ANNUAL REPORT 2017

First Atlantic Bank

...refreshingly different.

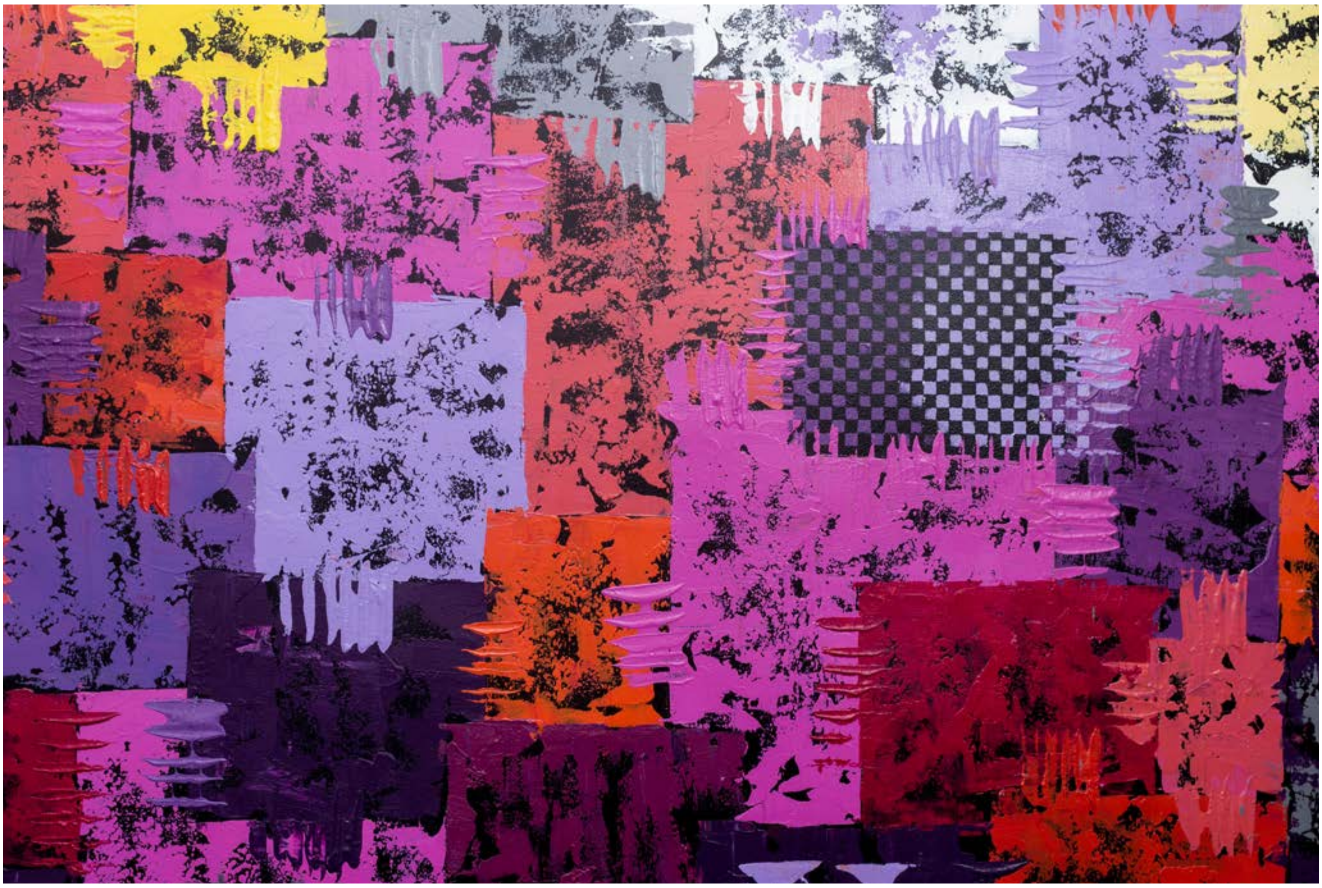


Table of content

Corporate Profile

First Atlantic Bank is a full-scale commercial bank with over 22 years experience in the Ghanaian market. Originally founded as a merchant bank, First Atlantic Bank has won several awards recognizing its leadership in customer care, advisory services, trade finance and corporate banking.

First Atlantic Bank offers three distinctive service categories: private banking, personal & business banking and corporate banking. Each category encompasses a range of innovative services designed to benefit our customers and delivered to our exacting levels of service excellence.

At First Atlantic Bank, we have set broad objectives to create an institution that competes effectively in the local and sub-regional financial market place in a manner that showcases the best of our collective talents. Our aspiration is borne out of a vision to be a global bank out of Ghana and the West African Sub-region.

We therefore pursue the agenda of creating a well differentiated brand with bespoke product and service offerings delivered by a knowledgeable and well motivated staff. First Atlantic Bank is positioned as a conduit for investment flows into Ghana while leading in the use of electronic and other alternative channels to promote financial inclusion. Facilitating international trade and promoting trade within and between African countries also feature strongly on our agenda.

First Atlantic Bank's value propositions are geared towards identifying customer needs and expectations and providing value added solutions for those needs. The overriding goal is to be at the forefront of banking innovation, defining the industry landscape and creating value for all our stakeholders, thereby living our mantra of being refreshingly different.

We offer our customers what we have termed the Purple Experience - which is our distinctly different and unparalleled customer service experience driven by a passionate workforce and process efficiency to create value for our customers.

Our Vision

"To be a global bank out of Ghana"

Our Mission

Providing superior Financial Solutions and creating value for our stakeholders

Core Values
Our core values are summarized in the acronym **ICARE**.

Integrity – We strive to maintain honesty and sincerity in our business, abiding by the highest professional standards and ethics

Customer Centric – Our customers are the center of all we do

Agility – Our dedication to fast, timely results is second to none

Resilience – We are resolute in our resolve to confront challenges head-on

Excellence- We pursue distinction in our service delivery

Corporate Informatioan

Directors

KAREN AKIWUMI-TANOH	CHAIRMAN
ODUN ODUNFA	MD/CEO
DANIEL MARFO	EXEC. DIRECTOR (BUSINESS)
PATIENCE ASANTE	EXEC. DIRECTOR (RISK & CONTROLS)
JOHN E. AMAKYE JNR.	NON-EXEC. DIRECTOR
BEN GUSTAVE BARTH	NON-EXEC. DIRECTOR
OYE BALOGUN	NON-EXEC. DIRECTOR
DR. WALE OLAWOYIN	NON-EXEC. DIRECTOR
EMEKA ONWUKA	NON-EXEC. DIRECTOR (Resigned Nov. 2017)

Registered Office
Atlantic Place
No. 1 Seventh Avenue Ridge West
Accra, Ghana

Company Secretary
Mark Ofori-Kwafo
P O Box 1620 Cantonments
Accra, Ghana

Auditors
Deloitte & Touche
Chartered Accountants
The Deloitte Place
Plot No. 71 Off George Walker Bush Highway
North Dzorwulu
P. O. Box GP 453
Accra, Ghana

Bankers
Bank of Beirut, UK
Commerzbank, Germany
Deutsche Bank, Germany
Diamond Bank, Uk
Ghana International Bank, UK

Board of Directors

Board of Directors

KAREN AKIWUMI-TANOH
CHAIRPERSON

Karen Akiwumi-Tanoh is the former Managing Director of Ecobank Sierra Leone and Angola. Over her 22 years with Ecobank, she was significantly responsible for the growth and establishment of Ecobank in several African nations including Ghana, Sierra Leone and Angola. An accomplished Ghanaian Banker with Audit, Consulting and Banking experience spanning 3 decades, she has practiced in several countries including Ghana, Togo, Sierra Leone, Angola, UK and the USA. Her core competencies include Strategy Formulation, Corporate Finance, Banking, Accounting & Auditing and Networking. She is currently Chairperson of First Atlantic Bank Limited, a Chartered Accountant (ICAEW) and is a member of the Institute of Directors (IoD) UK.

ODUN ODUNFA
MD/CEO

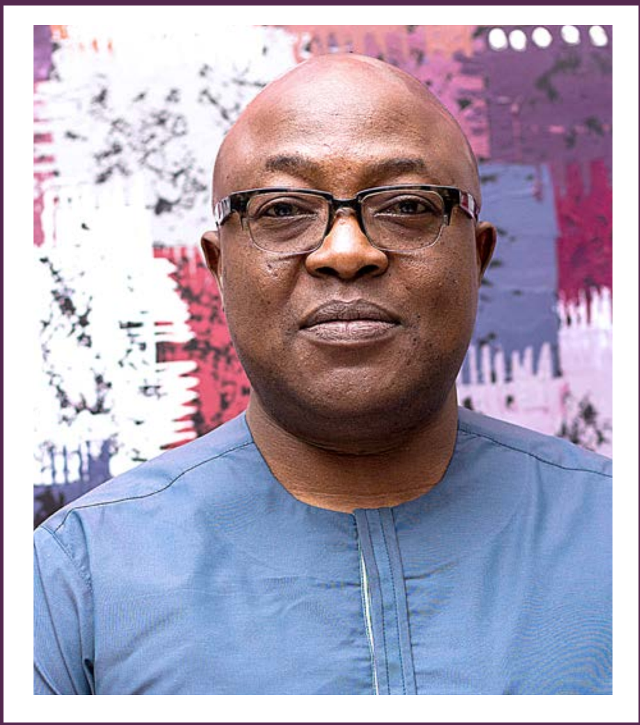
Odun Odunfa has over 25 years Banking experience spanning all segments of Corporate, Commercial, Retail and Investment Banking with Fountain Trust Merchant Bank, Citizens International Bank, Ecobank Nigeria, Capital Bank International and UBA Plc. Before resigning from UBA Plc, he was responsible for the management and profitability of over 170 UBA branches. Prior to his appointment as the Managing Director of the Bank he was the Managing Director/Chief Executive Officer of Kedari Capital Limited and led the company in several landmark capital raising, divestment, mergers and acquisitions, and financial advisory mandates. He was also responsible for assembling the team of professionals who successfully acquired First Atlantic Bank Limited in 2011.

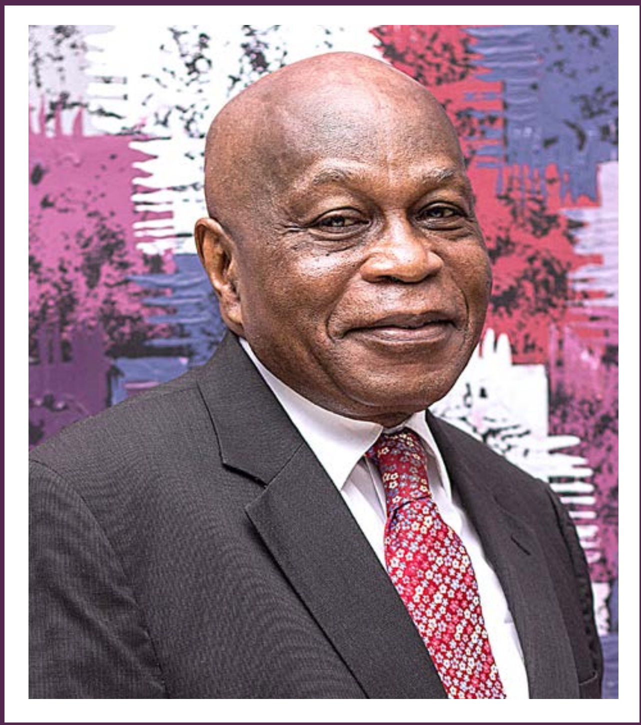
PATIENCE ASANTE
EXECUTIVE DIRECTOR RISK & CONTROLS

Patience is a consummate Finance professional and result driven Risk Management expert with over 19 years of demonstrable experience in credit governance, risk management, project finance, innovative in credit structuring, product development for corporate and retail markets. Before joining First Atlantic Bank, Patience successfully managed the Risks Assets portfolio of over GH¢750 million and $250 million at both Universal Merchant Bank (UMB) as Director of Credit and Risk Management and as Head of Credit at the United Bank for Africa (UBA) respectively. She was Deputy Manager, Risk Management with Ecobank Ghana Limited. Patience holds a Bsc (Hons) Business Administration (Banking and Finance) degree and a Master of Business Administration (Finance) from the University of Ghana.

DANIEL MARFO
EXECUTIVE DIRECTOR - BUSINESS

Daniel is a consummate Corporate & Investment Banker with over seventeen years experience. He possesses excellent deal origination, structuring, credit and leadership capabilities. Prior to joining FABL he had worked in various capacities with Standard Chartered Bank, Barclays Bank, Ecobank Group, Cal Bank and Fidelity Bank where he was Director Corporate Banking. Daniel holds a Bsc. (Hons) Mining Engineering (First Class Honours) from the University of Science & Technology Kumasi, LLB (First Class) Mouncrest University College, Accra and an MBA (Finance) Lancashire Business School, England.





OYE BALOGUN
NON-EXEC. DIRECTOR

Oye Balogun is a versatile entrepreneurial executive with over 20 years experience in legal practice and property and infrastructure development. He is a Barrister & Solicitor of the Supreme Court of Nigeria, having graduated from the University of Ife, Ile Ife in 1990 (Now Obafemi Awolowo University) and was called to the Nigerian Bar in 1991. Oye is the Principal Partner at Oye Balogun & Co, a commercial law firm based in Lagos Nigeria. He is also the Managing Director of J B Maye PDC Ltd, a real estate and infrastructure development company in Lagos Nigeria and a Director in Kedari Capital Ltd. He is a member of the Nigerian Bar Association and Real Estate Developers Association of Nigeria.

JOHN E. AMAKYE JNR.
NON-EXEC. DIRECTOR

John is a lawyer by profession with over 34 years experience as a legal practitioner. He was called to the Bar in 1979 and has since contributed immensely to the legal profession in Ghana. His successful legal profession has been fueled by extensive executive education training programmes. He is a member of the Board of Pasico Ghana Limited and Twifo Oil Palm Plantations Ltd.

BEN GUSTAVE BARTH
NON-EXEC. DIRECTOR

Ben has 11 years experience in Banking both locally and abroad. He has worked for Banks such as Ecobank (Gh.) Ltd, Ecobank Transnational Ltd, Standard Chartered Bank and Citigroup Inc, New York. He has an in-depth understanding of commercial banking, especially consumer and wholesale banking. Ben has supervised some of the most sophisticated means of deploying cards as a product in different markets. He has experience in business strategy development, finance, strategic marketing, operations and project management. Ben Barth graduated from the University of Ghana Business School with a Bsc. Administration (Banking & Finance) in 1999. He earned an MBA (Finance & Strategy) from the Harvard Business School, Massachusetts, USA in 2006.

DR. WALE OLAWOYIN
NON-EXEC. DIRECTOR

Dr. Adewale A. Olawoyin obtained an LL.B degree from the University of Ife (now Obafemi Awolowo University) in 1987, an LL.M from the London School of Economics & Political Science in 1990 and a Ph.D from the University of Bristol in 1995. His particular area of specialized academic interest is company law and admiralty law. He is presently a partner in the law firm of Olawoyin & Olawoyin, Lagos, which specializes in domestic and international commercial and corporate law. Wale is also a senior lecturer in the Department of Commercial & Industrial Law in the Faculty of Law, University of Lagos.

EMEKA ONWUKA
NON-EXEC. DIRECTOR (Resigned Nov. 2017)

Emeka is a chartered Accountant with 22 years banking experience and fellow of the Institute of Chartered Accountants of Nigeria (FCA).

He was the Chairman of the Board of Enterprise Bank Ltd. He also sits on the Board of FMDQ OUT PLC, a self – regulatory organization, licensed by the Securities & Exchange Commission as an over – the – counter (OTC) market.

Emeka worked with Diamond Bank in Nigeria from 2005 to 2011 where he retired as the Group Managing Director /CEO. During his tenure, he led a successful recapitalization of the Bank through private placement, listing in the Nigeria Stock Exchange and Initial Public Offering in 2005, as well as the acquisition of Lion Bank PLC and its integration into the Bank in 2005. The seamless integration process earned Diamond Bank an award as the " Best Bank in Mergers and Acquisition in 2006".

Chairman's Statement

KAREN AKIWUMI-TANOH

Dear Shareholders,

It is my privilege to present to you, the Annual Report and Financial Results of your Bank for the year ended 31st December 2017.

2017 was a challenging year for the banking sector in Ghana. The sector had to grapple with regulatory changes, macro-economic as well as some industry –specific constraints. You will be pleased to know however, that In spite of this difficult operating environment, our performance was impressive.

Domestic Developments

The Ghanaian economy commenced recovery in 2017, growing at an estimated 8.5%. Growth was spurred by recovery in non-oil sectors, lower inflation and new hydrocarbon wells namely: (Tweneboa, Enyenra, Ntomme, and Sankofa oil and gas fields).

In line with these positive developments, the Policy rate was reduced from 25.5 percent to 20 percent.

The average lending rate however remained high, ending the year at 29.3 percent. Exchange rates remained relatively stable with a cumulative yearly depreciation of 4.9 percent against the U.S. dollar by close of 2017.

In August 2017, Government launched the implementation of the Treasury Single Account. This is expected to remove 6 Billion Cedis from the commercial banking system, 2 billion of which was transferred to the Central Bank in 2017.

In a bid to consolidate and improve the health of the banking sector, the Central Bank in the last half of the year, announced an increase in the minimum capital required of commercial banks to FOUR HUNDRED MILLION CEDIS.

The Bank also took steps to restore stability to the sector by requesting recapitalization plans from banks with severe capital shortfalls.

An Emergency Liquidity Assistance plan and Bank's liquidity support programa were put in place. These measures have since, resulted in the dissolution of two (2) banks, appointment of an administrator for one and an advisor for another.

FAB's Recapitalisation Plans

As you may recall , you the Shareholders had in 2015 approved a capitalisation plan for GHS 150million equity investment as part of the bank's growth strategy. The bank's capitalisation plan was on course and preceded BoG's announcement of the new capital requirement in September 2017.

In view of the new BoG directive, it was imperative FAB revise and accelerate its re-capitalisation plan to address the required increase in capital before December 31, 2018.

In accordance with the revised plan, the bank has raised approximately GHS 50M since the beginning of 2018 and has also received commitments from shareholders for another GHS170M due by the end of May 2018.

FAB is in a good position to meet and surpass the minimum capital threshold by June this year - 6months ahead of the deadline.

We are proud to say, the bank has recently received the backing of an international Private Equity firm; AFIG Funds II LP from Senegal.

This is clear assurance to the banking community of the long-term prospects and stability of First Atlantic Bank.

Financial Performance

2017 was challenging for the sector, with mounting pressure on liquidity and earnings. In spite of this, your Bank recorded a profit before tax of GHS28.8 million – a 17% growth over GHS 24.5 million recorded for the previous year.

Our Bank's Balance Sheet also expanded by 18% from GHS1.442 billion in 2016 to GHS 1.703 billion in 2017, mainly driven by the growth in Customer deposits

First Atlantic Bank is solvent and highly liquid. Our liquidity ratio at 88.72% and Capital Adequacy Ratio at 27.06%, both in excess of the minimum regulatory requirements.

Corporate Governance

The Bank continued to maintain strong corporate governance structures to ensure compliance with regulatory provisions and globally accepted standards and practices. To this end, the Board mandated KPMG to perform a review of our Governance framework, the report was completed in 2017 and upgrade of the framework is underway

Our People

We have developed the reputation of a bank respected for the quality and high standards of its people. Our success over the years is directly linked to the passion, resilience and commitment of our staff.

We strive to create an enabling environment that stimulates learning and career development. Our comprehensive training plan is structured to ensure that world-class standards are continuously adopted in equipping employees with the wide range of skills required for corporate leadership.

As an institution, we recognise that reaching our objectives largely depends on the quality of our staff. We pride ourselves in our ability to attract, develop and retain the finest professionals.

Conclusion and Outlook for 2018

We will approach 2018 with unwavering strategic focus even as challenges remain in our operating setting especially in view of the increase in minimum capital requirements. It is our belief that business opportunities to grow our earnings will continue to emerge as the domestic and global economy continues on its recovery. We are well positioned to take advantage of opportunities as the industry consolidates.

The bank has the right people, products and partnerships to achieve optimum results. Our business approach has created a strong platform for the future.

Rest assured that your bank will continue to pursue increasing returns on investment despite the business environment constraints.

Appreciation

I would like to take this opportunity on behalf of the Board to thank our shareholders and customers for their continued support over the years. I also congratulate my colleagues on the Board, Management and staff of our bank for their hard work and commitment to duty. I ask for your continued support in delivering on strategic and performance matrix for 2018.

Thank you.

MADAM KAREN AKIWUMI-TANOH
BOARD CHAIRMAN

An increase of GHS 298 million in deposits over the previous year

MD/CEO's Report

ODUN ODUNFA

Dear Shareholders,

With strengthened operations and dedicated efforts, our bank has continued to grow bigger, better at serving our customers and more engaging with our stakeholders. We have set ourselves apart as innovators in financial services and it is increasingly clear to us who we serve and how we serve them.

2017 was packed with activities which had a strong impact on the Ghanaian Banking sector with the central bank revising the minimum stated capital from GHS 120M to GHs400M. The regulator also withdrew the universal banking licenses of some industry players. In spite of these systemic and other environmental challenges, we have proven our resilience in the banking industry and this reflected in our commitment towards providing improved and sustained growth in value for our stakeholders.

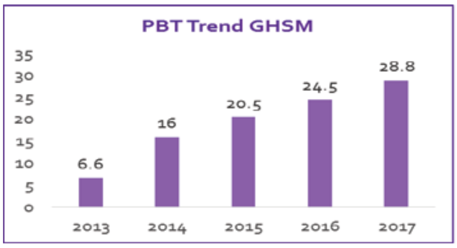
I am most pleased to present to you the results of another year of relative success for First Atlantic Bank. This is a positive confirmation of nurturing an enduring bank that meets the needs of a dynamic and rapidly changing market place, which also puts us on our course to build a Global Bank out of Ghana.

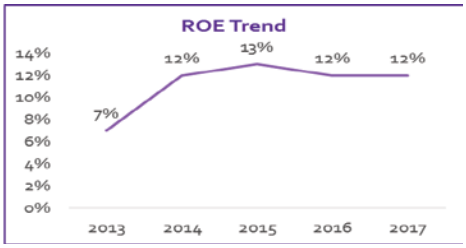
Review of 2017

Financial Performance Dashboard

We recorded a 17% growth in profit before tax, improving from GHS 24.5 million in 2016 to GHS 28.8 million in 2017. This growth is a strong reflection of our resilience in spite of the economic challenges and industry developments.

Return on equity recorded no significant change in 2017, remaining at 12%.



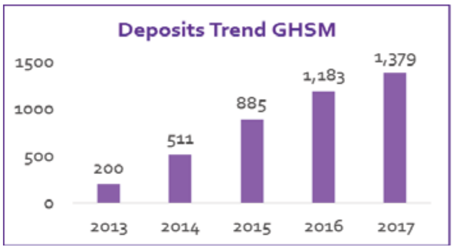


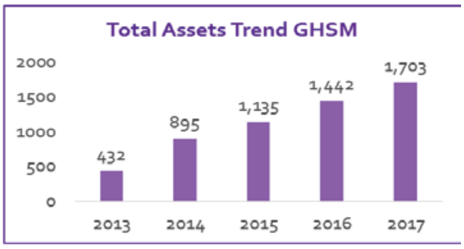
During the period under review, our non-performing loans (NPLs) dropped to 18% from a high of 41% at end of 2016 in line with rigorous efforts to collect delinquent loans whilst strengthening the bank's credit risk management system. Bad loan impairment charge for the year ending 31st December 2017 reduced to GHS 5.1 million compared to GHS 37.6 million in 2016.

Customer deposits increased from GHS 1,183 million in 2016 to GHS 1,379 million in 2017 reflecting a year-on-year growth of 32%. This growth is a testament to the effectiveness of our aggressive deposit mobilization strategy, which was driven mainly by an increased focus on our refreshed Value Chain strategy embedded with a robust Payments and Collections platform.

Customer deposits increased from GHS 1,183 million in 2016 to GHS 1,379 million in 2017 reflecting a year-on-year growth of 32%.

This sustained growth in deposits enabled the bank to further increase total assets from GHS 1,442 million in 2016 to GHS 1, 703 million in 2017, translating into a growth of 18%.





Channels

We made strides on our channel strategy by expanding the Bank's footprints to 3 new regions (Western, Brong Ahafo and Northern) increasing our physical channel presence to 31 locations with the addition of eight (8) new branches (Dzorwulu, Ring Road, Takoradi, Kasoa, Techiman, Madina, Tamale and Osu Main) at the end of 2017.

The Bank successfully re-certified to the Payment Card Industry Data Security Standard (PCI DSS) version 3.2 and reinforced its commitment to IT security by undergoing certification to ISO 27001:2013, Information Security Management System (ISMS) after undergoing rigorous audits.

We continue to invest and focus on the growth in technology to enhance our alternate channel offering with the bank ending the year with 39 operational ATMs at our branches and carefully selected off-site locations. We are also in the process of upgrading our internet banking platform and mobile application platforms to enable improvement in customer service and convenience for our customers in engaging the bank.

Mobile Banking has been identified as a big game changer in the financial services space, in response to this growing phenomenon we have enhanced our mobile banking offerings to include **flexiPay** – a telco agnostic mobile application suite designed to provide convenience in mobile money payments, remittance and service payments.

The Bank successfully re-certified to the Payment Card Industry Data Security Standard (PCI DSS) version 3.2 and reinforced its commitment to IT and Payments security by undergoing certification to ISO 27001:2013, Information Security Management System (ISMS) after undergoing rigorous audits.

People

Our workforce is still considered as our key resource to drive and sustain business growth. We maintained an optimised manpower requirement to drive our financial performance. Key senior management staff with valuable experience were strategically sourced, officer and middle management positions were also filled through head- hunting from the industry.

A cadre of entry-level staff was recruited under the bank's rigorous Management Trainee program.

Staff count increased from 350 at the end of 2016 to 394 at the close of the year 2017 to sustain our committed delivery of efficient service across our expanded branch footprints while achieving our set business objectives and initiatives.

Outlook for 2018

Domestic Market Expectations of 2018

The domestic economic output is projected to be an improvement of the actual outturn of 2017 based on local currency stability, easing inflationary pressures, improved domestic production, recovery of crude oil production, stability in commodity prices above 2017 averages and a general stability in the financial position of the government. Overall domestic demand is expected to improve as Investor and consumer confidence remain high due to continued monetary and fiscal discipline by Government.

Financial Sector Expectations of 2018

- With the deadline to meet the new minimum paid-up capital requirement looming and the implementation of financial sector reforms, the number of industry players is likely to reduce due to consolidations and insolvency. This is evidenced by the recent developments involving UT bank, Capital bank and uniBank.

- Interest rates are likely to reduce within the year from the current levels, given the easing inflationary pressures, and the government's drive to reduce the cost of borrowing to the private sector. This would have negative implications on interest margins for banks.

- The continuing issuance of bonds by ESLA Plc to completely pay off Oil sector debts to the financial industry could improve the liquidity of affected banks.

- Technology and innovation will be at the forefront of banks growth strategies as the country transitions from cash dominant to cash light economy.

- Recovery of commodity prices to ease FX pressures and improve liquidity for the market to support client businesses, which would have implications on margins for FX related business.

The bank sector trends in the industry and general economy are being monitored closely to ensure we fully take advantage of opportunities for growth as they present themselves.

Macroeconomic Expectations & Challenges

The following are some of the probable events forecasted to occur in 2018 that will affect our business:

- Government borrowing might increase, beyond the projected GHS10.9billion if revenue targets are missed.

- The elongation of the structure of the domestic debt market is expected to remain, which will have negative implications for money supply.

- Interest rates may trend downwards within the year. In view of a decline in inflation and its expectations, the monetary policy committee has reduced the policy rate from 20 percent to 18 percent. The committee may continue to loosen its stance if prices continue along the current trajectory.

- Inflation will likely be driven by non-food factors. With a control on the non-food components, the end of year target of 8.9 percent could be within reach.

- The currency will continue its trajectory of moderate depreciation driven by domestic policies and exogenous factors.

- A positive evaluation by the International Monetary Fund on the implementation of the Extended Credit Facility Agreement will further provide tailwinds for the economy.

- Full implementation of the Single Treasury Account (TSA) by the government could decrease liquidity in the system.

Staff count increased from 350 at the end of 2016 to 394 at the close of the year 2017 to sustain our committed delivery of efficient service

The above expected economic factors, policy directions and government initiatives formed the chief basis in setting our bold but reasonable targets for the 2018 financial year. These are consistent with our growth trajectory and takes cognisance of the increase in the minimum capital requirements to be complied by all banks by the end of 2018.

First Atlantic Bank Plans for 2018

Recapitalisation.
The Bank of Ghana (BoG) in September 2017 announced the increase in the minimum capital requirements for commercial banks in Ghana from GHS 120 million to GHS 400 million by December 2018. The qualifying capital for the computation of the new minimum capital requirement is the combination of Stated Capital and Income Surplus Reserve. The bank's capitalisation in line with BoG's approved qualifying capital is GHS173Million at the end of 2017.

The Board has approved an accelerated recapitalisation plan to guide the funds raising efforts to achieve the minimum capital requirement by the regulator's deadline through a Rights Issue, Private Placement and M&A Opportunities to raise a minimum of GHS 300 million. The raised capital will be used to support the growth plans of the bank.

Products

The strategic focus is on our product and service development is targeted at building a responsive ecosystem for customer experience and interaction.

We will continue to improve our products delivery and drive uptake in response to demands of the various market segments we serve. Technology and innovation will play a strategic role in our products offering along with customer interaction and our distinct service delivery. Market research will be leveraged for the development of new products and determining our sales strategies.

Key amongst these products and services will be:

- The deployment of more and bespoke mobile and mobile banking services.

- Tailored value-added services delivered on our existing electronic channels – ATMs, POS etc.

- Improvement and expansion of our Payments and Collections platforms.

- Continued collaboration with strategic partnerships with multilateral and correspondent banks to expand our trade offering.

- Enhancement of our treasury product offerings.

- Provision of advisory support to our customers.

Channels

We will enhance and expand our alternative channels to bring speed, convenience and reliability to our customers.

Our investment in technology will also ensure optimal service delivery across all customer touch points and channels.

We will upgrade and enhance the service offerings on our Internet and mobile banking platforms to enhance the customer experience. POS offering will also be improved upon by ensuring reliable connectivity and expanded agent locations. To optimise the use of our ATMs, a suite of value-added services will be deployed to further improve service offerings to our customers. Our Call Centre is live and providing customer care solutions for our customers during and after business hours.

The 24-hour eBanking support centre and self-serve platforms will also continue to be live and responsive to our customers need while our social media presence and interactions across major social media platforms continue to be exciting and are improving the direct contact with our customers and stakeholders. We will continue to reinforce the tenets of our service mantra and core elements of our branding; namely "The **Purple Experience**" and "**Refreshingly Different**", highlighting our focus on our customers as the reason for our business existence.

Governance and Culture

The bank continues to uphold its strict corporate governance practices across the various phases of our business operations. The emphasis on zero tolerance for breach of regulations, bank policies or procedures approved by the Board and regulatory bodies will still be in enforce and closely monitored by Executive Management.

Our risk management and monitoring processes have been enhanced to ensure minimised operational and credit losses across the bank.

Concluding Comments

In 2018, we intend to continue our pursuit of sustained growth and improvement on financial profitability. Our 5-year medium-term strategy which outlines our objectives in terms of size, industry positioning, financial ratios and capital growth is important to us and will guide our activities. I am grateful to all our stakeholders for their keen interest in the management and general welfare of the Bank.

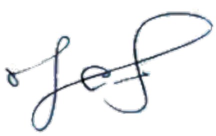
– customers continued loyalty, continued dedication and support of Board.

Management and Staff.

The fundamentals of the bank remain strong and with a positive economic outlook, dedicated and focused staff as well as strong relationship with our customers, we are confident in our ability to maintain a sustained performance improvement in 2018.

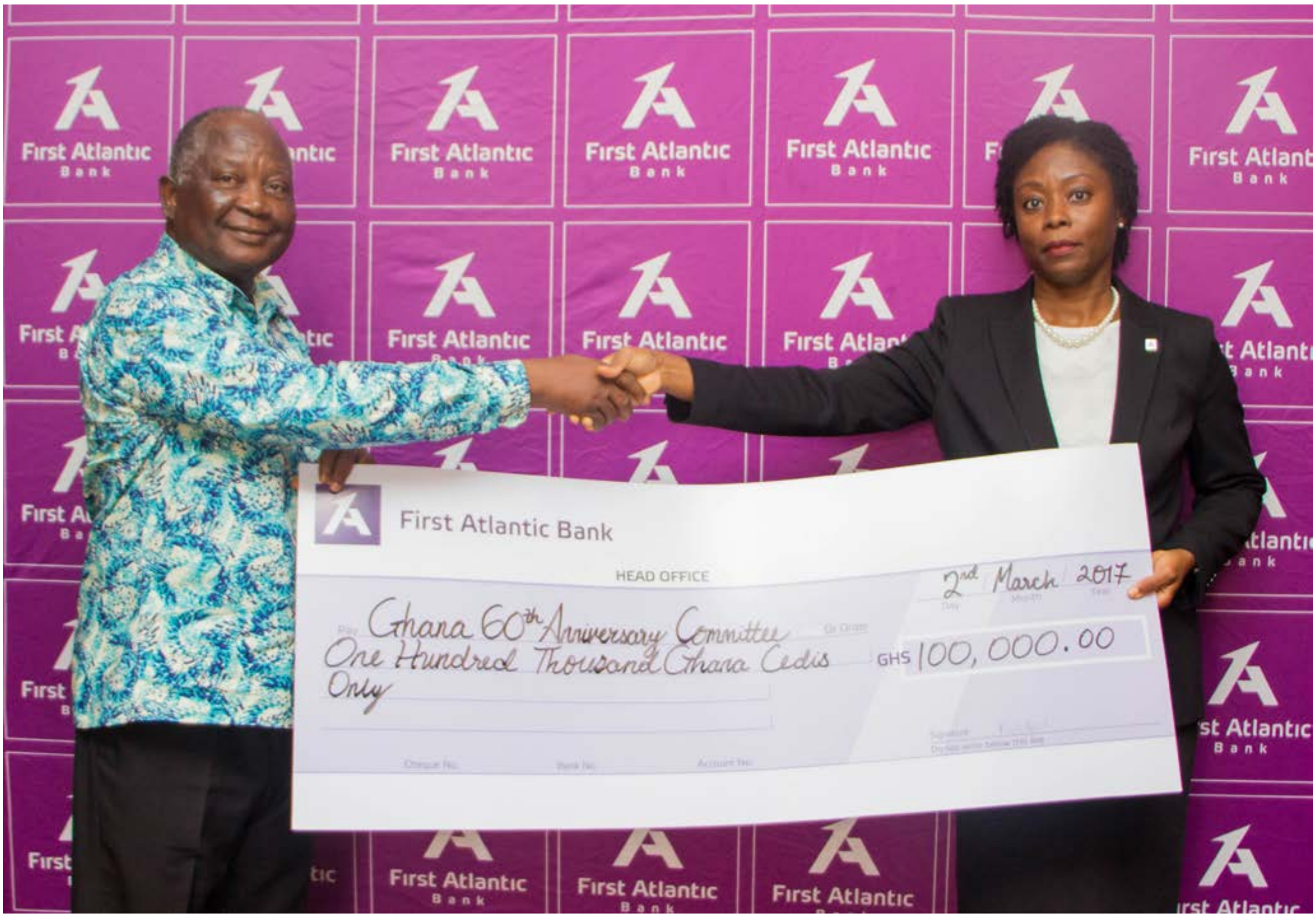
We give continued assurance that the bank and its management will continue to operate ethically and transparently, staying true to the course charted by our Board of Directors and the "Refreshingly Different" mantra.

Ladies and Gentlemen, I am confident that with your support and God's blessings 2018 shall be another prosperous and successful year.



Odun Odunfa
MD/CEO of First Atlantic Bank

CSR Activities



Stakeholder Engagement

Branch Launches



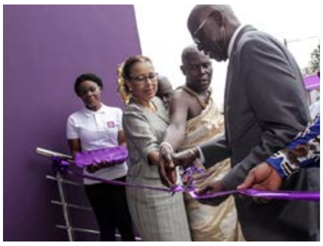










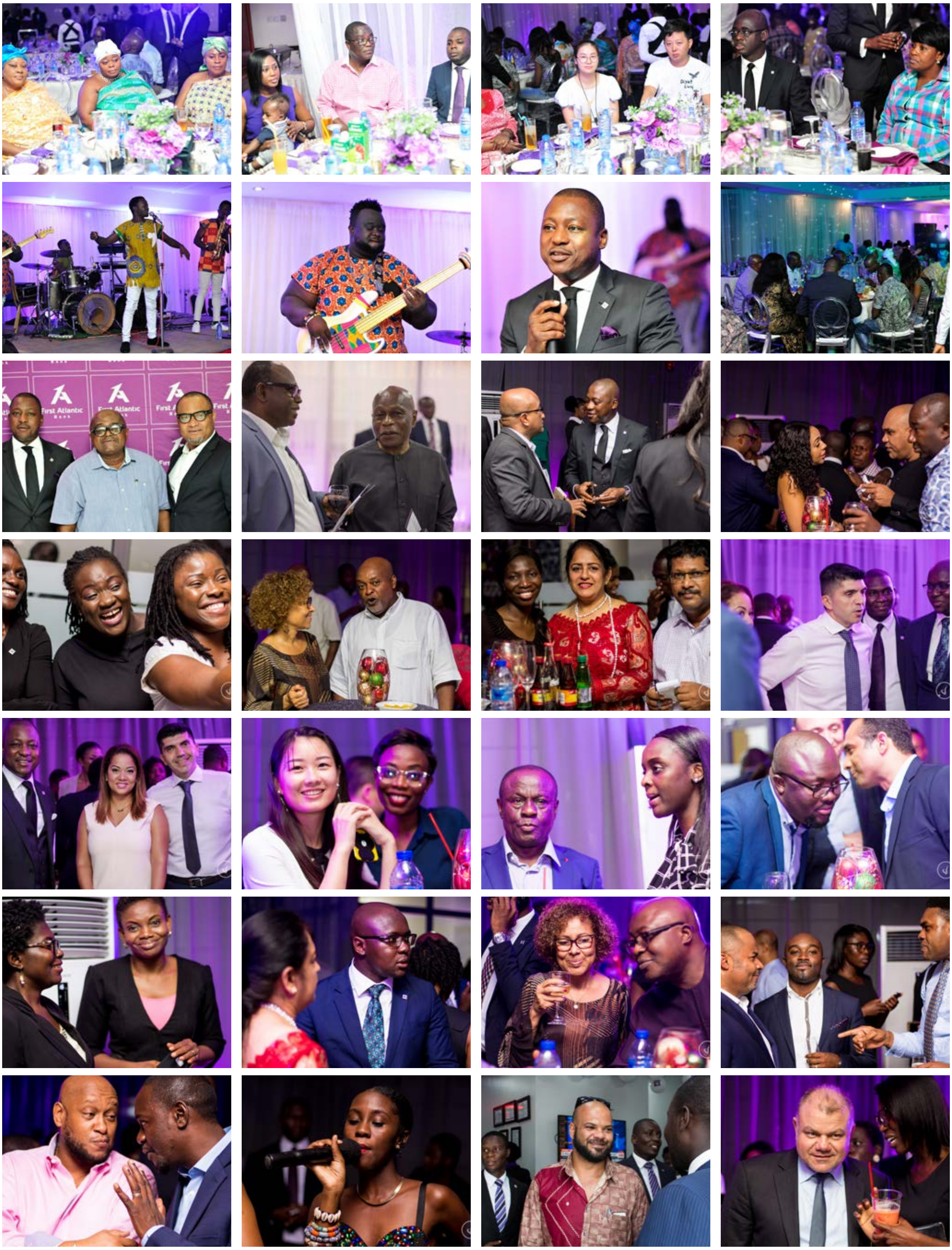




Purple Moments

Atlantic Walk



Customer Cocktail Events



Executive Committee

Odun Odunfa
MD/CEO

Patience Asante
Executive Director, Risk & Controls

Daniel Marfo
Executive Director, Business

Kofi Osei-Asibey
Head, Strategy & Execution

Ama Biremba Ghartey
Head, Treasury

Jonas Safo Baah
Head, HR

Olugbenga Ogundele
Chief Operating Officer

Richard Opoku-Baah
Ag. Head, I.T

Kwasi Nimako
Chief Finance Officer

Nicholas Ahedor
Chief Internal Auditor

Mark Ofori-Kwafo
Head, Legal

www.firstatlanticbank.com.gh

First Atlantic Bank Now ISO 27001 and PCIDSS Certified.

We have successfully received certification for ISO 27001 (Information Security Management Systems) and PCIDSS re-certification .

With these globally recognized certifications, our customers can continue to enjoy increased peace of mind knowing that First Atlantic Bank has in place world class industry standards to ensure the safety and security of our E-banking and card based transactions.

We are the first and only bank in Ghana to be both PCIDSS and ISMS certified.

Visit us today and enjoy seamless and secured card based transactions.

Tel: **030 268 0825/6**

Toll free numbers: **0800 11011(Vodafone) 18228 (MTN)**

First Atlantic Bank @FirstAtlanticGH LinkedIn First Atlantic Bank Ghana First Atlantic Bank

First Atlantic Bank

. . . refreshingly different

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of the Bank.

Principal activities
The Bank has a universal banking licence and its main activities are retail banking, commercial banking, corporate banking, private banking and investment banking.

Financial results
The results of the Bank are set out on page 13. The Bank recorded a net profit after tax of GH¢19.8 million as against a net profit after tax of GH¢15.9 million in 2016. The balance sheet recorded a growth from GH¢1,442 million in 2016 to GH¢1,703 million primarily due to an increase in customer deposits.

Minimum capital
The Bank of Ghana has revised upwards the minimum paid up capital for existing banks and new entrants from GH¢120 million to a new level of GH¢400million. The deadline set for this new minimum paid up capital requirements to be complied with as indicated per the Bank of Ghana's notice to Banks and the General Public (Notice No. BG/GOV/SEC/2017/19) is 31 December 2018. To comply with the above requirement, the shareholders of the bank have approved a capital plan to raise GH¢300 million equity capital through a Rights Issue (GH¢150 million) and Private Placement to targeted investors (GH¢150 million).

As at the date of this report the bank had received additional equity investment of GH¢47.3 million.

Going concern
No issues have come to the attention of the directors to indicate that the Bank will not remain a going concern for at least the next twelve (12) months from the date of this statement.

Auditors
The auditors Deloitte & Touche, will not continue in office in accordance with section 81(4) of the Banks and specialised deposit-Taking Institutions Act, 2016 (Act 930) with effect from the date of the Annual General Meeting.

Approval of the financial statements
The financial statements were approved by the board of directors on
5 March 2018.

By order of the Board

....

Director
Karen Akiwumi Tanoh
(Board Chairman)

....

Director
Odun Odunfa
(MD/CEO)

Statement of Directors' Responsibilities

The directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Bank and, of the income statement and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), the requirements of the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

Corporate Governance

Introduction

First Atlantic Bank is committed to adopting a robust corporate governance framework and applying the highest standards of business integrity and professionalism to safeguard the long-term interests of our stakeholders. To achieve this, the bank has adopted global best practices in compliance with regulations and codes of corporate governance to establish accountability and transparency as well as preserve the integrity of the Board and Management. The Board not only pays attention to ethical conducts, value enrichment and the implementation of best practices, but also makes significant effort to understand and manage stakeholders' expectations.

First Atlantic Bank Limited believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notes to the accounts, the Bank adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

The Board of Directors

The Board is responsible for setting the Bank's strategic direction and oversight of executive management. The Board presents a balanced and understandable assessment of the Bank's progress and prospects.

The Board consists of a Non-Executive Chairman and five (5) Non-Executive Directors and three (3) Executive Directors. The Non-Executive Directors are independent of Management and free from any constraints, which could materially interfere with the exercise of their independent judgment. They have the requisite experience and knowledge of the industry, markets, financial and other business sectors to make valuable contributions to the Bank's progress. During the period under review five (5) Board meetings were held.

The Board has five (5) Committees namely, Governance and General Purpose, Loans & Investments, Audit, Risk Management and Property and Infrastructure. The details of the Committees are as follows:

i) Governance and General Purpose Committee

The purpose of the Committee is to provide appropriate advice and recommendations on matters relating to governance, human resource and other general matters. The Committee is made up of three (3) non-executive members and its meets at least once a quarter. The main Board determines its terms of reference.
The duties and responsibilities of the committee include orientation and education of new directors; development of policies to facilitate continuous education and development of directors; periodic assessment of the skills of directors; approval of special welfare schemes and proposals; consideration of disciplinary matters involving top management staff and directors.

The Committee also has oversight responsibility of all legal matters and the authority and discretion to review any legal matter, issue, or document.

ii) Loans & Investments Committee

The Loan & Investment Committee is made up of four (4) members of whom three (3) are non-executive directors. The Committee meets at least once a quarter. The main Board determines its terms of reference.

The Committee assists the Board in fulfilling its oversight responsibility relating to loans and investment matters by providing appropriate advice and recommendations on matters relevant to loans and investments.

The duties and responsibilities of the Committee include recommending the membership of the Bank's Credit Committee; recommending credit policies and procedures to govern the authority delegated to the Credit Committee; review, recommend and approve loans and investments and other risk assets to the Board..

iii) The Audit Committee

The Audit Committee is made up of three (3) Non-Executive Directors. The Committee meets at least once a quarter. The main Board determines its terms of reference.

The purpose of the Committee is to establish and operate adequate control systems and sound accounting policies, safeguard the bank's assets and prepare accurate financial reports and statements that comply with applicable legal, accounting standards and regulatory requirements.

The duties of the Audit Committee include recommending the selection, appointment, retention, compensation and oversight of the work of the Bank's External Auditors; review of quarterly, half-yearly and annual financial reports and consider the budget and strategic business plan of the Bank.

iv) Risk Management Committee

The Risk Management Committee is made up of four (4) members of whom (3) are Non-Executive Directors. The Committee meets at least once a quarter. The main Board determines its terms of reference.

The purpose of the Committee is to oversee the establishment of a formal written policy on the bank's overall risk management framework and to evaluate the adequacy of the bank's risk management systems, the action plans in place to manage these risks and to monitor progress towards the achievement of these actions.
The duties and responsibilities of the Committee include oversight of Enterprise Risk Management, Compliance and Internal controls.

v) Property and Infrastructure Development Committee

The Property and Infrastructure Committee is made up of four (4) members of whom three (3) are Non-Executive Directors. The Committee meets at least once a quarter. The main Board determines its terms of reference.

The Committee has authority to consider all matters relating to the acquisition, disposal, construction and or refurbishment of landed properties for or by the Bank. It also reviews the Bank's IT strategy and major technology related expenditures.

Code of business ethics

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

The Bank is managed in a way that maximises long-term shareholder value and takes into account the interest of all of its stakeholders.

Independent auditor's report

To the Shareholders of First Atlantic Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of First Atlantic Bank Limited which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of First Atlantic Bank Limited as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and in the manner required by the Companies Act, 1963 (Act 179).

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 requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code.

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 statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Loan Impairment Provisions	
The Bank carries out an impairment of its loans and advances in compliance with IAS 39 – Financial Instruments: Recognition and Measurement, which requires the amount of loss to be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan asset's original effective interest rate. The Bank reviews its loans and advances for impairment at the end of each reporting period. Due to the significant judgement that is applied by management in determining whether an impairment loss has occurred and in estimating the expected amount and timing of future cash flows, we considered this to be a key audit risk. In addition to specific provisions against individually impaired loans and advances, the Bank also makes a collective impairment provision against the remainder of the loans and advances in relation to which specific impairment losses have not been made. We focused on this area, since the determination of the amount of the collective provision is an estimation process which is based on historical loss experience and therefore involves significant judgement. The Bank is also required to compute loan provision in accordance with the Bank of Ghana (BoG) prudential guidelines. There is the risk of inappropriate classification of loans and advances in accordance with BoG's guidelines that results in inaccurate loan impairment computations. The Bank is also required to make transfer from income surplus to Regulatory Credit Risk Reserve based on the excesses of IFRS impairment and Bank of Ghana provision. The disclosures relating to impairment of loans and advances to customers which are included in note 3.8 and note 4a to these financial statements are considered important to the users of the financial statements given the level of judgement and estimation involved.	We evaluated and tested the design, implementation of the relevant controls over the computation of impairment loss provisions. In performing the test of controls, we considered the appropriateness of the purpose the control and correlation to risk, the appropriateness of the nature and significance of the risk, competence and authority of person(s) performing the control, frequency and consistency with which the control is performed and the level of aggregation and predictability of the control. We performed an evaluation of management's key assumptions over specific impairment calculation, including the calculation methodology, the basis of the underlying expected cash flows, and the realizable value of collaterals and expected period of realization of the collaterals. We determined whether the cash flow projections were supported and consistent with the financial information in the borrower's loan file. We evaluated the loan's effective interest rate used in discounting expected future cash flows and recalculated the estimate of loss using the cash flow projections and the loan's effective interest rate. We further examined validity of collaterals and verified that the original copies are kept in a secured place. We determined that the current fair value of the collaterals were obtained from qualified professionals either internal or external to the Bank. For fair value estimates supported by current independent appraisals, we evaluated the appraiser's qualifications and obtained an understanding of the assumptions adopted for each appraisal. Typically, appraisal assumptions are based on the current performance of the collateral or similar assets. We calculated an estimate of loss for the selected fair value of collateral dependent loans. We tested the adequacy of the collective loan loss provision by evaluating the assumptions and loss rates used by management in the calculation of the collective impairment provision.

Key audit matter	How our audit addressed the key audit matter
Loan Impairment Provisions	
	We considered past experience and current economic and other relevant conditions, including changes in factors such as lending policies, nature and volume of the portfolio, volume and severity of both past and recently identified impaired loans and concentration of credit. We also considered the consistency of the approach with the prior year and evaluated the adequacy of the Bank's disclosures on impairment of loans and advances to customers. We further accessed also as appropriate the classifications of the Bank's loans and advances in accordance with Bank of Ghana prudential guidelines and the transfer of any excess provision over the IFRS computed provisions to the Regulatory Credit Risk Reserve. We also assessed the adequacy of the Bank's disclosures on allowance for impairmentof loans and advances.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and Corporate Governance which we obtained prior to the date of this report. The 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and the requirements of the Companies Act, 1963, (Act 179) 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of 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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

We also provide the audit committee 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 audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 and Regulatory Requirements

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

We confirm that:

i) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) the Bank has kept proper books of account, so far as appears from our examination of those books.

iii) the Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) Section 85(2) requires that we state certain matters in our report. We hereby state that:

i) the accounts give a true and fair view of the state of the affairs of the Bank and the results of operations for the year under review;

ii) we were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;

iii) the transactions of the Bank were within the powers of the Bank;

iv) in our opinion, 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; and

v) the Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The engagement partner on the audit resulting in this independent auditor's report is
Daniel Kwadwo Owusu
(ICAG/P/1327)

Deloitte & Touche

For and on behalf Deloitte & Touche
(ICAG/F/2018/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
Accra Ghana

23rd March, 2018

Statement of Profit or Loss and other Comprehensive Income

(All amounts are expressed in Ghana cedis unless otherwise stated)
Income statement for the year ended 31 December

	Notes	2017	2016
Interest income	7a	**200,300,647**	183,871,236
Interest expense	7b	**(116,887,274)**	(81,710,044)
Net interest income		**83,413,373**	102,161,192
Net fee and commission income	8	**33,561,440**	43,369,996
Net trading income	9	**24,556,286**	18,802,455
Other operating income	10	**395,201**	85,950
Operating income		**141,926,300**	164,419,593
Impairment losses on loans and advances	13	**(5,155,533)**	(37,625,485)
Personnel expenses	11	**(48,350,962)**	(42,896,169)
Depreciation and amortisation	12a	**(12,680,780)**	(9,442,890)
Other expenses	12b	**(46,773,742)**	(49,589,954)
Loss from associated companies	18a	**(212,902)**	(364,131)
Profit before income tax		**28,752,381**	24,500,964
Income tax expense	14a	**(7,537,826)**	(7,432,779)
National stabilisation levy	14b	**(1,422,051)**	(1,194,910)
Profit for the year after income tax		**19,792,504**	15,873,275
Other comprehensive income, net of income tax			
Items that may not be reclassified subsequently to statement of profit or loss			
Revaluation of property		-	46,786,382
Items that may be reclassified subsequently to statement of profit or loss			
Unrealised gains/(loss) on fair value changes on available-for-sale securities, net of tax	33	**3,167,580**	925,956
Total comprehensive income for the period		**22,960,084**	63,585,613
Earnings per share	34	**0.10**	0.08

Statement of Financial Position

As at 31 December 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Notes	2017	2016
Assets			
Cash and cash equivalents	15	**595,550,525**	301,168,001
Non-pledged trading assets	16	**554,735,982**	661,823,825
Pledged trading assets	16	**137,375,663**	95,600,000
Loans and advances to customers	17	**249,797,797**	233,156,314
Investment in associates	18b	**126,722**	339,624
Current tax asset	22	**1,407,860**	1,500,109
Intangible assets	20	**6,102,381**	5,715,611
Other assets	21	**20,012,129**	15,262,346
Property and equipment	19a	**137,531,784**	127,472,895
Total assets		1,702,640,843	1,442,038,725
Liabilities			
Deposits from banks	26	**68,803,283**	140,943,916
Deposits from customers	25	**1,378,961,100**	1,042,813,852
Borrowings	27	-	13,553,677
Deferred tax liabilities	24	**18,480,626**	16,997,194
Other liabilities	28	**6,163,053**	20,457,389
Total liabilities		1,472,408,062	1,234,766,028
Equity			
Stated capital	29	**96,610,409**	96,610,409
Income surplus account		**30,417,586**	159,772
Revaluation reserve	30	**50,765,205**	50,765,205
Statutory reserve fund	31	**41,829,502**	31,933,250
Credit risk reserve	32	**7,213,626**	27,575,188
Other reserves	33	**3,396,453**	228,873
Total equity		230,232,781	207,272,697
Total equity and liabilities		1,702,640,843	1,442,038,725

The financial statements on pages 13 to 65 were approved by the board of directors on .... 2017 and were signed on its behalf by:

……………………………………… ……………………………………………

Director
Karen Akiwumi -Tanoh (Chairman)

Director
Odun Odunfa (MD/CEO)

Statement of Changes In Equity

For the year ended 31 December 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Note	Stated capital	Statutory reserve	Regulatory Credit risk reserve	Revaluation Reserve	Income surplus account	Other reserves	Total
Balance at 1 January 2017		96,610,409	31,933,250	27,575,188	50,765,205	159,772	228, 873	207,272,697
Profit for the year		-	-	-	-	19,792,504	-	19,792,504
Other comprehensive income								
Net change in fair value of available-for-sale financial assets net of tax	33	-	-	-	-	-	3,167,580	3,167,580
Revaluation gain on property net of tax								-
Total comprehensive income for the year		-	-	-	-	19,792,504	3,167,580	22,960,084
Transfers from income surplus to reserves and transactions with owners, recorded directly in equity								
Transfer to statutory reserve	31		9,896,252			(9,896,252)		-
Transfer to credit risk reserve	32			(20,361,562)		20,361,562		-
Total other movements in equity		-	9,896,252	(20,361,562)	-	10,465,310	-	-
Balance at 31 December 2017		96,610,409	41,829,502	7,213,626	50,765,205	30,417,586	3,396,453	230,232,781
Balance at 1 January 2016		96,610,409	23,996,612	24,676,245	3,978,823	(4,877,922)	(697,083)	143,687,084
Profit for the year		-	-	-	-	15,873,275	-	15,873,275
Other comprehensive income								
Net change in fair value of available-for-sale financial assets net of tax	33	-	-	-	-	-	925,956	925,956
Revaluation gain on property net of tax	38	-	-	-	46,786,382	-	-	46,786,382
Total comprehensive income for the year		-	-	-	46,786,382	15,873,275	925,956	63,585,613
Transfers from income surplus to reserves and transactions with owners, recorded directly in equity								
Transfer to statutory reserve	31	-	7,936,638	-	-	(7,936,638)	-	-
Transfer to credit risk reserve	32	-	-	2,898,943	-	(2,898,943)	-	-
Total other movements in equity		-	7,936,638	2,898,943	-	(10,835,581)	-	-
Balance at 31 December 2016		96,610,409	31,933,250	27,575,188	50,765,205	159,772	228,873	207,272,697

Statement of cash flows

For the year ended 31 December 2017

(All amounts are expressed in Ghana cedis unless otherwise stated)

	Notes	2017	2016
Cash flows from operating activities			
Profit for the period Adjusted for:		28,752,381	24,500,964
Depreciation and amortisation		12,680,780	9,442,890
Impairment on financial assets		5,155,533	37,625,485
Bad debt recovered		530,989	180,000
Profit on disposal of assets		(395,201)	(85,951)
Net interest income		(83,413,373)	(99,947,394)
		(36,688,891)	(28,284,006)
Changes in trading assets / liabilities			
Change in non-pledged trading assets		111,311,283	(399,213,404)
Change in pledged trading assets		(41,775,663)	(69,090,000)
Change in loans and advances to customers		(24,294,039)	104,156,202
Change in other assets		(4,988,385)	(1,683,512)
Change in investment in associates		212,902	364,131
Change in deposits from banks		(72,140,633)	125,467,513
Change in deposits from customers		316,043,028	166,576,802
Change in borrowings		(13,553,677)	(72,967,528)
Other liabilities		(14,530,923)	196,035
		256,283,893	(146,193,761)
Interest received		202,266,681	173,250,503
Interest paid		(96,783,054)	(73,632,356)
Income tax paid		(7,964,867)	(9,792,215)
Net cash generated from (used in) operating activities		317,113,762	(84,651,835)
Cash flows from investing activities			
Purchase of property and equipment		(21,361,163)	(32,430,340)
Proceeds from sale of property and equipment		504,760	133,486
Purchase of intangible assets		(1,874,835)	(426,593)
Net cash used in investing activities		(22,731,238)	(32,723,447)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		294,382,524	(117,375,282)
Cash and cash equivalents at start of year		301,168,001	418,543,283
Cash and cash equivalents at end of year	15	595,550,525	301,168,001

Notes to the financial statements

For the year ended 31 December 2017

1. Reporting entity

First Atlantic Bank Limited (the "Bank") is a private limited liability company incorporated under the Companies Act, 1963 (Act 179) and domiciled in Ghana. The Bank primarily is involved in retail, commercial, corporate, private and investment banking. The address of the Bank's registered office is Atlantic Place, No. 1 Seventh Avenue, Ridge West, Accra, Ghana.

2. Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and in the manner required by the Companies Act, 1963 (Act 179) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The financial statements were approved by the Board of Directors on 5 March 2018.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value and property,plant and equipment at revalued amounts.

2.3 Functional and presentation currency

These financial statements are presented in Ghana Cedis (GHc), which is the Bank's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Investment in associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Bank's investments in its associate are accounted for using the equity method.
Under the equity method, the investment in an associate is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. The income statement reflects the Bank's share of the results of operations of the associate. Any change in Other Comprehensive Income of those investees is presented as part of the Bank's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Bank recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Bank's share of income statement of an associate is shown on the face of the income statement outside operating profit and represents income statement after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Bank. When necessary, adjustments are made to bring the accounting policies in line with those of the Bank. After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate, the Bank measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

3.2 Foreign currency translation

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date (closing rate). The foreign currency gain or loss on monetary items is the difference between amortised cost at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in income statement, except for differences arising on the retranslation of available-for-sale equity instruments or financial instruments designated as a hedge of the net investment in a foreign operation which are recognised in OCI.

3.3 Interest

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the organisation and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement. Interest income and expense are however generally recognised in the income statement on straight-line basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of profit or loss and OCI include:

- Interest on financial assets and liabilities at amortised cost on an effective interest rate basis
- Interest on available-for-sale investment securities on an effective interest basis
- the effective portion of qualifying hedge derivatives designated in a cash flow hedge if the hedged item is recorded in interest income / expense
- fair value changes in qualifying derivatives (including hedge ineffectiveness) and related hedged items when interest rate risk is the hedged risk.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through income statement, are presented in net income on other financial instruments carried at fair value in the income statement.

3.4 Fees and commissions

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account-servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed. Where a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.5 Net trading income

Income arises from the margins which are achieved through market-marking and customer businesses and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividend arising from long and short positions and funding costs relating to trading activities.

3.6 Financial assets and liabilities

Recognition

The Bank initially recognises loans and advances, deposits and debt securities issued on the date that they are originated.

All other financial assets and liabilities (including assets and liabilities designated at fair value through income statement) are initially recognised on the trade date at which the bank becomes a party to the contractual provisions of the instrument.

Amortised cost measurement

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

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The bank uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

De-recognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the bank is recognised as a separate asset or liability. The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

Regular way purchases and sales of loans and receivables are recognised on contractual settlement.

3.7 Offsetting financial instruments

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

3.8 Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Bank about the following loss events:

i) significant financial difficulty of the borrower;

ii) a breach of contract, such as default or delinquency in interest or principal repayments;

iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Bank would not otherwise consider;

iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

v) the disappearance of an active market for that financial asset because of financial difficulties; or

vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets including:

- Adverse changes in the payment status of borrowers; or

- National or local economic conditions that correlate with defaults on the assets of the Bank.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months. In exceptional cases, longer periods are warranted.

(i) Assets carried at amortised cost

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

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

As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank's historical loss experience for assets with credit risk characteristics similar to those in the Bank.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

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

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through income statement. Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost net of any principal repayment and amortisation and current fair value, less any impairment loss previously recognised in income statement out of equity to income statement. When a subsequent event that can be related to the event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through income statement otherwise, the decrease is recognised through

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

3.9 Income tax expense

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax. Tax is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Income Tax Act, 2015 (Act 896) as amended.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividend is recognised at the same time as the liability to pay the related dividend is recognised.

3.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost or fair values in the statement of financial position depending on the business model for managing the asset or the cash flow characteristics of the asset.

3.11 Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities 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.
Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to income statement. All changes in fair value are recognised as part of net trading income in income statement. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

3.12 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the bank does not intend to sell immediately or in the near term.

When the bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the financial asset is recognised within loans and advances.

When the bank purchases a financial asset under a commitment to sell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the financial asset is accounted for as a loan, and the underlying asset is not recognised in the bank financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except when the bank chooses to carry the loans and advances at fair value through income statement as described in accounting policy.

3.13 Investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as either held-to- maturity, fair value through income statement, or available-for-sale,

Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through income statement or available-for-sale. Held-to-maturity investments are carried at amortised cost using the effective interest method.

Fair value through income statement

The bank carries some investment securities at fair value, with fair value changes recognised immediately in income statement as described in accounting policy.

Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in income statement using the effective interest method. Dividend income is recognised in income statement when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available- for-sale debt security investments are recognised in income statement.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is transferred to income statement.

3.14 Property and equipment

Land and buildings are shown at fair value based on periodic, but at least 3-5 years, valuations by external independent valuers less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.
All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Freehold land is not depreciated. Leasehold land is amortised over the term of the lease and is included as part of property and equipment. Depreciation on other assets is calculated on the straight-line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Land and building:
Over the remaining lease period

Leasehold improvement:
Over the lease period

Fixtures, fittings and equipment:
5 years - 7 years

Computer: 3 years - 5 years

Motor vehicles: 5 years - 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Subsequent costs are included in the assets carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and that the cost of the item can be measured reliably. All other costs are charged to the income statement as repairs and maintenance costs during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and building are credited to reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the income statement. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount. These are recorded in the income statement.

3.15 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of seven (7) years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding seven years).

3.16 Leased assets - lessee

The determination of whether an arrangement is a lease, or contains a lease, 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 or whether the arrangement conveys a right to use the asset.

Bank as a lessee

Leases that do not transfer to the Bank substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Contingent rental payable is recognised as an expense in the period in which they it is incurred.

3.17 Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.18 Provisions

A provision is recognised if, as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

3.19 Employee benefits

(i) Retirement benefit obligations

The Bank operates the three-tier pension scheme. Contributions by the Bank to the mandatory tier one and tier two schemes are determined by law; currently employer contributes 13% of employee basic salary while employee contributes 5.5%.

Out of a total contribution of 18.5%, the Bank remits 13.5% to Social Security and National Insurance Trust towards the first tier pension scheme. The bank remits the remaining 5% to a privately managed scheme under the mandatory second tier. The Bank and its employees also make contributions towards employees pension under the voluntary third tier pension scheme which is privately managed.

Payment to above defined contribution plans and state-managed retirement benefit plans are charged as an expense as the employees render service.

(ii) Other entitlements

The estimated monetary liability for employees' outstanding annual leave entitlement at the reporting date is recognised as an expense accrual.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.20 Share capital and reserves

Stated capital is classified as equity where the Bank has no obligation to deliver cash or other assets to shareholders. All shares are issued at no par value. Incremental costs directly attributable to the issue of an equity instrument are

3.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the income statement attributable to ordinary shareholders of the Bank by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the income statement attributable to ordinary shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares, which comprise convertible notes and share options granted to employees.

3.22 Segment reporting

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

3.23 Dividend

Dividend is recognised as a liability in the period in which they are declared.

3.24 Offsetting of financial assets and liabilities

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

3.25 Sale and repurchase agreements

Securities sold under sale and repurchase agreements (Repos) are retained in the financial statements with the counterparty liability included in amounts due to banking institutions. Securities purchased from the Central Bank of Ghana under agreement to resell (reverse Repos), are disclosed as treasury bills as they are held to maturity after which they are repurchased and are not negotiable or discounted during the tenure.

3.26 Financial guarantees

In the ordinary course of business, the Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement in credit loss expense.

The premium received is recognised in the income statement in net fees and commission income on a straight-line basis over the life of the guarantee.

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

3.27 Borrowings (liabilities to banks and customers)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method, any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings and other forms of financial liabilities shall be de-recognised from the books only when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

4. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies, evaluates and manages financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

These are principal risks of the Bank. This note presents information about the Bank exposure to these risks, including the objectives, policies and processes for measuring and managing the risks as well as their impact on earnings and capital.

Risk management framework

This depends mainly on the Risk Management framework set out by the Central Bank. Bank specific framework based on the overall structure of the bank ensures that the Board of Directors has overall responsibility for the establishment and oversight of the bank's risk management framework. The Board has established the Asset and Liability (ALCO), Credit and Operational Risk committees, which are responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the bank to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to pay amounts in full when due. Credit risk is one of the most important risks for the Bank's business: management therefore carefully manages the exposure to credit risk.

Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments such as committed facilities. Credit risk management and control is centralised in the credit committee, whose membership comprises executive management and head of risk, which reports regularly to the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its bank Credit Committee. A separate Credit department, reporting to the bank Credit Committee, is responsible for oversight of the bank credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

- Developing and maintaining the Bank's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Bank Risk Function.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Bank Credit committee on the credit quality of local portfolios and appropriate corrective action is taken.

- Providing advice, guidance, specialist skills and training to business units to promote best practice throughout the bank in the management of credit risk.

Exposure to credit risk	2017	2016
Loans and advances to customers		
Individually impaired		
Grade 6: Impaired (substandard)	19,273,913	19,584,387
Grade 7: Impaired (doubtful)	14,171,453	47,272,869
Grade 8: Impaired (loss)	16,379,296	50,522,059
	---------------------	---------------------
Gross amount	49,824,662	117,379,315
Allowance for impairment	(14,711,459)	(43,663,169)
	---------------------	---------------------
Carrying amount	35,113,203	73,716,146
	---------------------	---------------------
Collectively impaired		
Grade 1-3: Normal	220,707,770	165,493,716
Grade 4-5: Watch list	2,132,516	2,005,108
	---------------------	---------------------
Gross amount	222,840,286	167,498,824
Allowance for impairment	(8,155,692)	(8,058,656)
	---------------------	---------------------
Carrying amount	214,684,594	159,440,168
	---------------------	---------------------
Past due but not impaired		
Grade 1-3: Normal	-	-
Grade 4-5: Watch list	2,132,516	2,005,108
	---------------------	---------------------
Carrying amount	2,132,516	2,005,108
	===========	==========
Past due comprises:		
30-60 days	-	502,499
60-90 days	2,132,516	1,502,609
90-180 days	19,273,913	19,584,387
180-360 days +	30,550,749	97,794,928
	---------------------	---------------------
Carrying amount	51,957,178	119,384,423
	---------------------	---------------------
Neither past due nor impaired		
Grade 1-3: Normal	220,707,770	165,493,716
Grade 4-5: Watch list	-	-
	---------------------	---------------------
Carrying amount	220,707,770	165,493,716
- Includes loans with renegotiated terms		
	---------------------	---------------------
Total carrying amount	249,797,797	233,156,314
	===========	==========

Maximum credit risk exposure	2017	2016
Placement with other banks	250,494,801	9,583,564
Loans and advances	272,664,948	284,878,139
Unsecured contingent liabilities and commitments	28,936,166	20,715,498
Trading assets	46,457,108	-
	---------------------	---------------------
	598,553,023	315,177,201
	===========	==========

Regular audits of business units and Bank credit processes are undertaken by Internal Audit.

Impaired loans and securities

Impaired loans and securities are loans and securities for which the bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). Interest on these loans are calculated and treated on non-accrual basis and portions shall only be considered when payments (settlement) are made. These loans are graded 6 to 8 in the bank's internal credit risk grading system.

Past Due or Non-Performing but not impaired loans

Loans and securities where contractual interest or principal payments are past due or non- performing are not treated as impaired when the discounted cash flows of the forced sale value of the collateral is estimated to be more than the loan.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. The status or risk grade of a restructured facility does change until there is evidence of performance over a reasonable period of time.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, a bank shall recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in income statement. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit- adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents the estimate of incurred losses in the loan portfolios. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Bank writes off a loan/security balance (and any related allowances for impairment losses) when Bank Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower/ issuer can no longer discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status. Related and connected lending is not permitted to be written off.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired financial assets by risk grade.

	2017		2016	
Individually impaired	**Gross**	**Net**	**Gross**	**Net**
Grade 6: Impaired (substandard)	**19,273,913**	**19,269,862**	19,584,387	11,586,050
Grade 7: Impaired (doubtful)	**14,171,453**	**9,865,409**	47,272,869	39,614,109
Grade 8: Impaired (loss)	**16,379,296**	**5,977,933**	50,522,059	22,515,986
Total	**49,824,662**	**35,113,204**	117,379,315	73,716,146

Collateral of impaired exposures

The bank holds collateral against loans and advances mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral is not normally held for loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2017 or 2016.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below. It must however be noted that collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values:

	2017	2016
Against individually impaired		
Property	**6,883,173**	12,852,403
Debt securities		
Equities	**-**	14,386,155
Other	**9,147,498**	11,462,764
Against collectively impaired		
Property	**217,772,065**	117,206,231
Debt securities		
Equities	**83,564,264**	-
Other	**208,578,870**	235,847,103
Against past due but not impaired		
Property	**4,038,991**	-
Debtsecurities	-	-
Equities	-	-
Other	-	-
Against neither past due nor impaired		
Property	-	-
DebtsecuritiesEquities	-	-
Other	-	-
Total	**529,984,861**	391,754,655

Repossessed collateral

There were no repossessed assets as at 31 December 2017 (2016: nil).

	2017	2016
Analysis by business segments		
Agriculture, forestry and fishing	651,864	18,462,384
Mining and quarrying	2,136,626	2,362,835
Manufacturing	77,216,742	14,731,601
Construction	14,484,906	11,671,617
Electricity, gas and water	80,894,378	126,174,528
Commerce and finance	57,833,359	64,440,292
Transport, storage and communication	8,217,084	1,186,336
Services	29,161,605	25,165,881
Miscellaneous	2,068,383	20,682,664
Gross loans and advances	272,664,948	284,878,139
Analysis by Bank of Ghana prudential classification		
Current	220,707,769	165,493,716
Olem	2,132,516	2,005,108
Substandard	19,273,913	19,584,387
Doubtful	14,171,453	47,272,869
Loss	16,379,296	50,522,059
	272,664,948	284,878,139

Key regulatory ratios		
Loan loss provision ratio	8%	18%
Gross non-performing loans ratio	18%	41%
Fifty largest exposures	87%	81%
Loan deposit ratio	18%	22%

Settlement risk

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

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

b) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank of Ghana requires that the Bank maintains a cash mandatory reserve ratio.

In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The treasury department monitors liquidity ratios on a daily basis.

Liquidity management within the Bank has several strands. The first is day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or as they are borrowed by customers. The Bank maintains an active presence in the Ghanaian money markets to facilitate that. The second is maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow. Finally, the ability to monitor, manage and control intra-day liquidity in real time is recognised by the Bank as a mission critical process: any failure to meet specific intra-day commitments would be a public event and may have an immediate impact on the Bank's reputation.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month as these are key periods for liquidity management. In addition to cash flow management, Treasury also monitors unmatched medium-term assets and the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as commercial letters of credit and guarantees.

Treasury develops and implements the process for submitting the bank's projected cash flows to stress scenarios. The output of stress testing informs the Bank's contingency funding plan. This is maintained by the Assets and Liability Committee (ALCO) of the Bank and is aligned with the country business resumption plans to encompass decision- making authorities, internal and external communication and, in the event of a systems failure, the restoration of liquidity management and payment systems.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

An important source of structural liquidity is provided by our core private deposits, mainly term deposits, current accounts and call deposits. Although current accounts and call deposits are repayable on demand, the bank's broad base of customers - numerically and by depositor type - helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the bank's operations and liquidity needs.

To avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the Bank's reputation, the strength of earnings and the Bank's financial position.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported bank (liquid ratio) ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

At 31 December	**2017**	2016
Average for the period	88%	85%
Maximum for the period	92%	97%
Minimum for the period	85%	71%

	Up to one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	More than three years	Total
31 December 2017							
Non-derivative liabilities							
Deposits from banks	62,686,772	3,260,536	1,502,485	1,353,490	-	-	68,803,283
Deposits from customers	746,375,536	469,536,615	154,451,082	8,597,866	-	-	1,378,961,100
Borrowings	-	-	-	-	-	-	-
	809,062,308	469,536,615	155,953,567	9,951,357	-	-	1,447,764,383
31 December 2016							
Non-derivative liabilities							
Deposits from banks	135,785,762	-	5,158,154	-	-	-	140,943,916
Deposits from customers	567,777,046	256,189,322	103,437,494	115,139,257	270,733	-	1,042,813,852
Borrowings	-	13,553,677	-	-	-	-	13,553,677
	703,562,808	269,742,999	108,595,648	115,139,257	270,733	-	1,197,311,445

The previous table shows the undiscounted cash flows on the Bank's financial liabilities and assets and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance; and unrecognised loan commitments are not all expected to be drawn down immediately.

The Gross nominal inflow / (outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment. The disclosure for derivatives shows a net amount for derivatives that are net settled, but a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (for example, forward exchange contracts and currency swaps).

c) Market risk

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

Management of market risk

Overall authority for market risk is vested in ALCO. Bank Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to market risk – trading portfolios

The principal tool used to measure and control market risk exposure within the bank's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level).

The VaR model used by the Bank is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based mainly on historical simulation. Taking account of market data from the previous two years, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.

- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.

- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.

- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.

- The VaR measure is dependent upon the position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The bank uses VaR limits for total market risk and specific foreign exchange, interest rate, and equity and other price risks. The overall structure of VaR limits is subject to review and approval by ALCO. VaR limits are allocated to trading portfolios. VaR is measured at least daily and more regularly for more actively traded portfolios. Daily reports of utilisation of VaR limits are submitted to Risk and regular summaries are submitted to ALCO.

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the bank uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios on individual trading portfolios and the bank's overall position.

Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items.

31 December 2017	Less than 3 months	3-6 months	6-12 months	1-3 years	More than 3 years	Total
Cash and cash equivalents	595,550,525	-	-	-	-	**595,550,525**
Non-Pledged trading assets	404,667,622	69,864,360	2,476,057	8,264,859	69,463,084	**554,735,982**
Pledged assets trading	41,283,411	38,635,900	-	47,152,352	10,304,000	**137,375,663**
Loans and advances to customers	59,078,959	46,171,870	44,051,631	100,495,338		**249,797,797**
	1,100,580,517	154,672,130	46,527,688	155,912,549	79,767,084	1,537,459,967
Deposits from banks	68,803,283	-	-	-	-	**68,803,283**
Deposits from customers	960,595,863	409,282,557	9,082,680	-	-	**1,378,961,100**
	1,029,399,146	409,282,557	9,082,680	-	-	1,447,764,383

31 December 2016	Less than 3 months	3-6 months	6-12 months	1-3 years	More than 3 years	Total
Cash and cash equivalents	301,168,001	-	-	-	-	301,168,001
Non-Pledged trading assets	478,059,102	132,499,449	38,641,132	12,624,142	-	661,823,825
Pledged assets trading	74,204,246	-	14,074,183	7,321,570	-	95,600,000
Loans and advances to customers	77,154,165	15,768,010	38,894,120	101,340,019	-	233,156,314
	930,585,514	148,267,459	91,609,435	121,285,731	-	1,291,748,140
Deposits from banks	113,836,745	27,107,171	-	-	-	140,943,916
Deposits from customers	735,171,459	85,632,615	222,009,778	-	-	1,042,813,852
Borrowings	-	13,553,677	-	-	-	13,553,677
	849,008,204	126,293,463	222,009,778	-	-	1,197,311,445

Exposure to other market risks – non-trading portfolios

Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by Treasury and equity price risk is subject to regular monitoring by bank Risk, but is not currently significant in relation to the overall results and financial position of the bank.

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net income for one year, based on the financial assets and liabilities held at 31 December 2017 and 2016.

Impact on net interest income

The effect on interest of a 25 basis points change would be as follows:

	+25 basis points 2017	+25 basis points 2016	-25 basis points 2017	-25 basis points 2016
Effect on net interest income	733,699	452,637	(733,699)	(452,637)

Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra- day positions, which are monitored daily. This is measured through the income statement accounts.

The table below summarises the bank's exposure to foreign currency exchange rate risk at the balance sheet date. Included in the table are the bank's financial assets and liabilities at carrying amounts categorised by currency. The amounts stated in the table are the cedi equivalent of the foreign currencies.

At 31 December 2017	USD	GBP	Euro
Assets			
Cash and cash equivalents	184,896,960	9,770,039	23,806,380
Non-Pledged trading assets	-	-	-
Pledged assets trading	-	-	-
Loans and advances to customers	117,400,322	56,244	-
Total	302,297,282	9,826,283	23,806,380
Deposits from customers	276,879,773	10,395,887	24,806,439
Deposits from banks	1,614,389	-	-
Total	278,494,162	10,395,887	24,806,439
Net on balance sheet position	23,803,120	(569,604)	(1,000,059)
Net off balance sheet position	32,506,459	-	4,825,198
At 31 December 2016			
Totalassets	248,185,796	8,225,528	24,140,772
Totalliabilities	239,967,552	8,060,913	23,980,700
Net on balancesheet position	3,976,877	1,078,874	98,115
Net off balancesheet position	74,370,418	-	9,016,164

The following sensitivity table demonstrates the effects of a 10% rise or fall in foreign exchange rates for each of the major foreign currency exposures of the Bank:

Effect on income	Impact on profit after tax if currency weakens 10% vs GH¢ 2017		Impact on profit after tax if currency strengthens 10% vs GH¢ 2017	
		%		%
USD	1,848,168	9.78%	(1,848,168)	(9.78%)
EUR	237,678	1.26%	(237,678)	(1.26%)
GBP	131,457	0.70%	(131,457)	(0.70%)
	===========		--------------------	
Net change	2,217,304		(2,217,304)	
	===========		===========	

	Impact on profit after tax if currency weakens 10% vs GH¢ 2016		Impact on profit after tax if currency strengthens 10% vs GH¢ 2016	
Effect on income		%		%
USD	(1,052,937)	(7.3%)	1,052,937	7.3%
EUR	157,941	1.1%	(157,941)	(1.1%)
GBP	105,294	0.7%	(105,294)	(0.7%)
	--------------------		--------------------	
Net change	(789,703)		789,703	
	===========		===========	

The following are the year end foreign currency transaction rates for each of the major foreign

	2017	2016
United States Dollars (USD)	**4.4157**	4.2002
Euro (EUR)	**5.2964**	4.4367
British pound (GBP)	**5.9669**	5.1965

Fair value categorisation of financial instruments

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy.

All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of on-going measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial officer.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
2017				
Non-Pledged trading assets	554,735,982	-	-	554,735,982
Pledged trading assets	137,375,663	-	-	137,375,663
Total at 31December2017	692,111,645	-	-	692,111,645
2016				
Non-Pledged trading assets	649,199,683	12,624,142	-	661,823,825
Pledged trading assets	95,600,000	-	-	95,600,000
Total at 31 December 2016	744,799,683	12,624,142	-	757,423,825

Non-Pledged trading assets

These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

d) Operational risk

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

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

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

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

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

The Bank strives to maintain its reputation as an institution that guarantees the security of its customers' funds and sensitive information, even as cyber-security incidents are on the increase. In 2017, the Bank successfully maintained its ISO 27001 certification, and obtained Payment Card Industry Data Security Standard (PCI DSS) version 3.2 certification after undergoing rigorous audits.

Furthermore, the Bank invests in programs, initiatives and practices that promote and enhance staff engagement, competence, ethical behaviour, dedication, risk-smart workforce and productivity. Through a consistent set of management processes that drive risk identification, assessment, control and monitoring, the Bank continues to minimise exposure to operational risk.

e) Capital management Regulatory capital

The Bank of Ghana (local regulator) sets and monitors capital requirements for the bank as a whole. In implementing current capital requirements, Bank of Ghana requires the bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The bank calculates requirements for market risk in its trading portfolios based upon the Bank's VaR models and uses its internal grading as the basis for risk weightings for credit risk. The bank is also required to maintain a credible capital plan to ensure that capital level of the bank is maintained in consonance with the bank's risk appetite.

The bank's total regulatory capital is divided into two tiers:

- Tier 1 capital, which includes equity share capital, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes qualifying subordinated liabilities, the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale and 50% of property revaluation reserves.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

The bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the bank's management of capital during the period.

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheets, are:

- to comply with the capital requirements set by Bank of Ghana;

- to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;

- to maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Ghana for supervisory purposes. The required information is filed with Bank of Ghana on a monthly basis.

Bank of Ghana requires each bank to:

(a) hold the minimum level of regulatory capital of GH¢60million;

(b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%;

The table below summarises the composition of regulatory capital and the ratios at 31 December:

	2017	2016
Tier 1 capital		
Share capital	96,610,409	96,610,409
Statutory reserve	41,829,502	31,933,250
Income surplus	30,417,586	159,772
Tier1capital	168,857,497	128,703,431
Less:		
Intangibles	6,102,381	5,715,611
Investments in unconsolidated associates	126,722	339,624
Net Tier1capital	162,628,394	122,648,196
Tier 2 Capital		
Available for sale reserves	3,396,453	228,873
Revaluation reserves	25,382,603	50,765,205
Total qualifying tier2capital	28,779,056	50,994,078
Adjusted capital base	191,407,450	173,642,274
Risk weighted assets		
On balance sheet	498,768,420	443,692,285
Off balance sheet	129,167,164	84,684,658
Total risk weighted assets	627,935,584	528,376,943
50% of netopen position	2,729,790	4,964,807
100% of three years average annualgross income	185,964,149	126,851,986
	188,693,939	131,816,793
Adjusted asset base	816,629,523	660,193,736
Capital adequacy ratio	23.4%	26.3%

Total tier 1 capital excludes regulatory credit risk reserve of GH¢ 7,213,626 (2016: GH¢27,575,188) for the purpose of capital adequacy computation.

Capital allocation

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

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

5. Critical accounting estimates and judgments in applying accounting policies

Management discussed with the Audit Committee the development, selection and disclosure of the Bank critical accounting policies and estimates, and the application of these policies and estimates.
These disclosures supplement the commentary on financial risk management (see note 4).

(a) Impairment on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. This is done by the Credit Risk function of the Bank. In determining whether an impairment should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows (based on the customer's financial situation and the net realisable value of any underlying collateral) are reviewed regularly by the Credit Risk function to reduce any differences between loss estimates and actual loss experience.

Collectively assessed impairment allowances cover credit losses inherent in portfolio of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but which the individual impaired items cannot yet be identified.

A component of collectively assessed allowances is industry risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective impairments.

(b) Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Determining fair values

The determination of fair value of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade frequently and have little transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(d) Held-to-maturity financial assets

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturing as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its positive intention and ability to hold such assets to maturity. If the Bank fails to keep these assets to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to classify the entire class as available-for-sale. The assets would therefore be measured at fair value not amortised cost.

(e) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Critical accounting judgments in applying the bank's accounting policies

Critical accounting judgments made in applying the Bank's accounting policies include:

Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3.11

- In classifying financial assets as held-to-maturity, the Bank has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 3.13

Details of the bank's classification of financial assets and liabilities are given below.

Accounting classification and fair values

	Loans and receivables	Held to maturity	Available for sale	Other amortised costs	Total carrying amount	Fair value
31 December 2017						
Assets						
Cash & cash equivalents	-	-	-	595,550,525	595,550,525	595,550,525
Non-Pledged trading assets	-	-	554,735,982	-	554,735,982	554,735,982
Pledged trading assets	-	-	137,375,663	-	137,375,663	137,375,663
Loans and advances to customers	249,797,797	-	-	-	249,797,797	249,797,797
Liabilities						
Deposits from banks	-	-	-	68,803,283	68,803,283	68,803,283
Deposits from customers	-	-	-	1,378,961,100	1,378,961,100	1,378,961,100
31 December 2016						
Assets						
Cash & cash equivalents	-	-	-	301,168,001	301,168,001	301,168,001
Non-Pledged trading assets	-	12,624,142	649,199,683	-	661,823,825	661,823,825
Pledged trading assets	-	-	95,600,000	-	95,600,000	95,600,000
Loans and advances to customers	233,156,314	-	-	-	233,156,314	233,156,314
Liabilities						
Deposits from banks	-	-	-	68,803,283	68,803,283	68,803,283
Deposits from customers	-	-	-	1,042,813,852	1,042,813,852	1,042,813,852
Borrowings	-	-	-	13,553,677	13,553,677	13,553,677

The fair value of these financial assets and liabilities approximate to their carrying amounts due to its short term maturity.

6. Operating segments

Segment information is presented in respect of the Bank's business segments. The primary format, business segments, is based on the Bank's management and internal reporting structure.
Business segments pay and receive interest to and from the Treasury on an arm's length basis to reflect the allocation of capital and funding costs.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

Business segments

The Bank comprises the following main business segments:

Corporate Banking - This comprises loans, deposits and other transactions and balances with corporate customers

Retail and business business - This comprises loans, deposits and other transactions and balances with retail and banking customers banking

Global markets - Undertakes the Bank's funding and centralised risk management activities through borrowings, issues of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2017 and 2016.

2017	Corporate banking	Retail and busines banking	Global markets	Total
Interest Income	118,616,147	67,046,293	14,638,207	200,300,647
Interest Expense	(82,318,118)	(27,975,370)	(6,593,786)	(116, 887, 274)
Net Interest Income	36,298,029	39,070,923	8,044,421	83,413,373
Net fee and commission income	16,092,141	18,395,489	(530,989)	33,956,641
Net Trading Income	4,301,168	7,413,528	12,841,590	24,556,286
Operating income	56,691,338	64,879,940	20,355,022	141,926,300
Profit Before Tax	15,703,775	7,155,604	5,893,002	28,752,381
Income tax expense	-	-	-	(7,537,826)
National stabilisation levy	-	-	-	(1,422,051)
				19,792,504
Segment Assets	98,183,506	116,711,563	1,487,745,774	1,702,640,843
Segment Liabilities	887,152,192	471,767,709	113,488,161	1,472,408,062

2016	Corporate banking	Retail and busines banking	Global markets	Total
Interest Income	124,916,544	45,504,287	13,450,405	183,871,236
Interest Expense	(58,970,145)	(19,817,253)	(2,922,646)	(81,710,044)
	----------------------	----------------------	----------------------	----------------------
Net Interest Income	65,946,399	25,687,034	10,527,759	102,161,192
Net fee and commission income	29,436,423	12,896,546	1,122,977	43,455,946
Net Trading Income	5,687,492	4,187,550	8,927,413	18,802,455
	----------------------	----------------------	----------------------	----------------------
Operating income	101,070,314	42,771,130	20,578,149	164,419,593
	----------------------	----------------------	----------------------	----------------------
Profit Before Tax	16,084,129	4,232,390	4,184,445	24,500,964
Income tax expense	-	-	-	(7,432,779)
National stabilisation levy	-	-	-	(1,194,910)
	----------------------	----------------------	----------------------	----------------------
				15,873,275
	==========	==========	==========	===========
Segment Assets	181,075,393	51,225,821	1,209,737,511	1,442,038,725
Segment Liabilities	583,011,106	278,096, 153	373,658,768	1,234,766,028

7. Net Interest income

7a. Interest income

	2017	2016
Cash and cash equivalents	**8,432,877**	13,364,457
Loans and advances to customers	**43,699,738**	69,730,804
Investment securities	**148,168,032**	100,775,975
	--------------------	--------------------
	200,300,647	183,871,236
	--------------------	--------------------

7b. Interest expense

Deposits from banks	**14,180,072**	14,211,098
Deposits from customers	**102,707,202**	67,498,946
	--------------------	--------------------
	116,887,274	81,710,044
	--------------------	--------------------
	83,413,373	102,161,192
	==========	==========

Included within various categories under interest income for the year ended 31 December 2017 is GHc 3,168,542 (2016: GHc 4,600,256) accrued on impaired financial assets.

8. Fee and commission income

	2017	2016
Retail banking customer fees	18,395,489	16,058,038
Corporate banking credit related fees	15,165,951	27,311,958
	33,561,440	43,369,996

9. Net trading income

Foreign exchange	24,556,286	18,802,455
	24,556,286	18,802,455

10. Other operating income

Profit on disposal of fixed asset (Note 19b)	395,201	85,950

11. Personnel expenses

Wages and salaries	22,459,502	16,927,878
Social security fund contribution	2,608,455	1,890,090
Other staff pension contribution	1,518,405	1,226,701
Other staff benefits	21,764,600	22,851,500
	48,350,962	42,896,169

The average number of persons employed by the bank during the year was 376 (2016: 307).

12. Depreciation and amortisation

12a. Depreciation and amortisation

Depreciation	11,192,715	8,074,778
Amortisation	1,488,065	1,368,112
	12,680,780	9,442,890

12b. Other expenses

Advertising and marketing	3,055,885	7,453,227
Training	461,804	2,373,088
Auditor's remuneration	235,000	200,000
Donation and social responsibility	739,593	516,118
General and administrative expenses	42,281,460	39,047,521
	46,773,742	49,589,954

13. Impairment losses on loans and advances

	2017	2016
Individually assessed (Note 17)	**5,058,497**	37,156,332
Collectively assessed (Note 17)	**97,036**	469,153
	----------------------	----------------------
	5,155,533	37,625,485
	==========	==========

14. Income tax expense

14a. Income tax expense

Current income tax (Note 22)	**7,110,254**	6,034,166
Deferred income tax (Note 24)	**427,572**	1,398,613
	----------------------	----------------------
	7,537,826	7,432,779
	==========	==========

The tax on the profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits as follows:

Profit before income tax	**28,752,381**	24,500,964
Tax using the enacted tax rate (25%)	**7,188,095**	6,125,241
Non-tax deductible expenses	**13,642,862**	10,674,785
Tax allowable expenses	**(13,720,703)**	(10,765,860)
Overall tax charge	**7,110,254**	6,034,166
	==========	==========
Effective tax rates	**25%**	30%

14b. National stabilisation levy

Stabilisation levy (Note 23)	**1,422,051**	1,194,910
	==========	==========

15. Cash and cash equivalents

Cash in vault	**38,167,306**	32,307,966
Items in course of collection	**48,264,432**	18,001,508
Balances with the Bank of Ghana	**209,762,722**	150,773,268
Balances with local financial institutions	**844,051**	4,797,283
Balances with foreign banks	**48,017,213**	85,704,412
Placement with other banks	**250,494,801**	9,583,564
	----------------------	----------------------
	595,550,525	301,168,001

The balances with Bank of Ghana include non-interest bearing mandatory reserve deposits of GH¢98.5 million (2016: GH¢96 million). These funds are not available to finance the Bank's day-to-day operations.

There was no default in statutory liquidity requirements during the year and the year before.

16. Non-Pledged trading assets

	2017	2016
Government bonds	**251,648,268**	12,624,142
Treasury bills	**303,087,714**	649,199,683
	---------------------	---------------------
	554,735,982	661,823,825
	==========	==========
Pledged Trading assets		
Government bonds	**35,115,000**	-
Treasury bills	**102,260,663**	95,600,000
	---------------------	---------------------
	137,375,663	95,600,000
	---------------------	---------------------

Treasury bills and notes are debt securities issued by the Bank of Ghana. Treasury notes and treasury bills are classified as available-for-sale.

17. Loans and advances to customers

Analysis by type of facility		
Overdrafts	**78,487,056**	72,145,295
Term loans	**194,177,892**	212,732,844
	---------------------	---------------------
Gross loans and advances	**272,664,948**	284,878,139
Allowances for impairment	**(22,867,151)**	(51,721,825)
	---------------------	---------------------
	249,797,797	233,156,314
	==========	==========
Analysis by type of customer		
Individuals	**8,747,563**	18,715,230
Private enterprise	**247,796,953**	198,435,210
Government	**-**	57,552,343
Staff	**16,120,432**	10,175,356
	---------------------	---------------------
Gross loans and advances	**272,664,948**	284,878,139
Allowances for impairment	**(22,867,151)**	(51,721,825)
	---------------------	---------------------
	249,797,797	233,156,314
	==========	==========

Movement in the Bank's impairment allowance is as follows:

Movement in impairment allowance - 2017	**Individually assessed**	**Collectively assessed**	**Total**
Balance at 1 January	43,663,169	8,058,656	51,721,825
Impairment loss for the year	5,058,497	97,036	5,155,533
Write-offs	(34,541,196)	-	(34,541,196)
Bad debt recovered	530,989	-	530,989
	---------------------	---------------------	---------------------
Balance at 31 December	**14,711,459**	**8,155,692**	**22,867,151**
	==========	==========	==========

Movement in impairment allowance - 2016	Individually assessed	Collectively assessed	Total
Balance at 1 January	39,942,934	7,589,503	47,532,437
Impairment loss for the year	37,156,332	469,153	37,625,485
Write-offs	(33,616,097)	-	(33,616,097)
Bad debt recovered	180,000	-	180,000
Balance at 31 December	43,663,169	8,058,656	51,721,825

18. Investment in associates

18a. Investment in associates

Name of associate	Bank's interest in equity shares	Nature of business	Country of incorporation	2017	2016
First Atlantic Brokers Ltd	34.57%	Stock brokerage	Ghana	(187,856)	30,509
First Atlantic Asset	33.9%	Fund Managers	Ghana	314,578	309,115
				126,722	339,624

Investments in associates are carried at cost and assessed for impairment at each reporting date.

	2017	2016
First Atlantic Brokers Limited		
Net investment in associate	30,509	413,359
Share of loss from associate	(218,365)	(382,850)
	(187,856)	30,509
First Atlantic Asset Management Limited		
Net investment in associate	309,115	290,396
Share of profit or (loss) from associate	5,463	18,719
	314,578	309,115
Net investment in associated companies	126,722	339,624

18b. Loss from associated companies

First Atlantic Borkers Limited	(218,365)	(382,850)
First Atlantic Asset Management Limited	5,463	18,719
	(212,902)	(364,131)

19a. Property and equipment

19a. Property and equipment
2017

	Motor vehicles	Furniture, fittings and equipment	Computers	Land and buildings	Construction WIP	Total
Cost						
At 1 January 2017	13,642,929	16,481,183	11,474,390	77,609,186	30,366,669	149,574,357
Additions	3,134,818	7,144,317	1,335,173	9,014,158	732,697	21,361,163
Transfers	-	-	-	26,022,728	(26,022,728)	-
Disposal	(1,659,798)	-	-	-	-	(1,659,798)
At 31 December 2017	**15,117,949**	**23,625,500**	**12,809,563**	**112,646,072**	**5,076,638**	**169,275,722**
Accumulated depreciation						
At 1 January 2017	4,990,569	8,001,277	6,960,528	2,149,088	-	22,101,462
Charge for the year	2,737,928	3,213,351	2,317,747	2,923,689	-	11,192,715
Disposal	(1,550,239)	-	-	-	-	(1,550,239)
At 31 December 2017	**6,178,258**	**11,214,628**	**9,278,275**	**5,072,777**	**-**	**31,743,938**
Net book value						
At 31 December 2017	**8,939,691**	**12,410,872**	**3,531,288**	**107,573,295**	**5,076,638**	**137,531,784**
At 1 January 2016	8,594,572	12,546,482	7,672,897	14,131,552	12,327,353	55,272,856
Additions	5,344,025	4,149,714	3,801,493	1,095,791	18,039,316	32,430,339
Revaluation	-	-	-	62,381,843	-	62,381,843
Disposal	(295,668)	(215,013)	-	-	-	(510,681)
At 31 December 2016	13,642,929	16,481,183	11,474,390	77,609,186	30,366,669	149,574,357
Accumulated depreciation						
At 1 January 2016	3,024,591	5,776,296	4,099,905	1,481,076	-	14,381,868
Charge for the year	2,261,647	2,392,458	2,860,623	668,012	-	8,182,740
Disposal	(295,669)	(167,477)				(463,146)
At 31 December 2016	4,990,569	8,001,277	6,960,528	2,149,088	-	22,101,462
Net book value						
At 31 December 2016	8,652,360	8,479,906	4,513,862	75,460,098	30,366,669	127,472,895

19b. Profit on disposal of fixed asset

	2017	2016
Cost	1,659,798	510,681
Accumulated depreciation	(1,550,239)	(463,146)
Net book value	109,559	47,535
Sales proceeds	504,760	133,486
Profit on disposal of fixed asset	395,201	85,951

20. Intangible assets

Computer software	2017	2016
At 1 January	9,726,093	9,299,500
Additions	1,874,835	426,593
	11,600,928	9,726,093
Amortisation		
At 1 January	4,010,482	2,642,370
Charge for the year	1,488,065	1,368,112
Accumulated at 31 December	5,498,547	4,010,482
Net book value at 31 December	6,102,381	5,715,611

21. Other assets

Prepayments	11,163,264	6,472,401
Sundry debtors	8,848,865	8,551,344
National stabilisation levy	-	238,601
	20,012,129	15,262,346

22. Current tax liabilities

Year of assessment	Balance 1 January	Charge for the year	Payments	Balance 31 December
Up to 2016	(1,500,109)	-	-	(1,500,109)
2017	-	7,110,254	(7,018,005)	92,249
	(1,500,109)	7,110,254	(7,018,005)	(1,407,860)

23. National stabilisation levy (recoverable)/ payable

	Balance 1 January	Charge for the year	Payments	Balance 31 December
Year of assessment				
Up to 2016	(238,601)	-	-	(238,601)
2017	-	**1,422,051**	**(946,862)**	**475,189**
	(238,601)	**1,422,051**	**(946,862)**	**236,588**

24 Deferred tax assets and liabilities

Deferred tax assets and liabilities	**2017**	2016
Made up as follows:		
Deferred tax asset	**(2,038,923)**	(2,014,664)
Deferred tax liability	**20,519,549**	19,011,858
Net deferred tax liability	**18,480,626**	16,997,194
Movement in net deferred tax liability		
At 1 January	**16,997,195**	(166,114)
Deferred tax liability		
Impairment losses on loans and advances	**(24,259)**	(117,288)
Deferred tax liability		
Available-for-sale securities	**1,055,859**	169,235
Property revaluation	-	15,595,461
Property and equipment	**451,831**	1,515,901
At 31 December	**18,480,626**	16,997,195
The deferred tax charge in the income statement account is attributable to:		
Property and equipment	**451,831**	1,515,901
Impairment losses on loans and advances	**(24,259)**	(117,288)
	427,572	1,398,613

25. Deposit from customers

Deposit from customers		
Current accounts	**528,573,509**	524,095,803
Savings accounts	**84,830,236**	38,163,877
Call deposits	**96,207,479**	173,057,343
Time deposits	**669,349,876**	307,496,829
	1,378,961,100	1,042,813,852
Analysis by type of depositors		
Financial institutions	**398,977,547**	237,045,078
Individual and other private enterprise	**778,307,372**	751,348,328
Public enterprises	**201,676,181**	54,420,446
	1,378,961,100	1,042,813,852

The twenty largest depositors constituted 33% (2016: 51%) of the total amount due to customers.

26. Deposits from banks

Deposits from banks	2017	2016
Money market deposits	**36,241,928**	100,283,068
Deposits from BoG licenced FIs	**32,561,355**	40,660,848
	68,803,283	140,943,916

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

The managed funds are funds held on behalf of specific customers. The funds are invested in various financial assets subject to terms agreed between the parties.

27. Borrowings

Borrowings	2017	2016
Borrowings	-	13,553,677

Borrowings consist of draw down of Correspondent Banking lines for trade transactions.

28. Other liabilities

Other liabilities	2017	2016
Accruals	1,120,960	4,126,295
Managed funds	792,684	1,888,408
Other payables	4,249,409	14,442,686
	------------------	--------------------
	6,163,053	20,457,389
	==========	===========

29. Stated capital

Stated capital	2017		2016	
Authorised shares no par value of	No. of Shares	Proceeds	No. of Shares	Proceeds
	500,000,000	-	500,000,000	-
	===========	==========	===========	===========
Equity shares	192,225,889	96,610,409	192,225,889	96,610,409
	===========	==========	===========	===========

The bank received an equity investment of GH¢ 47.3 million from Advanced Finance & Investment Group ("AFIG Funds") after the end of the year. This amount is not included in the share capital of the bank as at 31 December 2017. If included as part of equity capital at the end of the year, the bank's Capital Adequacy Ratio will have been 29.2%, and its shareholder funds will have been GH¢ 278 million.

30. Revaluation reserves

Revaluation reserves are gains from the valuation of property owned by the bank. These are not distributable but transfer can be made to stated capital in accordance with Section 66(1c) of the Companies Act, 1963 (Act 179).

31. Statutory reserve fund

Statutory reserve represents the cumulative amount set aside from annual net profit after tax as required by Section 34 of the Banks and Special Deposit Taking Institutions Act, 2016 (Act 930). The proportion of net profits transferred to this reserve ranges from 12.5% to 50% of profit after tax, depending on the ratio of existing statutory reserve fund to paid-up capital.

32. Credit risk reserve

Regulatory credit risk reserve represents the excess of loan impairment provision determined under the Bank of Ghana guidelines over the provisions for loan impairment computed under International Financial Reporting Standard.

33. Other reserves

Other reserves	2017	2016
At 1 January	228,873	(697,083)
Gain from changes in fair value -		
Net realised gain on available for sale securities	4,223,440	1,234,608
Deferred income taxes	(1,055,860)	(308,652)
	--------------------	------------------------
At 31 December	3,396,453	228,873
	===========	=============
Credit to income statement		
At 1 January	228,873	(697,083)
At 31 December	3,396,453	228,873
	--------------------	------------------------
	3,167,580	925,956
	===========	============

34. Earnings per share

The calculation of basic earnings per share at 31 December 2017 was based on the profit attributable to equity shareholders of GHc 19.7 million (2016: GHc 15.9 million, and weighted average number of equity shares outstanding of 192.2 million (2016: 192.2 million), calculated as follows:

	2017	2016
Net profit for the period attributable to equity shareholders of the Bank	19,792,504	15,873,275
	--------------------	------------------------
Issued shares at 1 January	192,225,889	192,225,889
Issued shares in the year	-	-
	--------------------	------------------------
Weighted average number of shares at 31 December	192,225,889	192,225,889
	--------------------	------------------------
Earnings per share	0.10	0.08
	===========	============

35. Contingencies and commitments

Contingencies

The Bank conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The value of these securities is not recognised in the statement of financial position.

	2017	2016
Letters of credit	**28,366,371**	86,253,750
Guarantees and indemnities	**100,800,793**	43,836,021
	-------------------	--------------------
	129,167,164	130,089,771
	===========	===========
Derivatives/commitments were as follows:		
Swap foreign exchange	-	43,736,000
	===========	===========

Nature of contingent liabilities

Letters of credit commits the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Commitments	**2017**	2016
Capital commitments	-	7,433,007
	===========	===========

The capital commitment is in respect of branch construction and equipment purchases. The Bank's management is confident that future net revenues and funding will be sufficient to cover this and other commitments.

36. Legal Proceedings

	2017	2016
Provision	-	450,000
	===========	===========

There were legal proceedings against the Bank at 31 December 2017. No provision has been made in respect of these cases against the Bank (2016: GH¢450,000), and no contingent liability associated with legal actions has been disclosed as professional advice indicates that it is unlikely that any significant loss will arise.

37. Related party transactions

This relates to inter Bank dealings and transactions with its associates, directors and key management personnel.

a) Inter Group Transactions

The Bank has two associates, First Atlantic Brokers Limited and First Atlantic Asset Management Limited, both incorporated in Ghana.

In the normal course of business, current accounts were operated and other transactions carried out with related parties. The balances outstanding as at year-end were as follows:

	2017	2016
Amounts due to:		
First Atlantic Brokers Limited - Customer deposits	**8,792**	197,737
	============	============
First Atlantic Asset Management Limited - Customer deposits	**8,032,952**	766,398
	============	============
Interest expense on the above	**327,581**	2,546
	============	============
Amounts due from:		
First Atlantic Brokers Limited - Advances	**331,671**	357,750
	============	============
First Atlantic Asset Management Limited - Advances	**200,574**	880,755
	============	============

b) Transactions with Directors and Key Management Personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Bank.

In the ordinary course of business, the Bank transacted business with companies where a Director or any connected person is also a director or key management member of the Bank. These transactions were made on substantially the same criteria and terms, including rates and collaterals as those prevailing at the time for comparable transactions with other persons.

The bank did not make provision in respect of loans to Directors or any key management member during the period under review. (2016: nil)

(i) Advances to related parties

Advances to customers at 31 December 2017 and 31 December 2016 include loans to related parties (directors and associated companies) as follows:

	2017	2016
At 1 January	6,130,531	2,382,837
Loans advanced during the year	1,412,500	4,706,934
Loans repayment received	(409,913)	(959,240)
At 31 December	7,133,119	6,130,531
Interest income earned	210,531	378,839
Make up		
Advances to Directors	5,315,839	4,206,315
Advances to associate companies	1,817,279	1,924,216
	7,133,119	6,130,531

(ii) Key management compensation

Key management comprises members of the Executive Management, which includes all executive directors. Compensation of key management is as follows:

	2017	2016
Salaries, allowances and benefits in kind	5,072,954	3,910,975
Pension contributions	539,715	416,859
Bonuses paid or receivable	135,629	130,896
	5,748,298	4,458,730
iii) Deposits from directors		
At 1 January	687,273	1,204,758
Net movement during the year	222,607	(517,485)
At 31 December	909,880	687,273
Interest expense incurred	-	-
(iii) Directors' remuneration		
Directors		
Fees for service as directors	482,397	497,693
Other emoluments	879,262	344,907
	1,361,658	842,600

38. Social responsibility

In furtherance of our corporate social responsibility, the Bank supported initiatives totalling GH¢0.85 million (2016: GH¢0.77million) to cover activities in the Bank's key areas of concern, namely health, education and the environment. These included donations and support for tertiary institutions, programmes for trainee professionals, health and charitable institutions and cultural and other social events.

39. Statutory liquidity

Statutory liquidity	2017	2016
Default in statutory liquidity	Nil	Nil
Sanction from default in statutory liquidity	Nil	Nil

40. Analysis of shareholding as at 31 December 2017

Shareholders	Shareholding	% Holding
Kedari Nominees Limited	137,874,371	71.73%
AAGIL	32,233,587	16.77%
Erine International Limited	4,888,969	2.54%
FABL Ownership Scheme (ESOP)	3,979,836	2.07%
Allied Investment Company Limited	3,693,222	1.92%
Mr J. E. Amakye, Jnr.	3,109,971	1.62%
Kwaku Akosah-Bempah	2,539,162	1.32%
F. M. Plastechnic Limited	1,699,134	0.88%
Buck Investments Limited	1,003,961	0.52%
Mr Jude Arthur	539,765	0.28%
Wilkins Investments	353,986	0.19%
Estate of the late Mr Holdbrook Arthur	309,925	0.16%
Total	**192,225,889**	**100%**

41. Events after the reporting date

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

42. New standards and interpretations

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

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

IFRS 9 Financial Instruments

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

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

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

(a) Classification and measurement

The Bank does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Debt securities are expected to be continued to be measured at amortized cost under IFRS 9 as the Bank expects only to hold these assets to collect contractual cash flows.

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

(b) Impairment

IFRS 9 requires the Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank will apply the simplified approach and record lifetime expected losses on all trade receivables. The Bank has determined that, due to the secured nature of its loans and receivables, the loss allowance will increase by GHS 4,321,041 with corresponding deferred tax liability of GHS 1,080,260.

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

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

		Adjustments	
Assets			
Loans and advances		(b)	1,318,991
Placement with other banks			2,992,098
Contingent exposures			9,952
		---------------------	---------------------
Total assets			4,321,041
		===========	===========
Liabilities			
Deferred tax liabilities		(b)	1,080,260
		---------------------	---------------------
Total liabilities			1,080,260
		===========	===========
Net impact on equity, Including:			
Retained earnings		(b)	3,240,781
Other component of equity			-

Below is the Loss Allowance schedule:

Segmental Classification	12- Months ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total 2017
Retail loans loss allowance	3,342,407	1,545,742	-	**4,888,149**
Corporate loans loss allowance	453,282	4,311,605	14,533,105	**19,297,992**
Placement with other banks loss allowance	2,992,099	-	-	**2,992,099**
Loan commitments loss allowance	1,206	-	-	**1,206**
Financial guarantee contracts loss allowance	8,746	-	-	8,746
	-----------------	------------------	---------------------	---------------------
Total IFRS 9 Loss Allowance	6,797,740	5,857,347	14,533,105	**27,188,192**
	=========	==========	===========	===========
Impairment per IAS 39 (Note 17)				22,867,151
	=========	==========	===========	===========
Increase before deferred tax effect				4,321,041
				===========

IFRS 15 Revenue from Contracts with Customers

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

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. This standard is not expected to have a material impact on the bank's financial statement upon adoption.

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

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

The bank will apply these amendments when they become effective.

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

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.
This standard is not expected to have a material impact on the bank's financial statement upon adoption.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

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

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

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

Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments.
An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight.

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

The bank will apply amendments when they become effective. However, since company's current practice is in line with the clarifications issued, the company does not expect any effect on its financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

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

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

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

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

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

The Interpretation specifically addresses the following:

Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

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

43. Value Added Statements For the Year Ended 31 December

Value Added Statements for the Year Ended 31 December	2017	2016
Interest earned and other operating income	258,418,373	246,043,687
Direct cost of Services	(116,887,274)	(81,710,044)
Value added by banking services	141,531,099	164,333,643
Non-banking Income	182,299	(278,181)
Impairments	(5,155,533)	(37,625,485)
Value Added	136,557,865	126,429,977
Distributed as follows:-		
To Employees:		
Directors (without executives)	1,361,658	842,600
Executive directors		
Other employees	48,350,962	42,896,169
To Government:		
Income tax	8,959,877	8,627,689
To providers of capital :		
Dividend to shareholders	-	-
To expansion and growth:		
Depreciation and Amortisation	12,680,780	9,442,890
Suppliers of goods and services	45,412,084	48,747,354
Retained earnings	19,792,504	15,873,275

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Accra (Head Office)
Atlantic Place, No. 1 Seventh Avenue
Ridge West, Accra, Ghana
Tel: +233 (0)30 268 2203,
+233 (0) 30 268 0825
+233 (0) 30 268 2204
Fax: +233 (0)30 267 9245
Email: info@firstatlanticbank.com.gh

Accra Central
Accra Central Branch
Atlantic Plaza, #D916/3 Pagan Road
Ridge West, Accra, Ghana
Central Business District, Accra
Tel: +233 (0) 30 267 1543 / 03022671552
Fax: +233 (0) 30 267 1983
Email: makola@firstatlanticbank.com.gh

Abeka Lapaz
Fraga Oil Premises
Off N1 Highway,Lapaz.Accra
Tel: +233 (0) 30 707 9311
Email: lapaz@firstatlanticbank.com.gh

Airport Branch
47 Patrice Lumumba Road
Airport Residential Area
(Opp. National Service Secretariat)
Tel: +233 (0) 30 279 7984
Email: airport @ firstatlanticbank.com.gh

Abossey Okai
B424/6 Abossey Okai
Obetsebe Roundabout
Korle-Bu Road, Accra
Phone: +233 (0)30 707 9270 / 707 9269
Email: abosseyokai@ firstatlanticbank.com.gh

Dzorwulu
House Number 30/14, Blohum Street,
Dzorwulu-Accra
Tel: +233 (0) 307010386 / 0307010380
Email: dzorwulu@firstatlanticbank.com.gh

East Legon (Main)
Lagos Avenue,
Opposite DNR Turkish Restaurant
Tel: +233 (0) 577687187/8
Email: eastlegon@firstatlanticbank.com.gh

East Legon
Ebenezer Tsatsu Quarmyne Commercial
Building,
American House Junction, East Legon
Tel: +233 (0) 30 397 0082
Email: eastlegon @ firstatlanticbank.com.gh

Kantamanto
Tarzan House
No. D6/4 Mamleshie Road, Korle-Dudor
Tel: +233 (0)30 268 5574/5
Fax: +233 (0)30 268 1205
Email: kantamanto @ firstatlanticbank.com.gh

Kotobabi
Kotobabi Highway Next to
the shell Filling Station
Tel: +233 (0) 577687181
Email: kotobabi@firstatlanticbank.com.gh

Madina
House No. 239 , Madina – Accra
Tel: +233 (0)302507670/ 0302507671
Email: madina@firstatlanticbank.com.gh

Max Mart 37
37 Liberation Road
First Floor Maxmart Building
Near DVLA, Accra
Tel: +233 (0)30 707 9310
Email:maxmart37@firstatlanticbank.com.gh

North Industrial Area
Plot No.18, Kaneshie North Industrial Area,
Dadeban Road,Accra
Tel: +233 (0)30 707 9299
+233 (0)30 707 9300
Email: nia @ firstatlanticbank.com.gh

North Ridge
No.3 Dr. Isert Rd
North Ridge, Accra
Tel: +233 (0) 30 221 8054
Fax:+233 (0) 30 221 8055
Email: northridge @ firstatlanticbank.com.gh

Osu Oxford Street
No 39, Cantonments Road,
Osu - Accra Opposite KFC Restaurant
Tel: +233 (0) 30 702 1260/ 0307021259
Osu - Oxford Street
Email: osu@firstatlanticbank.com.gh

Osu Main
House No Fs/5
Osu Danquah Circle
Tel: 0271 222227/8
Email:osumain@firstatlanticbank.com.gh

Ring Road
Randolph House, House No. 920/3, Asylum
Down, Ring Road- Accra.
Tel: +233 (0) 0303973317
Email: ringroad@firstatlanticbank.com.gh

Sakaman
Sakaman Total Filling Station, 612
Accra West Region. Dansoman District
Tel: +233 (0) 302218052/3
Email: sakaman@firstatlanticbank.com.gh

Sakumono
Sakumono Junction,
Opposite Total fuel station
Tel: +233 (0) 577687189
Email: sakumono@firstatlanticbank.com.gh

Weija
Hse No. S.V. 18A,
Sampaman off Winneba - Accra Road
Weija - Accra
Tel: +233 (0) 302218050/1
Fax:+233 (0) 307021267
Email: weija@firstatlanticbank.com.gh

Spintex Road
Adjacent Finatrade Building near Coca Cola
Roundabout
Tel: +233 (0) 30 703 8381 / 030 703 8382
Email: spintex @ firstatlanticbank.com.gh

Tema Community 1
Ground Floor
Efua Halam House Tema, Accra
Phone: +233 (0)30 320 7639 / 320 7591
Fax: +233 (0)30 320 7580
Email:comm1@firstatlanticbank.com.gh

Tema Mall
Plot No. Ind/222/Sanyo Road
Heavy Industrial Area - Tema
Tel: +233 (0) 30 320 5830/3212757
Email: tema@firstatlanticbank.com.gh

Tema Oil Refinery
On the premises of TOR
Tel: +233 (0)30 - 221 8056/57
Email: tor@firstatlanticbank.com.gh

CENTRAL REGION

Kasoa
Latex Foam House, Bojoase Rd,
Opposite Datus Preparatory
Tel: +233 (0) 577708153
Email: kasoa@firstatlanticbank.com.gh

WESTERN REGION

Takoradi
Far West Premises Plot A,
Market Circle - Takoradi
Tel: +233 (0) 3120 03355 / 66
Email: takoradi@firstatlanticbank.com.gh

ASHANTI REGION

Adum
House No OTB, 123 Adum, Kumasi
Tel: +233 (0) 3820 95901 - 3
Email: adum@firstatlanticbank.com.gh

Nhyiaeso
No. 7 Ellis Avenue, Nhyiaeso, Kumasi
P. O. Box 7255, Adum-Kumasi
Tel: +233 (0)32 203 2106/ 203 2238
+233 (0)32 203 2105
Fax: +233 (0)32 203 2238/203 2106
Email: nhyiaeso@firstatlanticbank.com.gh

Suame
Plot No. 15 Tarkwa Maakro
Suame Magazine
Tel: +233 (0)32 208 3710/ 208 2348
Fax: +233 (0)32 208 3709
Email: suame@firstatlanticbank.com.gh

BRONG AHAFO REGION

Techiman
Plot No.300, Block 'A' Sector 4n.
Techiman- Brong Ahafo
Tel: +233 (0) 57 770 8150/51
Email: techiman@firstatlanticbank.com.gh

NORTHERN REGION

Tamale
plot no. 21 Ward E Ext
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Changli-Tamale
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Email: info @ firstatlanticbank.com.gh