ANNUAL REPORT

2018

THE FUTURE IS YOU

SOCIETE GENERALE GHANA

SOCIETE GENERALE GHANA

2018 ANNUAL REPORT
AND FINANCIAL STATEMENTS

WE INTRODUCED NEW INNOVATIVE PRODUCTS & OFFERS

Premium offer with special platinum card for our top affluent customers

Platinum card

Business card for corporate customers

Hyundai Offer

WE LAUNCHED EXCITING COMMERCIAL PROMOTIONS & CAMPAIGNS

Loans Promotion

WE CONTINUED REFURBISHING MORE OUTLETS

Okaishie Branch

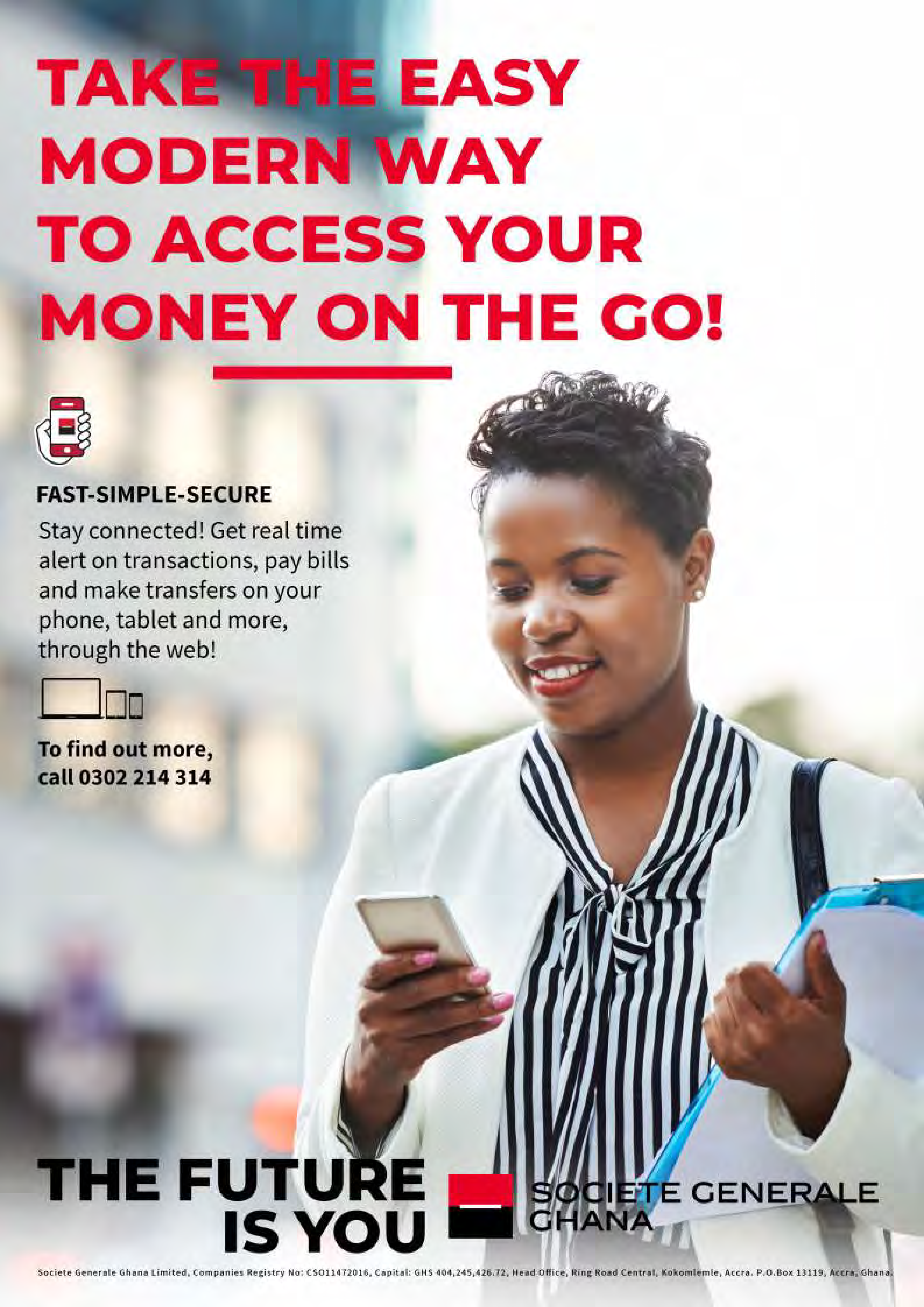
Tarkwa Branch

Kaneshie

Cape Coast Branch

Sunyani Branch

Tema Fishing Harbour Branch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SOCIETE GENERALE GHANA
Societe Generale Ghana Limited, Companies Registry No: CS011472016, Capital: GHS 404,245,426.72, Head Office, Ring Road Central, Kokomlemle, Accra. P.O.Box 13119, Accra, Ghana.

TABLE OF CONTENTS

NOTICE AND AGENDA
FOR ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of Societe Generale Ghana Limited (the "Company") will be held on Thursday, March 28, 2019 at 11am at the Alisa Hotel, Asante Hall, Accra Ghana for the following purpose:-

Ordinary Business

1. To receive and adopt the Financial Statements of the Company (together with the reports of the directors and the auditors of the Company) for the year ended 31 December 2018.
2. To declare a Dividend.
3. To re-elect Directors, the following directors retiring by rotation pursuant to Section 88(1) of the Company's Regulations who being eligible, offer themselves for re-election
    - Mrs Laurette Otchere
    - Mr Joseph Torku
4. To re-elect a Director, the following director appointed during the year and retiring in accordance with Section 72(1) of the Company's Regulations:
    - Mrs Agnes Tauty-Giraldi.
5. To approve Directors' fees.
6. To authorize the Directors to determine the remuneration of the Auditors.

Dated, this 4th day of March 2019.

BY ORDER OF THE BOARD

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, PO 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
Hakim Ouzzani	-	Managing Director
Sionle Yeo	-	Resigned on 19th February 2019
Joseph Torku	-	Non-Executive Director
Laurette Otchere	-	Non-Executive Director
Michel Miaille	-	Non-Executive Director
Teresa Ntim	-	Non-Executive Director
Alexandre Maymat	-	Resigned on 3rd April 2018
Pierre Wolmarans	-	Resigned on 3rd April 2018
Francois Marchal	-	Resigned on 18th July 2018
Bilankama Ibrahim Traore	-	Resigned on 14th November 2018
Agnes Tauty Giraldi	-	Non-Executive Director appointed on 1st October 2018

COMPANY SECRETARY

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

REGISTERED OFFICE

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

AUDITORS

Ernst & Young Chartered Accountants
G15 White House
Airport Residential Area
PO Box KA 16009
Airport, Accra, Ghana

REGISTRARS

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

COUNTRY OF INCORPORATION

Ghana, Accra

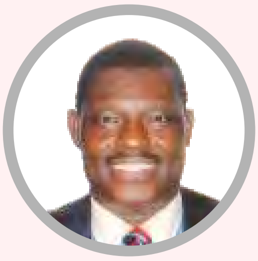
HOLDING COMPANY

SG Financial Services, Holding Company

ULTIMATE HOLDING COMPANY

Societe Generale incorporated in France

PROFILE OF THE BOARD OF DIRECTORS



Kofi Ampim (Chairman)

EXECUTIVE DIRECTOR

Hakim Ouzzani (Managing Director)

NON EXECUTIVE DIRECTORS

Teresa Ntim (Mrs) (Member)

Michel Miaille (Member)

Mr Joseph Torku (Member)

Laurette K Otchere (Member)

Agnes Tauty Giraldi (Member)

Sionle Yeo (Member)

BOARD SECRETARY

Angela Nanansaa Bonsu (Company Secretary)

Profile Of The Board Of Directors cont'd

Kofi Ampim: Chairman of the Board of Directors. He holds a Bachelor's degree and a Master's 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 Allianz Insurance Ghana Limited which is a subsidiary of one of the largest insurance companies in the world. He joined the Board of Directors on 26th March, 2003.

Hakim Ouzzani: Managing Director of the Bank. 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 in Banking and Finance from the Institute of Financing of the Development Tunis. Mr Ouzzani has a Diploma of Higher Education from the Arab Maghred Development Financing Institute. Before his appointment as Managing Director, he was the Senior Executive Regional Manager with Societe Generale International Banking Financial Services in charge of Cameroun, Chad, Congo Brazzaville, Equatorial Guinea, Ghana and Guinea Conakry. From 2012 to 2016, he was the CEO of Societe Generale Chad. He also held various positions within the Societe Generale Group as 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 has 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 also Licencing & Regulatory function. 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.

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 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.

Michel Miaille: He holds a Bachelor's degree in Law. He joined Societe Generale in 1971. Between 1980 and 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.

Mr Joseph Torku: He is a Chartered Accountant and currently the Managing Partner at Palmfields Investment Limited, an independent advisory firm in Ghana. He was previously the Managing Director of Gold Key Properties Limited in Ghana; Chief Finance Officer for Ecobank Group in East Africa and Executive Director of Finance at Shell Oil Company in Ghana. Mr. Torku also spent several years at the Social Security and National Insurance Trust (SSNIT) as an Investment Analyst with the responsibility for Banking and Hospitality investments. Mr. Torku is a member of the Institute of Chartered Accountants (ICA) Ghana. He holds a degree in Economics and Diploma in Education from the University of Cape Coast(UCC), a Diploma in Finance from UC-Berkeley, USA and MBA in Banking and Finance from CESAG in Senegal. He joined the Board of Directors in July 2017 with Bank of Ghana granting approval on 6th September,2017.

Laurette K Otchere: She is a Barrister at Law and a Deputy Director General Operations and Benefits at Social Security and National Insurance Trust. She holds a Juris Doctor; a Bachelor of Arts in Economics and is a Certified Professional in Human Resources (SHRM-CP). She is a member of the Ghana Bar, State of New Jersey Bar and the United States District Court, District of New Jersey. She is an Adjunct Professor Rutgers University School of Management and Labour Relations and the Society for Human Resource Management. She has extensive working and professional experience internationally and locally. She joined the Board of Directors in July 2017 with Bank of Ghana granting approval on 6th September 2017.

Agnes Tauty Giraldi. She is the Head of Export Finance Africa, Europe and Structured Trade Finance, SGCIB. She has over 23 years' experience in the Corporate Investment Banking sector with extensive experience in Structured Trade and Export Finance. She has solid experience in emerging markets and has led several deals involving sovereign, sub-sovereign, public and private corporates. She is currently the Head of Export Finance Africa, Europe and Structured Trade Finance, Societe Generale Paris. Within the Societe Generale Group she has held the following positions; Deputy Head Origination Export Finance, Head of European Origination Export Finance, Country Manager in the Europe and Central Asia Desk, Societe Generale Paris, Vice president Societe Generale Paris responsible for the execution of documentation (Loan documentation, credit insurance, securities, etc.), Corporate Relationship Manager, Societe Generale London and Relationship Manager SMEs, French Network, Societe Generale. She joined the Board of Directors on 11th April 2018 with Bank of Ghana granting approval on 1st October 2018

Profile Of The Board Of Directors cont'd

Sionle Yeo: 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.

KEY MANAGEMENT PERSONNEL

Hakim Ouzzani - Managing Director: Please refer to the section under Profile of the Board of Directors.

Ernest Kuetche - Deputy Managing Director: He holds an engineering degree and a master in Finance and Capital Markets. Prior to joining Societe Generale Ghana he was the regional Chief Financial Officer (CFO) of the Asia Pacific region for 4 years where he supported the strong growth of Capital markets, Global Finance and Trade Finance businesses in that region. Prior to Asia, he joined Societe Generale Corporate and Investment Banking (SG CIB) in 1996 and has held various management positions in the domains of Business Management, Operations, Accounting and Finance; and Information Technology divisions in Paris, in the Americas and in the Shared Services Centre in India.

Bernice Allotey: Acting Chief Operating Officer: She holds an Executive Masters in Business Administration (Finance) and a BSC in Computer Science and Statistics from the University of Ghana, Legon. She is a proven Project/Programme Manager and Lean Six Sigma Green belt trained. Over her 21 years' experience in the Banking industry, she has built strong expertise in Project/Change Management, Project Portfolio Management, Information System Management, Business Process Management and Operations. Before her appointment to this role, she was the Head of Organisation and Projects in Societe Generale Ghana, and she was responsible for the bank's Project Portfolio and Methods/Procedures ensuring overall alignment of the organisational structures to business strategy. As the acting Chief Operating Officer, she manages six strategic departments; Organization and Projects, Logistics and Support, Information Security & Technology, Centralized Back Offices, Purchasing and Security.

Edmund Wireko Brobbey: Special 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 of 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.

Irene Owiredu Akrofi: General Manager Treasury: She holds an Executive Master of Business Administration (Finance) degree, a BSc Administration degree 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 26 year banking career she has built expertise in Retail Banking, Product Development, Card Payment Systems, Operational Risk Management and Control, Project Management, Treasury Business Development & 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: Company Secretary General Manager: She holds a Master of Business Administration 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 has rich professional experience 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 Company which is listed on the Ghana Stock Exchange, Ms Bonsu also has oversight responsibility for the Legal Department. She also manages Communications, Environmental & Social Management Systems, Sustainable Development & Corporate Social Responsibility.

Fred Obosu: General Manager Corporate Coverage: 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 a 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.

Dorcas Hazel Quaye: Chief Compliance Officer: She holds a BA in Social Sciences from the Kwame Nkrumah University of Science and Technology, and is a certified AML/ SANCTIONS and EMBARGO practitioner, and reports to the Board. She has over 30 years of rich and full rounded banking experience in branch management, Retail and SME businesses, and Operational Risk management. As a branch manager, she managed three branches, and 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 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.

Key Management Personnel cont'd

She is the Chief Compliance Officer of the bank overseeing the enhanced operations of Compliance, AML/CFT.

Mohamed Fehri: Chief Financial Officer: He holds a Bachelor's and Master's degree in Accounting Science from Institut Supérieur de Comptabilité et d'Administration des Enterprises. He also holds a Master's degree in Tax Law and a Masters degree in Financial Risk Management. Mr Fehri has a certificate in Accounting "IFRS" from Ecole Superieure de Commerce de Paris (ESCP) and a certificate in leadership and Innovation from Mc Gill University- Institut des Cadres. Mr Fehri is a member and treasurer of "Cercle des Financiers de la Tunisie". He was also member of the National Committee of Tax of Tunisia. He was a lecturer in Accounting, Financial management and taxation at various Tunisian business schools and the Tunisian banking college. He joined Societe Generale Group in Tunisia in 2007 where he acted as Head of Tax, Head of Financial Reporting and Tax before becoming Head of Control and Management Direction of Societe Generale Group in Tunisia.

Kwame Anterkyi: Acting 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 Civil Engineering and a Masters of Business Administration (Finance Option) from the Ghana Institute of Management and Public Administration (GIMPA). He is also a professionally qualified member of the Chartered Institute of Bankers (Ghana). Kwame Anterkyi has over 16 years banking experience specializing in Corporate and Institutional Banking anchored on a strong credit risk analysis background having worked as a Credit Analyst and in Senior Relationship Management positions. He is a member of the Credit and Market Risk Committee of the Bank.

Frank Lawoe: Head of Internal Audit. A Chartered Accountant by profession. He holds a Bachelor of Commerce degree from the University of Cape Coast and Executive MBA in Finance from the University of Ghana. He is also a Member of the Institute of Chartered Accountants (Ghana) and Institute of Internal Auditors (Ghana). He has over 17 years' experience in banking with strong and proven expertise in internal audit, credit risk management, retail and corporate banking, and debt recovery.

Paul Agyenim Boateng: Assistant General Manager, Permanent Control: A chartered Accountant (CA Ghana) and a Chartered Taxation Manager (MGIT) by profession. He also holds MBA from the University of Ghana Business School, and an Mphil in Development Project Analysis (Agric-Econs) from Faculty of Agric, University of Ghana, Legon. He has extensive knowledge in banking and has worked in various capacities in Retail Banking, Inspection as Inspector, Mission Head & Head Inspection. Paul has also worked in the Finance function as Deputy Head, Finance and Acting Head Finance and then to IT Department as Deputy Head of the Microbanker Project (a core banking software). In addition to the roles above, he has also worked as the Anti-Money Laundering Officer of the Bank and Head of Permanent supervision at the same time. In 2014, Paul was appointed as the Head, Internal Audit and in 2018, he was posted to Permanent Control as Head, in charge of Managerial Supervision & Business Continuity, Operational Risk, Branch PS Control and KYC Quality Control.

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 in 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.

Obed Hoyah: Head Retail Network, Institutional Sales and Business Development: He holds a Master of Science degree In Management from the Maryland University College (Graduate School of Management & Technology) in Maryland, USA and a Bachelor of Science degree in Accounting from Rhode Island College, Providence, RI, USA. Obed is a seasoned banker who has worked in different capacities in the bank, as Head of SME, Pre-Recoveries, and Credit & Operational Risk before taking on a role at Retail Banking. He was the Project Manager for the RUBI Project which transformed the structure of the network from an Operational organization to a Sales and Service outfit. He has over 20 years of experience in the industry both in Ghana and the USA, where he started his banking career.

Key Management Personnel cont'd

Cedric Chaux: Head Marketing Multi Channel and Quality: Cédric holds an LLM in International & European Law, a Master in Political Science, a Master in International Relations and a Master in Business Administration. Between 2006 and 2018 he actively contributed to the international expansion of the insurance business line of the Societe Generale Group. For 4 years he was the CEO of the P&C subsidiary in Russia, and deputy country head in charge of strategy, organization, IT and claims management. His other assignments within the Group over the years have included; CEO of the Bulgarian Life Insurance subsidiary and COO of an insurance joint venture in India. His first assignment for SG was to create from scratch the German branches of ASSU for two and half years. Before joining SG Ghana, Cédric was Director of International Marketing, Digital, Operations & External Partnership for the Insurance business line in Paris.

Adwoa Asieduaa Ntirakwa: Acting Head Organisation & Projects: Adwoa is a seasoned Banker with 15 years diverse experience in the Banking Industry. After 10 years' experience in Retail Banking, she was transferred to Organization and Project as a Project Manager. She was later promoted to become a Senior Project Manager responsible for managing complex Projects for Societe Generale Ghana. As Senior Project Manager, she played a significant role for Societe Generale Ghana to achieve Maturity Level Three in Project Management. Adwoa was appointed as the Acting Head of Organization and Project. Adwoa is a product of University Ghana Business School and majored in BSc. Administration Banking and Finance option. She holds a Masters degree in Project Management from Ghana Institute of Management and Public Administration. Adwoa is a Chartered Banker with the Chartered Institute of Bankers (Ghana) and is a Lean Six Sigma trained – Green Belt. Adwoa is also a Coach in Prism Methodology and has trained a number of staff members on Prism Methodology.

CHAIRMAN'S STATEMENT

Distinguished Shareholders, on behalf of the Board of Directors and Management of Societe Generale Ghana Limited, I am pleased to welcome you to the 39th Annual General meeting of our Bank and present to you, the Annual Report and Financial Statements for the financial year ended 31 December 2018. Our Bank's financial performance remained stable within a volatile Banking Industry.

Economic Environment

The global economy expanded in the first half of 2018 but the momentum moderated in the third quarter, driven by a slowdown in advanced economies and some large emerging market economies. The International Monetary Fund estimated global economic growth at 3.7 percent in 2018 and projects 3.5 percent and 3.6 percent in 2019 and 2020 respectively. These growth forecasts are supported by domestic demand and recovery in the emerging oil producing economies.

Although the ongoing global recovery was harmonized and extensive, it has become uneven with the United States (U.S) growing faster than Europe, Japan and the United Kingdom among other advanced economies. This uneven growth led to policy divergence in favour of the U.S. The resulting dollar rally triggered outflows and sharp depreciation of currencies in emerging markets and developing economies.

Despite the surge in oil prices during much of 2017 and 2018, commodity exporters recovered steadily while commodity importers were relatively stable among emerging market economies. There are indicators in the near term of improvement in global external demand supported by fiscal stimulus in the U.S and the continued recovery in emerging commodity exporting countries. However, the ongoing tariff tensions between the United States and China has the potential to create uncertainty in the financial markets, undermine investment and ultimately economic activity.

In Sub-Saharan Africa, growth is expected to pick up from 2.8 percent in 2017 to 2.9 percent in 2018 and then to 3.5 percent and 3.6 percent in 2019 and 2020 respectively. The marginal increase in 2018 was supported by rising commodity prices, stronger household demand, and improved economic activity in the large economies of Nigeria and South Africa. The headline numbers for the region show significant variation in performance, with over one-third of sub-Saharan economies expected to grow above 5 percent in 2019 to 2020.

OPERATING ENVIRONMENT

Ghana is expected to remain one of fastest growing economies in Sub-Saharan Africa amidst a stable political and economic climate. Economic activity in 2018 for Ghana indicated firm growth trends although at slower pace compared to 2017. After previously recorded high of 8.1 percent in 2017.This growth was driven mainly by developments in the oil sector of the economy. Government's 2018 fiscal consolidation agenda although characterized by revenue underperformance, continued throughout the year with the introduction of new revenue mobilization measures and expenditure controls to close the gap.

Domestic growth outlook on the Ghanaian economy remains positive and is expected to be supported by continued strengthening of external demand for oil and cocoa as well as improvement in the macro environment. Economic growth in 2019 for Ghana is also anticipated to accelerate. Increasing oil production and improving private credit access concurrently with large foreign and government investments is expected to boost output in most economic sectors. Outlook over the long term remains fairly bright as developments or gains in the mining and manufacturing sector are set to have a sustained impact on development. These gains are expected to gradually facilitate the reduction of the country's reliance on the oil sector as a driver for growth in the long term. Key risks to the growth outlook are, the possibility of fiscal slippage owing to the end of the IMF Extended Credit Facility(EFC) in April 2019, which could potentially worsen Ghana's fiscal tightening stance more than expected.

Provisional data from the Ghana Statistical Service indicates that real Gross Domestic Product (GDP) grew by 7.4 percent in the third quarter of 2018 compared to 8.7 percent for the same period in 2017. GDP growth for 2018 is projected at 5.6 percent, lower than the 8.1 percent achieved in 2017. This lower growth of 5.6 percent has been driven by a combination of factors such as the GDP rebasing and the contraction in the Financial Intermediation subsector, which suffered as a consequence of the failure of seven local banks in 2017 and 2018. In September 2018, Ghana rebased its GDP from 2006 to 2013. The rebased 2017 GDP was 24.6 percent greater than the previous 2017 GDP resulting in a new growth rate for 2017 of 8.1 per cent compared to an old rate of 8.5 per cent. Government has projected the Ghanaian economy to grow at 7.6 percent in 2019.

Chairman's Statement cont'd

Though ambitious, the 2019 projected growth rate of 7.6 percent is expected to accrue from the implementation of Government industrialization programmes such as One District One Factory and the widening of the tax net.

The Bank of Ghana also undertook the recapitalization of banks during the year. The outcome in January 2019 showed that a total of 23 banks met the minimum requirement, comprising fourteen (14) foreign-controlled banks and nine (9) domestically-controlled banks. The year 2018 also ended on a solid note with a stronger banking sector as weaker and undercapitalized banks that posed risks to financial stability were resolved.

This has enhanced efficiency and restored confidence and resilience in the banking sector, with banks now better positioned to support private sector-led growth in the Ghanaian economy in the coming years.

Favourable global development especially in the area of increasing commodity prices, notably crude oil, continued to impact positively on the country's trade account. Two out of three of Ghana's major export commodities that is oil and cocoa exhibited improved performance in the year 2018 compared to the previous year with gold however exhibiting mixed performance.

Crude oil on the international commodities market, traded on the positive in most trading windows in 2018 owing to OPEC and its allies' decision to cut output by 1.8 million barrels per day(bpd) in the early parts of the year and extending the deal to cover the whole of 2018. This decision by OPEC was aimed at rebalancing the oil market to prop up prices as well as reduce crude oil inventories. Crude oil prices peaked as high as US$80.63 per barrel in October 2018, a level last seen four years ago, but ended December 2018 at an annual average low of US$57.67 per barrel. The average price for Brent for the 12-month period ending December 2018 was US$71.53 per barrel, 30.59 percent higher than the average for 2017. Crude oil prices outlook for 2019 is expected to move at slower pace as a result of potential escalating trade tensions between China and the US, and uncertainty regarding how much crude oil the US sanctions on Iran will take off the market when the waivers expire in the first half of 2019.

Cocoa made a strong recovery in 2018 after recording low levels in 2017. Prices swung within a range of US$1,940.52 - US$2,663.52 per tonne, averaging US$2,314.57 per tonne in 2018, compared to US$2,000.48 per tonne in 2017. The average price for the month of December was US$2,256.25 per tonne, 18 percent higher compared to the same period in 2017. Hampered development of the crop in the 2017/2018 crop season from the two largest producers, Cote d'Ivoire and Ghana against a backdrop of hot weather and dry Harmattan winds supported the rally in prices in 2018. Prices were further supported by an increase in demand as measured by grinding data, which went up by 3.92 percent. For 2019 outlook cocoa prices are not expected to do so well on the back of forecasted excess supply for the 2018/2019 crop year.

Gold however exhibited mixed fundamentals during the year 2018 but averaged on the upswing, adding on to the gains made in the previous year. For the 12-month period to December 2018, gold prices averaged US$1,269.33 per ounce in the international commodity market, which was almost unchanged from the US$1,256.38 per ounce recorded in 2017. Gold prices benefited from uncertainties in the international economy as well as volatility in the stock during the last quarter of the year. Gold prices in 2019 are expected to make gains on the back of neutral stance adopted by the Federal Reserve Bank as well as structural reforms.

Given these commodity price developments, total merchandise trade for 2018 was provisionally estimated at a surplus of US$1.779 billion (2.7 percent of GDP), compared with a surplus of US$1.187 billion (2.0 percent of GDP) in 2017. This outturn was on the back of continued improvements in export receipts, mainly from crude oil and non-traditionals which amounted to US$14.868 billion. Total merchandise imports for the period January to December 2018 amounted to US$13.089 billion, indicating a year-on-year increase of 3.5 percent.

Despite the positive externalities in the trade account, the overall Balance of Payment for the country in 2018 was a deficit of US$672million (1.0 percent of GDP) compared to a surplus of US$1.091 billion (1.9 percent of GDP) in 2017. Accounting for the Balance of Payment (BOP) deficit is the net impact of a trade surplus coupled with adverse developments in the services, income and transfer accounts which resulted in a current account deficit of US$2.072 billion (3.2 percent of GDP) in 2018, compared to a deficit of US$2.003 billion (3.4 percent of GDP) for the same period of 2017.

The adverse Balance of Payment position translated into a depletion of the country's reserves. The country's Gross International Reserves declined to US$7.025 billion at the end of December 2018 from a stock position of US$7.555 billion at the end of December 2017. This was sufficient to provide for 3.6 months of imports cover compared with 4.3 months of imports cover as at December 2017.Changes in Net International Reserves indicated a stock position of US$3.851 billion at the end of December 2018 compared with a stock position of US$4.523 billion at the end of December 2017.

Chairman's Statement cont'd

On the back of mixed external sector developments, the domestic currency came under pressure between April and September 2018. The pressure eased however during the last quarter as global conditions normalized and foreign inflows improved on the back of cocoa syndicated loans, remittance flows, and other developments. On the interbank market, the cedi depreciated by 8.39 percent on a year-to-date basis against the US dollar in December 2018, compared with 4.88 percent in December 2017. Similarly, the cedi depreciated by 3.93 percent against the Euro and 3.31 percent against the Pound Sterling respectively, compared with rates of 16.23 percent and 12.91 percent respectively, during the same period in 2017. The cedi in 2019 is expected to benefit from anticipated external borrowing within the first quarter of 2019, continued stabilizing global conditions, and strong macro fundamentals.

Headline inflation remained broadly anchored over the past nine months within the medium term target band of 8±2 percent ending in December at 9.4 percent, down from 11.8 percent recorded at the end of 2017. The downward trajectory was mainly on account of the stable reduction in non-food inflation supported by the maintenance throughout the year of the government's relatively tight monetary policy stance. Non-food inflation eased to 9.8 percent in December 2018 from 13.6 percent at the end of 2017. By contrast, food inflation remained persistent over the period, edging up to 8.7 percent from 8.0 percent over the same period.

The downward trajectory of inflation as well as stable domestic economic conditions in 2018 translated into the easing up of monetary policy rates by the Central Bank. The policy rate ended the 2018 year at 17 percent compared to the 2017 policy rate of 20 percent.

Interests rates on the other hand exhibited an increasing trend in 2018 mainly on account of mixed macroeconomic performance of some key indicators. In December 2018, the 91-day Treasury bill rate moved up to 14.6 percent, from 13.3 percent a year ago. Similarly, the 182-day instrument increased to 15.0 percent from 13.8 percent. The 1-year Government of Ghana (GOG) bond remained flat at 15.0 percent in October. The 2- and 3-year fixed rate notes however, experienced year-on-year increases in interest rates of 200 basis points and 125 basis points, respectively, to both end December 2018 at 19.5 percent. Interbank rate, the rate at which commercial banks lend among themselves, eased further to 16.125 in December 2018, from 19.34 percent a year ago. The average lending rates of banks also declined to 26.9 percent during the period under review, from 29.3 percent a year ago.

2018 Operating Results
Our bank recorded a Profit Taxation of GHS 105,211,956 from which taxation of GHS 43,239,671 was deducted giving a Profit After Tax of GHS 61,972,285. Net Banking income increase by 4.2% and Current Operating Expenses grew by 8.7%. Shareholders' Funds increased from GHS 518.9M to GHS701.8M mainly as a result of a capital increase.

Dividend
The Board of Directors have recommended the payment of a Dividend of GHS0.04 per share for the year ended 31 December 2018

Share Performance
At the start of the year 2018 our share price was GHS1.31. By the second half of 2018 the share price increased to GHS1.60 and in December 2018 it had declined to GHS0.75.

Stated Capital of Societe Generale Ghana Limited
At the last Annual General Meeting of the Bank, shareholders authorised the Board of Directors to increase the stated capital of the Bank to GHS400 million. This was in response to Bank of Ghana's new minimum capital requirement for Banks to comply with pursuant to the Bank of Ghana Notice No BG/GOV/SEC/2017/19 issued by the Central Bank on 11th September 2017. Under this notice all existing Banks were required to raise their minimum capital to GHS400 million by 31st December 2018.

Our Bank Societe Generale Ghana complied with the Directive through a Bonus Issue and a Rights Issue. With the Bonus Issue an amount of GHS97 million was transferred from Income Surplus to stated capital. This was backed with 1 ordinary share to 6 existing shares held by a qualifying shareholder. The exercise was completed in April 2018. With the Rights Issue a total of 208,570,990 ordinary shares were issued. The price per share under the issue was GHS0.81 per share in a ratio of 1 new share for every 2.4 shares currently held by a qualifying shareholder. The exercise was completed successfully in November 2018 and a total of GHS168,942,502 was realised. The stated capital of your bank is now GHS404,245,427

Changes in the Board of Directors
During the year, two Executive Directors, Mr. Francois Marchal and Mr Ibrahim Traore and two Non-Executive Directors Mr. Pierre Wolmarans and Mr. Alexandre Maymat resigned as Directors of the Bank. We would like to thank them for their immense contribution to the development of our Bank during their tenure.
We are happy to welcome our new Non-Executive Director Mrs. Agnes Tauty Giraldi who joined the Board on 11th April 2018 with Bank of Ghana granting approval on 1st October 2018. As required by the Regulations of our Bank she 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 Banks and Specialised Deposit Taking Institutions Act 2016 Act 930; the Securities Industry Act 2016 Act 292; the 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 2019

The economy remains sound and the environment positive due to the pursuance of prudent and appropriate macro-economic policies by the Government. The Central Bank of Ghana published the Corporate Governance Directive in 2018. In 2019 Societe Generale Ghana will fully implement and operationalize all aspects of the Directive and will collaborate with the Central Bank to strengthen the Banking Industry in Ghana.

Acknowledgement

On behalf of the Board of Directors, I wish to express our appreciation and sincere gratitude to our shareholders for their continued support in respect of the increase in the Stated Capital of our Bank to comply with the Bank of Ghana's Directive of 2017. I would also like to thank our customers and clients for the trust and confidence in our Bank and for the business they gave us over the past year. I would like to thank Management and employees of the Bank for their contribution to the organic growth and the profits we made in 2018. It is my hope that we will together continue to dedicate ourselves to building Societe Generale Ghana into the preferred Banking Institution.

Thank you for your attention.

KOFI AMPIM,
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

It is my pleasure to present to you for the first time a review of our Bank's operations which will give an insight into the performance of our Bank for the year 2018.

2018 Operating Results
The Bank recorded a net profit of GHS61.9 million in the 2018 financial year. This was on the back of a very challenging environment which saw the Bank's cost of risk increase by 48.4% due to the implementation of IFRS 9 impairment model. Notwithstanding the impact of the change in accounting for impairment, SG Ghana continue to have one of the lowest non performing loan ratio in the industry.

The Bank however saw an increase of 18.1% in its Net loans and 8.6% in its Deposits during the year. Shareholders' funds also increase by 35.3% as a result of the profit for the year and from a successful rights issue exercise. This has laid a firm foundation to improve future results.

Review of Operations for 2018

- Retail Banking Leveraging on the Benefits of the Transformation Programme
- Strong Support from Global Transaction Banking
- New Initiatives at the Human Resources Management Department
- Permanent Control Deepening the Risk Culture within the Bank
- Corporate Social Responsibility

Retail Banking Leveraging on the Benefits of the Transformation Programme
The Retail Business continued to leverage on the benefits of the transformation program during the year under review. Our Mobile APP, SG Connect was officially launched at the tail end of the previous year, however active sale of the product commenced in 2018, and to date SG Ghana has signed up the highest number of clients in the AFMO Region, placing convenience in the palm of our cherished clients. We also continued with our strategy to transform all our branches into comfortable, functional and innovative centres for business. We have now refurbished a total of 34 out of the 38 branches. Furthermore, we added 2 additional Mobile branches to serve key markets in Kumasi and Takoradi, where we have a need to support sales activities at major public and private institutions to capture business among Salaried Workers.
In terms of growing the business, we kept a sustained focus on the class of workers paid through Controller and Accountant General Department. We grew the business aggressively in 2018, recording a year-on-year growth in excess of 300%, even as we also worked to convert an appreciable number of them to account-holder status. This helped Retail to perform far above the market average in terms of asset growth. Another strategic segment for Retail is the affluent, and we have managed to successfully launch the PREMIUM OFFER, to address the needs of this group of clients. The offer comes complete with a Premium Debit Card, with access to Airport Lounges, equipped with an automatic overdraft, Cards/Cheque Book and Key protection insurance, dedicated Call Centre lines, and a host of other attractions, which we will continue to enhance.

We further enhanced our partnership with our insurance partners for the Bancassurance Business. We refreshed and re-branded some of our existing products to reposition them on the market. Additionally, we worked with our partners to improve on product knowledge of our teams, and also embarked on an aggressive sales drive throughout the year. And we have witnessed improved results by over 50%, which we are poised to continue to work on improving in the coming years.

Global Transaction Banking
The Global Transaction Banking department continued to play a strong role to improve the content and marketing of the bank's transactional banking offer and to support our corporate customers in their Payments and Cash Management, International Trade, Factoring, Finance Leasing and Merchant Acquiring POS business.
Their internet banking platform was upgraded for business customers and the Bank also introduced a host to host electronic banking solution to assist clients digitize their payments and move to more paper-less processes. A number of projects were also embarked on to automate some manual processes and to adapt the Bank's offers to client needs.

Managing Director's Review cont'd

The Bank signed a new agreement with an insurance broker to enhance the management of insurance of assets under our finance lease offer and launched a new vehicle financing scheme with a buy back option. In the 3rd and 4th quarters our guarantee desk booked good contracts which were promising and will lead to other subsequent transactions in 2019.

The aggressive marketing of factoring led to the on-boarding of new names onto our factoring portfolio for both classical and reverse factoring as evident in the increase in both turnover and revenue. This aggressive push has led to very viable pipelines which should be fully converted to live contracts by end of Q1 2019. The Bank is at advanced stages of getting approval for the biggest factoring facility in Q1 2019.

New Initiatives at Human Resources Management
To re-orient our staff on the new strategic direction of the Bank as expressed in the Transformation Program, and also to further embed the Bank's values and expected behaviours, the Bank embarked on a change management project aimed at promoting culture, conduct and behaviour change, improving staff communication, addressing developmental gaps and promoting quality customer service and intimacy.

Apart from providing health insurance coverage for staff and their dependents, a compulsory annual health screening for all staff was introduced in order to ensure our staff remain healthy.

In response to the business requirements, major recruitments were made in Audit, Structured Finance, Treasury, Compliance, and Community Manager roles.

The Graduate Trainee recruitment process was re-launched and this yielded a pool of 75 trainees out of 3,000 applicants for future engagement and placement.

Operational Risk and Permanent Control
Operational Risk and Permanent Control department continues to play a pivotal role in deepening the risk culture of staff in the Bank. In 2018, SG Ghana witnessed a number of innovative products and services to the delight of our customers and this enhanced the improvement in our business. The Risk Control Self- Assessment (RCSA) exercise which identified the residual risks of the Bank activities and the Business Impact Analysis (BIA) were the strong control pillars performed in 2018 to strengthen our control systems. Our enhanced compliance activities also focused on strong ethical and regulatory standards giving SG Ghana an overall sound and solid image.

Social Responsibility
Our external monetary social responsibility contributions were effected through donations to the University of Cape Coast; Ghana Air Traffic Controllers; the Banks Professional and Managerial Service Union of the Industrial and Commercial Workers Union, Ghana National Ambulance Service; Ghana Medical Association, the Otumfuo Education Fund and other corporate and cultural institutions.

The Future
We will transform our retail model by improving commercial steering and customer experience by digitalising and training the front officers, improving strongly the turnaround time on cards delivery. The Bank will expand its digital zones particularly on university campuses and alternative distribution models. For corporates, we will increase the support for our customers with focus on structured finance, large local Corporates and SMEs with the development of new initiatives such as the SG Home of Business. We will continue to work on the efficiency and simplification of our processes and the further pooling of our resources. For the year 2019 cost will also be controlled to ensure optimization and efficiency. The Bank will have a very strict respect to compliance and anti-bribery rules. Finally, we will embody in our actions, the Group's new Brand Signature “the future is you". This commitment is strong, full of energy and enthusiasm, and it is up to us all to embody it on a daily basis.

Finally, I would like to end by thanking each and every member of staff for their individual and collective contribution to the sustainable growth of the Bank. In 2019 we will continue to work harder to increase the Banks market share in the industry for the benefit of all stakeholders.

Hakim Ouzzani
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 2018 reports as follows:

	2018 GH¢	2017 GH¢
The Bank recorded net profit before taxation	105,211,956	127,029,093
From which is deducted taxation of	**(43,239,671)**	(36,521,589)
Giving a net profit after taxation of	61,972,285	90,507,504
There was transfer to statutory reserves of	**(30,986,143)**	(22,626,876)
Leaving a profit for the year after taxation and transfer to statutory reserves of	30,986,142	67,880,628
When added to the opening balance on the income surplus account as of 1 January of	142,772,417	78,603,272
Of which transfer of revaluation gain to income surplus	-	4,168,111
From which is deducted a First time Application impact of IFRS 9 of	(36,980,301)	-
Of which transfer to stated capital as bonus issue	(97,000,000)	-
From which is deducted a bonus issue expenses of	(6,838,589)	-
From which is deducted a rights issue expenses of	(2,683,358)	-
From which is deducted final Dividend Paid of	-	(14,158,986)
Leaving a balance of	30,256,311	136,493,025
And adjusting it with transfer from Credit Risk Reserve of	-	6,279,392
It leaves a closing balance on the Income Surplus account of	**30,256,311**	**142,772,417**

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 licensed by the Bank of Ghana as a Universal Bank in Ghana under the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930).

Holding Company
The Societe Generale Group through its wholly owned investment subsidiary SG Financial Services Holding owns 60.22% of the issued capital of the Bank, thus making Societe Generale Ghana Limited a subsidiary of the Societe Generale Group.

Subsidiary
SSB Investments Company Limited (SSBI), a company incorporated in Ghana to manage the equity investments of the Bank is a wholly owned subsidiary of the Bank. The nature of the business which the company is authorized to carry on are:-

- To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee, shares, stocks, debentures, bond notes and securities issues;
- To take over and manage all investments of the Bank;
- To do all such other things which may seem to the company's directors to be incidental or conducive to the attachment of the objects.

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 Joseph Torku, and Mrs Laurette Otchere retire by rotation and being eligible; offer themselves for re-election as Directors.

Report of the Directors cont'd

Mr Joseph Torku: Chartered Accountant: He is currently the Managing Partner at Palmfields Investment Limited, an independent advisory firm in Ghana. He was previously Managing Director of Gold Key Properties Limited in Ghana; Chief Finance Officer for Ecobank Group in East Africa and Executive Director of Finance at Shell Oil Company in Ghana. Mr. Torku also spent several years at the Social Security and National Insurance Trust (SSNIT) as an Investment Analyst with the responsibility for Banking and Hospitality investments. Mr. Torku is a member of the Institute of Chartered Accountants (ICA) Ghana. He holds a degree in Economics and Diploma in Education from the University of Cape Coast (UCC), a Diploma in Finance from UC-Berkeley, USA and MBA in Banking and Finance from CESAG in Senegal. He joined the Board of Directors in July 2017 with Bank of Ghana granting approval on 6th September,2017.

Laurette K Otchere: She is a Barrister at Law and a Deputy Director, General Operations and Benefits at Social Security and National Insurance Trust. She holds a Juris Doctor; a Bachelor of Arts in Economics and a Certified Professional in Human Resources (SHRM-CP). She is a member of the Ghana Bar, State of New Jersey Bar and the United States District Court, District of New Jersey. She is an Adjunct Professor Rutgers University School of Management and Labour Relations and the Society for Human Resource Management. She has extensive working and professional experience internationally and locally. She joined the Board of Directors in July 2017 with Bank of Ghana granting approval on 6th September 2017.

Election of Directors
In accordance with Regulation 72(1) and 90 of the Regulations of the Bank, Mrs Agnes Tauty-Giraldi who was appointed a Director during the year offers herself for election.

Agnes Tauty Giraldi. She is the Head of Export Finance Africa, Europe and Structured Trade Finance, SGCIB. She has over 23 years' experience in the Corporate Investment Banking sector with extensive experience in Structured Trade and Export Finance. She has solid experience in emerging markets and has led several deals involving sovereign, sub-sovereign, public and private corporates. She is currently the Head of Export Finance Africa, Europe and Structured Trade Finance, Societe Generale Paris. Within the Societe Generale Group she has held the following positions; Deputy Head Origination Export Finance, Head of European Origination Export Finance, Country Manager in the Europe and Central Asia Desk, Societe Generale Paris, Vice president Societe Generale Paris responsible for the execution of documentation (Loan documentation, credit insurance, securities, etc.), Corporate Relationship Manager, Societe Generale London and Relationship Manager SMEs, French Network, Societe Generale. She joined the Board of Directors on 11th April 2018 with Bank of Ghana granting approval on 1st October 2018

Directors' Interest
One Director holding office at the end of the year owned a total of 2,490 shares of the Banks total shares of 709,141,367. None of the other Directors had any interest in the shares of the Bank's subsidiary at any time during the year. None of the Directors had a material interest in any contract of significance with the Bank during the year.

Dividend
The Board of Directors have recommended a dividend payment of GHS0.04 per share for the year ended 31 December 2018.

Environmental and Social Management Systems
The Bank has a Policy on Environmental and Social Management Systems which has been approved by the Board of Directors. It also has an Environmental and Social Management Systems Charter which was approved by the Board of Directors of the Bank. Societe Generale Ghana, considers that the banking and financial sector is an essential contributor to 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 impact 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 with 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.

Report of the Directors cont'd

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.

Corporate Governance Directive by the Bank of Ghana December 2018
The Bank of Ghana issued a Corporate Governance Directive in December 2018. The objectives of which are to require Regulated Financial Institutions to adopt sound corporate governance principles and best practices to enable them under take their licensed business in a sustainable manner; to promote the interest of depositors and other stakeholders by enhancing corporate performance and accountability of the Regulated Financial Institutions; and to promote and maintain public trust and confidence in Regulated Financial Institutions by prescribing sound corporate governance standards which are critical to the proper functioning of the banking sector and the economy as a whole.

Sound Corporate Governance Standards
The Board of Directors of the Bank have overall responsibility for the Company including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance and corporate values. The Board is responsible for appointing and providing oversight of Senior Management. These responsibilities are set out in the formal Charter of the Board. The Charter was duly approved by members on 28th November 2018. The Board ensures that a well-structured and rigorous selection system is in place for the appointment of Key Management Personnel through the Recruitment Policy of the Bank. The Board validates the appointment of Key Management Personnel prior to submitting same to the Bank of Ghana for approval.

Annual Certification
As requested by the Bank of Ghana that certification is done within 90 days at the beginning of each financial year, the Board shall certify general compliance with the Bank of Ghana's Corporate Governance Directive December 2018. The Board further certifies that:

i. The Board has independently assessed and documented the corporate governance process of the Bank and has generally achieved its objectives.

ii. The Directors are aware of their responsibilities to the Bank as persons charged with governance

iii. The Board further confirms that it shall report any material deficiencies and weaknesses that have been identified in the course of the year along with action plans and time tables for the corrective action by the Board to the Bank of Ghana.

Business Strategy
The Board approves and monitors the overall business strategy of the Bank taking into account the long-term financial interest of the company, its exposure to risk and its ability to manage risk effectively. The Board approves and oversees the formulation and implementation of the: -

overall risk strategy, including its risk tolerance/appetite;

- policies for risk, risk management and compliance, including anti-money laundering and combating the financing of terrorism risk;
- internal control systems;
- corporate governance framework, principles and corporate values including a code of conduct
- compensation system

Duty of Care and Loyalty
The members of the Board exercise a "duty of care" and "duty of loyalty" to the Company at all times which is stipulated in the Companies Act 1963 and the Regulations of the Bank.

Corporate culture and values
The Board has established corporate culture and values for the Company that promote and reinforces norms for responsible and ethical behaviour in terms of the Bank's risk awareness, risk-taking and risk management. The Company has in place a Code of Conduct and a Conflict of Interest Policy duly approved by the Board of Directors.

Report of the Directors cont'd

To promote sound corporate culture in the Company, the Board has taken the lead and established the tone at the top by setting and adhering to corporate values for itself. Thus key management and employees have expectations that business should be conducted in a legal and ethical manner at all times. The board also ensures that appropriate steps are taken to communicate throughout the Company, the corporate values, professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviours.

Related Party Transactions
The Board ensures that transactions with related parties including internal group transactions are reviewed to assess risk and are subject to appropriate restrictions by requiring that such transactions be conducted on non-preferential terms and applicable legislation are followed.

Plan for Succession
The Board has duly approved a succession plan and has submitted same to the Bank of Ghana for approval. The succession plan focuses on developing human resources to enable the Company to retain a pool of qualified candidates who are ready to compete for key positions and areas when they become vacant to ensure effective continuity of the Bank.

Key Management Oversight
The Board provides oversight of Senior Management as part of the Company's checks and balances and

a. monitors to ensure the actions of Senior Management through reports from Management are consistent with the strategy and policies approved by the Board, including the risk tolerance appetite and risk culture;

b. meets regularly with Senior Management through the Board sub committees;

c. questions and critically reviews explanations and information provided by senior management;

d. ensures that the knowledge and expertise of senior management remain appropriate given the nature of the business and the Bank's risk profile.

e. oversees the implementation of appropriate governance framework for the Company

f. ensures that appropriate succession plans are in place for senior management positions.

g. oversees the design and operation of the Company's compensation system, monitor and reviews the system to ensure that it is aligned with the desired risk culture and risk appetite of the Company

h. approves the overall internal control framework of the Company and monitor its effectiveness

Separation of Powers
There is a clear division of responsibilities at the top hierarchy of the Company. The positions of the Board Chair and the Managing Director are separate. The two top positions of Board Chair and Managing Director in the company are not both occupied by foreigners. The Chairman is a Ghanaian National and the Managing Director is a French National.

Further no two related persons occupy the positions of Board Chair and Managing Director of the Company

Independent Director
The Board of Directors are in the process of ensuring and achieving convergence on the position of Independent Directors with an updated self-appraisal. The Board will also on-board new Independent Directors by the end of 2019. The Board of Directors will ensure that an Independent director shall be non-executive and shall not: -

- hold cross directorship positions with another director on the Board of other institutions
- be a director on the Board of an institutional shareholder with significant equity interest in the Regulated Financial Institution.
- have more than 5% equity interest directly or indirectly in the Company or in its related companies;
- be employed in an executive position in the Company or its related company at least 2 years prior to his appointment date;
- have relatives employed by the Company or any of its related companies as Key Management Personnel in the last two (2) years;
- have engaged in any transaction within the last two (2) years with the Company on terms that are less favourable to the Company than those normally offered to other persons; or
- have served as a director in the Company continuously for more than two (2) terms unless the director can affirm that his/her independence is not impaired.
- be related to persons with significant shareholding in the Company or have any business or employment connections to a significant shareholder

Board Qualifications and Composition
Board members have the requisite qualification as directors of a leading Bank in Ghana that is listed on the Ghana Stock Exchange. The Board of Directors have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgment about the affairs of the Company.

Report of the Directors cont'd

They possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity.

The competencies of Boards are diverse to facilitate effective oversight of Management and covers a blend of Banking, Law, Finance, Accounting, Economics, Business Administration, financial analysis, Risk Management, Strategic planning and Corporate Governance.

The Board collectively has reasonable knowledge and understanding of local, regional and global economic market forces as well as legal and regulatory environment in which the Company operates.

Ghanaian nationals, ordinarily resident in Ghana, constitute at least 30% of the Board composition of the Company.

The Board of Directors are assiduously working to ensure that by 31st December 2019, Independent Directors constitute at least 30% of the composition of the Board of the Company.

The Company does not have members serving on its Board that are Related Persons.

Board Size and Structure
As at 31st December 2018 the Board members were 8 including the Chairperson. The majority of the board were non-executives and ordinarily resident in Ghana. There is an appropriate balance of power and authority on the Board between the executive and non-executive directors and no individual or group dominates the Board's decision-making process.

Directors' Appointments and Managing Director Tenure
The procedure for appointment of directors to the Board is formal and transparent and conforms to the directive issued by the Bank of Ghana on Fit and Proper persons. The Bank complies with the Bank of Ghana directive in respect of the tenure of the Managing Director of 12 years.

Appointment of Key Management Personnel
The Bank submits to the Bank of Ghana before it appoints a Key Management Personnel, an enhanced due diligence report on proposed nominees as Key Management Personnel. The Bank also conducts police criminal background checks; obtains references from previous employers and 2 other reputable persons; notifies the Central Bank about the recruitment of Key Management personnel and obtains it's approval.

Alternate Director
The Bank does not currently have any alternate directors.

Board Chairman
The Chairman of the Board is a non-executive director and is ordinarily resident in Ghana. The Chairman provides leadership to the Board and ensures that Board decisions are taken on a sound and well-informed basis. The Chairman encourages and promotes critical discussion and ensures that dissenting views can be expressed and discussed within the decision-making process. The Chairman encourages constructive relationship within the Board and between the Board and Management.

He promotes checks and balances in the governance structure of the Bank. He does not serve as a Chairman of any of the Board sub committees. The Board of Directors are working on achieving convergence with the tenure of the Board Chairman by 31st December 2019.

The Board Secretary
The Board Secretary serves as an interface between the Board and Management and supports the Chairman in ensuring the smooth functioning of the Board. The Board Secretary advises the Board on matters relating to statutory duties of the directors under the law, disclosure obligations, and company law regulations as well as on matters of corporate governance requirements and effective Board processes. The Board Secretary ensures that directors are provided with complete, adequate and timely information prior to Board meetings.

Board Meetings
The Company holds a minimum of 4 Board meetings annually in February, April, July and November. It also has one Annual General Meeting in March. In compliance with the Bank of Ghana's Directive on Corporate Governance, the Board hereby discloses the total number of Board meetings and the attendance rate of each Director below: -

Report of the Directors cont'd

No	Name	15 Feb 2018	11 April 2018	27 June 2018	5 Nov 2018	28 Nov 2018	% Attendance
1	Kofi Ampim	yes	yes	yes	yes	yes	100%
2	Hakim Ouzzani	Yes	yes	yes	yes	yes	100%
3	Teresa Ntim	yes	yes	yes	yes	yes	100%
4	Joseph Torku	yes	yes	yes	yes	yes	100%
5	Michel Miaille	yes	yes	yes	Yes	yes	100%
6	Ibrahim Traore	yes	yes	yes	yes	Resigned	80%
7	Agnes T. Giraldi	N/A	yes	yes	yes	yes	80%
8	Pierre Wolmarans	Yes	yes	Resigned	Resigned	Resigned	60%
9	Laurette Otchere	No	yes	yes	no	yes	60%
10	Francois Marchal	yes	yes	no	Resigned	Resigned	40%
11	Sionle Yeo	no	yes	yes	no	No	40%
12	H. D Saint Jean	N/A	yes	N/A	N/A	N/A	20%
13	Alexandre Maymat	no	Resigned	Resigned	Resigned	Resigned	Nil

The Board discusses the business affairs of the Bank through reports submitted by management in writing as follows: -

- a summary of financial statements and performance review against the approved budget, business plan, peers and industry;
- the extent to which the bank is exposed to various risks such as credit, liquidity, interest rate, foreign exchange, operational and other risks;
- review of non-performing loans, related party transactions and credit concentration;
- activities of the Bank in the financial market and in its "Nostro" accounts;
- effectiveness of internal control systems and human resource issues;
- outstanding litigations and contingent liabilities;
- Compliance with Anti-Money Laundering/ Counter Financing of Terrorism (AML/CFT) policies, laws and regulations;
- List of related party exposures and their classification.

- review of non-performing loans, related party transactions and credit concentration;
- activities of the Bank in the financial market and in its "Nostro" accounts;
- effectiveness of internal control systems and human resource issues;
- outstanding litigations and contingent liabilities;

Other Engagements of Directors
The Board is aware that to enable greater commitment to Board matters no director holds more than five (5) directorship positions at a time in both financial and non-financial companies (including off-shore engagements) subject to the restriction against concurrent directorships in banks under section 58(1)(e) of Act 930. Directors' other engagements are disclosed below.

Report of the Directors cont'd

Name	Nationality	Age	Position	Appointed	Profession & Directorships held
Kofi Ampim	Ghanaian	72	Chairman	2003	• Investment Banker • Total Oil Co. Ltd • Allianz Ghana Ltd • Belstar Ltd.
Hakim Ouzzani	French	50	Executive	2016	• Banker • SSB Investments Ltd
Sionle Yeo	Ivorian	59	Non-Executive	2015	• Banker • Regional Director for SG Societe • SSB Investment Co. Ltd
Teresa Ntim	Ghanaian	74	Non-Executive	2005	• Consultant • Lower Pra Rural Bank; • Isser Development Fund; • Ave Maria Health Farm • Telecom International Ghana
Michel Miaille	French	75	Non-Executive	2003	• Retired Banker
Lauretta Korkor Otchere	Ghanaian	57	Non-Executive	2011	• Deputy Director General SSNIT • Barrister at Law • Human Resource Expert
Agnes Tauty Giraldi	French	53	Non-Executive	2018	• Banker • SG Managing Director; Europe, Africa, Structured Trade Receivables Finance
Joseph Torku	Ghanaian	56	Non-Executive	2017	• Chartered Accountant • Management Consultant

Board Performance Evaluation
The Board carries out self-assessment of its performance for individual Board members in order to review the effectiveness of its own governance practices and procedures and will in 2019 include Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) issues, to determine where improvements may be needed and make any necessary changes.

The Board will ensure that it undertakes a formal and rigorous evaluation of its performance with external facilitation of the process every two (2) years.

Report of the Directors cont'd

Report on Board Evaluation
An in-house performance evaluation of the Board is conducted annually and a copy of the results submitted to the Bank of Ghana not later than 30th June of each year.
A separate in-house performance evaluation of the Board on AML/CFT issues shall be submitted to the Bank of Ghana and the Financial Intelligence Centre for June and December each year before the end of the quarter following the evaluation period.
A statement on the external evaluation of the Board shall be included as a separate section of the annual report of Regulated Financial Institution and a detailed copy of the report submitted to the Bank of Ghana. This will be undertaken once every two years.

Board Sub-Committees
The Board has in place an Audit & Accounts Committee; a Risk Committee and a Nomination & Compensation Committee. The Board is working on achieving convergence with the Corporate Governance Directive as regards the composition of the sub committees.

The Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit reports directly to the Board via the Sub Committee and the Managing Director.

Conflicts of Interest
The Board has in place a Conflict of Interest Policy which includes:-

a. the duty of the director to avoid possible activities that could create conflicts of interest;

b. a review or approval process for directors to follow before they engage in certain activity so as to ensure that such activity will not create a conflict of interest;

c. the duty of the director to disclose any matter that may result, or has already resulted in a conflict of interest;

d. the responsibility of the director to abstain from voting as prescribed on any matter where the director may have conflict of interest;

e. adequate procedures for transactions with related parties to be made on a non-preferential basis; and the way in which the Board will deal with any non-compliance with the policy.

The Conflict of Interest Policy was approved by the Board of Directors on 28th November 2018. The Board shall maintain an up-to-date register for documenting and managing conflict of interest situations in the Company.

Group Structures
The Board of SG Financial Services Holding company shall have the ultimate responsibility for adequate corporate governance across the group. The Board shall ensure that there are governance policies and mechanisms appropriate to the structure, business and risk of the group and its entities. The Board of Directors in addition to the Bank of Ghana Corporate Governance Directive of December 2018 utilizes the SG Group Corporate Governance Principles Instruction 01422 VI EN applicable to Group entities as at 2018.

Senior Management Duties
Under the direction of the Board, Senior Management ensures:-

- that the activities of the Bank are consistent with the business strategy, risk tolerance/appetite and policies which are approved by the Board.
- a management structure that promotes accountability and transparency.
- implementation of appropriate systems for managing risks both financial and non-financial to which the Bank is exposed.
- that they engage skilled and competent staff and provide training and development opportunities to sustain the delivery of short and long - term business objectives, the risk management framework and protect the reputation of the Bank.

Risk Management and Internal Controls
The Board ensures that the Bank has effective internal control systems and a risk management function including an Acting Chief Risk Officer with sufficient authority, stature, independence, resources and access to the Board.

Risk Management Function
The Board has in place a risk management function which is responsible for: identifying key risks to the Bank; assessing those risks and the Banks exposure to the identified risks; monitoring the risk exposures and determining the corresponding capital needs on an on-going basis; monitoring and assessing decisions to accept particular risks, risk mitigation measures and if the risk decisions are in line with the Board approved risk tolerance/appetite and risk policy; and submitting risk management reports to Senior Management and the Board.

Chief Risk Officer
The bank has an Acting Chief Risk Officer who is an independent Key Management Personnel and who has no involvement in the operations of the bank with distinct responsibility for the risk management function and the comprehensive risk management framework of the bank across the entire organization. The independence of the Acting Chief Risk Officer is distinct from other executive functions and business line responsibilities. The Acting Chief Risk Officer reports to the Board via the Risk Committee with a functional report line to the Managing Director.

Report of the Directors cont'd

He has unfettered reporting access to Board and its risk committee. Interaction between the Board Risk Committee and the Chief Risk Officer is regular and comprehensively documented.

Internal Controls
Internal controls within the Bank are designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended. Internal controls help provide comfort that financial and management information is reliable, timely and complete and that the Bank is in compliance with its various obligations, including applicable laws and regulations.

Head Internal Audit
The Bank has a Head Internal Auditor who is an independent Key Management Personnel who has no involvement in the audited activities and business line responsibilities of the Bank. The Head Internal Audit is competent to examine all areas in which the Bank operates and:

- Has the professional competence to collect and analyze financial information as well as evaluate audit evidence and to communicate with the stakeholders of the internal audit function; possess sufficient knowledge of auditing techniques and methodologies;
- Is a member of the relevant recognized professional body.

The Head of Internal Audit reports to the Board sub-committee on audit and has direct access to the Board and its audit committee. Interaction between the Board Audit Committee and the Internal Audit is regular and comprehensively documented.

Group-wide and Bank-wide Risk Management
Risks in the Bank are identified and monitored on an on-going group-wide and bank-wide basis. The sophistication of the risk management and internal control infrastructure is sufficiently robust and keeps pace with information technology infrastructure developments.

Risk management in Subsidiary Banks
The Board and Senior Management of the parent banks or financial holding companies conducts strategic, group-wide risk management and prescribe group risk policies. The Board and Senior Management of the Bank make appropriate input into the group-wide risk management policies and assessments of local risks. Adequate stress-testing of the subsidiary portfolios is done based on both the economic and operating environment of the subsidiary and on potential stress of the parent bank or Financial Holding Company. The results of stress tests and other risk management reports shall be communicated to the Board and Senior Management.

Internal and External Audit Functions
The Board and Senior Management effectively utilize the work conducted by the internal audit functions, external auditors and internal control functions. The Board recognizes and acknowledges that independent, competent and qualified internal and external auditors, as well as other internal control functions, are vital to the corporate governance process and engage the auditors to judge the effectiveness of the risk management function and the compliance function.

Compensation System
Where share options are adopted as part of executive remuneration or compensation, it shall be tied to performance and subject to shareholders' approval at an annual general meeting. The Bank has disclosed the details of shares held by directors and related parties.

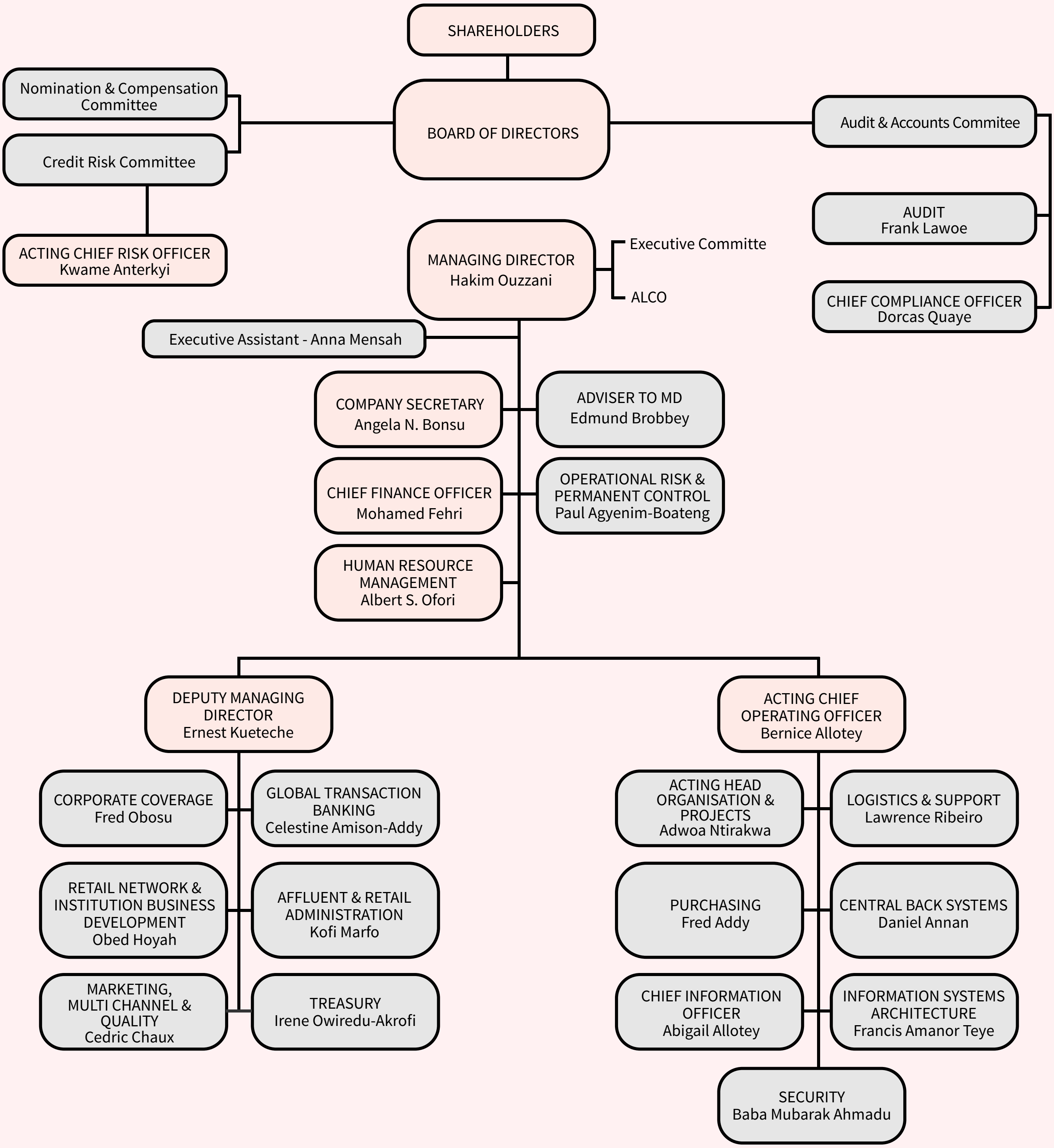
The Bank's Corporate Structure
The Board and Senior Management understands the structure and the organization of the group and the Bank
The Board actively oversees the design and operation of the compensation system. The Board monitors and reviews the compensation system to ensure that it is effectively aligned to ensure

- prudent risk taking;
- Levels of remuneration are sufficient to attract, retain and motivate executive officers of the bank and this is balanced against the interest of the bank in not paying excessive remuneration;
- Where remuneration is tied to performance, it shall be designed in such a way as to prevent excessive risk taking.

The Board is working on achieving convergence for a Committee of Independent Directors to determine the remuneration of executive directors.
Executive directors are not entitled to sitting allowances and directors' fees; Non-executive directors' remuneration are limited to directors' fees, sitting allowances for Board and Committee meetings and are not performance related.

Disclosure and Transparency
The bank has submitted a list of its significant shareholders, directors and Key Management personnel as at 31st of December to the Bank of Ghana by 15th January of the following year.

CORPORATE STRUCTURE



Report of the Directors cont'd

Ethics and Professionalism
The Bank has in place a Code of Conduct which was duly approved by the Board on 28th November 2018. The Code of Conduct has been made available to the Board of Directors and all Employees. The Code shall be reviewed regularly and when necessary. It contains practices necessary to maintain confidence in the integrity of the Bank and commit the Bank, its staff, management and the Board to the highest standards of professional behaviour, business conduct and sustainable banking practices. It has been approved by the Board and signed off by employees that they understand the code and sanctions for breaching the policy.

Cooling-off Period
The Bank will respect the Cooling Off period under the Corporate Governance Directive which stipulates that former Bank of Ghana officers, directors or senior executives shall not be eligible for appointment as a director of the Bank until after a period of two (2) years following the expiration or termination of their contract of employment or service from the Bank of Ghana. A practicing audit professional or partner who is rendering services or had rendered auditing services in the banking industry shall not be appointed as a director of the bank until one (1) year has elapsed since last engagement with any Bank by that person.

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 at all times act in a way that he believes to be 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 skillful 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.

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 activities 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.
- assess the way it operates annually.

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.

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 eight member Board comprising one executive director and seven 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;

Report of the Directors cont'd

- 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; and
- ensures timely and accurate financial reporting to shareholders

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 is 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 appointment of external auditors
Section 81 of the Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930 vests the shareholders of a bank with the power to appoint the external auditors at an Annual General Meeting and be approved by the Bank of Ghana in the manner and on the terms as may be described.

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 by 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 matter(s) 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 Statement, the Auditors Responsibility, Opinion and Report on other legal and regulatory requirements.

Duration of current auditors
Messrs.' Ernst & Young were appointed as Auditors of Societe Generale Ghana Limited on 31 March 2017 during the Bank's Annual General Meeting. Thus, they are in their third year of providing auditing services to the bank. This is in accordance with Section 134(5) of the Companies Code 1963 (Act 179) as amended by the Companies (Amendment) Act 2012, Act 835 and Section 54(2) (d) of the Regulations of the Bank.

Auditors' involvement in non-audit work and the fees paid to the auditors
Apart from the audit assignment, Ernst and Young were engaged to undertake one non-audit work during the year under review. They were contracted to provide a Letter of Certification of Our Indebtedness in relation to the rights issue process as required by the Securities and Exchange Commission Regulations (2003).

Report of the Directors cont'd

Auditors Remuneration
In accordance with Section 134(5) of the Companies Act 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 2018 will be proposed at the Annual General Meeting.

Stated Capital of the Bank
The stated capital of the Bank is GHS404,245,427.

Substantial Shareholders
Details of the bank's twenty largest shareholders are disclosed in note 44 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.

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

Michel Miaille	-	Chairman
Hakim Ouzanni	-	Member
Sionle Yeo	-	Member

The Risk Committee has the following functions. It;

- analyses on a periodical basis the organisation and functioning of the Bank's risk departments.
- reviews the portfolio of credit and market risks to which the Bank is exposed.

As regards counterparty risks, the Risk Committee shall review the following:

- the content of and changes to the portfolio per type of facility and debtor,
- the regulatory ratios and key indicators (consumption of own funds by major risks, risk worsening ratios, concentration risk per sector, cost of the risk, etc.),
- changes to the quality of commitments: sensitive, irregular, non-performing files,
- compliance with the conditional authorizations issued by the Societe Generale Group, etc.
- adequacy of the level of provision for the risks incurred,
- the efficiency of debt collection,
- reports to the Board of Directors on its work.

The Committee reports its findings to the Board of Directors with the requisite recommendations. In attendance at Risk Committee meetings are the Managing Director, Deputy Managing Director, Chief Operating Officer, Acting Chief Risk Officer; Chief Compliance Officer; Head of Audit Department; Chief Finance Officer; General Manager Corporate Coverage. The Risk Committee operates under a Charter.

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:

Mr. Joseph Torku	-	Chairman
Michel Miaille	-	Member
Kofi Ampim	-	Member
Teresa Ntim	-	Member
Mrs Laurette Otchere	-	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. The audit committee operates under a charter.

The Audit and Accounts Committee:

- Keeps up-to-date with changes in the legal and regulatory environment affecting the work the committee monitors for proper execution
- Reviews and validates 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
- 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:

Report of the Directors cont'd

- 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 Appendix; 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	-	Chairman
Laurette K Otchere	-	Member
Kofi Ampim	-	Member
Mr. Joseph Torku	-	Member
Michel Miaille	-	Member
Hakim Ouzzani	-	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 policy
- 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 submitted
- Report on Managing Conflict of Interest within the Bank

The External Auditors submitted their audit plan for the year and concluded that the audit approach will be risk based and control focused and that the audit will be in accordance with International Standards on Auditing.

By order of the board

....	....
Managing Director	**Director**
(Hakim Ouzzani)	(Teresa Ntim)
18 March, 2019	18 March, 2019

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 applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company 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 Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930 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
Building a better working world

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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 37 to 98, which comprise the statement of financial position as at 31 December 2018, 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 2018, 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 Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930.

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 IESBA 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.

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Independent Auditor's Report cont'd

Key Audit Matter	How the matter was addressed in the audit
Impairment of loans and advances in line with IFRS 9 Financial Instruments and related disclosure IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition and recognition of impairment could be done on a 12-month expected credit losses or Lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that take into account: • The probability-weighted outcome • Reasonable and supportable information that is available without undue cost or Loan loss provision is a key area of judgement for management. Significant judgements in the determination of the Bank's Expected Credit Loss includes: • Use of assumptions in determining ECL modelling parameters • portfolio segmentation for ECL computation • Determination of a significant increase credit risk and • Determination of associations between macroeconomic scenarios The use of different modelling techniques could produce significantly different estimates of loan loss provisions. Due to the complexity of the requirements of IFRS 9 with regards to the classification and measurement, it's impact on the financial position as at 1 January 2018 and the significance of related disclosures, we considered it as key audit risk and therefore paid attention to it's processes, data gathering and effect on related disclosures. A total amount of GHS 36,980,301 has been recognized as a day one impact (as at 1 January 2018) and a total amount of GHS 57,889,365 has been recorded in the statement of profit or loss and other comprehensive income for the year as credit loss. The total impairment provision held as at 31 December 2018 in accordance with IFRS 9 impairment rules was GHS 249,360,503. Further disclosures relating to these amounts and the Bank's accounting policies regarding estimating these ECLs have been disclosed in note 2.16.9 and note 19 of these financial statements.	We have obtained an understanding of the Bank's implementation process of IFRS 9, including understanding of the changes to the Bank's IT systems, processes and controls. Additionally, we obtained an understanding of the credit risk modelling methodology. We validated and tested the ECL model of the Bank by assessing the data integrity and the internal controls around the model. We have also performed, among others, the following substantive audit procedures: • reviewed the accounting policies and framework methodology developed by the Bank in order to assess its compliance with IFRS 9; • verified sampled underlying contracts of financial assets to determine the appropriateness of management's classification and measurement of these instruments in the ECL model • reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD),Exposure at Default (EAD) • Testing the completeness of data used in modelling the risk parameter, o Recalculating the ECL , • testing forward looking information / multiple economic scenario elements • for stage 3 exposures, we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realisation for collaterals, etc Reviewed the Pre-transition disclosures and disclosures at year end, included in the financial statements to ensure clarity and comprehensive disclosure of the Expected Credit Loss and IFRS 9 transition.

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Independent Auditor's Report cont'd

Key Audit Matter	How the matter was addressed in the audit
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 19f 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.	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.

Other Information
The directors are responsible for the other information. The other information comprises corporate information (Directors, Officials and Registered Office), 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 Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

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.

EY
Building a better working world

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Independent Auditor's Report cont'd

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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 controls 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.

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 Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930 under section 85(2) requires that we report on certain matters. Accordingly, we state that;

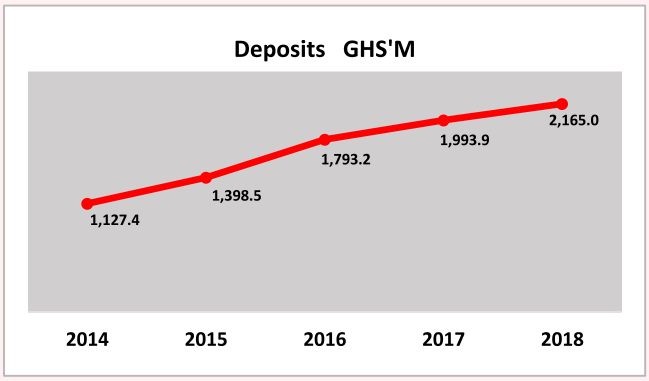
- The accounts give a true and fair view of the statement of affairs of the bank and the results of operations for the year under review;
- We were able to obtain all the information and explanation required for the efficient performance of our duties;
- The transactions of the bank are generally within the powers of the bank;
- The bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments;

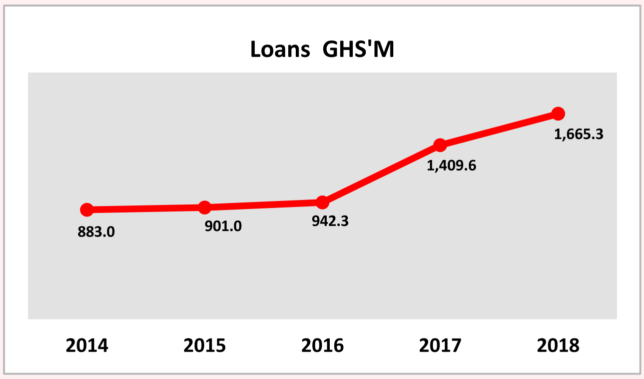
The bank has generally complied with the provisions of the Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930.

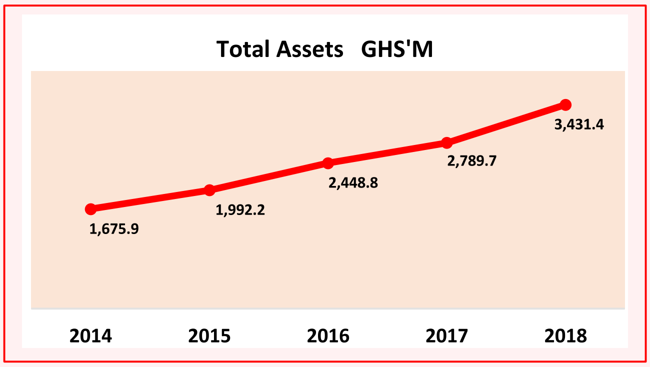
Pamela Des Bordes (ICAG/P/1329)
For and on behalf of Ernst & Young (ICAG/F/2019/126)
Chartered Accountants
Accra,Ghana

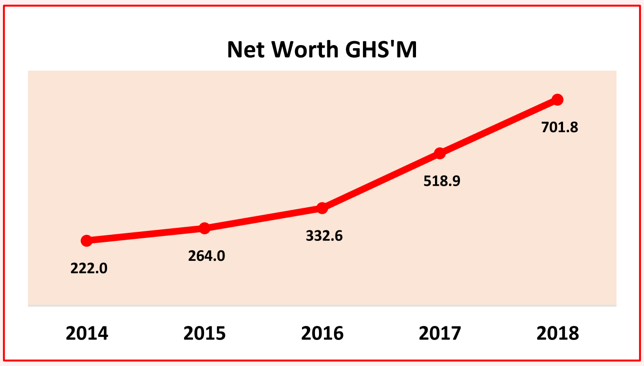
Date: 18 March, 2019

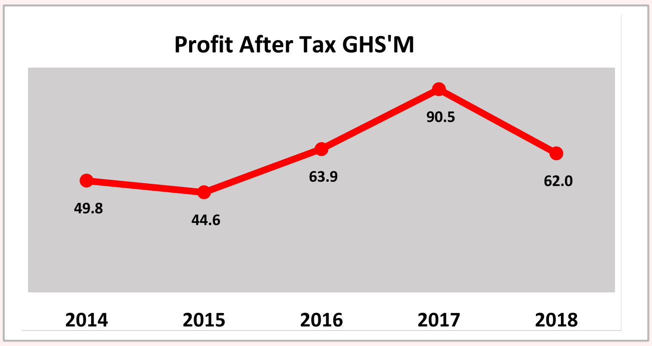
FINANCIAL HIGHLIGHTS

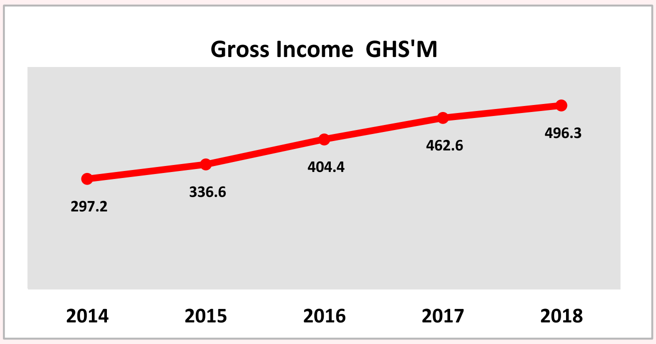


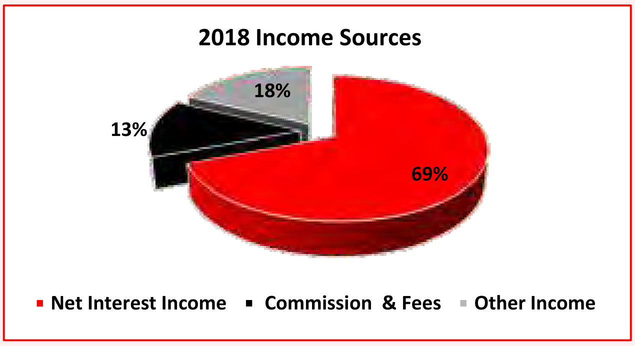


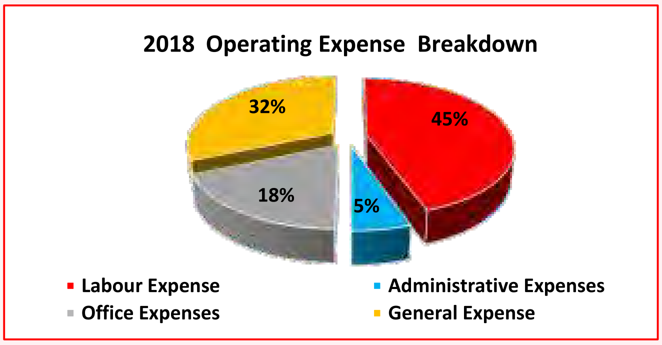












THE FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Interest Income	6	353,752,858	321,780,912
Interest Expense	7	(75,944,346)	(60,186,997)
Net Interest Income		**277,808,512**	**261,593,915**
Fees & Commission Income	8	71,556,947	75,948,755
Fees & Commission Expense	8a	(18,461,504)	(16,748,916)
Net Fees and Commission Income		**53,095,443**	59,199,839
Net Trading Revenue	9a	28,522,781	24,007,351
Net income from other financial instruments carried at fair value	9b	31,636,086	34,766,469
Other Operating Income	10	10,783,223	6,048,651
Total Other Operating Income		**70,942,090**	**64,822,471**
Operating Income		401,846,045	385,616,225
Net impairment loss on financial assets	11	(57,889,365)	(39,018,023)
Personnel Expense	12	(116,975,473)	(100,512,163)
Depreciation and Amortization	21&22	(22,756,223)	(13,526,385)
Other Expenses	13	(99,013,028)	(105,530,561)
Profit before Income Tax		105,211,956	127,029,093
Income Tax Expenses	14	(43,239,671)	(36,521,589)
Profit after Tax Expense		**61,972,285**	**90,507,504**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit & loss:			
- Available for sale financial assets			
Net fair value gain on available-for-sale financial assets during the year		-	94,616
Items that may not be reclassified subsequently to profit or loss:			
Revaluation Gain on Fixed Assets during the year		-	109,979,770
Other comprehensive income for the period (net of tax)		-	110,074,386
Total Comprehensive Income for the period		**61,972,285**	**200,581,890**
Earnings Per Share:			
Basic earnings per share (GH¢)	15	**0.11**	**0.21**
Restated and diluted earnings per share (GH¢)	15	**0.11**	**0.17**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Assets			
Cash and Cash Equivalents	16	641,836,054	757,751,599
Non-Pledged Trading assets	17	75,718,494	74,300,516
Investment Securities	20	691,417,274	234,033,847
Loans and Advances to Customers	19	1,665,284,201	1,409,551,517
Equity Investments	18	2,807,042	1,893,660
Derivative Financial Assets	25	5,380,060	-
Current Tax Assets	23	1,882,766	-
Other Assets	24	55,447,404	31,108,136
Property, Plant and Equipment	21	289,214,114	278,799,650
Intangible Assets	22	2,368,983	2,303,361
Total Assets		**3,431,356,392**	**2,789,742,286**
Liabilities			
Deposits from Banks	27	3,667,371	5,596,563
Deposits from Customers	27	2,161,382,598	1,988,298,745
Borrowings	26	349,613,405	104,184,554
Current Tax Liabilities	23	-	1,707,754
Other Liabilities	28	180,059,498	132,977,720
Deferred Tax Liabilities	14b	34,848,620	38,123,927
Total Liabilities		**2,729,571,492**	**2,270,889,263**
Shareholders' Fund			
Stated Capital	29	404,245,427	138,302,925
Income Surplus	40c	30,256,311	142,772,417
Revaluation Reserve	40d	123,670,260	123,670,260
Statutory Reserve	40e	143,612,902	112,626,759
Other Reserves	30	-	1,480,662
Total Shareholders' Fund		701,784,900	518,853,023
Total Liabilities and Shareholders' Fund		**3,431,356,392**	**2,789,742,286**

The accompanying notes form an integral part of these financial statements.

Approved by the Board on 4th March 2019 and signed on its behalf as follows:

....
Managing Director

....
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Stated Capital GH¢	Income surplus GH¢	Revaluation Reserve GH¢	Statutory reserve GH¢	Credit risk reserve GH¢	Other reserves GH¢	Total shareholders' funds GH¢
For the year ended 31 December 2018							
Balance as at 1 January 2018	138,302,925	142,772,417	123,670,260	112,626,759	-	1,480,662	518,853,023
Less: IFRS 9 First Time Application Impact		(36,980,301)				(1,480,662)	(38,460,963)
Balance After IFRS 9 First Time Application Impact	138,302,925	105,792,116	123,670,260	112,626,759	-	-	480,392,060
Movements during the Year :							-
Profit for the period	-	61,972,285	-	-	-	-	61,972,285
Other comprehensive income							-
Bonus Issue	97,000,000	(97,000,000)					-
Expenses on Bonus Issue	-	(6,838,589)	-	-	-	-	(6,838,589)
Rights Issue	168,942,502	-	-	-	-	-	168,942,502
Expenses on Rights Issue		(2,683,358)					(2,683,358)
Transfer to Statutory Reserve	-	(30,986,143)	-	30,986,143	-	-	-
Transfer to General Regulatory Credit Reserve		-		-	-	-	-
Balance as at 31 December 2018	**404,245,427**	**30,256,311**	**123,670,260**	**143,612,902**	-	-	**701,784,900**

For the year ended 31 December 2017	Stated Capital GH¢	Income surplus GH¢	Revaluation Reserve GH¢	Statutory reserve GH¢	Credit risk reserve GH¢	Other reserves GH¢	Total shareholders' funds GH¢
Balance as at 1 January 2017	138,302,925	78,603,272	17,983,906	89,999,883	6,279,392	1,386,046	332,555,424
Movements during the Year :							-
Profit for the period	-	90,507,504	-	-	-	-	90,507,504
Other comprehensive income						94,616	94,616
Other Movements in Equity	-						-
Revaluation of fixed assets		-	109,979,770	-	-	-	109,979,770
Transfer of revaluation gain		4,168,111	(4,168,111)	-	-	-	-
Write Off	-		(125,305)				(125,305)
Dividend Paid		(14,158,986)	-	-	-	-	(14,158,986)
Transfer to Statutory Reserve	-	(22,626,876)	-	22,626,876	-	-	-
Transfer to General Regulatory Credit Reserve	-	6,279,392	-	-	(6,279,392)	-	-
Balance as at 31 December 2017	**138,302,925**	**142,772,417**	**123,670,260**	**112,626,759**	-	**1,480,662**	**518,853,023**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 GH¢	2017 GH¢
Cash flow from Operating Activities			
Operating Profit before Taxation		105,211,956	127,029,093
Adjustments for:			
Depreciation and Amortization	21&22	22,756,223	13,526,385
Unrealized Losses on forex and revaluations		(6,469,476)	404,145
Profit on Sales of Property, Plant and Equipment	10	26,748	(352,778)
Operating Profit before Working Capital Changes		**121,525,451**	**140,606,845**
Changes in Operating and Other Assets and Liabilities			
Change in Non-Pledged Trading assets		(1,584,630)	(4,395,106)
Change in Loans and Advances to Customers	19	(292,712,985)	(467,243,945)
Change in Other Assets	24	(24,339,268)	(1,836,706)
Change in Derivative Financial Assets	25	(5,380,060)	(6,496,857)
Change in Deposit from Banks	27	(1,929,192)	3,430,066
Change in Deposit from Customers	27	173,083,853	197,234,682
Change in Other Liabilities	28	47,081,778	21,679,742
		(105,780,504)	**(257,628,124)**
Income Tax Paid	23a & 23b	**(49,611,957)**	**(37,263,576)**
Net Cash Generated from Operating Activities		**(33,867,010)**	**(154,284,855)**
Cash flow from Investing Activities			
Change in Investment securities		(459,359,549)	306,818,512
Equity Investments	18	(913,382)	(1,487,160)
Purchase of Property, Plant and Equipment	21b	(31,433,372)	(56,765,229)
Purchase of Intangible Assets	22	(1,763,577)	(989,117)
Proceeds from Sale of Property, Plant and Equipment		77,254	358,448
Net Cash generated/(used in) from Investing Activities		**(493,392,626)**	**247,935,454**
Cash flow from Financing Activities			
Change in Borrowings	26	245,428,851	(96,549,242)
Dividend Paid	31	-	(14,158,986)
Bonus Issue - Witholding tax and expenses		(6,838,589)	-
Right Issue		168,942,502	
Right Issue Expenses		(2,683,358)	-
Net Cash used in Financing Activities		**404,849,406**	**(110,708,228)**
Change in Cash and Cash Equivalents		(122,410,230)	**(17,057,629)**
Net Foreign Exchange Difference		6,494,685	**(397,923)**
Cash & Cash Equivalents as 1 January		757,751,599	**775,207,151**
Cash and Cash Equivalents at 31 December 2018	16	641,836,054	**757,751,599**
Operational Cash Flows from Interest:			
Interest Received		**253,759,365**	**321,780,912**
Interest Paid		**72,513,129**	**58,879,912**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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, outlets and corporate offices 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 Ghana Stock Exchange (GSE.)

1.1 Authorization for publication

The financial statements of the Bank for the year ended 31 December 2018 were authorized for issue in accordance with a resolution of the board of directors on 4th March 2019.

2 Basis of preparation

2.1 Statement of compliance

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and accounting requirement as dictated by the guide for financial publication 2017 issued by the Bank of Ghana. Except as otherwise specified by the guide for financial publication 2017, the financial statements are to be prepared in accordance with IFRS.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items that are measured at fair value in the Statement of Financial Position:

- Financial assets and liabilities held-for-trading
- Derivative financial instruments
- Equity investment

2.3 Functional and presentation currency

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

2.4 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.

2.5 Accounting policies

The bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 reported under IAS 39 and is not comparable to the information presented in 2018. Differences arising from the adoption of IFRS 9 have been recognise directly in income surplus as at 1 January 2018 and are disclosed in Note 5.

2.6 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 "net 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''.

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.

2.7 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 management to allocate resources to the segment and assess its performance.

Notes to the Financial Statements cont'd

2.7 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. 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.

2.8 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 methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 lands are amortized over their leased period	
Freehold lands are 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.

Notes to the Financial Statements cont'd

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.

2.9 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 assets 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 3 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.

2.10 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.

2.11 Employee benefits

The Bank contributes to a three-tier defined contribution schemes on behalf of employees. The tier one and two are mandatory. The Bank contributes 10% towards the voluntary tier three plan.

2.12 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

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9, similarly to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

Notes to the Financial Statements cont'd

The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income and Net gains/(losses) on financial assets at fair value through profit or loss, respectively.

b. Commissions and fees

Commission and fee revenues and expenses that are integral part of financial instruments and are included in the measurement of the effective interest rate and spread over the period of the financial instruments. Commission and fees in respect of services are recognized in the profit or loss 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 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 form 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. Other operating income

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

2.13 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 rate method is a method of calculating the amortized cost of a financial liability and 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 fees paid by the Bank that are an integral part of the the acquisition, issue or disposal of a financial instrument .

2.14 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.

Notes to the Financial Statements cont'd

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, 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.

2.15 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.

2.16 Classification & Measurement of Financial Assets and liabilities

2.16.1 Recognition and initial measurement
The Bank on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

2.16.1 The initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

Financial assets include both debt and equity instruments.

2.16.2 Debt instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL) for trading related assets

Classification of debt instruments is determined based on:

i. the business model under which the asset is held; and

ii. the contractual cash flow characteristics of the instrument

2.16.3 Business model assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level which is reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of the business model, the Bank takes into consideration the following factors:

- how the performance of assets in a portfolio is evaluated and reported to group heads and other key decision makers within the Bank's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- whether the assets are held for trading purposes i.e., assets that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking;
- how compensation is determined for the Bank's business lines management that manage the assets; and
- the frequency and volume of sales in prior periods and expectations about future sales activity.

2.16.4 Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments.

Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In performing this assessment, the Bank takes into consideration contractual features that could change the amount or timing of contractual cash flows, such that the cash flows are no longer consistent with a basic lending arrangement. If the Bank identifies any contractual features that could modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Non pledged trading assets and derivative assets of the bank are measured under FVTPL whilst Loans and advances are measured under amortised cost based on their cashflow characteristics and business model.

2.16.5 Debt instruments measured at amortized cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are integral part of the effective interest rate. Investment securities are measured under amortised cost.

Notes to the Financial Statements cont'd

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses in the statement of financial position.

2.16.6 Debt instruments measured at FVTPL

Under IFRS 9, debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the profit or loss statement as part of net income from other financial instruments carried at fair value. Realized and unrealized gains and losses are recognized as part of Non-interest income in the profit or loss statement. Non pledged trading assets and derivative assets of the bank are measured under FVTPL. These assets were also classified under FVTPL under 1AS 39.

2.16.7 Equity instruments

Under IFRS 9, equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Non-interest income in the profit or loss statement. An election has not been made to designate any of the equity instrument at FVOCI as such all equity instruments are measured at FVTPL in the current year.

Under IAS 39, equity instruments are measured at cost less impairment.

Under IFRS 9, the Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made becomes irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the profit or loss. Dividends received are recorded in investment revenue in the Income Statement . Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the profit or loss on sale of the security. Equity instruments at FVOCI are not subject to an impairment assessment. An election has not been made to designate any of the equity instrument at FVOCI as such all equity instruments are measured at FVTPL in the current year.

2.16.8 Financial liabilities

The accounting for financial liabilities under IFRS 9 remains the same as it was under IAS 39 deposits and borrowings at amortised cost and derivative liabilities at fair value through profit or loss.

Under IAS 39, financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit or loss. Non-trading liabilities are recorded at amortized cost applying the effective interest rate method. Held for trading liabilities or liabilities designated as held at fair value through profit or loss, are accounted for as indicated above. A financial liability (trading or other) is removed from the balance sheet when it is extinguished – that is, when the obligation is discharged, cancelled or expired. The condition is met when the liability is settled by paying the creditor, or when the debtor is released from primary responsibility for the liability either by process of law or by the creditor. A gain or loss on extinguishment of a financial liability is recognised in the profit or loss statement. Any net cash flow in relation to the restructuring of financial liabilities is an adjustment to the debt's carrying amount and is amortised over the remaining life of the liability.

2.16.9 Impairment

a. Scope

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are not measured at fair value through profit or loss:

- Amortized cost financial assets;
- Debt securities classified as FVOCI;
- Off-balance sheet loan commitments;
- Financial guarantee contracts.

b. Expected credit loss impairment model

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- **Stage 1** – Where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

- **Stage 2** – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- **Stage 3** – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

c. Measurement of expected credit loss

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. The bank's portfolios have been segmented to ensure that they are consistent in terms of risk characteristics and to ensure better correlation with local macroeconomic variables. This segmentation factors in all specific characteristics associated with the bank's activities.

Details of these statistical parameters/inputs are as follows:

- **PD** – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- **EAD** – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including the realization of any collateral. It is usually expressed as a percentage of the EAD.

d. Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

e. Macroeconomic factors

In its models, the Bank relies on a broad range of forward looking information as economic inputs, such as: GDP growth, inflation rates and central bank base rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

The Bank determines allowance for credit losses using three probability-weighted forward-looking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The forecasts are created using internal and external models/data which are then modified to reflect future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

The most likely outcome is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

f. Assessment of significant increase in credit risk (SIR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

Notes to the Financial Statements cont'd

The common assessments for SIR on retail and non-retail portfolios include macroeconomic outlook, management judgement, delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower . Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Retail portfolio – For retail exposures, a significant increase in credit risk cannot be assessed using forward looking information at an individual account level. Therefore, the assessment must be done at the segment level. Segment migration thresholds exist for each PD model by product which considers the proportionate change in PD as well as the absolute change in PD. The thresholds used for PD migration are reviewed and assessed at least annually, unless there is a significant change in credit risk management practices in which case the review is brought forward.

Non-retail portfolio – The Bank uses a risk rating scale (IG codes) for its non-retail exposures. All non-retail exposures have an IG code assigned that reflects the probability of default of the borrower. Both borrower specific and non-borrower specific (i.e macroeconomic) forward looking information is considered and reflected in the IG rating. Significant increase in credit risk is evaluated based on the migration of the exposures among IG codes.

g. Expected life

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options. For certain revolving credit facilities,the expected life is estimated based on the period over which the Bank is exposed to credit risk and how the credit losses are mitigated by management actions.

Presentation of allowance for credit losses in the Statement of Financial Position

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognized in the Statement of Financial Position because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income;
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

h. Modified financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the financial asset should be derecognized. Where the modification does not result in derecognition, the date of origination continues to be used to determine SIR. Where modification results in derecognition, the modified financial asset is considered to be a new asset.

i. Definition of default

The Bank considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event have a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganization;
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

Notes to the Financial Statements cont'd

j. Write-off policy
The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in the profit or loss statement.

k. Restructured Credit
Loans issued by the Bank may be subject to restructuring with the aim of securing the collection of the principal and interest by adjusting the contractual terms of the loan (e.g. reduced interest rate, rescheduled loan payments, partial debt forgiveness or additional collateral). Assets may only qualify for restructuring where the borrower is experiencing financial difficulties or insolvency (whether the borrower has already become insolvent or is certain to become insolvent if the loan is not restructured).

Where they still pass the SPPI test, restructured loans are still recorded in the balance sheet and their amortised cost prior to impairment is adjusted for a discount representing the negative difference between the present value of the new contractual cash flows resulting from the restructuring of the loan and the amortised cost prior to impairment less any partial debt forgiveness. This discount, representing earnings foregone, is booked to Cost of risk in the income statement. As a result, the associated interest income is still subsequently recognised at the initial effective interest rate of the loans. Post-restructuring, these assets are systematically classified in Stage 3 for impairment (credit-impaired exposures), as the borrowers are deemed to be in default. Stage 3 classification is maintained for at least one year, or longer if the Bank is uncertain that the borrowers will be able to meet their commitments. Once the loan is no longer classified in stage 3, the assessment of the significant increase of credit risk will be performed by comparing the credit risk level at the closing date and the level at the initial recognition date of the loan before restructuring.

2.17 Regulatory Credit Reserve
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 Risk Reserve.

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

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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).

Notes to the Financial Statements cont'd

2.22 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.

2.23 Financial guarantees, letters of credit and undrawn loan commitments

Financial guarantees are initially recognised in the financial statements (within Provisions) 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 – under IAS 39 – the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee, or – under IFRS 9 – an ECL provision. The premium received is recognised in the income statement in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, under IAS 39, a provision was made if they were onerous contract but, from 1 January 2018, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 33.

2.24 Other Assets

Other current assets is a default classification for assets which cannot be classified under any of the major assets classification on the face of the account, or are immaterial and need to be aggregated for presentation in a single line item in the balance sheet. Accounts included in the other current assets classification may include inventory of consumables, prepayments and sundry debtors.

3.0 Significant Accounting Estimates, Assumptions & Judgments

The preparation of financial statements, in conformity with IFRS, requires management to make estimates, apply judgments and make assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and income and expenses during the reporting period. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain, include those relating to the allowance for credit losses, the fair value of financial instruments (including derivatives), impairment of investment securities, impairment of non-financial assets and derecognition of financial assets and liabilities. While management makes its best estimates and assumptions, actual results could differ from these estimates and assumptions.

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.

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

4.1 Standards and Interpretations in issue but not yet effective

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Notes to the Financial Statements cont'd

IFRS 16 Leases

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

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

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

The Bank has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be, as follows:

Impact on the statement of financial position as at 31 December 2018:

	GH¢
Assets	
Property, plant and Equipment	**11,784,937**
Prepayment	**(11,784,937)**
Total Assets	-
Liability	-
Net Impact on Equity	-

Reclassification from rent prepayment to right of use assets.

Impact on the statement of profit or loss for the year ended 31 December 2018:

	GH¢
Depreciation on right of use asset	**5,294,533**
Rent Payment	**(5,294,533)**

Reduction in rent expense and an increase in depreciation on right of use asset.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

Notes to the Financial Statements cont'd

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Bank will apply the interpretation from its effective date. Since the Bank operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Bank may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Bank.

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

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

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event • Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Bank.

Notes to the Financial Statements cont'd

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28; Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Bank does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

- **IFRS 11 Joint Arrangements**
  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Bank but may apply to future transactions.

- **IAS 12 Income Taxes**
  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Bank's current practice is in line with these amendments, the Bank does not expect any effect on its consolidated financial statements.

- **IAS 23 Borrowing Costs**
  The amendments clarify that an entity treats as part of general borrowings, any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

  An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Bank's current practice is in line with these amendments, the Bank does not expect any effect on its consolidated financial statements.

Notes to the Financial Statements cont'd

5.0 Transition to IFRS 9

a. Reconciliation of IAS 39 to IFRS 9

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. The impact consists of reclassification and remeasurement.

Reclassification:

These adjustments reflect the movement of balances between categories on the Statement of Financial Position with no impact to shareholders' equity. There is no change to the carrying value of the balances as a result of the reclassification.

Remeasurement:

These adjustments, which include expected credit loss, result in a change to the carrying value of the item on the Statement of Financial Position with an impact to shareholders' equity net of tax.

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions Contingent Liabilities and Contingent Assets to the ECL allowances under IFRS 9.

	Provisions under IAS 39/IAS 37 as at 31 December 2017	Remeasurement	ECL under IFRS 9 at 1 January 2018
Cash and Cash Equivalents(due from Banks)	-	193,132	193,132
Loans and advances to customers per IAS	167,625,121	30,163,212	197,788,333
Financial guarantees, Letters of Credit & Other commitments	-	6,623,956	6,623,956
	167,625,121	**36,980,300**	**204,605,421**

IMPACT ON BALANCE SHEET

RECONCILIATION OF THE ASSET SIDE BETWEEN IAS 39 AND IFRS 9

To determine the classification under IFRS 9 on financial assets recognised on the balance sheet as at 31 December 2017, a detailed analysis of the following was performed:

- the characteristics of contractual cash flows based on facts and circumstances at the date of initial recognition of the instruments;
- the business models of these financial assets based on facts and circumstances at 1 January 2018.

The following tables reconcile the asset side of the balance sheet as at 31 December 2017, prepared in compliance with IAS 39, and the asset side of the balance sheet as at 1 January 2018, prepared in compliance with IFRS 9.

Notes to the Financial Statements cont'd

	IAS 39 Measurement				Remeasurement		IFRS 9	
	Ref	Category	Amount	Reclassification	ECL	Other	Amount	Category
Cash and Cash Equivalents	A	L&R	757,751,599		(193,132)		757,558,467	AC
Non-Pledged Trading assets		FVPL	74,300,516		-		74,300,516	FVPL (Mandatory)
Investment securities (AFS)	B	FVOCI	234,033,847	(234,033,847)			-	
Debt instrument at amortised cost	C		N/A	234,033,847	-	(1,976,122)	232,057,725	AC
Loans and Advances to Customers	D	AC	1,409,551,517	-	(30,163,212)		1,379,388,305	AC
Investments (other than securities)	E	Cost	1,893,660	(1,893,660)			-	
Equity Investment	F		N/A	1,893,660		-	1,893,660	FVPL
Total Financial Assets			2,477,531,139	-	(30,356,344)	(1,976,122)	2,445,198,673	
Other Assets			31,108,136				31,108,136	
Property, Plant and Equipment			278,799,650				278,799,650	
Intangible Assets			2,303,361				2,303,361	
Total Non Financial Assets			312,211,147	-	-	-	312,211,147	
Total Assets			2,789,742,286	-	(30,356,344)	(1,976,122)	2,757,409,820	

DESCRIPTION OF RECLASSIFICATIONS

Reclassification of available-for-sale to amortised cost (columns B and C)

As at 31 December 2017, debt securities were classified as available for sale (AFS) securites measured at fair value through other comprehensive income (FVOCI). These securities were mainly held as part of the cash management activities for the Bank's own account and as part of the management of HQLA (High Quality Liquid Assets) portfolios. An assessement of their business model and trend of thier contractual cash flow indicates that they should be classified and measured at amortised cost under IFRS 9 at 1 January 2018. The business model is to hold and not to sell hence the amortised cost.

Reclassification of equity securities at cost to fair value through other comprehensive income (columns E and F)

- Equity securities have been classified by default as Financial assets at fair value through profit or loss

DESCRIPTION OF VALUE ADJUSTMENTS

Limited effects of reclassifications (column A)
The application of the new accounting model for credit risk has caused an adjustment of impairment to Cash equivalent at 1 January 2018 by GHS193,132.

Adjustment in carrying value (column C)
The application of the new accounting model resulted in the reclassification of the bank's AFS financial instrument (measured at FVOCI) to Debt instrument measured at amortised cost. A remeasurment adjustment of GHS1,976,122 has been recognised at 1 January 2018

Additional Credit loss on loans and advances (column D)
Due to the application of the IFRS 9 in January 2018, an additional ECL of GHS30,163,212 has been recognised.

Notes to the Financial Statements cont'd

RECONCILIATION OF THE LIABILITY SIDE BETWEEN IAS 39 AND IFRS 9

The following table reconciles the liability side of the balance sheet as at 31 December 2017 prepared in compliance with IAS 39 and the liability side of the balance sheet as at 1 January 2018 prepared in compliance with IFRS 9.

	IAS 39 Measurement				Remeasurement		IFRS 9	
	Ref	Category	Amount	Reclassification	ECL	Other	Amount	Category
Deposits from banks		AC	5,596,563	-	-	-	5,596,563	AC
Deposits from customers		AC	1,988,298,745	-	-	-	1,988,298,745	AC
Borrowings		AC	104,184,554	-	-	-	104,184,554	AC
Total Financial Liabilities			**2,098,079,862**	-	-	-	**2,098,079,862**	
Current tax liabilities			1,707,754				1,707,754	
Other Liabilities	G		132,977,720	-	6,623,956		139,601,676	
Deferred Tax Liabilities	H		38,123,927			(495,460)	37,628,467	
Total Non Financial Liabilities			**172,809,401**	-	**6,623,956**	**(495,460)**	**178,937,897**	
Total Liabilities			**2,270,889,263**	-	**6,623,956**	**(495,460)**	**2,277,017,759**	

	IAS 39 Measurement				Remeasurement		IFRS 9	
	Ref	Category	Amount	Reclassification	ECL	Other	Amount	Category
Total Contingent Liabilities			-	-	(6,623,956.00)	-	(6,623,956.00)	

	Stated Capital GH¢	Income surplus GH¢	Revaluation Reserve GH¢	Statutory reserve GH¢	Other reserves GH¢	Total shareholders' funds GH¢
Balance at 31 December 2017	138,302,925	142,772,417	123,670,260	112,626,759	1,480,662	518,853,023
Adjustments for IFRS 9						-
Reclassification of debt securities from FVOCI to amortised cost net of tax	-	-			(1,480,662)	(1,480,662)
Impact of recognising credit risk on Placements with Financial Institutions		(193,132)				(193,132)
Impact of recognising credit risk on Loans and Advances to Customers		(30,163,212)				(30,163,212)
Impact of recognising credit risk on Off Balance sheet commitments		(6,623,955)				(6,623,956)
Balance at 1 January 2018	**138,302,925**	**105,792,116**	**123,670,260**	**112,626,759**	-	**480,392,061**

DESCRIPTION OF VALUE ADJUSTMENTS

Increase in provisions for credit risk on guarantees, Letters of credit and undrawn commitments (column G)
The application of the new accounting model for credit risk resulted in an adjustment of provisions on guarantee and loan commitments for an amount of GHS6,623,956 at 1 January 2018

Deferred Tax effects (column H)
Deferred tax measurement impact on reclassification from AFS financial Instrument to dept instrument at amortised cost by GHS 495,456

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
6.	**Interest Income**		
	Cash & Short Term Funds	17,921,866	29,267,179
	Investments Securities (Note 6a)	34,771,751	41,194,030
	Loans & Advances	301,059,241	251,319,703
		353,752,858	**321,780,912**
6a	**Investments Securities**		
	Bank of Ghana Treasury Bills	34,657,899	41,086,818
	Other Securities	113,852	107,212
		34,771,751	**41,194,030**
7	**Interest and Similar Expense**		
	Savings Accounts	27,918,117	28,853,449
	Current Accounts	457,325	440,607
	Term Deposits	38,799,447	23,410,949
	Borrowings	8,769,457	7,481,992
		75,944,346	**60,186,997**
8	**Fees and Commission Income**		
	Domestic Operations	58,047,115	61,627,919
	Remittance	1,061,542	2,093,489
	Cards Operations	12,448,290	12,227,347
		71,556,947	**75,948,755**
8a	**Fees and Commission Expense**		
	Remittance	124,167	322,337
	Cards Operations	16,318,180	14,828,144
	Cheque Books	522,672	304,341
	Cash Collection	1,496,485	1,294,094
		18,461,504	**16,748,916**

		2018 GH¢	2017 GH¢
9a	**Net Trading Revenue**		
	Forex Trading Gains	158,014,344	63,270,011
	Forex Trading Losses	(129,491,563)	(39,262,660)
		28,522,781	**24,007,351**
9b	**Net income from other financial instruments carried at Fair Value**		
	Gain from Swap	19,213,081	20,276,571
	Margin on Bond Trading	11,797,520	14,489,898
	Fair Value on Equity Instruments	625,485	-
		31,636,086	**34,766,469**
10	**Other Operating Income**		
	Profit on Sale of Plant, Property and Equipment	26,748	352,778
	Exchange Gain	6,494,685	(397,922)
	Rent/Hiring Fees	48,336	131,021
	Postages	82,678	91,585
	Fees Received - Insurance	1,149,739	778,020
	Miscellaneous	2,981,037	5,093,169
		10,783,223	**6,048,651**
11			
	Net Impairment Loss on Financial Assets		
	Individual Impairment	64,082,378	**50,513,000**
	Collective Impairment	5,390,287	**5,740,023**
	Reversals - Individual Impairement	(10,935,000)	**(17,235,000)**
	Recoveries	(648,300)	-
		57,889,365	**39,018,023**
12	**Personnel Expenses**		
	Salaries, Bonuses and Staff Allowances	88,232,309	77,491,320
	Social Security Fund Contribution	5,521,079	4,870,496
	Provident Fund Contribution	4,228,759	3,719,569
	Medicals	4,646,839	3,714,931
	Insurance	489,779	596,440
	Termination Expenses	5,815,850	4,200,000
	Training	1,075,739	1,133,392
	Other Employee Costs	6,965,119	4,786,015
		116,975,473	**100,512,163**

Notes to the Financial Statements cont'd

The Bank contributes to a three-tier defined contribution plan.

The employee pays 5.5% and the Bank pays 13% making a total of 18.5%. The Bank transfers 13.5% to the first tier , 5% to a privately managed and mandatory second tier for lump sum benefit.

The third tier is a voluntary provident fund and personal pension scheme to which the Bank contributes 10% of staff basic salary.

Termination Expenses
9 staff exited the bank in 2018 as a result of the Early Leavers Scheme instituted by the Bank. 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 outside the banking industry to do so with a package as stipulated in the Early Leavers Policy.

		2018 GH¢	2017 GH¢
13	**Other Operating Expenses**		
	Non executive Directors fees and expenses	893,129	1,003,936
	Donations	596,716	-
	Advertising and Marketing	4,280,034	6,564,928
	Office Expenses	45,899,682	49,872,384
	Administrative Expenses	11,951,916	10,985,824
	General Expenses	35,391,551	37,103,489
		99,013,028	**105,530,561**

13a Details of Directors and key management emoluments are those disclosed under related party transactions under note 32c.

		2018 GH¢	2017 GH¢
13b	Statutory Audit	**485,000**	**458,000.00**

Auditors' remuneration in relation to statutory audit amounted to GH¢ 485,000 (2017 : GH¢458,000).

		2018 GH¢	2017 GH¢
14	**Income Tax Expense**		
	Current Tax (23a)	40,760,839	33,217,486.00
	Deferred Tax (14b)	(2,781,766)	(3,047,352.00)
	National Stabilization Levy (14c)	5,260,598	6,351,455.00
	Charge to statement of profit or loss and other comprehensive income	**43,239,671**	**36,521,589.00**
14a	**Current & Deferred Tax**		
	Analysis of charge for the year		
	Current Tax (23a)	38,613,030	33,217,486.00
	Deferred Tax (14b)	(2,781,766)	(3,047,352.00)
		35,831,264	**30,170,134.00**

Notes to the Financial Statements cont'd

The current tax charge on the profit is based on Ghana's corporate tax rate of 25% (2016:25%).

14b	**Deferred tax**		
	Balance as at 1 January	38,123,927	4,521,586
	Less: IFRS 9 First Time Application Impact on AFS Securities	(493,541)	
	Balance After IFRS 9 First Time Application Impact	**37,630,386**	**4,521,586**
	Tax expense recognised in profit or loss during the year	(2,781,766)	(3,047,352)
	Tax recognised in equity during the year	-	36,649,693
	Balance as at 31 December	**34,848,620**	**38,123,927**

Deferred tax assets and liabilities are attributable to the following:

	2018			2017		
	Assets	**Liabilities**	**Net**	Net	Liabilities	Net
	GH¢	**GH¢**	**GH¢**	GH¢	GH¢	GH¢
Property, plant and equipment		41,223,420	41,223,420		41,223,420	41,223,420
Provisions and Contingencies	(6,374,800)	-	(6,374,800)	(3,593,047)	-	(3,593,047)
(Gains) / losses on AFS investments		-	-		493,554	493,554
Net tax liabilities/(assets)	**(6,374,800)**	**41,223,420**	**34,848,620**	**(3,593,047)**	**41,716,974**	**38,123,927**

		2018	2017
		GH¢	GH¢
14c	**National Stabilization Levy**		
	Charge to statement of profit or loss and other comprehensive income	**5,260,598**	**6,351,455**

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.

Notes to the Financial Statements cont'd

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:

Pretax profit for the year	**105,211,956**	**127,029,093**
Tax charge thereon at Ghana corporate tax rate of 25%	26,302,989	31,757,273
Factors affecting Charge:		
Non deductible expenses	18,551,245	6,099,110
Items of different tax rates	-	(120,950)
Income exempted	(6,875,161)	(7,565,299)
National Stabilisation Levy	5,260,598	6,351,455
Tax on corporate profit (Note 14)	**43,239,671**	**36,521,589**
Effective Corporate Income tax rate	41.1%	28.8%

The tax charge on profit for the year is based on Ghana's corporate tax rate of 25% (2016 : 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:

Profit attributable to shareholders of the Bank (GH¢)	**61,972,285**	**90,507,504**
Number of Shares		
Number of outstanding ordinary shares in 2017	429,060,180	429,060,180
Number of outstanding shares Adjusted for bonus & right issue in 2018	**570,855,943**	**536,647,521**
Basic Earning per Share (GH¢)	0.11	0.21
2017 Basic Earnings Per Share re-stated for rights issue (GH¢)	-	0.17
Diluted Earnings per Share (GH¢)	0.11	0.17

Diluted Earnings per Share

The Bank has no category of dilutive potential ordinary shares.

	2018 **GH¢**	2017 GH¢
16 Cash and cash equivalents		
Cash on Hand and Cash Balances with Bank of Ghana (Note 16a)	304,386,398	259,644,074
Due from Banks and other Institutions (Note 16b)	337,449,656	498,107,525
	641,836,054	**757,751,599**

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
16a	**Cash on Hand and Cash Balances with Bank of Ghana**		
	Cash on Hand	67,916,545	63,220,053
	Balance with Bank of Ghana	236,469,853	196,424,021
		304,386,398	**259,644,074**
	Due from Banks and other Institutions		
	Nostro Account Balances and Nostro Placements	104,999,080	438,942,175
	Items in Course of Collection	14,751,080	21,165,350
	Placement with Local Banks	218,000,000	38,000,000
	Less Impairment	(300,504)	-
		337,449,656	**498,107,525**

Impairment allowance for due from banks

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

2018	GH¢ Stage 1 Individual	GH¢ Stage 2 Individual	GH¢ Stage 3 Individual	GH¢ Total
Due from Banks and other Institutions	337,750,160	-	-	337,750,160
Total	**337,750,160**	-	-	**337,750,160**

An analysis of changes in the gross carrying amount is as follows:

2018	GH¢ Stage 1 Individual	GH¢ Stage 2 Individual	GH¢ Stage 3 Individual	GH¢ Total
Gross carrying amount as at 1 January 2018	-	-	-	-
New assets originated or purchased	337,750,160	-	-	337,750,160
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Total	**337,750,160**	-	-	**337,750,160**

Notes to the Financial Statements cont'd

An analysis of corresponding Expected Credit Loss (ECL) allowances is, as follows:

2018	GH¢ Stage 1 Individual	GH¢ Stage 2 Individual	GH¢ Stage 3 Individual	GH¢ Total
ECL allowance as at 1 January 2018	193,132	-	-	193,132
New assets originated or purchased	251,572	-	-	251,572
Assets derecognised or repaid (excluding write offs)	(193,132)	-	-	(193,132)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Total	**251,572**	-	-	**251,572**

		2018 GH¢	2017 GH¢
17	**Non-Pledged Trading assets**		
	Government bonds	14,005,329	15,616,532
	Treasury bills	61,713,165	58,683,984
		75,718,494	**74,300,516**
17a	**Non Pledged Trading assets**		
		FV Through P&L	**FV Through P&L**
		GH¢	**GH¢**
	Balance as at 1 January	74,300,514	70,023,376
	Additions	75,850,940	74,182,549
	Disposals	(74,300,514)	(70,023,376)
	Fair value	(132,446)	117,967
	Balance as at 31 December	**75,718,494**	**74,300,516**

None of the financial instruments was pledged as collateral during the year (2017: Nil).

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
18	**Equity Investments**		
	Advans Ghana Note 18a	2,519,145	1,893,660
	YUP Ghana	287,897	-
	Total	**2,807,042**	**1,893,660**
18a	Advans Ghana	1,893,660	
	Cost	625,485	
	Fair value	**2,519,145**	

Valuation Method
Advans Ghana: The net asset method of valuation was used in calculating the fair value of Advans Ghana using the most recent financial statement.
YUP: The company is still in the set up stage hence the cost to date represents the most reliable value of the holding of SG Ghana at the reporting date.

Advans Ghana is a Savings and Loans company which specializes in the collection of deposits and giving of credits. Societe Generale Ghana has a 10% stake in the ownership of the company. It is an unlisted equity investment which is carried at fair value through profit or loss.

YUP Ghana Limited has been incorporated as a private company limited by shares. The Company is registered with 500,000,000 shares of no par value with Societe Generale Group having a 75% interest and Societe Generale Ghana having a 25% interest. The nature of business which the company is authorized to carry on are the distribution of electronic money.

YUP Ghana Limited is fully registered with the Ghana Investment Promotion Centre to enable operations to commence.

In line with the Regulations of the Central Bank, YUP Ghana Limited has submitted an application to the Bank of Ghana for approval under the Banks and Specialized Deposit Taking Institutions Act 2016 Act 930. However, Bank of Ghana is yet to grant approval for YUP Ghana Limited to commence full operations. This is due to the fact that the Payment Systems and Services Bill 2017 has not yet been passed by Parliament and assented to by the President of the Republic of Ghana. When fully operational, YUP Ghana will be held under our subsidiary SSBI.

SG Ghana is in the process of holistically moving all it's equity investements in other body corporates for which the bank holds more than 5% interest to its investment subsdiairy SSBI as required by Section 73(3) of the Banks And Specialised Deposit-Taking Institions Act (ACT 930).

		2018 GH¢	2017 GH¢
19	**Loans and advances**		
	Overdrafts	458,404,448	468,247,533
	Term Loans	1,411,845,438	1,054,663,927
	Export Financing	325,277	3,451,792
	Staff Loan	50,137,065	40,166,590
	Equipment Finance Lease	44,905,545	64,625,490
	Gross Loans and Advances	**1,965,617,773**	**1,631,155,332**
	Amortised Cost Adjustment	(21,030,685)	(20,591,864)
	Interest in Suspense	(29,942,384)	(33,386,830)
	Less: Allowances for Impairment - Note 19e	(249,360,503)	(167,625,121)
		1,665,284,201	**1,409,551,517**

The Gross loans and advances includes restructured facilities of GHS 27,202,261. Note 2.16.9(k) explains the treatment of restructured credit facilities.

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
19a	**Other Statistics**		
	i. Loan Loss Provision Ratio	12.7%	10.2%
	ii. Gross Non-performing Loan Ratio	14.8%	13.3%
	iii. 50 Largest Exposure (Gross Funded Loan and Advances to Total Exposure)	52.2%	54.3%
	iv. Liquidity Ratio	89.7%	72.1%
19b	**Analysis by Type of Customers**		
	Individual	692,116,247	537,384,166
	Private Enterprise	990,043,891	849,321,109
	Public Enterprise	125,292,011	96,761,649
	Government Departments and Agencies	108,028,559	107,521,818
	Staff	50,137,065	40,166,590
		1,965,617,773	1,631,155,332
19c	**Analysis by Industry Sector**		
	Agriculture, Forestry and Fishing	214,741,507	185,347,994
	Mining and Quarrying	15,899,359	33,544,668
	Manufacturing	289,195,382	208,108,084
	Construction	71,605,483	87,244,445
	Electricity, Gas and Water	147,456,117	151,029,203
	Commerce and Finance	135,658,373	147,653,754
	Transport, Storage, Communication and services	1,022,151,667	778,031,124
	Miscellaneous	68,909,885	40,196,061
		1,965,617,773	**1,631,155,333**

19d Gross Loans by Quality

	Current GH¢	Olem GH¢	Substandard GH¢	Doubtful GH¢	Loss GH¢	Total GH¢
Gross Loans	1,604,841,173	69,779,118	61,468,615	48,167,160	181,361,707	**1,965,617,773**

Non Performing loans are made up of facilities classified as Substandard, Doubtful and Loss. The Total non performing loans in 2018 is GHS 290,997,482

Notes to the Financial Statements cont'd

		2017 GH¢
19e	**Impairment Allowance for Loans and Receivables under IAS 39**	
	Balance at 1 January	135,536,042
	Charge for the Year	39,018,023
	Amount Written Off	(6,928,944)
	Balance at 31 December	167,625,121
	Individual Impairment	159,487,000
	Collective Impairment	8,138,121
	Balance at 31 December	167,625,121

19f Computation of Credit Risk Reserve

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 recorded in the profit or loss. Where provisions per IFRS is more than provisions per Bank of Ghana guidelines, no regulatory credit reserve is required.

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

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	2018 GH¢	2017 GH¢
Provisions per Bank of Ghana Guidelines	224,228,622	166,148,444
Provisions per IFRS	249,360,503	167,625,121

No credit risk reserve was made in 2018 and 2017 as IFRS provision was greater than provision under Bank of Ghana

Loans and advances to customers

Corporate lending

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances.

2018 GH¢

	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Specific	
Corporate lending	904,069,933	26,998,723	270,976,027	1,202,044,683
Total Impairment Loss	**904,069,933**	**26,998,723**	**270,976,027**	**1,202,044,683**

Notes to the Financial Statements cont'd

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate lending is, as follows:

2018 GH¢

	Stage 1 Individual	Stage 2 Individual	Stage 3 Specific	Total
Gross carrying amount as at 1 January 2018	885,825,310	20,857,789	182,745,760	1,089,428,859
New assets originated or purchased	459,903,775	14,645,174	74,965,391	549,514,340
Assets derecognised or repaid (excluding write offs)	(382,025,836)	(14,527,217)	(34,486,991)	(431,040,044)
Transfers to Stage 1	(64,923,901)	13,384,325	51,539,576	-
Transfers to Stage 2	1,842,870	(7,347,474)	5,504,604	-
Transfers to Stage 3	3,447,715	1,447	(3,449,162)	-
Amounts written off	-	(15,320)	(5,843,152)	(5,858,472)
Total	**904,069,933**	**26,998,724**	**270,976,026**	**1,202,044,683**

Impairment allowance for loans and advances to Corporate customers

Gross carrying amount as at 1 January 2018	24,511,629	3,704,343	144,833,982	173,049,954
New assets originated or purchased	12,379,179	2,598,264	33,811,018	48,788,461
Assets derecognised or repaid (excluding write offs)	(10,391,103)	(2,580,034)	(3,821,000)	(16,792,137)
Transfers to Stage 1	(1,765,930)	2,377,056	-	611,126
Transfers to Stage 2	50,126	(1,304,911)	-	(1,254,785)
Transfers to Stage 3	93,778	257	-	94,035
Amounts written off	-	-	(2,451,000)	(2,451,000)
Total	**24,877,679**	**4,794,975**	**172,373,000**	**202,045,654**

Retail lending	688,461,129	20,858,456	54,253,505	763,573,090
Total Impairment Loss	**688,461,129**	**20,858,456**	**54,253,505**	**763,573,090**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Retail lending is as follows:

Gross carrying amount as at 1 January 2018	491,567,757	10,512,000	39,646,714	541,726,471
New assets originated or purchased	417,550,578	10,433,449	9,458,940	437,442,967
Assets derecognised or repaid (excluding write offs)	(196,755,536)	(2,643,443)	(7,520,351)	(206,919,330)
Transfers to Stage 1	(25,938,425)	10,736,630	15,201,795	-
Transfers to Stage 2	1,506,888	(6,817,636)	5,310,748	-
Transfers to Stage 3	572,961	19,030	(591,991)	-
Amounts written off	(43,094)	(1,381,574)	(7,252,350)	(8,677,018)
Total	**688,461,129**	**20,858,456**	**54,253,505**	**763,573,090**

Notes to the Financial Statements cont'd

Impairment allowance for loans and advances to Retail customers

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
Gross carrying amount as at 1 January 2018	2,675,703	5,200,586	16,864,000	24,740,289
New assets originated or purchased	1,952,263	4,731,199	24,099,000	30,782,462
Assets derecognised or repaid (excluding write offs)	(982,494)	(1,217,249)	(3,638,000)	(5,837,743)
Transfers to Stage 1	(204,352)	5,920,056		5,715,704
Transfers to Stage 2	17,791	(3,537,069)		(3,519,278)
Transfers to Stage 3	11,353	10,062		21,415
Amounts written off	-	-	(4,588,000)	(4,588,000)
Total	**3,470,264**	**11,107,585**	**32,737,000**	**47,314,849**

20 Investment Securities

	Debt instruments measured at amortised cost	Available for sale investment securities (FVOCI)
	2018	2017
	GH¢	GH¢
Government bonds	691,417,274	234,033,847
	691,417,274	**234,033,847**

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk and year-end stage classification. The amounts presented are gross of impairment allowances.

2018	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
Government Bills and Bonds	691,417,274	-	-	691,417,274
Total Exposure	**691,417,274**	-	-	**691,417,274**

An analysis of changes in the gross carrying amount and year-end stage classification is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	
Gross carrying amount as at 1 January 2018	232,057,725	-	-	232,057,725
New assets originated or purchased	637,924,450	-	-	637,924,450
Assets derecognised or matured (excluding write offs)	(178,564,901)	-	-	(178,564,901)
Transfers to Stage 1	-	-	-	0
Transfers to Stage 2	-	-	-	0
Transfers to Stage 3	-	-	-	0
Amounts written off	-	-	-	0
Total	**691,417,274**	-	-	**691,417,274**

Notes to the Financial Statements cont'd

Impairment allowance for debt instruments measured at amortised cost

Instruments under this category were issued by the central bank and government. Impairement for these instruments were assessed to be insignificant.

21	Property, Plant and Equipment	2018 GH¢	2017 GH¢
	Property, Plant and Equipment	289,214,114	278,799,650
		289,214,114	**278,799,650**

21a	Depreciation and Amortisation		
	Property, Plant and Equipment (21b)	21,000,211	11,867,601
	Intangible Assets (22)	1,756,012	1,658,784
		22,756,223	**13,526,385**

21b Property, Plant and Equipment

2018	Land & Building GH¢	Computers GH¢	Furniture & Equipment GH¢	Motor Vehicles GH¢	Assets in Course of Construction GH¢	Total GH¢
Cost/valuation						
Balance at 1 January	223,977,398	19,329,143	39,725,994	6,941,071	37,768,472	327,742,079
Additions	2,800,581	1,415,147	3,599,691	353,514	23,264,439	31,433,372
Transfers	32,046,007	-	2,308,503	934,566	(35,289,076)	-
Disposal / Write offs	(15,254)	-	(49,876)	(27,378)	-	(92,508)
Balance at 31 December	**258,808,732**	**20,744,290**	**45,584,312**	**8,201,773**	**25,743,835**	**359,082,942**
Depreciation						
Balance at 1 January	11,342,068	17,104,721	18,719,998	1,775,635	-	48,942,422
Charge for the year	10,069,425	1,470,267	7,237,319	2,223,200	-	21,000,211
Disposal / Write offs	(6,548)		(39,879)	(27,378)	-	(73,805)
Balance at 31 December	**21,404,945**	**18,574,988**	**25,917,438**	**3,971,457**	-	**69,868,828**
Net book value						
At 31 December 2018	**237,403,787**	**2,169,302**	**19,666,874**	**4,230,316**	**25,743,837**	**289,214,114**

Notes to the Financial Statements cont'd

Property, Plant and Equipment

2017

Cost/valuation						
Balance at 1 January	79,002,048	18,654,260	25,884,365	1,451,611	6,641,147	131,633,431
Additions	4,733,885	1,621,355	3,937,713	6,021,825	40,450,451	56,765,229
Transfers	51,132	(932,429)	9,826,648	154,085	(9,099,435)	-
Disposal/Write Offs	(6,449,360)	(14,043)	77,268	(686,450)	(223,691)	(7,296,276)
Revaluations	146,639,693	-	-	-	-	146,639,693
Balance at 31 December	223,977,398	19,329,143	39,725,994	6,941,071	37,768,472	327,742,077
Depreciation						
Balance at 1 January	16,261,920	15,907,440	14,276,523	1,199,009	-	47,644,892
Charge for the year	4,227,609	1,562,106	4,814,810	1,263,076	-	11,867,601
Disposal/Write Offs	(9,147,461)	(364,825)	(371,329)	(686,451)	-	(10,570,066)
Balance at 31 December	11,342,068	17,104,721	18,720,004	1,775,634	-	48,942,427
Net book value						
At 31 December 2017	212,635,330	2,224,422	21,005,990	5,165,437	37,768,472	278,799,650

		2018 **GH¢**	2017 GH¢
21c	**Non Cancellable Operating Lease**		
	The Bank as a lessee		
	Balance as at 1 January	3,188,450	3,336,750
	Amount expensed during the Year	(148,300)	(148,300)
	Balance as at 31 December	**3,040,150**	**3,188,450**
	Future Minimum Lease Payments are as follows		
	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	2,298,650	2,446,950
	Balance as at 31 December	**3,040,150**	**3,188,450**

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

Notes to the Financial Statements cont'd

22	**Intangible Assets**		
	Computer Software		
	Cost		
	Balance at 1 January	18,717,352	17,728,235
	Additions	1,763,577	989,117
	Transfers of asset in course of construction Note 21b	58,057	-
	Balance at 31 December	**20,538,986**	**18,717,352**
	Amortisation		
	Balance at 1 January	16,413,991	14,755,207
	Charge for the Year	1,756,012	1,658,784
	Balance at 31 December	18,170,003	16,413,991
	Carrying amount 31 December	**2,368,983**	**2,303,361**

The amortization periods and key factors considered in determining the useful life are the same as disclosed in note 2.9

The addition to software in 2018 is made up of software for queue management, customer digital service and new generation ATMs

		2018 GH¢	2017 GH¢
23	**Current Tax: Assets/Liabilities**		
	Corporate tax (note 23a)	(1,425,257)	1,697,217
	National Stabilization Levy (note 23b)	(457,509)	10,537
		(1,882,766)	**1,707,754**

23a Current Tax: Assets/Liabilities

	Balance 1-Jan GH¢	**Charge for the year GH¢**	**Payment/Credits during the year GH¢**	**Balance 31-Dec GH¢**
Corporate tax				
2017	1,697,217	2,147,809	-	3,845,026
2018	-	38,613,030	(43,883,313)	(5,270,283)
	1,697,217	**40,760,839**	**(43,883,313)**	**(1,425,257)**

		2018 GH¢	2017 GH¢
23b	**National Stabilization Levy**		
	Balance as at 1 January	10,537	(377,386)
	Charge to statement of profit or loss and other comprehensive income	5,260,598	6,351,455
	Payment/Credit during the year	(5,728,644)	(5,963,532)
	Balance as at 31 December	**(457,509)**	**10,537**

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.

Notes to the Financial Statements cont'd

24	**Other Assets**		
	Stationary and Consumable Stocks	106,752	41,191
	Prepayments and Sundry Debtors	55,201,834	30,931,444
	Accrued Income	138,818	135,501
		55,447,404	**31,108,136**
		2018 GH¢	2017 GH¢
	Prepayments and Sundry Debtors		
	Unpaid customer Charges	6,720,308	707,518
	Deferred staff cost	9,824,822	10,167,329
	Rent prepayment	20,630,791	11,221,044
	Medical prepayment	2,737,230	2,837,916
	Other sundry Debtors & prepayment	15,288,683	5,997,637
		55,201,834	**30,931,444**
25	**Derivative Assets held for risk management**		
	Foreign exchange	5,380,060	-
		5,380,060	-

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.

	2018 GH¢ Fair value of derivatives held for trading GH¢	2018 GH¢ Notional amount GH¢	2017 GH¢ Fair value of derivatives held for trading GH¢	2017 GH¢ Notional amount GH¢
Foreign Exchange SWAP	**5,380,060**	**517,977,952**	-	-

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.

Notes to the Financial Statements cont'd

		2018	2017
		GH¢	GH¢
26	**Borrowings**		
	Borrowings - Repurchase agreement	-	15,439,033
	Socgen Borrowing	275,411,137	-
	European International Bank	29,556,277	32,017,924
	PROPARCO	43,763,223	54,864,641
	Edaif Managed Fund	882,768	1,862,956
		349,613,405	**104,184,554**

The Bank has not had any defaults of principal, interest or other breaches with regard to any liabilities during 2018 or 2017.

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. As at 31 December 2018 the amounts outstanding were $ 2.727million and € 5.5million

European Investment Bank (EIB). This is a EUR 20 million credit facility extended to the bank by EIB. The loan is to be drawn in EUR and/or USD and 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 2018 the outstanding balance is $ 6.05million.

International Finance Corporation (IFC). A new facility for USD 20 million IFC Senior Loan was signed in June 2017. 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 current interest rate is 3-months LIBOR plus a margin of 375 basis points. As at 31 December 2018 the outstanding balance is nil.

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.

Notes to the Financial Statements cont'd

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.

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

		2018 GH¢	2017 GH¢
	Carrying Amount of Assets		
	Carrying Amount of Liabilities	-	15,000,000
		-	15,439,033
		-	**(439,033)**
27	**Deposit from Customers**		
	Retail customers		
	Term Deposits	319,014,326	182,363,008
	Current Deposits	529,031,703	471,915,080
	Savings Deposits	327,577,770	295,015,068
	Corporate Customers		
	Term Deposits	77,150,326	114,942,747
	Current Deposits	838,450,999	917,611,456
	Savings Deposits	70,157,474	1,051,815
	Interest payable on deposits	-	5,399,571
	Deposits from customers	**2,161,382,598**	**1,988,298,745**
	Deposits from banks	**3,667,371**	**5,596,563**
		2,165,049,969	**1,993,895,308**
27a	**Analysis by Type of Deposits**		
	Financial Institutions	31,314,782	30,459,373
	Individuals and Other Private Enterprise	2,045,514,379	1,875,445,439
	Government Departments and Agencies	2,691,404	4,874,239
	Public Enterprises	85,529,404	83,116,260
		2,165,049,969	1,993,895,311
	20 Largest depositors to total deposit ratio	**22.0%**	**25.8%**

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
28	**Other Liabilities**		
	Creditors	27,315,649	16,951,457
	Other Creditors and Provisions (28a)	77,205,490	64,514,267
	Accruals	75,538,359	51,511,996
		180,059,498	**132,977,720**
28a	**Other Creditors and Provisions**		
	Payment Orders	10,342,490	8,897,187
	Statutory Deductions	2,600,620	2,594,649
	Uncleared Effects	44,634,406	40,715,960
	Other Commitments & Credit Balances	4,493,450	2,677,294
	Provisions for legal expenses (28b)	1,220,800	1,055,000
	Off Balance sheet Provisions	5,959,016	-
	Other Provisions (28b)	7,954,708	8,574,177
		77,205,490	**64,514,267**

28b		Provisions for Litigation	Others Provisions	Total
	2018	**GH¢**	**GH¢**	**GH¢**
	As at 1 January 2018	1,055,000	8,574,178	9,629,178
	Provisions made during the year	165,800	-	3,702,124
	Provisions reversed during the year	-	(619,470)	(619,470)
	As at 31 December 2018	**1,220,800**	**7,954,708**	**9,175,508**
	2017			
	As at 1 January 2017	2,360,302	5,371,422	7,731,724
	Provisions made during the year	-	4,767,410	4,767,410
	Provisions reversed during the year	(1,305,302)	(1,564,654)	(2,869,956)
	As at 31 December 2017	**1,055,000**	**8,574,178**	**9,629,178**

28c	**Aging analysis of Uncleared Effect**		2018	2018	2018	2018
	As at 1 January 2017		Below 3 months	3 to 6 months	6 to 12 months	Above 1 year
		GH¢	GH¢	GH¢	GH¢	GH¢
	Uncleared Effect	**44,634,406**	**39,161,594**	**297,213**	**17,522**	**5,158,078**

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

Notes to the Financial Statements cont'd

29 Stated Capital

a. Authorised ordinary shares			**2018**	2017
Number of ordinary shares of no par value			**1,000,000,000**	500,000,000

During the 38th Annual General meeting of the Bank, a resolution was passed to increase the number of authorised shares from 500,000,000 to 1,000,000,000. The current stated capital of the Bank is GHS404,245,427.

	2018		2017	
b. Issued and fully paid ordinary shares	**Number**	**Amount**	Number	Amount
		GH¢		GH¢
Issued and fully paid ordinary shares	**709,141,367**	**404,245,427**	**429,060,180**	**138,302,925**

In September 2017, the Bank of Ghana announced a new minimum capital requirement for banks operating in the country. The Central Bank revised upward the minimum paid up capital for existing banks and new entrants from GH¢120M to a new level of at least GH¢400M. All existing banks had up to December 31, 2018 to meet the new minimum paid up capital requirement.

In line with the new requirement, Societe Generale Ghana did the following:

- Bonus Issue – This was done by a transfer of an amount of GHS 97M from income surplus to Stated capital in a proportion of 1 ordinary share to 6 existing shares held by a qualifying shareholder. New shares were issued to shareholders in the proportion of their existing shareholdings . The exercise was completed in April 2018
- Rights issue - A total of 208,570,990 ordinary shares were issued at no par value at GHS 0.81 per share in a ratio of 1 new share for every 2.400 shares held by a qualifying shareholder. The exercise was completed in November 2018 and a total of GHS168,942,502 was realised.

These two exercises were executed successfully, hence, the total stated capital increased to GHS 404,245,427 (from GHS 138,302,924.82) to ensure that the minimum capital was achieved before the December 31, 2018 deadline.

30 Other Reserves

	2018 GH¢	2017 GH¢
Balance 1 January	1,480,662	1,386,046
Movements during the year	(1,480,662)	94,616
Balance at 31 December	-	**1,480,662**

The application of the new accounting model resulted in the reclassification of the bank's AFS financial instrument (measured at FVOCI) to Debt instrument measured at amortised cost. A remeasurment adjustment of GHS1,480,662(net of tax) has been reversed at 1 January 2018

31 Dividend Declared and Paid

	2018 GH¢	2017 GH¢
Final dividend for the preceding year	-	14,158,986
Total dividend payments during the year	-	(14,158,986)
Balance at 31 December	-	-

Balance as 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. No dividend was proposed or declared before the financial statements were authorised for issue, but not recognised as a distribution to owners during the period.

Notes to the Financial Statements cont'd

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 done at arm's length and approved by the highest approving authority as spelt out in the Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930.

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. A collateral provided will be evaluated on the same terms and procedures normally required by the Bank for any other person to whom a credit facility is given

c. The terms and conditions of the credit facility are not less favourable to the Bank than those normally offered to other persons and

d. The granting of the credit facility is in the interest of the bank. The credit facility shall be approved by the Board of Directors.

e. The credit facility shall be approved by the board of Directors.

f. During the year, the following transactions were performed with related parties:

Interest paid and interest received from related parties during the year

	2018		2017	
	Interest Paid	**Interest Received**	Interest Paid	Interest Received
	GH¢	**GH¢**	GH¢	GH¢
Societe Generale Borrowing	**1,899,649**	**113,852**	164,670	107,212

		2018 GH¢	2017 GH¢
b.	**Related party balances at December**		
	Lending to Related Parties:		
	Officers and Employees other than Directors	50,137,065	40,166,590
	Placement with Societe Generale Group	-	290,003,950
	Nostro Account Balances with Societe Generale Group	**53,755,152**	**109,774,952**
c.	**Compensation to key management personnel of the Bank**		
	Fees	460,480	450,059
	Directors Expenses	432,649	553,877
	Salaries & Other allowances	3,834,902	4,226,395
		4,728,031	**5,230,331**

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.

Notes to the Financial Statements cont'd

		2018 GH¢	2017 GH¢
33	**Contingent Liabilities**		
	Guarantees and Indemnities	307,564,759	297,385,371
	Letters of Credit & Others	151,835,015	210,215,232
	Other undrawn commitments	18,532,000	-
		477,931,774	**507,600,603**

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lenders. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and,therefore, form part of the overall risk of the Bank.
Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments onbehalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. The nominal values of such commitments are listed below.

Impairment losses on guarantees and other commitments
An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

Financial guarantees
The table below shows the credit quality and the maximum exposure and year-end stage classification

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Financial guarantees	477,931,774	-	-	477,931,774
Total outstanding Exposure	**477,931,774**	-	-	**477,931,774**

An analysis of changes in the gross carrying amount in relation to contingent liabilities is, as follows:

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Gross carrying amount as at 1 January 2018	522,850,883	-	-	522,850,883
New assets originated or purchased	426,548,611	-		426,548,611
Assets derecognised or matured (excluding write offs)	(471,467,720)	-		(471,467,720)
Transfers to Stage 1	-	-		-
Transfers to Stage 2	-	-		-
Transfers to Stage 3	-	-		-
Amounts written off	-	-		-
Total outstanding Exposure	**477,931,774**	-	-	**477,931,774**

Notes to the Financial Statements cont'd

	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Impairment allowance for contingent liabilities				
Gross carrying amount as at 1 January 2018	6,623,656	-	-	6,623,656
New assets originated or purchased	4,616,138	-		4,616,138
Assets derecognised or matured (excluding write offs)	(5,280,778)	-		(5,280,778)
Transfers to Stage 1	-	-		-
Transfers to Stage 2	-	-		-
Transfers to Stage 3	-	-		-
Amounts written off	-	-		-
At 31 December 2018	**5,959,016**	-	-	**5,959,016**

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 probable outflow which could result from all such litigation, based on the current status of the various legal proceedings, is estimated to be not more than GH¢1,220,800 while the timing of the outflow is uncertain.

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 Note 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:

31 December 2018	Financial Assets at FVPL GH¢	Equity Instrument Designated at FVOCI GH¢	Loan and Advances at amortised cost GH¢	Debt Instrument at amortised cost GH¢	Total Carrying GH¢
Cash & Cash Equivalents	-	-	641,836,054	-	641,836,054
Non-Pledged Trading assets	75,718,494			-	75,718,494
Investment securities				691,417,274	691,417,274
Loans and Advances to Customers			1,665,284,201		1,665,284,201
Investments (other than securities)	2,807,042			-	2,807,042
Derivative Assets held for risk management	5,380,060	-		-	5,380,060
Total Financial Assets	**83,905,596**	-	**2,307,120,255**	**691,417,274**	**3,082,443,125**
Total Non-Financial Assets					**348,913,267**
Total Assets					**3,431,356,392**

Notes to the Financial Statements cont'd

Financial Liabilities	Financial Liabilities Measured at Amortised Cost GH¢	Total Carrying Amount GH¢
Deposits from Banks and Customers	2,165,049,969	2,165,049,969
Borrowings	349,613,405	349,613,405
Other Liabilities	214,908,118	214,908,118
Total Financial Liabilities	**2,729,571,492**	**2,729,571,492**
Total Non-financial Liabilities		**701,784,900**
Total Liabilities and Shareholders Fund		**3,431,356,392**

31 December 2017	Designated at Fair Value through Profit & Loss GH¢	Held to Maturity Investments GH¢	Available for-sale Financial Assets GH¢	Loans and Receivables GH¢	Total Carrying Amount GH¢	Fair value GH¢
Cash & Cash Equivalents	757,751,599	-	-	-	757,751,599	757,751,599
Non-Pledged Trading assets	74,300,516	-	-		74,300,516	74,300,516
Investments (other than securities)		-		1,893,660	1,893,660	1,893,660
Loans and Advances to Customers	-	-	-	1,409,551,517	1,409,551,517	1,409,551,517
Investment securities	-	-	234,033,847		234,033,847	234,033,847
Total Financial Assets	**832,052,115**	-	**234,033,847**	**1,411,445,177**	**2,477,531,139**	**2,477,531,139**
Total Non-Financial Assets						**312,211,147**
Total Assets						**2,789,742,286**

Financial Liabilities	Financial Liabilities Measured at Amortised Cost GH¢	Total Carrying Amount GH¢	Fair value GH¢
Deposits from Banks and Customers	1,993,895,308	1,993,895,308	1,993,895,308
Borrowings	104,184,554	104,184,554	104,184,554
Other Liabilities	172,809,401	172,809,401	172,809,401
Total Financial Liabilities	**2,270,889,263**	**2,270,889,263**	**2,270,889,263**
Total Non-financial Liabilities			**518,853,023**
Total Liabilities and Shareholders Fund			**2,789,742,286**

Notes to the Financial Statements cont'd

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	Stage 1	Stage 2	Stage 3	Total
31 December 2018		GH¢	GH¢	GH¢	GH¢
Non-Pledged Trading assets	17 & 20	-	767,135,768	-	767,135,768
Equity investment	18		2,807,042	-	2,807,042
Derivative Financial Assets	25		5,380,060		5,380,060
Land and building				237,403,787	237,403,787
		-	**775,322,860**	**237,403,787**	**1,012,726,657**
31 December 2017					
Government securities	17 & 20	-	308,334,363	-	308,334,363
Land and building	21b			212,635,330	212,635,330
		-	**308,334,363**	**212,635,330**	**520,969,693**

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.

Level 3 Valuation Technique

The assets in Level 3 comprise revaluation gain on the Bank's fixed assets. Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

Day 1 Profit

The day 1 profit recognised on the derivative financial instrument was GH¢140,000 (2017: Day 1 profit of GH¢738,108).

Notes to the Financial Statements cont'd

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 operational 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 its frequency of meetings are:

i. Credit Risk Committee - Quarterly;

ii. Assets 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 that independent control process is maintained.Societe Generale Ghana's Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

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 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.

Notes to the Financial Statements cont'd

Note 37 cont'd

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

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

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 2017, the bank's credit exposure were categorised as follows:

Notes to the Financial Statements cont'd

Note 37 cont'd

- 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;

		2017 Loans & advances to customers GH¢
Neither past due nor impaired		1,284,344,950
Past due but not impaired		114,042,900
Individually impaired		232,767,480
Gross		1,631,155,330
Less Allowance for impairment		(167,625,121)
Interest in suspense		(33,386,832)
Deferred Income		(20,591,864)
Net Amount		**1,409,551,513**

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) & 19c

Maximum Credit Exposure

	2018 GH¢	2017 GH¢
Due from Bank and Other Financial Institution	337,449,656	498,107,525
Non-Pledged Trading assets	75,718,494	74,300,516
Investment securities	691,417,274	234,033,847
Loans and Advances	1,665,284,201	1,409,551,513
Unsecured Contingent Liabilities and Commitments	477,931,774	507,600,603
	3,247,801,399	**2,723,594,004**

Notes to the Financial Statements cont'd

Note 37 cont'd

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:

	2018 GH¢	2017 GH¢
Against Impaired Assets	425,564,332	338,795,332
Against Past Due but not Impaired Assets	145,212,545	121,014,847
	570,776,877	**459,810,179**

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 Societe Generale 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 2018 is shown in the table below.

Maturity analysis of assets and liabilities
The table shows a summary of assets and liabilities analysed according to their undiscounted contractual terms of the transactions and models of historic client behaviour as well as conventional assumptions for some balance sheet items.

As at 31 December 2018	Total	Below 3	3 to 6	6 to 12	Above 1
	GH¢	months	months	months	year
Assets		GH¢	GH¢	GH¢	GH¢
Cash and Cash Equivalents	641,836,054	641,836,054	-	-	-
Non-Pledged Trading assets	75,718,494	75,718,494	-	-	-
Investment securities	691,417,274	85,051,087	503,895,163	36,367,452	66,103,572
Loans and Advances to Customers	1,665,284,201	252,583,626	162,815,088	171,138,838	1,078,746,649
Equity Investments	2,807,042	-	-	-	2,807,042
Derivative Asset	5,380,060	5,380,060	-	-	-
Current Tax Asset	1,882,766	1,882,766	-	-	-
Other Assets	55,447,404	41,626,404	9,214,000	4,607,000	-
Property, Plant and Equipment	289,214,114	-	-	-	289,214,114
Intangible Assets	2,368,983	-	-	-	2,368,983
Total Assets	**3,431,356,392**	**1,104,078,491**	**675,924,251**	**212,113,290**	**1,439,240,360**

Notes to the Financial Statements cont'd

Note 37 cont'd

Liabilities					
Deposits from banks	3,667,371	3,667,371	-	-	-
Deposits from customers	2,161,382,598	448,462,906	194,149,173	328,219,960	1,190,550,559
Borrowings	349,613,405	316,145,493	33,467,912	-	-
Other Liabilities	180,059,498	54,017,849	54,017,849	72,023,800	-
Deferred Tax Liabilities	34,848,620	34,848,620	-	-	-
Total Liabilities	**2,729,571,492**	**857,142,239**	**281,634,934**	**400,243,760**	**1,190,550,559**
Net Liquidity Gap	**701,784,900**	**246,936,252**	**394,289,317**	**(188,130,470)**	**248,689,801**
Contingent liabilities - Guarantees, Letters of Credit & Undrawn commitment	**477,931,774**	**281,830,097**	**86,594,781**	**78,575,854**	**30,931,042**

As at 31 December 2017	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	757,751,599	757,751,599	-	-	-
Non-Pledged Trading assets	74,300,516	74,300,516	-	-	-
Investment securities	234,033,847	168,982,235	2,836,063	30,736,527	31,479,022
Loans and Advances to Customers	1,409,551,517	357,844,545	80,112,665	132,261,251	839,333,056
Equity Investments	1,893,660	47,350	47,350	94,700	1,704,260
Other Assets	31,108,136	21,719,880	6,249,200	3,139,056	-
Property, Plant and Equipment	278,799,650	-	-	-	278,799,650
Intangible Assets	2,303,361	-	-	-	2,303,361
Total Assets	**2,789,742,286**	**1,380,646,125**	**89,245,278**	**166,231,534**	**1,153,619,349**
Liabilities					
Deposits from banks	5,596,563	5,596,563	-	-	-
Deposits from customers	1,988,298,745	473,863,860	78,347,300	156,694,600	1,279,392,985
Borrowings	104,184,554	44,672,700	59,511,854	-	-
Current tax liabilities	1,707,754	1,707,754	-	-	-
Other Liabilities	132,977,720	59,293,275	43,253,684	30,430,761	-
Deferred Tax Liabilities	38,123,927	918,828	918,828	1,837,654	34,448,617
Total Liabilities	**2,270,889,263**	**586,052,980**	**182,031,666**	**188,963,015**	**1,313,841,602**
Net Liquidity Gap	**518,853,023**	**794,593,145**	**(92,786,388)**	**(22,731,481)**	**(160,222,253)**
Contingent liabilities - Guarantees and Letters of Credit	**507,600,604**	**299,325,416**	**91,970,372**	**83,453,651**	**32,851,165**

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

Societe Generale Ghana Limited has a large and diversified deposit base which forms a larger portion of the bank's mid and long-term financing resources.

Notes to the Financial Statements cont'd

Note 37 cont'd

Contractual maturities of undiscounted cash flows of financial assets and liabilities
The table shows a summary of financial 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.

As at 31 December 2018	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Financial Assets					
Cash and Cash Equivalents	641,836,054	641,836,054	-	-	-
Non-Pledged Trading assets	75,718,494	75,718,494	-	-	-
Investment securities	712,159,793	87,602,620	519,012,018	37,458,476	68,086,679
Loans and Advances to Customers	1,848,465,463	280,367,825	180,724,748	189,964,110	1,197,408,780
Equity Investments	3,284,239	-	-	-	3,284,239
Derivative Asset	5,380,060	5,380,060	-	-	-
Total Financial Assets	**3,286,844,103**	**1,090,905,053**	**699,736,766**	**227,422,586**	**1,268,779,698**
Financial Liabilities					
Deposits from banks	3,667,371	3,667,371	-	-	-
Deposits from customers	2,197,099,115	448,462,906	194,149,173	328,219,960	1,226,267,076
Borrowings	180,059,498	54,017,849	54,017,849	72,023,800	-
Total Financial Liabilities	**2,380,825,984**	**506,148,126**	**248,167,022**	**400,243,760**	**1,226,267,076**
Net Liquidity Gap	**906,018,119**	**584,756,927**	**451,569,744**	**(172,821,174)**	**42,512,622**
Contingent liabilities - Guarantees and Letters of Credit	**478,859,705**	**281,830,097**	**86,594,781**	**78,575,854**	**31,858,973**

As at 31 December 2017	Total GH¢	Below 3 months GH¢	3 to 6 months GH¢	6 to 12 months GH¢	Above 1 year GH¢
Financial Assets					
Cash and Cash Equivalents	757,751,599	757,751,599	-	-	-
Non-Pledged Trading assets	74,300,516	74,300,516	-	-	-
Investment securities	239,983,381	168,982,234	2,836,063	30,736,527	37,428,557
Loans and Advances to Customers	1,568,185,463	357,844,544	80,112,665	132,261,251	997,967,003
Investments (other than securities)	2,215,765	47,350	47,350	94,700	2,026,365
Total Financial Assets	**2,642,436,724**	**1,358,926,243**	**82,996,078**	**163,092,478**	**1,037,421,925**

Notes to the Financial Statements cont'd

Note 37 cont'd

Financial Liabilities					
Deposits from banks	5,596,563	5,596,563	-	-	-
Deposits from customers	2,026,680,534	473,863,859	78,347,300	156,694,600	1,317,774,775
Borrowings	104,184,554	44,672,700	59,511,854	-	-
Total Financial Liabilities	**2,136,461,651**	**524,133,122**	**137,859,154**	**156,694,600**	**1,317,774,775**
Net Liquidity Gap	**505,975,073**	**834,793,121**	**(54,863,076)**	**6,397,878**	**(280,352,850)**
Contingent liabilities - Guarantees and Letters of Credit	**507,600,604**	**299,325,416**	**91,970,372**	**83,453,651**	**32,851,165**

Structural interest rate
The interest rate risk is the incurred risk in case of interest rate variations because of all on-and off- financial position 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.

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.

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.

31 December	**Increase/decrease in basis points 2018**		**Effect on profit before tax 2018**		**Effect on equity 2018**	
USD	+1%	-1%	3,917,762	(3,917,762)	2,742,433	(2,742,433)
EURO	+1%	-1%	1,202,318	(1,202,318)	841,622	(841,622)
GHS	+1%	-1%	14,536,098	(14,536,098)	10,175,269	(10,175,269)

31 December	**2017**		**2017**		**2017**	
GH¢	5%	(5%)	1,816,161	(1,816,161)	1,362,121	(1,362,121)
USD	7%	(7%)	440,151	(440,151)	330,113	(330,113)
EUR	5%	(5%)	13,761,560	(13,761,560)	10,321,170	(10,321,170)

Notes to the Financial Statements cont'd

Note 37 cont'd

Market risk
Market risk is the risk of losses being incurred as a result of adverse movements in interest or exchange rates arising 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
- professional customers (companies and institutional investors)
- define and monitor alert procedures
- make sure that the Back Office is really independent from the Front Office.

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.

31 October	Increase/decrease in basis points 2018		Effect on profit before tax 2018		Effect on equity 2018	
USD	+1%	-1%	60,530	(60,530)	42,371	(42,371)
GBP	+1%	-1%	2,566	(2,566)	1,796	(1,796)
EUR	+1%	-1%	(33,421)	33,421	(23,395)	23,395
Other currencies	+1%	-1%	41,265	(41,265)	28,885	(28,885)
31 December	2017		2017		2017	
			GH¢	GH¢	GH¢	GH¢
USD	10%	-10%	652,961	(652,961)	163,240	(163,240)
GBP	8%	-8%	(251,435)	251,435	(62,859)	62,859
EUR	7%	-7%	(850,589)	850,589	(212,647)	212,647
Other currencies	5%	-5%	112,131	112,131	28,033	28,033

Notes to the Financial Statements cont'd

Note 37 cont'd

Exchange rate sensitivity analysis
The following methods and assumptions were 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.

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

Methods and assumptions used in the computation of sensitivity analysis

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 2018

	USD	GBP	EURO	Others	Total
Assets	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and Balances with Bank of Ghana	15,774,160	14,134,170	19,073,932	6,497	48,988,759
Due from Other Banks and					
Financial Institutions	8,241,240	5,826,630	86,816,676	4,114,533	104,999,079
Other Assets	569,290	677,149	1,154,695	-	2,401,134
Loan and Advances to Customers	391,776,192	718	120,231,754	-	512,008,664
Total Assets	**416,360,882**	**20,638,667**	**227,277,057**	**4,121,030**	**668,397,636**
Liabilities					
Due to Other Banks and					
Financial Institutions	317,046,455	-	30,321,775	-	347,368,230
Due to Customers	564,187,582	19,515,424	136,463,089	26,912	720,193,007
Other Liabilities	5,738,602	866,479	63,834,317	1,677	70,441,075
Total Liabilities	886,972,639	20,381,903	230,619,181	28,589	1,138,002,312
Net on Balance Sheet Position	**(470,611,757)**	**256,764**	**(3,342,124)**	**4,092,441**	**(469,604,676)**
Net Off Balance Sheet Position	**476,664,458**	-	-	-	**476,664,458**
Net open position	**6,052,701**	**256,764**	**(3,342,124)**	**4,092,441**	**7,059,782**

Note 37 cont'd

31 December 2017

Assets	GH¢	GH¢	GH¢	GH¢	GH¢
Cash and Balances with Bank of Ghana	5,899,202	1,829,556	2,365,967	-	10,094,725
Due from Other Banks and Financial Institutions	321,751,892	15,292,047	112,872,652	2,261,395	452,177,986
Other Assets	(3,732,725)	-	5,998	-	(3,726,727)
Loan and Advances to Customers	433,137,819	557	98,443,451	-	531,581,827
Total Assets	**757,056,188**	**17,122,160**	**213,688,068**	**2,261,395**	**990,127,811**
Liabilities					
Due to Other Banks and Financial Institutions	51,643,034	-	34,426,275		86,069,309
Due to Customers	562,370,157	18,224,059	179,078,404	18,763	759,691,383
Other Liabilities	92,450,744	832,212	5,499,572	19	98,782,547
Total Liabilities	**706,463,935**	**19,056,271**	**219,004,251**	**18,782**	**944,543,239**
Net on Balance Sheet Position	**50,592,253**	**(1,934,111)**	**(5,316,183)**	**2,242,613**	**45,584,572**
Net Off Balance Sheet Position	**(37,533,025)**	-	-	-	**(37,533,025)**
Net open position	**13,059,228**	**(1,934,111)**	**(5,316,183)**	**2,242,613**	**8,051,547**

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.

Societe Generale Ghana Limited has adopted the Societe Generale 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.

Notes to the Financial Statements cont'd

Note 37 cont'd

- 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 Societe Generale 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 Chief Compliance Officer 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 train and advise staff and increase their awareness of compliance issues.

38 Regulatory Breaches

The Bank was fined Thirty-Six Thousand Ghana Cedis (GHS36,000) by the Bank of Ghana. The fined was imposed because a compliance report was sent to the Financial Intelligence Centre (FIC) only instead of Bank of Ghana with FIC in copy.

39 Segmental Reporting

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

- **Retail Banking**
  This unit primarily serves the needs of individuals, high net worth clients, institutional clients and very small businesses. It is principally responsible for providing loans and other credit facilities, as well as mobilizing deposits and providing other transactions.
- **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.
- **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 financial statements. The main source of difference is the use of a transfer pricing mechanism in apportioning investment income for the segment.

Notes to the Financial Statements cont'd

Segmental Reporting

31 December 2018	Retail Banking	Corporate Banking	Treasury	Total
	GH¢	GH¢	GH¢	GH¢
Revenue				
Interest & Similar Revenue (3 Parties)	188,442,860	165,309,998	-	353,752,858
Interest & Similar Expense	(42,246,301)	(33,176,720)	(521,325)	(75,944,346)
				-
Net Interest Margin	**146,196,559**	**132,133,278**	**(521,325)**	**277,808,512**
				-
Fees & Commission Revenue	40,446,928	31,100,961	9,058	71,556,947
Fees & Commission Expense	(16,944,277)	(1,517,227)	-	(18,461,504)
Net Commission Income	**23,502,651**	**29,583,734**	**9,058**	**53,095,443**
Trading Revenue	14,678,735	14,456,996	31,023,136	60,158,867
Other Operating Income	19,621,956	(8,846,524)	7,791	10,783,223
Total Other Operating Income	**34,300,691**	**5,610,472**	**31,030,927**	**70,942,090**
Total Operating Income	**203,999,901**	**167,327,484**	**30,518,660**	**401,846,045**
Credit Loss Expenses	(22,501,217)	(35,388,148)	-	(57,889,365)
Net Operating Income	**181,498,684**	**131,939,336**	**30,518,660**	**343,956,680**
				-
Personnel Expenses	(66,096,888)	(42,824,178)	(8,054,407)	(116,975,473)
Depreciation/ Amortisation	(13,311,465)	(7,985,219)	(1,459,539)	(22,756,223)
Other Operating Expenses	(52,667,761)	(38,443,421)	(7,901,846)	(99,013,028)
	-	-	-	-
Total Operating Expense	**(132,076,114)**	**(89,252,818)**	**(17,415,792)**	**(238,744,724)**
Profit before Tax	**49,422,570**	**42,686,518**	**13,102,868**	**105,211,956**
				-
Total Assets	**1,583,398,232**	**1,828,178,935**	**19,779,225**	**3,431,356,392**
				-
Total Liabilites	**1,318,186,025**	**1,411,385,467**	-	**2,729,571,492**

No revenue from transactions with a single customer or counter party amounted to 10% or more of the Bank's total revenue in 2018 or 2017.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.

Notes to the Financial Statements cont'd

31 December 2017	Retail Banking	Corporate Banking	Treasury	Total
	GH¢	GH¢	GH¢	GH¢
Revenue				
Interest & Similar Revenue	148,645,689	173,135,223	-	321,780,912
Interest & Similar Expense	(31,408,923)	(28,778,073)	-	(60,186,996)
Net Interest Margin	**117,236,766**	**144,357,151**	-	**261,593,916**
Fees & Commission Revenue	39,349,283	36,585,890	13,580	75,948,753
Fees & Commission Expense	(15,443,098)	(1,305,820)	-	(16,748,918)
Net Commission Income	**23,906,185**	**35,280,070**	**13,580**	**59,199,835**
Trading Revenue	1,323,409	22,637,555	34,812,857	58,773,821
Other Operating Income	2,757,592	2,805,466	31,862	5,594,920
Total Other Operating Income	**4,081,001**	**25,443,021**	**34,844,719**	**64,368,741**
Total Operating Income	**145,223,953**	**205,080,242**	**34,858,299**	**385,162,494**
Credit Loss Expenses	(7,651,263)	(31,614,846)	-	(39,266,110)
Net Operating Income	**137,572,690**	**173,465,396**	**34,858,299**	**345,896,384**
Personnel Expenses	(52,363,676)	(40,575,001)	(7,573,485)	(100,512,162)
Depreciation/ Amortisation	(7,010,504)	(5,569,253)	(946,628)	(13,526,385)
Other Operating Expenses	(39,525,252	(55,816,193)	(9,487,299)	(104,828,744)
total Operating Expense	(98,899,432)	(101,960,447)	(18,007,412)	(218,867,291)
Profit before Tax	**38,673,258**	**71,504,948**	**16,850,887**	**127,029,093**
Total Assets	**1,304,458,157**	**1,469,718,161**	**15,565,965**	**2,789,742,283**
Total Liabilites	**1,048,376,069**	**1,222,513,193**	-	**2,270,889,262**

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 adjustment 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.

Notes to the Financial Statements cont'd

The transfer to Statutory Reserve Fund is in compliance with the Banks and Specialized Deposit Taking Institutions Act, 2016 Act 930.

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 available for sale reserve on debt securities and available for sale on equity investments. 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.
Under the IFRS 9 Available for sale assets have been reclassified under Amortised cost and equity investments have been reclassified as fair value through

h. profit or loss.

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

j. includes revaluation reserves.

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. The capital adequacy ratio of the Bank as of 31 December 2018 is shown below:

Maximum Credit Exposure

	2018 Actual GH¢	2017 Actual GH¢
Ordinary share capital	404,245,427	138,302,925
Retained earnings	30,256,311	142,772,417
Other Reserves	143,612,902	112,626,759
Non controlling interests	(2,807,042)	(1,893,660)
Intangible assets	(25,279,637)	(20,505,677)
Other regulatory adjustments	-	-
Net Tier 1 Capital	**550,027,961**	**371,302,764**
Revaluation Reserves	61,835,130	62,575,460
Tier 2 Capital	**61,835,130**	**62,575,460**
Total Regulatory Capital	**611,863,091**	**433,878,224**
Total Adjusted Asset Base	2,834,146,679	2,595,718,966
Total regulatory Capital as a % of RWA	**21.59%**	**16.72%**
Total Tier 1 capital as a % of RWA	**19.41%**	**14.30%**

Notes to the Financial Statements cont'd

41 Compliance Status of Externally Imposed Capital Requirement
During the past year Societe Generale Ghana Limited had 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	24,364	8,832,454	1.25%
1,001-5,000	5,376	8,763,135	1.24%
5,001-10,000	926	5,155,227	0.73%
Over 10,000	732	686,390,551	96.79%
	31,398	**709,141,367**	**100.0%**

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

43 Value Added Statement

	2018 GH¢	2017 GH¢
Value Added Statements for the year ended 31 December 2018		
Interest earned and other operating income	496,225,147	462,199,360
Direct cost	(94,405,850)	(76,935,913)
Value added by banking services	401,819,298	385,263,447
Non - banking income	26,748	352,778
Impairments	(57,889,365)	(39,018,023)
Value added	**343,956,681**	**346,598,202**
Distributes as follows:		
To Employees :-		
Directors (without executives)	(893,129)	(1,003,936)
Executive Directors	(3,834,902)	(4,226,395)
Other employees	(113,140,572)	(96,285,768)
To Government :-		
Income Tax	(43,239,671)	(36,521,589)
To providers of capital :-		
Dividend to shareholders	-	(14,158,986)
To expansion and growth :-		
Depreciation	(21,000,211)	(11,867,601)
Amortisation	(1,756,012)	(1,658,784)
Other Operating cost	(98,119,899)	(104,526,625)
To retained earnings	61,972,285	76,348,518

Notes to the Financial Statements cont'd

44 Twenty Largest Shareholders

Shareholders Account Name	Number of Holding	% Owned
SG-FINANCIAL SERVICES HOLDING,	427,079,030	60.22
SOCIAL SECURITY AND NATIONAL INSURANCE TRUST,	137,262,404	19.36
OFORI, DANIEL	48,077,441	6.78
SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS	11,589,540	1.63
AMENUVOR, GIDEON	3,693,934	0.52
SCGN/CITIBANK KUWAIT INV AUTHORITY	3,353,160	0.47
SOCIETE GENERAL EMPLOYEES' SHARE OWNERSHIP	3,348,127	0.47
ENO INTERNATIONAL LLC,	2,494,761	0.35
SCGN/DATABANK BALANCED FUND LIMITED	2,254,547	0.32
SCGN/JPMORGAN BK LUX SA RE ROBECO AFRIKA FONDS N.V	2,193,248	0.31
SCGN/CACEIS BANK RE:HMG GLOBETROTTER	2,125,646	0.30
ADJEPON-YAMOAH, BEATRICE E. MRS	1,982,930	0.28
TEACHERS FUND,	1,746,206	0.25
SCGN/SSB& TRUST AS CUST FOR KIMBERLITE FRONTIER, AFRICA MASTER FUND,L.P-RCKM	1,729,571	0.24
SCGN:ENTERPRICE LIFE, C/O STANDARD CHARTERED BANK GHANA	1,528,522	0.22
HFCN/ EDC GHANA BALANCED FUND LIMITED	1,381,333	0.19
SCGN/SSB EATON VANCE TAX-, MANAGED EMERGING MARKET FUND	1,345,362	0.19
PRESTIGE CAPITAL LIMITED, P.C	1,338,884	0.19
SCGN/GHANA MEDICAL ASS. PENSION FUND	1,187,696	0.17
MBG ESSPA SCHEME	1,009,233	0.14
SUB-TOTAL	**656,721,575**	**92.61**
OTHERS	**52,419,792**	**7.39**
TOTAL	**709,141,367**	**100.00**

45 Directors shareholding

Director	Shareholding
Ntim Theresa Efua	**2,490 shares**

PROXY FORM

I/We……

(Block Capital Please)

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

(insert full name)

I/We……

(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 22nd March 2019 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
1.	To receive the Accounts		
2.	To declare a final Dividend as recommended		
3.	To re-elect as a Director Joseph Torku		
4.	To re-elect as a Director Laurette Korkor Otchere		
5.	To elect as a Director Agnes Tauty-Giraldi		
6.	To approved Directors Fees		
7.	To authorize the Directors to fix the Auditors fees		

Signed this ………….. day of …………………………………………………………….. 2019

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. 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 2018 ACCOUNTS**
The Board shall propose the acceptance of the 2018 Accounts as the true and fair view of the state of affairs of the company for the year ended 31st December 2018

2. **DECLARATION OF DIVIDEND FOR 2018**
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 2018 of GHS0.04 per share payable to all shareholders registered in the books of the Company at the close of business on 22nd March 2018.

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. Joseph Torku and Mrs. Laurette Korkor Otchere retire 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 Mrs. Agnes Tauty Giraldi 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 GHS400,000.00

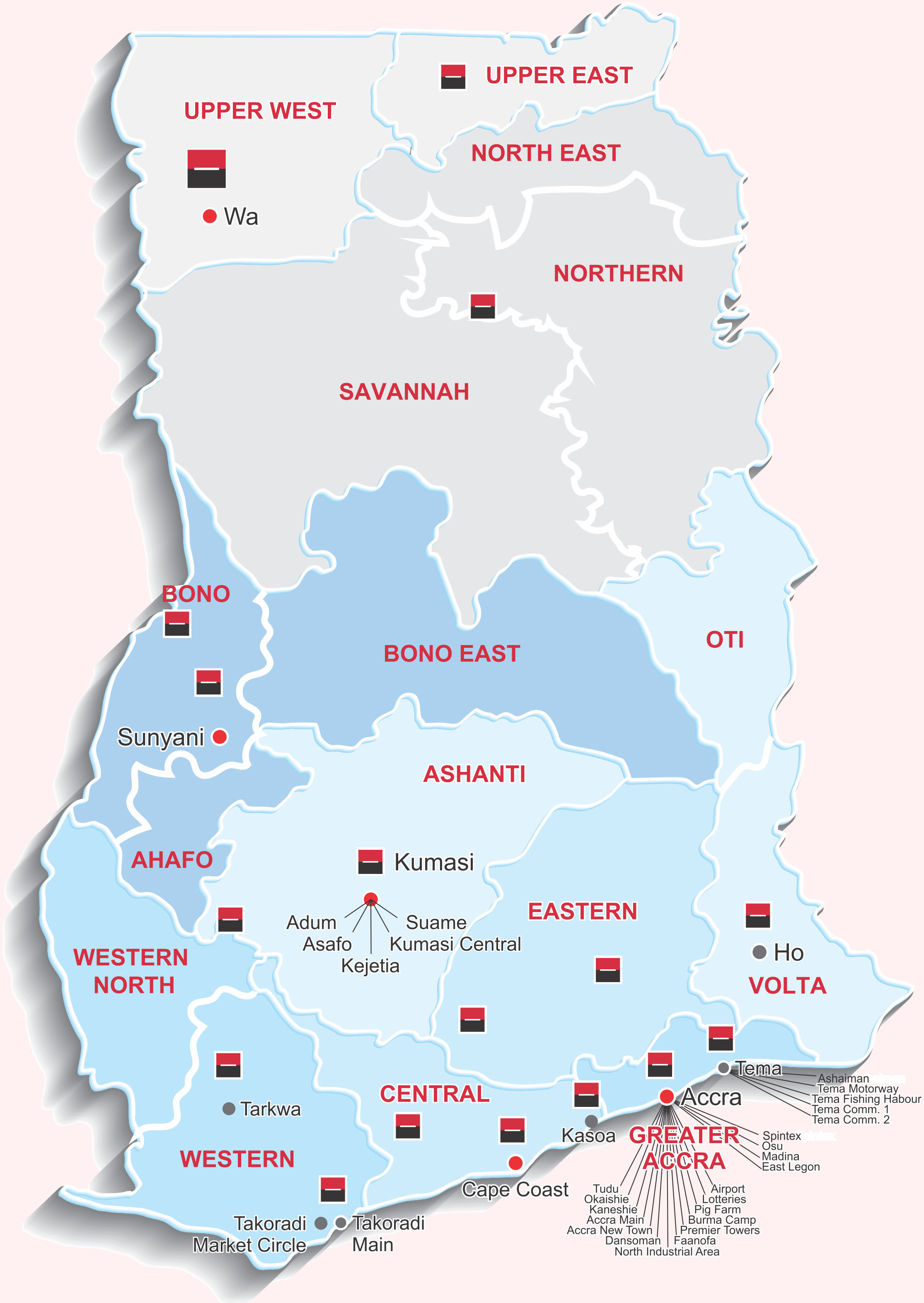
6. **AUTHORISATION OF THE DIRECTORS TO DETERMINE THE REMUNERATION OF THE AUDITORS**
In accordance with Section 134(5) of the Companies Code 1963 as amended by the Companies (Amendment) Act 2012 (Act 835) and Section 54(2) (d) of the Regulations of the Bank, the Board of Directors recommend that the current 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 REGISTRAR
NTHC LIMITED
MARTCO HOUSE
P. O. BOX KA 9563
AIRPORT
ACCRA

FOLD HERE

FOLD HERE

SOCIETE GENERALE GHANA
BRANCH NETWORK



BRANCH NETWORK

NAME OF BRANCH	ADDRESS	PHONE NO
GREATER ACCRA		
Accra Main	P. O. Box 13119, Accra	030 2223375/2222136/2911022/2911013/2911021
Accra New Town	P. O. Box K444, Accra	030 2228512/2228582/2848054
Airport CIty	P O Box 13119, Accra	030 7010416 / 7011347 / 7011126 / 7011152 / 7011608
Ashiaman	P.O.Box Co 2885, Tema	030 7011518/7011654/7010683
Burma Camp Spot bank	P O Box 13119, Accra	030 7011525
Dansoman	P O Box 13119, Accra	030 2322547 / 2322549
East Legon	P O Box 13119, Accra	0302543728/9 0302543730
Faanofa	P O Box 13119, Accra	030 2234075/2220754
Kaneshie	P O Box 13119, Accra	030 2681372/2676128
Lotteries Agency	P O Box 13119, Accra	030 2667370/2672610
Madina	P O Box 13119, Accra	030 7012922/ 030 7011003
North Industrial Area	P O Box 13119, Accra	030 222981/2222139
Okaishie	P O Box 13119, Accra	030 2668998/2662458
Osu	P O Box 13119, Accra	030 790382-6
Pig Farm Spot Bank	P O Box 13119, Accra	030 2934972
Premier Towers	P O Box 13119, Accra	030 2668650/2667146/2682207
Spintex Road	P O Box 13119, Accra	030 2934970-1
Tema Community 1	P O Box Co 2885, Tema	030 3218 096/ 030 3218 097
Tema Community 2	P O Box Co 2885, Tema	030 3202558/3206495/3201962
Tema Fishing Harbour	P O Box Co 1668, Tema	030 3204462/3202288
Tema Motorway Spot Bank	P.O.Box Co 2885, Tema	030 2959127
Tudu	P O Box 13119, Accra	030 2671462/2663907
ASHANTI REGION		
Adum	P O Box 4542, Kumasi	032 225379/225729/232773
Asafo	P O Box 4542, Kumasi	032 2049060/2049062
Kejetia	P O Box 4542, Kumasi	020 2801070
Kumasi Central	P O Box 4542, Kumasi	032 224418/223075/222602
Suame	P O Box 4542, Kumasi	032 2091979
BONO REGION		
Berekum	P O Box 49, Berekum	035 2222261/2222262
Sunyani	P O Box 1131, Sunyani	035 2027124/2027050/2027366

Branch Network cont'd

NAME OF BRANCH	ADDRESS	PHONE NO
CENTRAL REGION		
Cape Coast	P O Box 1019, Cape Coast	033 2132159/2132406/2132355
Dunkwa	P O Box 64, Dunkwa	033 2228393/2228665
Kasoa	P. O. Box 13119, Accra	0303932443 / 030 2984479
EASTERN REGION		
Akim Oda	P O Box 325, Akim Oda	034 2922188/2922776
Koforidua	P O Box 987, Koforidua	034 2022236/2022778
NORTHERN REGION		
Tamale	P O Box 192, Tamale	037 2022139/2022722
UPPER EAST REGION		
Bolgatanga	P O Box 344, Bolgatanga	038 2023305/2023139/2022064
UPPER WEST REGION		
Wa	P O Box 240, Wa	039 2022147/2022155
VOLTA REGION		
Ho	P O Box HP - 360, Ho	036 2026651/2028053
WESTERN REGION		
Bibiani	P O Box 58, Bibiani	031 2093031/2093032
Takoradi	P O Box 660, Takoradi	031 2024660/2022888
Takoradi Market Circle	P O Box 660, Takoradi	031 2033280/ 0301 2033288
Tarkwa	P O Box 219, Tarkwa	031 2320951/2320950

HEAD OFFICE BUSINESS UNITS

NAME OF DEPARTMENT	ADDRESS	PHONE NO
CORPORATE BANKING	P. O. Box 13119, Accra	0302 208600
GLOBAL TRANSACTION BANKING	P. O. Box 13119, Accra	0302 208600
MIDDLE MARKET	P. O. Box 13119, Accra	0302 208600
RETAIL BANKING	P. O. Box 13119, Accra	301 208600

Notes

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SOCIETE GENERALE GHANA

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