053	277,615,215
Contingent liabilities - Guarantees and Letters of Credit	**348,425,017**	223,801,534	107,464,969	12,672,514	4,486,000

The gap profile is the difference between assets and liabilities which is calculated for each time- bucket. The results of this calculation are stressed and analysed through the internal ALM Report or the Group report Structural risk committee.

37 Financial Risk Management - continued

Societe Generale Ghana Limited has a large and diversified deposit base which serves as a large part of mid and long-term financing resources.

Financing Facilities

The Bank does not have any secured lending. It however has some unsecured lending arrangements with the following International Financial Institutions as shown in the table below:

Entity	Total Amount	Amount Used	Amount Unused
PROPARCO	$10M	$6.36M	$3.64M
PROPARCO	€7.5M	€7.5M	-
EIB	$11M	$8.25M	$2.75M
IFC	$24M	$24M	-
SG Paris	€25M	-	€25M

Structural interest rate

The interest rate risk is the incurred risk in case of interest rate variations because of all on-and off- balance sheet operations, except operations subject to market risks. Global Interest Rate Risk is corresponding to interest rate on the banking portfolio.

The strategic management of liquidity is done at a high level of senior management (ALCO); review of results on weekly basis in line with competition and economic conditions and also ensure that regulatory requirements are met.

The risk management is supervised by the Group. Limits are defined at Group consolidated level and at the level of each Group consolidated entity, and are validated by the Credit Risk Committee. Finance department of the Group is responsible for checking the risk level of Societe Generale Ghana Limited.

Societe Generale Ghana Limited's main aim is to reduce its exposure to structural interest rate risk as much as possible. To this end, any residual interest rate risk exposure must comply with the sensitivity limits set by the Finance Committee. The sensitivity is defined as the variation in the present value of future (maturities of up to 20 years) residual fixed rate positions (surplus or deficits) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of annual net interest income). The limit for Societe Generale Ghana Limited is EUR 3 million (i.e. GH¢ 13.42 million), which is 4.04% of shareholders' equity.

In order to quantify its exposure to structural interest rate risks, Societe Generale Ghana Limited analyses all fixed-rate assets and liabilities on future maturities to identify any gaps. These positions come from their maturities.

Once the Bank has identified the gaps of its fixed- rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to variations in interest rates. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for an instantaneous parallel increase of 1% of the yield curve.

As at the end of 2016, SG Ghana's global sensitivity to interest rate risk following the procedure described above was 0.24% of the total balance sheet and below the GH¢ 13.42 million with a total sensitivity of GH¢ 6.23 million which represents 1.87% of the total shareholder's equity.

37 Financial Risk Management - continued

Interest Rate Risk Exposure

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

Sensitivity of projected increase or decrease in interest rate is analysed below.

	Increase/Decrease in basis points		Effect on Profit before Tax		Effect on Equity	
31 December 2016	**2016**		**2016**		**2016**	
GH¢	**5%**	**(5%)**	**12,521,458**	**(12,521,458)**	**9,391,094**	**(9,391,094)**
USD	**7%**	**(7%)**	**1,496,416**	**(1,496,416)**	**1,122,312**	**(1,122,312)**
EUR	**5%**	**(5%)**	**281,974**	**(281,974)**	**211,481**	**(211,481)**
31 December 2015	2015		2015		2015	
GH¢	5%	(5%)	11,728,926	(11,728,926)	8,796,695	(8,796,695)
USD	7%	(7%)	1,048,889	(1,048,889)	786,667	(786,667)
EUR	5%	(5%)	133,307	(133,307)	99,980	(99,980)

Market Risk

Market risk is the risk of losses being incurred as a result of adverse movements in interest or exchange rates and arises from the Bank's treasury activities.

Market risk is controlled by interest mismatch and foreign currency open position limits approved by the Executive Committee of the Bank and monitored daily. The foreign currency exposure analysis of the Bank is shown in the currency exposure table below.

This risk is managed by the establishment of limits, monitoring of exposures on a daily basis and ensuring that regulatory requirements are met.

The task of the Market Risk Committee is to:

- identify, assess and monitor the market risks generated by transactions made on behalf of: the local Financial department (cash, liquid assets, balance sheet hedging) in relation with the Assets and Liabilities Management Committee and professional customers (companies and institutional investors)
- define and monitor alert procedures
- make sure that the Back Office is really independent from the Front Office.

37 Financial Risk Management - continued

Exchange Rate Sensitivity Analysis

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the changes in foreign currency rates. A positive number below indicates an increase in Profit or Equity whilst a negative number indicates a decrease in Profit or Equity. The profits below are the result of a net long exposure in the foreign currency coupled with an increase in the foreign currency rate. The losses on the other hand are mainly due to a net long exposure in the foreign currency coupled with a decrease in the foreign currency rate.

	Increase/Decrease in basis points		Effect on Profit before Tax		Effect on Equity	
31 December 2016		**2016**		**2016**		**2016**
			GH¢	**GH¢**	**GH¢**	**GH¢**
USD	**10%**	**10%**	**1,171,844**	**(1,171,844)**	**878,883**	**(878,883)**
GBP	**8%**	**8%**	**(53,113)**	**53,113**	**(39,835)**	**39,835**
EUR	**7%**	**7%**	**(583,773)**	**583,773**	**(437,829)**	**437,829**
Other currencies	**5%**	**5%**	**106,861**	**(106,861)**	**80,146**	**(80,146)**
31 December 2015		2015		2015		2015
			GH¢	GH¢	GH¢	GH¢
USD	7%	(7%)	796,240	(796,240)	597,180	(597,180)
GBP	6%	(6%)	(26,724)	26,724	(20,043)	20,043
EUR	5%	(5%)	13,187	(13,187)	9,891	(9,891)
Other currencies	5%	(5%)	38,618	(38,618)	28,963	(28,963)

Exchange rate sensitivity analysis

The following methods and assumptions used in the computation of sensitivity analysis

i. Foreign currency exposure is assumed to remain at constant values (closing balances at the end of the year).

ii. Use of average exchange rate for the year under consideration.

iii. Use of pre-determined stress levels (relevant range of stress level) based on extreme or worst case scenarios.

iv. There are no changes in the methods and assumptions from the previous periods.

v. The current corporate tax rate is applied in determining the effect on profit and equity.

37 Financial Risk Management - continued

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The bank has adopted the Bank of Ghana requirement that banks maintain a total open position which is not more than 10% of their net worth. Within this limit, banks are also required to maintain single currency open positions not more than 5% of net worth.

Currency Exposure

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

31 December 2016

	USD	GBP	EURO	Others	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Assets					
Cash and Balances with Bank of Ghana	8,636,896	1,439,988	2,761,950	-	12,838,834
Due from Other Banks and Financial Institutions	160,150,752	13,518,221	92,698,357	1,133,344	267,500,674
Other Assets	(99,166)	1,444	26,106	-	(71,615)
Loan and Advances to Customers	203,982,500	1,112	61,499,302	-	265,482,914
Total Assets	**372,670,983**	**14,960,765**	**156,985,715**	**1,133,344**	**545,750,808**
Liabilities					
Due to Customers	556,827,105	14,596,586	123,416,241	16,343	694,856,275
Other Liabilities	80,288,097	1,016,567	10,592,440	16	91,897,121
Due to Other Banks and Financial Institutions	162,184,995	-	33,275,250		195,460,245
Total Liabilities	**799,300,197**	**15,613,153**	**167,283,931**	**16,359**	**982,213,641**
Net on Balance Sheet Position	**(426,629,215)**	**(652,388)**	**(10,298,216)**	**1,116,985**	**(436,462,833)**
Net Off Balance Sheet Position	**439,132,681**	**-**	**1,774,680**	**1,153,950**	**442,061,311**
Net open position	**12,503,467**	**(652,388)**	**(8,523,536)**	**2,270,935**	**5,598,478**

37 Financial risk management - continued

31 December 2015	USD	GBP	EURO	Others	Total
	GH¢	GH¢	GH¢	GH¢	GH¢
Assets					
Cash and Balances with Bank of Ghana	34,394,464	2,793,863	13,658,015	-	50,846,342
Due from Other Banks and Financial Institutions	423,526,288	13,125,093	112,801,977	518,999	549,972,357
Other Assets	347,226	2,997	4,669	-	354,892
Loan and Advances to Customers	187,771,100	1,196	34,760,529	-	222,532,825
Total Assets	646,039,078	15,923,149	161,225,190	518,999	823,706,416
Liabilities					
Due to Customers	405,860,264	14,721,301	111,069,204	15,145	531,665,914
Other Liabilities	67,444,184	1,637,719	18,924,749	191,857	88,198,509
Due to Other banks and Financial Institutions	159,283,050	-	30,990,000	-	190,273,050
Total Liabilities	632,587,498	16,359,020	160,983,953	207,002	810,137,473
Net on Balance Sheet Position	13,451,580	(435,871)	241,237	311,997	13,568,943
Net Off Balance Sheet Position	(379,500)	-	-	380,383	883
Net open position	13,072,080	(435,871)	241,237	692,380	13,569,826

Operational Risk

Operational risk is the exposure to financial or other damage arising through unforeseen events or failure in operational processes and systems. Examples include inadequate controls and procedures, human error, deliberate malicious acts including fraud and business interruption.

These risks are controlled and monitored through system controls, segregation of duties, exception and exposure reporting, business continuity planning, reconciliations, internal audit and timely and reliable management reporting.

Operational procedures are documented in an Operations Manual.

The Bank has established and implemented an integrated Operational Risk (OR) framework comprising (i) Loss Collection policy, (ii) Key Risk Indicators (KRI) policy, (iii) Permanent Supervision policy, (iv) Compliance and anti-money laundering. Policy which set out the organizational structure, overall policy framework, processes and systems for identifying, assessing, monitoring and controlling/ mitigating operational risks in the bank.

37 Financial risk management - continued

Societe Generale Ghana Limited has adopted the SG-Group BCP policy and methodology which is consistent with international standards.

The Bank has also created a comprehensive and independent review of the Business Continuity Planning and Operational Risk processes.

The Operational Risk Committee's task is to identify and assess the impact of operational risks on the smooth running and profitability of the bank, and to define and implement the strategy used to control them by continuously adapting the methods used to bring them into conformity with regulations in force and Societe Generale Group standards.

To achieve this, the committee:

- makes sure that the resources made available to the Operational Risk team are in line with the Bank's level of exposure.
- is responsible for the introduction and satisfactory operation of permanent supervision, and for the bank's Operational Risk control.
- is informed of the main types of operational risks and of the main operating losses recorded over the period.
- monitors the implementation of plans of action intended to correct and reduce Operational Risks.
- validates the findings of regulatory exercises (Risk & Control Self Assessment (RCSA), scenario analysis, KRI), introduces and monitors corrective action plans.
- introduces, maintains and tests the BCP and the Crisis management system.
- makes sure that the work done by Permanent Supervision is of good quality and approves its report.
- takes corrective action in the event of a deterioration in the control environment.
- keeps up to date with legislative and regulatory changes, as well as recommendations relating to periodic control.
- drafts and presents its activity report particularly intended for the Audit and Accounts Committee.

Non Compliance & Reputation Risk and the prevention of Money Laundering

The compliance function ensures that the risks of legal, administrative and/or disciplinary penalties, financial losses or injury to reputation, arising out of or in connection with failure to comply with local legislative and/or regulatory banking provisions, ethics and professional practices, as well as SG Group instructions, standards and/or processes are identified and controlled.

The bank's compliance activity is overseen at a high level by a senior management officer, the Head of Compliance and through the Compliance committee chaired by the Managing Director.

The main tasks of the compliance function are namely:

- to define in accordance with legal and regulatory requirements, the policies, principles and procedures applicable to compliance and the prevention of money laundering and terrorist financing and ensure that they are implemented.
- to ensure that professional and financial market regulations are respected.
- to prevent and manage any potential conflicts of interest with respect to customers.
- to propose the ethical rules to be respected by all staff.
- to train and advise staff and increase their awareness of compliance issues.

38. Regulatory Breaches

The bank complied with all regulations within the year.

39. Segmental Reporting

For management purposes, the bank is organized into four operating segments based on products and services as follows;

- **Retail Banking**

This unit primarily serves the needs of individuals, high net worth clients and institutional clients. It is principally responsible for providing loans and other credit facilities, as well as mobilizing deposits and providing other transactions.

39 Segmental Reporting - continued

- **Corporate Banking**
  This unit is principally responsible for providing loans and other credit facilities, as well as mobilizing deposits and providing other transactions to the Bank's corporate clients.

- **Small and Medium Enterprises**
  This unit is principally responsible for providing loans and other credit facilities, as well as mobilizing deposits and providing other transactions and services to small and medium enterprises.

- **Treasury**
  This unit undertakes the bank's funding activities. It also manages the liquidity position of the Bank through activities such as borrowings, and investing in liquid assets such as short-term placements and government debt securities.

Management monitors the operating results of each business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. The main source of difference is the use of a transfer pricing mechanism in apportioning investment income for the segment.

	Retail	Corporate	SME	Treasury	Total
31 December 2016	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Revenue					
Interest & Similar Revenue (3rd Parties)	94,756,382	139,608,623	25,381,065	-	259,746,071
Interest & Similar Expense	(26,171,751)	(29,741,822)	(5,889,871)	-	(61,803,444)
Net Interest income	**68,584,632**	**109,866,802**	**19,491,193**	**-**	**197,942,627**
Fees & Commission Revenue	31,083,466	28,275,170	12,176,857	230,307	71,765,799
Fees & Commission Expense	(13,163,131)	(926,662)	(57,724)	-	(14,147,517)
Net Commission Income	**17,920,335**	**27,348,507**	**12,119,133**	**230,307**	**57,618,282**
Trading Revenue	(1,729,429)	14,533,451	7,101,249	41,040,230	60,945,501
Investment Revenue	-	-	-	-	-
Other Operating Income	4,829,873	8,059,560	1,285,045	(2,230,821)	11,943,658
Total Other Operating Income	**3,100,444**	**22,593,012**	**8,386,294**	**38,809,409**	**72,889,160**
Total Operating Income	**89,605,411**	**159,808,320**	**39,996,621**	**39,039,716**	**328,450,068**
Credit Loss Expenses	(2,527,433)	(38,188,199)	1,202,177	-	(39,513,455)
Net Operating Income	**87,077,979**	**121,620,121**	**41,198,797**	**39,039,716**	**288,936,613**
Personnel Expenses	(51,678,930)	(28,419,035)	(8,342,278)	(7,506,067)	(95,946,310)
Depreciation/Amortization	(5,706,540)	(3,700,314)	(925,484)	(903,869)	(11,236,207)
Other Operating Expenses	(28,073,918)	(35,243,908)	(18,115,851)	(8,432,388)	(89,866,065)
Total Operating Expenses	(85,459,388)	(67,363,257)	(27,383,613)	(16,842,324)	(197,048,582)
Profit Before Tax	**1,618,592**	**54,256,864**	**13,815,184**	**22,197,391**	**91,888,031**
Total Assets	**835,245,018**	**930,237,967**	**239,186,891**	**444,166,325**	**2,448,836,201**
Total Liabilities	**726,249,791**	**1,143,579,180**	**246,451,806**	**-**	**2,116,280,777**

No revenue from transactions with a single customer or counter party amounted to 10% or more of the Bank's total revenue in 2016 or 2015.All Segment revenue are from external customers only. The Accounting policies of the reportable segments are the same as the Bank. There were no intra company profit for the period under review.

39 Segmental Reporting - continued

31 December 2015	Retail GH¢	Corporate GH¢	SME GH¢	Treasury GH¢	Total GH¢
Revenue					
Interest & Similar Revenue (3rd Parties)	91,578,502	98,237,274	36,935,842	-	226,751,618
Interest & similar expense	(18,474,894)	(31,360,987)	(3,586,157)	-	(53,422,038)
Net Interest income	**73,103,608**	**66,876,287**	**33,349,685**	**-**	**173,329,580**
Fees & Commission Revenue	26,842,715	25,839,158	11,519,542	382,019	64,583,434
Fees & Commission Expense	(11,785,767)	(755,072)	(23,953)	-	(12,564,792)
Net Commission Income	**15,056,948**	**25,084,086**	**11,495,589**	**382,019**	**52,018,642**
Trading Revenue	(2,361,227)	11,398,109	6,767,952	12,426,728	28,231,562
Investment Revenue	-	-	-	-	-
Other Operating Income	4,695,307	1,546,642	746,692	10,093,761	17,082,402
Total Other Operating Income	**2,334,080**	**12,944,751**	**7,514,644**	**22,520,489**	**45,313,964**
Total Operating Income	**90,494,636**	**104,905,124**	**52,359,918**	**22,902,508**	**270,662,186**
Credit Loss Expenses	(5,208,906)	(27,540,961)	(5,162,852)	-	(37,912,719)
Net Operating Income	**85,285,730**	**77,364,163**	**47,197,066**	**22,902,508**	**232,749,467**
Personnel Expenses	(48,172,988)	(16,438,889)	(13,666,735)	(3,406,215)	(81,684,827)
Depreciation/Amortization	(8,345,216)	(824,219)	(824,219)	(309,083)	(10,302,737)
Other Operating Expenses	(26,430,627)	(28,479,795)	(19,245,412)	(2,218,470)	(76,374,304)
Total Operating Expenses	(82,948,831)	(45,742,903)	(33,736,366)	(5,933,768)	(168,361,868)
Profit Before Tax	**2,336,899**	**31,621,260**	**13,460,700**	**16,968,740**	**64,387,599**
Total Assets	714,172,479	1,064,148,017	211,078,267	2,832,411	1,992,231,174
Total Liabilities	580,907,281	921,151,652	231,285,993	-	1,728,250,974

40 Capital

Capital Management

The primary objectives of the Bank's capital management are to ensure that the bank complies with externally imposed capital requirement by Bank of Ghana and that the bank maintains strong credit rating and healthy capital ratios in order to support its business and to maximise shareholders value. The Bank manages its capital structure and makes adjustments to it in the light of changes in the economic conditions and risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

a. Capital Definition

The Bank's capital comprises stated capital, share deals account, retained earnings including current year profit and various reserves the company is statutorily required to maintain. As a bank, it also has regulatory capital as defined below:

b. Stated Capital

This amount is made up of issue of shares for cash and transfers from retained earnings.

c. Income Surplus

This amount represents the cumulative annual profits after appropriations available for distribution to shareholders.

d. Revaluation Reserve

This amount comprises revaluation of property, plant and equipment.

e. Statutory Reserve

This is amount set aside from annual profit as a non-distributable reserve in accordance with regulatory requirements.

The transfer to Statutory Reserve Fund is in compliance with Section 29 of the Banking Act, 2004 (Act 673) as amended by the Banking Act, 2007 (Act 738).

f. Credit Risk Reserve

This is amount set aside from retained earnings as a non-distributable reserve to meet minimum regulatory requirements in respect of allowance for credit losses for non-performing loans and advances.

g. Other Reserves

This is made up of the share option reserve, available for sale reserve on debt securities and avail- able for sale on equity investments. Share option reserve is an amount set aside for future exercise of share options. Available for sale reserve on debt securities records unrealized gains and losses on government securities. Available for sale reserve on equity investments records unrealized fair value gains and losses on available for sale equity investments.

h . Regulatory Capital

Regulatory capital consist of Tier 1 capital, which comprises share capital, share deals account, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividend, net long positions in own share and goodwill. Certain adjustments are made to IFRS-based result and reserves, as prescribed by the Central Bank of Ghana. The other component of regulatory capital is Tier 2 capital which includes revaluation reserves.

i . Capital adequacy

The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Bank of Ghana.

40 Capital - continued

	2016		2015	
	Actual	Required by Bank of Ghana	Actual	Required by Bank of Ghana
	GH¢	GH¢	GH¢	GH¢
Net Tier 1 Capital	**285,542,910**	**60,000,000**	205,664,304	60,000,000
Tier 2 Capital	**64,691,975**	**-**	63,901,432	-
Total Capital	305,798,679	60,000,000	269,565,736	60,000,000
Adjusted Capital Base (a)	**305,798,679**		269,565,735	
Adjusted Asset Base (b)	**1,842,716,781**		1,677,640,622	
Capital Adequacy Ratio (a/b)	**16.73%**	**10%**	16.07%	10.0%

41 Compliance Status of Externally Imposed Capital Requirement

During the past year Societe Generale Ghana Limited complied in full with all its externally imposed capital requirements.

Analysis of Shareholdings

Category	**Number of Shareholders**	**Number of Shares**	**Percentage Holding %**
1-1,000	28,398	8,643,358	2%
1,001-5,000	4,345	8,763,477	2%
5,001-10,000	695	4,430,342	1%
Over 10,000	539	407,223,003	95%
	33,977	**429,060,180**	**100%**

42 Subsequent events

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

43 Comparative information

The comparative financial information, where considered necessary, have been reclassified to achieve consistency with presentation of current year figures.

Notes to Financial Statement cont'd

44 Value Added Statement

	2016 GH¢	2015 GH¢
Value Added Statements for the year ended 31 December 2016		
Interest Earned and Other Operating Income	**404,278,397**	336,224,335
Direct Cost	**(75,950,961)**	(65,986,830)
Value added by Banking Services	**328,327,436**	270,237,505
Non - Banking Income	**122,632**	424,681
Impairments	**(39,513,455)**	(37,912,719)
Value added	**288,936,613**	232,749,467
Distributes as follows:		
To Employees :-		
Directors (without Executives)	**(621,999)**	(662,204)
Executive Directors	**(3,018,987)**	(2,868,688)
Other Employees	**(95,946,310)**	(81,684,827)
To Government :-		
Income Tax	**(28,179,573)**	(19,782,522)
To providers of Capital :-		
Dividend to Shareholders	**(27,913,376)**	-
To Expansion and Growth :-		
Depreciation	**(9,447,575)**	(9,483,078)
Amortisation	**(1,788,631)**	(967,959)
Retained earnings	**122,020,160**	117,300,189

45 Twenty Largest Shareholders

Shareholders		Number of	
Account Name		Holding	% Owned
1	SG-FINANCIAL SERVICES HOLDING	243,159,895	56.7
2	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST	81,299,111	18.9
3	OFORI DANIEL	31,226,974	7.3
4	SCGN/SSB& TRUST AS CUST FOR KIMBERLITE FRONTIER AFRICA MASTER FUND, L.P-RCKM	11,371,931	2.7
5	SOCIETE GENERAL EMPLOYEES' SHARE OWNERSHIP	3,166,229	0.7
6	AMENUVOR GIDEON	2,869,823	0.7
7	SCGN/ELAC POLICYHOLDERS FUND	2,678,559	0.6
8	SCBN/CITIBANK LONDON ROBECO AFRIKA FONDS N.V.	2,184,150	0.5
9	STD NOMS TVL PTY/BNYM SANV/VANDERBILT UNIVERSITY	1,918,850	0.4
10	SCGN/SSB&TRUST AS CUST FOR CONRAD N HILTON FOUNDATION-00FG	1,916,645	0.4
11	SSNIT SOS FUND	1,488,836	0.3
12	SAM ESSON JONAH MR.	1,286,105	0.3
13	SCGN/CACEIS FRANCE RE HMG GLOBETROTTER	1,100,000	0.3
14	TEACHERS FUND	1,056,528	0.2
15	MR PHILIP OPOKU-MENSAH	1,000,000	0.2
16	COCOBOD END OF SERVICE BENEFIT SCHEME	992,313	0.2
17	MBG ESSPA SCHEME	924,820	0.2
18	SCGN/SSB EATON VANCE TAX-MANAGED EMERGING MARKET FUND	865,057	0.2
19	SCGN/ RE:ELAC SHAREHOLDERS FUND	814,000	0.2
20	SCGN/CITIBANK KUWAIT INV AUTHORITY	714,935	0.2
	Total	392,034,761	91.4
	Others	37,025,419	8.6
	Grand Total	**429,060,180**	**100.0**

46 Directors shareholding

Director	Shareholding
Mrs. Theresa Ntim	1,584 shares
Asamoah Kofi	3,300 shares

PROXY FORM

I/We..

(Block Capital Please)

of...being member/members of Societe Generale Ghana Limited,

hereby appoint..

(insert full name)

Of...

(or failing him the duly appointed Chairman of the meeting) as my/our Proxy to vote for me/us at the Annual General meeting to be held on Friday 31st March 2017 at 11.00 a.m. and at every adjournment thereof):

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

RESOLUTION	FOR	AGAINST
To receive the Accounts		
To declare the final dividend as recommended		
To re-elect as a Director Alexandre Maymat		
To re-elect as a Director Kofi Asamoah		
To re-elect as a Director Nii Adjah Nablah		
To re-elect as a Director Teresa Ntim		
To elect as a Director Hakim Ouzzani		
To approve Directors' fees		
To authorize the Directors to fix the Auditors fees		

Signed this .... day of 2017

Shareholder's Signature...

**THIS PROXY FORM SHOULD NOT BE SENT TO THE COMPANY SECRETARY
IF THE MEMBER WILL BE ATTENDING THE MEETING**

NOTES:

1. A member (Shareholder) who is unable to attend the Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your vote if you cannot personally attend.
2. Provision has been made on the form for the Chairman of the Meeting to act as your proxy but, if you wish, you may insert in the blank space* the name of any person whether a Member of the company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the Meeting.
3. In the case of joint holders, each holder should sign.
4. If executed by a corporation, the proxy form should bear its common seal or be signed on its behalf by a Director.
5. Please sign the above proxy form and post it so as to reach the address shown overleaf not later than 48 hours before the appointed time of the meeting.
6. The proxy must produce the Admission Card sent with the notice of the meeting to obtain entrance to the meeting.

Resolutions to be Passed at the Annual General Meeting

BOARD RESOLUTIONS

The Board of Directors will be proposing the following resolutions which would be put to the Annual General Meeting:

1. **RECEIVE THE 2016 ACCOUNTS**

   The Board shall propose the acceptance of the 2016 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2016

2. **DECLARATION OF DIVIDEND FOR 2016**

   In accordance with Section 73(1) of the Companies Code 1963 Act 179 as amended by the Companies (Amendment) Act 2012 (Act 835) and Section 36(1) of the Regulations of the Bank it is hereby proposed that a final dividend in respect of the financial year ended 31st December 2016 of GHS0.033 per share payable to all shareholders registered in the books of the Company at the close of business on 31st March 2017.

3. **RE-ELECT DIRECTORS**

   In accordance with Section 298(a) of the Companies Code 1963 Act 179 as amended by the Companies (Amendment) Act 2012 (Act 835) and Section 88 (1) of the Regulations of the Bank, Mr. Alexandre Maymat, Mr Kofi Asamoah, Mr Nii Adjah Nablah, and Mrs Teresa Ntim retiring by rotation and being eligible; offer themselves for re-election as directors.

4. **ELECT A DIRECTOR**

   In accordance with Section 72(1) of the Regulations Mr. Hakim Ouzzani appointed as a Director during the year and retiring being eligible offers himself for election.

5. **APPROVE DIRECTORS FEES**

   In accordance with Section 194(1) of the Companies Code 1963 (Act 179) as amended by the Companies (Amendment) Act 2012 (Act 835) and Section 78(3) of the Regulations of the Bank it is hereby proposed that the Directors remuneration be paid at such a rate not exceeding an aggregate of GHS345,000.00

6. **AUTHORISATION OF THE DIRECTORS TO DETERMINE THE REMUNERATION OF THE AUDITORS**

   In accordance with Section 134(5) of the Companies Code 1963 as amended by the Companies (Amendment) Act 2012 (Act 835) and Section 54(2)(d) of the Regulations of the Bank, the Board of Directors recommend that the current Auditors Messrs Ernst & Young continue as Auditors of Societe Generale Ghana Limited. The Board will request that they fix the fees of the Auditors.

THE COMPANY SECRETARY

SOCIETE GENERALE GHANA

HEAD OFFICE

RING ROAD CENTRAL

P. O. BOX 13199

ACCRA

FOLD HERE

FOLD HERE

SOCIETE GENERALE GHANA
BRANCH NETWORK

Branch Network

Name Of Branch	Address	Phone No.	Fax No.
Greater Accra Region			
Accra Main	P. O. Box 13119, Accra	030 2223375 / 030 2222136 / 030 2911022 / 030 2911013	030 2222136
Accra New Town	P. O. Box 13119, Accra	030 2248054 / 0577 650390-2	030 2228512
Airport City	P. O. Box 13119, Accra	030 7010416 / 030 7011347 / 030 7011126 / 030 7011152	N/A
Ashaiman	P. O. Box Co 2885, Tema	030 7011518 / 030 7011654	N/A
Burma Camp Spot Bank	P. O. Box 13119, Accra	030 7011525	N/A
East Legon	P. O. Box 13119, Accra	030 2543728/9 / 030 2543730	N/A
Faanofa	P. O. Box 13119, Accra	030 2252500 / 030 2234704	N/A
Kaneshie	P. O. Box 13119, Accra	030 2681372 / 030 2676128	030 2681372
Dansoman	P. O. Box 13119, Accra	030 2322547-49	N/A
Lotteries	P. O. Box 13119, Accra	030 2667370 / 030 2672610	030 2668651
Madina	P. O. Box 13119, Accra	030 7011003 / 030 7012922	030 7012922
North Industrial Area	P. O. Box 13119, Accra	030 2222981 / 030 2222139	030 2229811
Okaishie	P. O. Box 13119, Accra	030 2668998 / 030 2662458	030 2666898
Osu	P. O. Box 13119, Accra	030 2790384 / 302790382	N/A
Pig Farm Spot Bank	P. O. Box 13119, Accra	030 2248053 / 0577 650469	N/A
Premier Towers	P. O. Box 13119, Accra	030 2667146 / 030 2668650	030 2667147
Spintex Road	P. O. Box 13119, Accra	030 2961993 / 030 2934970	0577 650918
Tema Community 1	P. O. Box Co 2885, Tema	030 3218096 / 030 3218097	N/A
Tema Community 2	P. O. Box Co 2885, Tema	030 3202558 / 030 3206495	030 3201960
Tema Fishing Harbour	P. O. Box Co 1668, Tema	030 3202288 / 0577 650912	030 3204462
Tema Motorway	P. O. Box Co 2885, Tema	030 2959127	N/A
Tudu	P. O. Box 13119, Accra	030 2663907 / 030 2667938	030 2671462

Branch Network cont'd

Name Of Branch	Address	Phone No.	Fax No.
Ashanti Region			
Adum	P. O. Box 4542, Kumasi	032 225379 / 032 225729	032 225379
Asafo	P. O. Box 4542, Kumasi	0577 650905 / 0577 650910	N/A
Kejetia	P. O. Box 4542, Kumasi	020 2801070	N/A
Kumasi Central	P. O. Box 4542, Kumasi	0322 023075 / 0577 650973	032 2024418
Suame	P. O. Box 4542, Kumasi	032 2043057 / 0577 650909	
Brong Ahafo Region			
Berekum	P. O. Box 49, Berekum	035 2222261 / 0577 650964	035 2222261
Sunyani	P. O. Box 1131, Sunyani	035 2027124 / 035 2027050	035 2027124
Central Region			
Cape Coast	P. O. Box 1019, Cape Coast	0577 650938 / 0577 650939	033 2132406
Dunkwa	P. O. Box 64, Dunkwa	033 2228393 / 033 2228665	033 2228665
Kasoa	P. O. Box 13119, Accra	030 3932443 / 030 2984479	N/A
Eastern Region			
Akim Oda	P. O. Box 325, Akim Oda	034 2922188 / 034 2922776	034 29222188
Koforidua	P. O. Box 987, Koforidua	034 2022778 / 034 2022236	N/A
Northern Region			
Tamale	P. O. Box 192, Tamale	037 2023437 / 037 2023253	037 2022139
Upper East Region			
Bolgatanaga	P. O. Box 344, Bolgatanga	038 2023305 / 038 2022064	038 2022064
Upper West Region			
Wa	P. O. Box 240, Wa	039 2022147 / 039 2022155	039 2022147

Branch Network cont'd

Name Of Branch	Address	Phone No.	Fax No.
Western Region			
Bibiani	P. O. Box 58, Bibiani	031 2093031 / 031 2093032	031 2093031
Takoradi	P .O. Box 660, Takoradi	031 2024660 / 031 2022888	031 2024660
Takoradi Market Circle	P. O. Box 660, Takoradi	031 2033280 / 031 2033288	031 2033288
Tarkwa	P. O. Box 219, Tarkwa	031 2320951 / 031 2320950	031 2320950
Volta Region			
Ho	P. O. Box HP 360, Ho	036 2026651 / 036 2028053	


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