ANNUAL REPORT 2019

First Atlantic Bank

. . . refreshingly different!

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CORPORATE PROFILE

First Atlantic Bank is a full-scale commercial bank with over 24 years of 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.

VISION, MISSION & CORE VALUES

OUR VISION

"To be a Global Bank out of Ghana."

OUR MISSION

Providing superior Financial Solutions and creating value for our stakeholders.

OUR 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.

www.firstatlanticbank.com.gh

Atlantic Hi-Life

Buy now. Pay later. Interest-free!

First Atlantic Bank offers you up to GH¢ 40,000 to deck out your home with the appliances you desire.

Apply for an Atlantic Hi-Life loan today.

Partner Outlets:

TCL | ELECTROMART | Simbin's Furniture | BOSCH (NIKKOTEC) | EGL | MACLAND make it simple

*Terms and conditions apply on all loans

Purple Xperience

@firstatlanticgh

Toll free numbers: 0808 13011 (Vodafone) 18228 (MTN)

First Atlantic Bank

. . . refreshingly different!

Atlantic Cash

More locations. More providers
Receive money at any of our branches and agencies.

MoneyGram
Western Union WU
MONEY EXCHANGE
TRANSFAST
Ria Money Transfer

Purple Xperience

Tel: 030 268 2284 @firstatlanticgh
Toll free numbers: 0800 11011 (Vodafone) 18228 (MTN)

First Atlantic Bank

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CORPORATE INFORMATION

DIRECTORS

KAREN AKIWUMI-TANOH	BOARD 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 (RESIGNED EFFECTIVE, 30TH SEPTEMBER, 2019)
OYE BALOGUN	NON-EXEC. DIRECTOR
DR. WALE OLAWOYIN	NON-EXEC. DIRECTOR
PAPA MADIAW NDIAYE	NON-EXEC. DIRECTOR

REGISTERED OFFICE

ATLANTIC PLACE
NO. 1 SEVENTH AVENUE RIDGE WEST
ACCRA, GHANA

COMPANY SECRETARY

MARK OFORI-KWAFO
P. O. BOX CT 1620 CANTONMENTS
ACCRA, GHANA

AUDITORS

PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
ACCRA, GHANA

BANKERS

ACCESS BANK, UK
BMCE BANK, PARIS
BANK OF BEIRUT, UK
COMMERZBANK, AG
CORIS BANK INTERNATIONAL, BURKINA FASO
DEUTSCHE BANK, AG
FBN, UK
GHANA INTERNATIONAL BANK, UK
UNION BANK, UK
NSIA BANK, BENIN

BOARD OF DIRECTORS

BOARD OF DIRECTORS

KAREN AKIWUMI-TANOH
BOARD CHAIRPERSON

Karen is an accomplished Ghanaian Banker with Audit, Consulting and Banking experience spanning 3 decades and has practised in several countries including Ghana, Togo, Sierra Leone, Angola, UK and the USA. Karen's career in Banking spans 22 years, the last at Managing Director level. Over the last 22 years, Karen has been significantly responsible for the growth and establishment of Ecobank in Ghana, Sierra Leone and Angola. Her core competencies include Strategy Formulation, Corporate Finance, Banking, Accounting & Auditing, and Networking. Karen is a Chartered Accountant (ICAEW) and a member of the Institute of Directors (IoD) UK. She serves on the Boards of Beneficial Life Togo/Cameroon, Prudential Life, Stratcom Africa and Fleur Afrique.

ODUN ODUNFA
MD/CEO

Odun has almost 3 decades of banking experience that is uniquely relevant to leading First Atlantic Bank in the next phase of its growth strategy. He brings to the role a wide ranging experience spanning Treasury, Corporate, Investment and Retail Banking in various banks in West Africa. Prior to his appointment, he was the CEO/Managing Director at Kedari Capital Ltd and served in various capacities on the First Atlantic Bank Board of Directors. Odun graduated with BSc Mathematics from Obafemi Awolowo University, Nigeria and MBA from University of Lagos, Nigeria.

PATIENCE ASANTE
EXECUTIVE DIRECTOR (RISK & CONTROL)

Patience is a consummate finance professional and results-driven Risk Management expert with over 21 years of demonstrable experience in credit governance, risk management, project finance, credit structuring, product development for corporate and retail markets. She is a skilled risk manager with proven senior-level experience in credit management and administration. Before joining First Atlantic Bank, Patience successfully managed the Risks Assets portfolios 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 commenced her banking career as a financial Analyst in 1997 and rose to the rank of Deputy Manager, Risk Management in 2006 with Ecobank Ghana limited. From 2006 to 20012 she played various roles in Risk management and Finance functions at Woolwich Building Society, European Social Fund in the United Kingdom and the International Bank in Liberia as its Head of Credit. 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 of experience. He possesses excellent deal origination, structuring, credit and leadership capabilities. Prior to joining First Atlantic Bank 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), Postgraduate Diploma in Mining Engineering from the University of Science & Technology Kumasi. Daniel also holds an LLB degree (First Class) from Mountcrest University College and an MBA (Finance) from Lancashire Business School, England. Daniel serves on the board of First Atlantic Assets Management Limited. He is a lawyer.

OYE BALOGUN
NON-EXECUTIVE DIRECTOR

Oye is a versatile entrepreneurial executive with over 20 years of experience in legal practice, 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. He serves on the Boards of Kedari Capital Ltd, Kedari Nominees Limited and Chrisore Micro Finance Bank. Oye is a member of the Nigerian Bar Association and Real Estate Developers Association of Nigeria.

JOHN E. AMAKYE JNR
NON-EXECUTIVE DIRECTOR

John is a lawyer by profession with over 35 years of 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 also a member on the Boards of Pasico Ghana Limited and Twifo Oil Palm Plantations Ltd.

BEN GUSTAVE BARTH
NON-EXECUTIVE DIRECTOR

Ben has over 18 years of multi-disciplinary experience in Banking, Finance and Consulting both locally and abroad. He has worked for Banks such as Ecobank (Gh.) Ltd, Ecobank Transnational Ltd, Standard Chartered Bank and Citigroup Inc, NewYork. 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-EXECUTIVE DIRECTOR

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 PhD from the University of Bristol in 1995. His particular area of specialised academic interest is company law and admiralty law. He is a partner in the law firm of Olawoyin & Olawoyin, Lagos. Wale is also a senior lecturer in the Department of Commercial & Industrial Law in the Faculty of Law, University of Lagos. Dr Wale serves as Director on the boards of RT Briscoe (Nig.) Plc, Page International Financial Services Limited, Gabarik Farms Limited, Lagos Chamber of Commerce International Arbitration Centre and GabArik Global.

PAPA MADIAW NDIAYE
NON-EXECUTIVE DIRECTOR

Papa Madiaw Ndiaye is the Chief Executive Officer and Founding Partner of AFIG Funds. He is responsible for managing all aspects of the investment process including deal sourcing and execution, pipeline evaluation, portfolio monitoring and portfolio company engagement. He is also a member of the Funds' investment committees. Papa was an Investment Director at Emerging Markets Partnership in Washington (EMP). He was one of three partners to raise the USD 407 million AIG African Infrastructure Fund, which when launched in 2000, was the largest ever pan-African Fund (about 30% net annual return to date). Prior to joining EMP, he held senior responsibilities for IFC's equity and debt investment activities in capital markets and financial institutions in Africa between 1996 and 2000. Papa spent the early part of his career at Salomon Brothers and joined JP Morgan's Emerging Markets Group in 1992. In 1994, he launched JP Morgan's securities trading in Africa and the Middle East. In 2000, Papa was named Special Advisor for Economic and Financial Affairs to the President of the Republic of Senegal and Chairman of the Senegalese Presidential Economic & Financial Advisory Council. In the same year, he launched MIDROC BVI, a direct investment vehicle for Sheikh Mohammed Al-Amoudi. He serves on the boards of a number of African companies and non-profit organizations involved with Africa. Papa holds an M.B.A. degree from the Wharton School of Business, an M.A. in International Affairs from the University of Pennsylvania's Lauder Institute, and a B.A. in economics from Harvard College. Papa serves on the boards of FSDH Merchant Bank Limited, RMG Concept, FSDH Securities Limited, Nigerian German Chemicals Plc, Tecnicil Industria.

BOARD CHAIRMAN'S STATEMENT

KAREN AKIWUMI-TANOH
BOARD CHAIRMAN

Cherished shareholders, It is my privilege to present to you the Annual Report and Audited Financial Results of our Bank for the year ended 31 December 2019.

As you are aware the financial sector experienced significant reforms with new regulations to strengthen the supervisory oversights, corporate governance and capitalisation of banks. As part of our recapitalisation plan, your bank achieved a seamless merger with the erstwhile Energy Commercial Bank. We have built a bigger brand that enables us provide improved services to our expanded customer base. The banking sector clean-up has resulted in more resilient players with robust capital bases more able to finance the larger ticket transactions that characterize a growing economy and has evened out opportunities for the surviving 23 commercial banks. First Atlantic Bank successfully met the strict revised regulatory requirements also recorded good performance on all the financial soundness indicators – Liquidity, Capital Adequacy and Earnings.

Operating Environment

Global Developments

Global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021. The trade war between the United States and its trading partners especially China resulted in a higher tariff regime which continues to subdue business growth especially in manufacturing and trade.

In 2019, the world's major central banks embarked on monetary easing to rescue their economies from recession. While the European Union (EU) cut its deposit rate to negative (-0.5%) to encourage spending. The European Central Bank (ECB) embarked on quantitative easing, buying government bonds to enable governments within the EU, access funds to support an expansionary monetary policy.

Economic Developments

Domestic economic growth measured by Gross Domestic Product (GDP) was valued at GHS 349 billion as at the end of 2019 compared to GHS 300 billion in 2018. In growth terms, GDP expanded by 6.5% in 2019 as against 6.3% the previous year. The Service, Industry and Agriculture subsectors contributed 49.5%, 31.1% and 19.4% respectively.

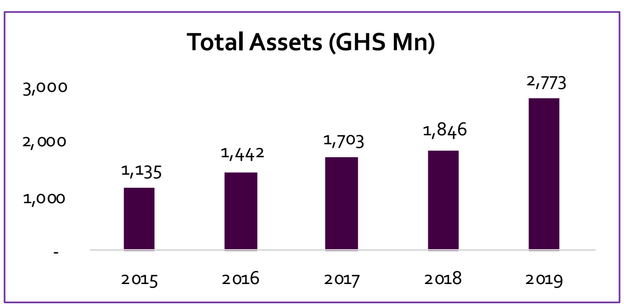
Strict macroeconomic policies and applied fiscal consolidation lowered headline inflation to 7.9% in December 2019 from 9.8% same period 2018. In addition, Policy Rate was reduced by 1% in 2019 to end the year at 16%. The Ghana Reference Rate (GRR) and industry average lending rate experienced a marginal drop. The GRR eased by 0.5% to end 2019 at 16.11% and lending rate ended at 23.59%

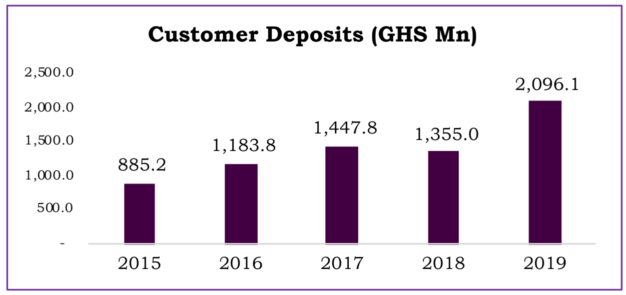
The Yield curve on government bills remained fairly stable across the three major short-term securities. 91-Day rate increased marginally to 14.69% from 14.56% in 2018.

Volatility in the exchange rate market persisted in 2019. The Ghana cedi depreciated 12.9% against the United States dollar, 11.2% against the Euro and 15.7% against the Great Britain Pound.

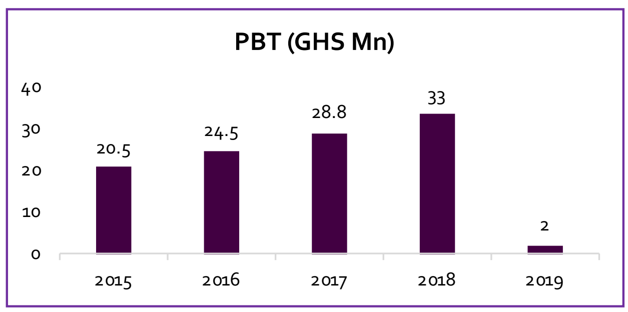
Financial Performance of the Bank

Total Assets grew by more than **50%** to end the year at GHS **2.8 billion**. This growth was driven by an increase in business volumes, customer numbers and deposits as well as an increase in shareholder capital. Customer Deposits increased to GHS **2,045 million** in 2019, a **64%** year-on-year growth.





Our financial indicators show the bank is highly solvent; At the end of 2019, Capital Adequacy Ratio and Liquidity Ratio were 25% and 80% respectively, both comfortably in excess of minimum regulatory requirements. However, due to increased impairment losses from related party exposures and merger integration costs resulting from the recapitalisation processes, the Bank recorded a decline in profit before tax from GHS 33 Million in 2018 to GHS 2 Million at the end of 2019.



Corporate Governance

In line with regulatory directives, our bank has been committed to meeting all requirements and directives during the year. The board continues to adopt zero tolerance to regulatory infractions while ensuring all newly communicated directives from the regulator are implemented accordingly.

Our People

Our continuous successes over the years is directly linked to the commitment and passion of our staff to undertake their responsibilities with the highest level of excellence.

Our focus has been to create an enabling environment that is safe and conducive enough to stimulate learning and career progression of our staff.

In line with our youth centric approach, we are empowering and supporting young graduates who join our institution to reach their fullest potential. We have given them the opportunities, skills, and tools to become successful both in life and in their careers, no matter where they have joined us from.

As an institution that takes pride in its staff as a key resource, we continue to award excellence and exceptional performance of outstanding employees for a collective achievement of our organisational goals.

Corporate Social Responsibility

Our objective to support the communities in which we do business continues to be a priority for the bank. In 2019 we contributed to support the education of People Living with Disabilities, a six-classroom and 2-office block resourced with computers, teaching and learning aides was completed and handed over to the Cape Coast School for the Deaf and Blind.

Conclusion and Outlook for 2020

The financial sector reforms, the deposit insurance scheme and cleanup have bolstered public confidence in the banking sector. This renewed faith will necessarily result in improved and more consequential business opportunities.

The bank will continue to be diligent in its operations and continue to invest significantly in our strategic initiatives to build a digitally-enabled and platform led bank.

As the Bank celebrates its silver jubilee in 2020, we are determined to continue creating value for our stakeholders and offering an enhanced service experience to our loyal customers.

The bank will continue to be diligent in its operations and continue to invest significantly in our strategic initiatives to build a digitally-enabled and platform led bank.

As the Bank celebrates its silver jubilee in 2020, we are determined to continue creating value for our stakeholders and offering an enhanced service experience to our loyal customers.

Appreciation

I take this opportunity to appreciate first of all our shareholders, who believed in our people, our values and our brand and who reinvested in the bank allowing us to reach the minimum capital required by the regulator.

I also acknowledge the patience and guidance of Bank of Ghana throughout the recapitalisation process.

The journey through 2019 has been possible due to the continuous patronage of our loyal First Atlantic Bank customers. We appreciate your business and your commitment to us.

I also take this opportunity to commend my colleagues on the board, management and staff for their dedication and hard work throughout the year, going the extra mile in 2019 to grow the business and ensuring that we deliver value to our customers, shareholders and the communities we serve.

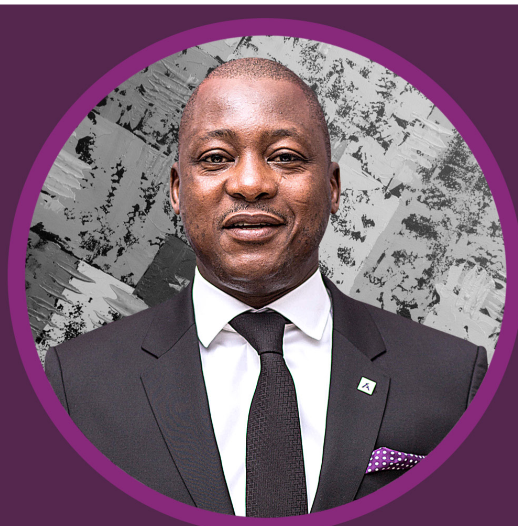
I am optimistic that during the year 2020, we will build on the foundations we established in 2018-19 and that our Bank will grow from strength to strength.

God bless us all.

Thank you.

Karen Akiwumi-Tanoh
Board Chairman

MD/CEO'S STATEMENT



ODUN ODUNFA
MD/CEO

Dear Shareholders,

I am honoured to present to you the Bank's operational activities and performance for the year ended 31 December 2019.

The year 2019 was packed with activities in the Financial Sector involving the sector clean-up and regulatory enforcement on meeting the revised minimum capital requirements.

In spite of these sectorial activities and other socio-economic challenges, the determination and support from our shareholders, directors, management and staff yielded in the bank going through a successful recapitalisation.

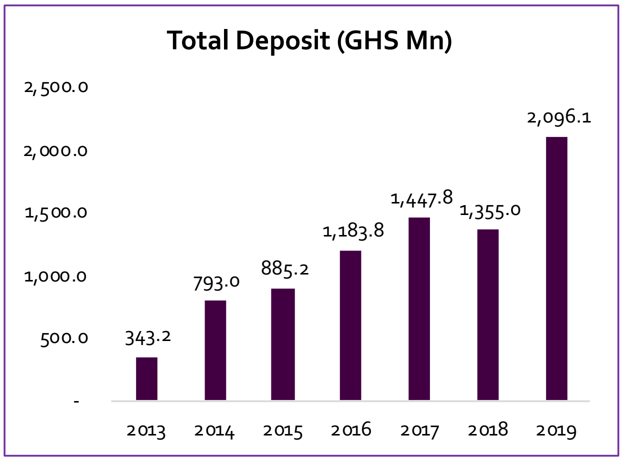
We continue to remain strong and competitive, driven by our quality of service, investments in technology, operational efficiency and an enhanced risk-controlled environment.

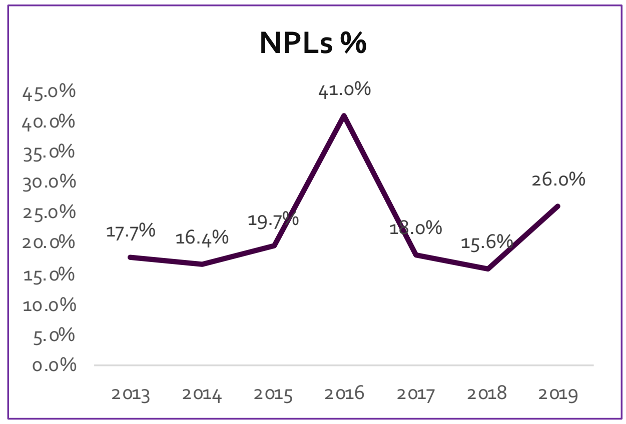
Review of 2019

Financial Performance Dashboard

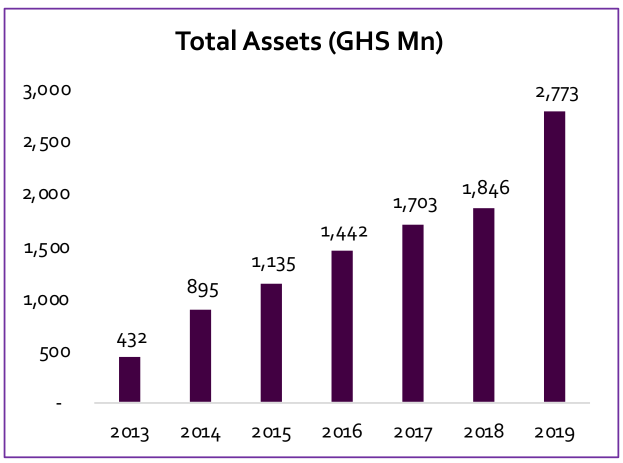
Through the support of Shareholders, your bank was successful in implementing the bank's accelerated recapitalisation plan to meet the revised regulatory minimum as the Stated Capital grew from **GHS96.61million** to **GHS404.57million.** As part of the recapitalisation there was a merger with Energy Commercial Bank (ECB) which contributed **GHS64.6million** to the capital.

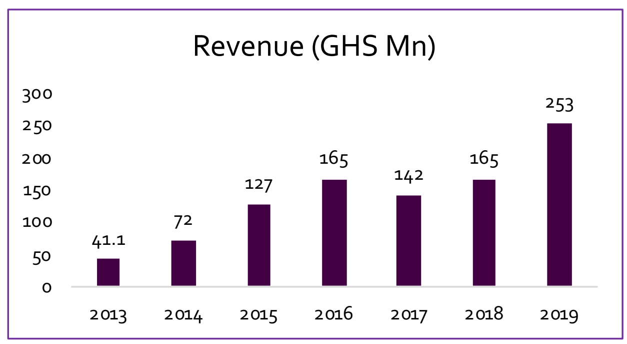
An additional customer deposit of **GHS 152million** from ECB contributed to our deposit position of 1.5Billion after the merger integration. The deposit position was further grown by **40%** ending 2019 at **an impressive GHS 2.1billion.**

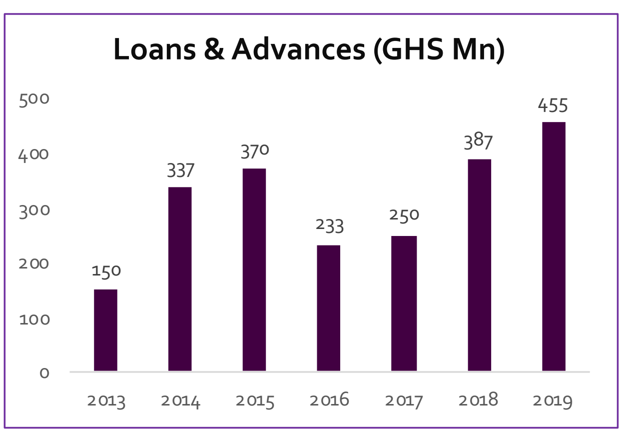




Gross Loans and Advances increased by 8% to GHS455 million, up from the previous year's level of GHS387 million. This positive growth is a reflection our goal to support our customers to meet their credit needs.







Through our strategic efforts, Management continues to focus on further diversifying the revenue streams with emphasis on our electronic banking channels/products whilst also deepening the traditional revenue lines in a sustainable manner. This led to our earnings growing by 53% from GHS 164.8 million in 2018 to GHS252.9million in 2019.

The bank remained robust in withstanding any unexpected shocks on our capital base with our Capital Adequacy ratio ending the year at 23% compared to the regulatory minimum of 10%.

As a result of the merger integration, the bank incurred additional **significant impairments of circa GHS 64.4M in ECB related party exposures** which depressed our profits from GHS71M to GHS2.1 million at the end of 2019 compared to GHS 33.3 million in 2018.

The above mentioned impairments however affected the quality of our loan book as our Non-Performing Loan ratio moved from 15.6% in 2018 to 26% at the end of 2019.

In addition, GHS10.6m merger related costs increased our other operating costs to GHS 80.8m. These costs were in relation to branch rationalisation (12 branches), head office, systems integration, staff rationalisation and other related activities that helped achieve a smooth integration of both banks within a record 7 months.

Channels

The activities on our physical channels focused on rationalising the branch network after the addition of 12 Branches from ECB resulting in a combined network of 42 branches. The branches were carefully rationalised on the main considerations of performance/profitability, proximity and potential business opportunities. Based on approvals by Bank of Ghana and the Board, a branch rationalisation plan was progressively implemented ending the year with 37 branches nationwide. These branches have been further resourced and seen improved performance.

The bank is making steady progress on the Digital Bank module and increased our market share and relevance in the technology space. The Mobile App, MasterPass QR Code solution, USSD Banking, Corporate Bulk Payments (Corporate Pay) solutions have been further enhanced to better serve the needs of our customers.

The security architecture of the bank's systems, processes and applications has been a priority to comply with ISO and Information Security Management System (ISMS) standards. The bank has successfully been re-certified to the Payment Card Industry Data Security Standard (PCI DSS) and ISO/IEC 27001:2013.

Governance and Culture

As a bank, we continue to emphasize our zero tolerance for breach of regulations, bank policies and procedures approved by the Board and regulators. Our risk management and monitoring processes continue to undergo improvements to ensure minimised operational and credit losses across the bank. Management controls and closely monitors the bank's operations to ensure compliance at all levels.

Concluding Comments

I wish to take this opportunity to thank our Board of Directors and Shareholders for their support and direction in navigating a challenging but successful year.

We are also grateful to our Regulator, Bank of Ghana, for their guidance and patience whilst working with us through the painstaking Recapitalisation and Merger processes.

The hard-work, commitment and resilience of management and members of staff has culminated in the bank's achievements for the 2019 fiscal year.

The continuing loyalty to the First Atlantic Bank brand and patronage of our customers is very humbling. I wish to express the appreciation of Shareholders, Board and Staff for the opportunity to serve their financial needs.

Next year marks the 25th Anniversary of First Atlantic Bank, I am confident that with your support, in 2020 we shall crown the Silver Jubilee celebrations with another prosperous and successful year.

Thank you for your continued support.

Above all, we thank God for His mercies which are new every morning.

Odun Odunfa
MD/CEO

EXECUTIVE COMMITTEE

Odun Odunfa
MD/CEO

Patience Asante
Executive Director,
Risk & Controls

Daniel Marfo
Executive Director,
Business

Olugbenga Ogundele
Chief Operating Officer

Mark Ofori Kwafo
Head, Legal

Kwasi Nimako
Chief Finance Officer

George Apaw
Head, Treasury

Anthony Mensah
Head, Corporate Banking

Randal Ofori Boachie
Chief Internal Auditor

Mary Anderson
Head, HR

Kofi Osei-Asibey
Head, Strategy & Execution

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of First Atlantic Bank Limited (the "Bank") for the year ended 31 December 2019.

Statement of directors' responsibilities

The directors are responsible for the preparation of the financial statements that give a true and fair view of First Atlantic Bank Limited's financial position at 31 December 2019, and of the profit or loss and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

Principal activities

The Bank's principal activities comprise corporate, investment and retail banking under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). There was no change in the nature of the Bank's business during the year.

Financial results

The results of the Bank are set out in the statement of profit or loss and other comprehensive income on page 25.

Dividend

The directors do not recommend dividend for the year ended 31 December 2019.

Directors' training

In line with Bank of Ghana's Corporate Governance Directive, there is in existence effective structures put in place to ensure continuous capacity building of the Board members. This includes an annual certification course facilitated by the National Banking College on a range of relevant topics meant to boost the competence of board members on their duties and on prudential banking practices.

Interest in other body corporates

The Bank has non-controlling interests in First Atlantic Brokers Limited and First Atlantic Asset Management Limited.

Corporate social responsibilities

The Bank spent GH¢1,263,029 was spent on corporate social responsibilities during the year.

Audit fee payable

The auditor's remuneration for the audit of the financial statements of the Bank for the year ended 31 December 2019 amounts to GH¢360,786.

Auditor

The auditor, PricewaterhouseCoopers, will continue in office in accordance with Section 139 (5) of the Companies Act, 2019 (Act 992) and Section 81 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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Karen Akiwumi Tanoh	**Odun Odunfa**
Board Chairman	**MD/CEO**

22 October 2020.

CORPORATE GOVERNANCE

Introduction

First Atlantic Bank Limited 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 financial statements, the Bank adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

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 four (4) 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 judgement. 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.

The Board has six (6) committees namely, Governance and General Purpose, Loans and Investments, Audit, Risk Management, Property and Infrastructure and Cyber and Information Security. The details of the Committees are set out below.

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 it meets at least once a quarter.

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.

Loans and Investments Committee

The Loans and Investments Committee is made up of three (3) members of whom two (2) are non-executive directors. The Committee meets at least once a quarter. The Committee assists the Board in fulfilling its oversight responsibility relating to loans and investments by providing appropriate advice and recommendations on relevant matters.

Cyber and Information Security Committee

The Cyber and Information Security Committee is made up of three (3) members, two (2) of whom are non-Executive Directors. The Committee has authority to provide oversight responsibilities with regard to the Bank's cybersecurity programs and risks, the protection of the confidentiality, integrity and availability of the bank's electronic information, intellectual property, customer information and data.

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.

Audit Committee

The Audit Committee is made up of two (2) non-executive directors. The Committee meets at least once a quarter.

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 and regulatory requirements, and accounting standards.

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

Risk Management Committee

The Risk Management Committee is made up of two (2) members of whom (1) is a non-executive director. The Committee meets at least once a quarter.

The purpose of the Committee is to oversee the 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 also include oversight of Enterprise Risk Management, Compliance and Internal controls.

Property and Infrastructure 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 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.

The 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.

Conflict of interest

There were no matters of conflict of interest or potential material conflicts of interest in the reporting period.

Report on board evaluation

In accordance with Section 47 and 48 of the Corporate Governance Directive, the next independent external evaluation of the Board is due in 2020. The last independent external evaluation of the Board was carried out in 2017. The scope of the engagement included roles and responsibilities, competencies, structure and composition, processes and relationships, and other key governance issues. The recommendations made have been implemented by the Board.

Shares of the Bank held by Directors and other related parties

The details of shareholders' information is outlined in Appendix I.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of First Atlantic Bank Limited (the "Bank") as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

What we have audited

We have audited the financial statements of First Atlantic Bank Limited for the year ended 31 December 2019.

The financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 Bank's financial statements 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

Impairment allowance on financial assets

The expected credit loss in respect of the loans and advances to customers at 31 December are as follows;

Financial asset	**Gross amount GH¢**	**Expected Credit Loss GH¢**
Loans and advances to customers	516,765,749	62,108,186

We focused on the on the basis of the Expected Credit Loss (ECL) because of the significant judgment involved in applying methodology used in determining the following estimates:

- Significant increase in credit risk (SICR) focusing on both the qualitative and quantitative criteria used by the Bank.
- Definition of default and credit impaired assets.
- Probability of Default (PD): the likelihood that borrowers will be unable to meet their debt obligations over a particular time horizon.
- Loss given default (LGD): percentage exposure at risk that is not expected to be recovered in an event of default.
- Exposure at default (EAD): amount expected to be owed the bank at the time of default.
- Credit conversion factor (CCF): the ratio of off-balance sheet exposures estimated to become EAD amounts.
- Forward-looking economic information and scenarios used in the models.

The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.8.1, 3, 4.2, 12 and 20 to the financial statements.

We obtained an understanding of controls over the origination, monitoring and impairment process.

We assessed the criteria applied by management in determining significant increase in credit risk and assessed a sample of loans for SICR.

We tested the appropriateness of the definition of default.

We assessed the reasonableness of assumptions applied in determining the PD and LGD.

We checked that the projected EAD over the remaining lifetime of loans and advances to customers were reasonable.

We tested the appropriateness of the credit conversion factor applied to off-balance sheet exposures.

We assessed the reasonableness of forward-looking information used in the impairment calculations by challenging the multiple economic scenarios used and the weighting applied.

We tested the appropriateness of disclosures set out in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Framework, Shareholders' Information and the Value Added Statement but 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 any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information, 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 and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 Bank's internal control;

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the Bank, so far as appears from our examination of those books; and

iii) the Bank's statement of financial position and Bank's statement of comprehensive income are in agreement with the books of account.

In accordance with section 85(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) we hereby confirm that:

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

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

iii) the Bank's transactions were within its powers; and

iv) the Bank has, in all material respects, complied with the provisions of this Act.

With respect to the provisions of the Anti-Money Laundering Act, 2008 (Act 749) (as amended), the Anti-Terrorism Act, 2008, (Act 762) and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's report is Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers (ICAG/F/2020/028)
Chartered Accountants
Accra, Ghana
30 October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are expressed in Ghana cedis)

	Note	2019	2018
Interest income	7	**229,494,244**	177,193,240
Interest expense	8	**(64,552,701)**	(92,423,926)
Net interest income		**164,941,543**	84,769,314
Fee and commission income	9	**61,132,586**	47,190,639
Fee and commission expense	9	**(12,423,787)**	(7,407,096)
Net fee and commission income		**48,708,799**	39,783,543
Net trading income	10	**35,684,097**	40,236,519
Other operating income	11	**3,555,147**	38,340
Operating income		**252,889,586**	164,827,716
Net impairment losses	12	**(79,022,083)**	(11,990,601)
Personnel expenses	13	**(66,016,083)**	(53,750,202)
Depreciation and amortisation	14	**(20,888,242)**	(13,977,553)
Other expenses	15	**(80,799,797)**	(51,790,901)
Finance cost on lease liability	26	**(4,099,483)**	-
Operating profit		**2,063,898**	33,318,459
Gain/(loss) from associated companies	21	**40,235**	(318)
Profit before income tax		**2,104,133**	33,318,141
National Fiscal Stabilisation Levy	28	**(105,207)**	(1,665,923)
Income tax expense	16	**(542,773)**	(12,685,928)
Profit for the year		**1,456,153**	18,966,290
Other comprehensive income, net of tax Items that may be reclassified subsequently to statement of profit or loss			
Net (loss)/gain on debt instruments measured at FVOCI, net of tax	39	**(9,502,376)**	4,443,294
Total comprehensive income for the year		**(8,046,223)**	23,409,584
Earnings per share – (Ghana pesewas)	40	**0.47**	8.36

The notes on pages 33 to 86 are an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in Ghana cedis)

	Note	2019	2018
Assets			
Cash and balances with banks	17	**703,021,463**	663,181,153
Non-pledged trading assets	18	**202,969,963**	123,972,911
Pledged assets	19	**-**	405,011,393
Investment securities	19	**851,716,044**	2,800,252
Loans and advances to customers	20	**454,657,563**	387,230,774
Investment in associates	21	**354,495**	314,260
Current income tax assets	27	**14,574,824**	-
Other assets	22	**358,530,306**	124,262,053
Intangible assets	23	**4,944,356**	6,738,418
Property and equipment	24	**151,403,584**	132,539,410
Right-of-use assets	25	**30,839,008**	-
Total assets		**2,773,011,606**	1,846,050,624
Liabilities	31		
Deposits from banks	30	**51,389,004**	105,572,537
Deposits from customers	27	**2,044,685,509**	1,249,471,878
Current income tax liabilities	29	**-**	425,176
Deferred income tax liabilities	32	**14,720,785**	22,083,951
Borrowings	26	**110,756,555**	-
Lease liabilities	33	**21,611,745**	-
Other liabilities		**24,198,749**	125,865,446
Total liabilities			
		2,267,362,347	1,503,418,988
Shareholders' funds	34	**404,570,053**	233,506,207
Stated capital	35	**(64,420,024)**	(792,170)
Retained earnings – (deficit)	36	**50,765,205**	50,765,205
Revaluation reserve	37	**52,040,724**	51,312,647
Statutory reserve fund	38	**64,355,930**	-
Credit risk reserve	39	**(1,662,629)**	7,839,747
Other reserves			
Total shareholders' funds		**505,649,259**	342,631,636
Total liabilities and shareholders' funds		**2,773,011,606**	1,846,050,624

The notes on pages 33 to 86 are integral part of these financial statements

The financial statements on pages 29 to 86 were approved by the board of directors on 22 October 2020 and were signed on its behalf by:

Karen Akiwumi Tanoh
(Board Chairman)

Odun Odunfa
(MD/CEO)

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in Ghana cedis)

Year ended 31 December 2019	Stated capital	Statutory reserve	Credit risk reserve	Revaluation reserve	Retained earnings (deficit)	Other reserves	Total
			-				
At 1 January 2019	233,506,207	51,312,647		50,765,205	(792,170)	7,839,747	342,631,636
			-				
Profit for the year	-	-		-	1,456,153	-	1,456,153
Other comprehensive income							
Net loss on debt instruments measured			-				
at FVOCI, net of tax	-	-	-	-	-	(9,502,376)	(9,502,376)
Total comprehensive income for the year	-	-		-	1,456,153	(9,502,376)	(8,046,223)
Transactions with shareholders			-				
Proceeds from shares issued	106,470,075	-	-	-	-	-	106,470,075
Issue of ordinary shares as consideration for	64,593,771	-	-	-	-	-	64,593,771
business combination	-	728,077	64,355,930	-	(728,077)	-	-
Transfer to statutory risk reserve	-	-	64,355,930	-	(64,355,930)	-	-
Transfer to credit risk reserve	171,063,846	728,077		-	(65,084,007)	-	171,063,846
At 31 December 2019	**404,570,053**	**52,040,724**	**64,355,930**	**50,765,205**	**(64,420,024)**	**(1,662,629)**	**505,649,259**

Year ended 31 December 2018					27,151,707	3,396,453	226,666,077
At 1 January 2018	96,610,409		6,912,801	50,765,205	18,966,290	-	18,966,290
Profit for the year	-	41,829,502	-	-			
Other comprehensive income		-					
Net gain on debt instruments measured at					-		
FVOCI, net of tax	-		-	-		4,443,294	4,443,294
		-					
Total comprehensive income for the year	-		-	-	18,966,290	4,443,294	23,409,584
		-					
Transactions with owners							
Transfer to statutory reserve	-	9,483,145	-	-	(9,483,145)	-	-
Transfer to credit risk reserve	-	-	(6,912,801)	-	6,912,801	-	-
Proceeds from shares issued	92,555,975	-	-	-	-	-	92,555,975
Bonus issue of shares	44,339,823	-	-	-	(44,339,823)	-	-
		9,483,145	(6,912,801)	-	(46,910,167)	-	92,555,975
	136,895,798						
At 31 December 2018	**233,506,207**	**51,312,647**	**-**	**50,765,205**	**(792,170)**	**7,839,747**	**342,631,636**

STATEMENT OF CASH FLOWS

(All amounts are expressed in Ghana cedis)

	Note	2019	2018
Cash used in operating activities	41	**(25,629,434)**	(406,366,012)
Tax paid	27	**(22,738,480)**	(12,165,503)
Net cash used in operating activities		**(48,367,914)**	(418,531,515)
Cashflows from investing activities			
Purchase of property and equipment	24	**(28,909,227)**	(7,101,407)
Purchase of intangible assets	23	**(948,594)**	(2,519,809)
Proceeds from asset disposal	24	**223,164**	38,340
Cash from business combination		**73,133,069**	-
Net cashflows generated from/(used in) investing activities		**43,498,412**	(9,582,876)
Cashflow from financing activities			
Contribution towards capital		**-**	106,470,075
Proceeds from shares issued		**-**	92,555,975
Payments on lease liabilities	26	**(6,187,486)**	-
Net cashflows from financing activities		**(6,187,486)**	199,026,050
Net decrease in cash and cash equivalents		**(11,056,988)**	(229,088,341)
Cash and cash equivalents at 1 January		**674,517,117**	903,605,458
Cash and cash equivalents at 31 December	17	**663,460,129**	674,517,117

The notes on pages 33 to 86 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT

(All amounts are expressed in Ghana cedis)

1. Reporting entity

First Atlantic Bank Limited (the "Bank") is a limited liability company incorporated under the Companies Act, 1963 (Act179) and domiciled in Ghana. The address of the Bank's registered office is Atlantic Place, No. 1 Seventh Avenue, Ridge West, Accra, Ghana.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included, where appropriate. These financial statements have been prepared under the historical cost convention, unless otherwise stated.

2.1.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for the following:

- Buildings measured at fair value;
- Financial assets at fair value through profit or loss are measured at fair value; and
- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value.

2.1.3 Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.4 Going concern

These financial statements have been prepared on the basis that the Bank will continue to operate as a going concern.

2.1.5 Changes in accounting policies and disclosures

(a) New standards, amendments and interpretations adopted by the Bank

The Bank considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2019. The nature and the impact of each new standards and amendments are described below.

(i) IFRS 16 – Leases

The Bank adopted IFRS 16 – Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised on 1 January 2019.

The Bank has used the simplified retrospective approach hence there is no impact on retained earnings as at the transition date. The new accounting policies are disclosed in note 2.11.

IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on the statement of financial position. The standard removed the current distinction between operating and financing leases and required recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA changed.

Operating cash flows is higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest continues to be presented as operating cash flows.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 – Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 17.50% for Ghana Cedi lease liabilities. No leases were previously classified as finance lease by the Bank.

Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Bank relied on its assessment made applying IAS 17 and Interpretation 4 – Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

Lease liabilities are initially recognised at the commencement day and measured at an amount equal to the present value of the lease payments during the lease term that are not yet paid. The lease liabilities measured on initial recognition is as follows:

	GH¢'000
Operating lease commitments disclosed as at 31 December 2018	
Discounted using the lessee's incremental borrowing rate	-
Add: additional finance lease liabilities recognised on 1 January 2019	**21,397,447**
Total lease liability recognised as at 1 January 2019	**21,397,447**
of which are;	
Current lease liabilities	**7,831,668**
Non-current lease liabilities	**13,565,779**
	21,397,447

Measurement of right of use assets

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 January 2019.

Measurement of lease liabilities

Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items on 1 January 2019:

- right-of-use assets – increase by GH¢31,700,285
- prepayments – decrease by GH¢10,302,838
- lease liabilities – increase by GH¢21,397,447

(ii) IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

IFRIC 23 – Uncertainty over Income Tax Treatments did not have an impact on the financial statements as the Bank has no uncertain tax positions.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. It prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, an entity now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The amendments to IAS 19 did not have an impact on the Bank.

(iv) Amendments to IFRS 2 - Share Based Payment – Classification and measurement of share-based payment transactions

This standard clarifies classification and measurement of share-based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share-based payment for employees and cash settled share-based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share-based payment into cash-settled and equity-settled components. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions.

The amendments to IFRS 2 did not have an impact on the Bank.

(b) New standards and interpretations not yet adopted

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2019. The Bank has not applied any of the new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on relevant new standards and amendments are provided below.

(i) Amendments to IFRS 3 – Business Combinations

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or a merger). The IASB issued an amendment to IFRS 3 which centers on the definition of a business.

The standard provides that to be considered a business, an acquired set of activities must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The standard also added an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The Bank is yet to assess the impact of this amendment on its financial statements.

(ii) Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

"An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity".

The amendments laid emphasis on five (5) ways material information can be obscured including:

- if the language regarding a material item, transaction or other event is vague or unclear
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements
- if dissimilar items, transactions or other events are inappropriately aggregated
- if similar items, transactions or other events are inappropriately disaggregated, and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The Bank is yet to assess the impact of this amendment on its financial statements.

(iii) Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Bank.

2.2 Foreign currency translation

Functional and presentation currency

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

Transaction and balances

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.3 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.4 Fee and commission income

Fee and commission income, including transactional fees, account servicing fee, and placement fees are recognised as the related services are performed.

Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognised on a straight-line basis over the commitment period.

2.5 Fee and commission expense

Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.6 Net trading income

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes and foreign exchange differences, and fair value gains and losses on financial assets measured fair value through profit and loss.

2.7 Dividend income

Dividend income is recognised when the Bank's right to receive payment is established.

2.8 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The accounting policy on the recognition of interest income is disclosed in note 2.3.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. On initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows: (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss. (b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.8.1 Financial assets

Classification and subsequent measurement

The Bank applies IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and investment securities.

Classification and subsequent measurement of debt instruments depend on:

- the Bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net trading income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'net trading income' in the period in which it arises. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

The debt instruments classification is based on the following:

Business model: The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the `SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Impairment of financial assets

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset.

The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

2.8.2 Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost except for financial guarantee contracts and loan commitments. The 'amortised cost' of a financial liability is the amount at which the financial asset or financial 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial guarantees contracts and
loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:
- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.8.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bidoffer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve of government securities, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

Valuation models such as present value techniques are used primarily to value unlisted debt securities and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Bank holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation.

Adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.8.4 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Bank. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Bank.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.8.5 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets are permitted to be reclassified out of the fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term.

In addition, the Bank may choose to reclassify financial assets out of the fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI) categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to hold to collect categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed, and if necessary, separately accounted for.

2.8.6 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.

2.8.7 Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other shortterm highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise balances with 91 days or less from the date of acquisition including cash and balances with Bank of Ghana, other eligible bills, money market placements and dealing securities.

2.10 Investment in associates

Associates are all entities over which the Bank has significant influence but not control or joint control. This is generally the case where the Bank holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Bank's share of the post-acquisition profits or losses of the investee in profit or loss, and the Bank's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Bank's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Leases

The Bank has changed its accounting policy for leases where the Bank is a lessee. The new policy is described below.

Until December 31, 2018 leases of property and equipment where the Bank as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Bank will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Bank as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Bank leased various branches and other premises under non-cancellable operating lease arrangements. The lease typically ran for a period of up to five years with an option to renew the lease after that date. The lease rentals were paid in advance and amortised on a straight-line basis over the lease period. The outstanding balance was accounted for as a prepayment in other assets.

The Bank's leasing activities and how these are accounted for under IFRS 16

The Bank's leasing activities are similar to those described above. Rental contracts are typically made for fixed periods of up to five years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on a rate, initially measured as at the commencement date;
- amounts expected to be payable by the Bank under residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The carrying amount of equity-accounted investments is tested for impairment.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings held by the Bank under IFRS 16 are not revalued.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Bank. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

Policy before 1 January 2019

Lease assets – Lessee

Leases that the Bank assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

Lease payments – Lessee

Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease. When an operating lease is terminated before the lease has expired, any payment required to be made by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments under finance leases are apportioned between finance expense and the outstanding lease liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease assets – Lessor

If the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances

2.12 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.13 Intangible assets

Intangible assets comprise of computer software licenses. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful life. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

2.14 Property and equipment

Leasehold 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:

Leasehold land and building	Over lease period
Leasehold improvement	Over the lease period
Fixtures, fittings and equipment	5 years
Computers	3 years
Motor vehicles	5 years

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

When revalued assets are sold, the amounts included in the capital surplus account are transferred to retained earnings.

2.15 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than 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. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Provisions and contingent liabilities

Provisions

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

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

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

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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

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2.18 Employee benefits

Short-term obligations

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. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Post-employment obligations

The Bank operates defined contribution retirement benefit schemes, which is a three-tier pension scheme, for its employees. The Bank's contributions to tier one and tier two schemes are mandatory and are determined by law. The Bank and its employees also make contributions towards employees' pension under a 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. The Bank has no further payment obligations once the contributions have been paid.

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.

2.19 Stated capital and dividend

Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders. Dividend proposed which is yet to be approved by shareholders, is disclosed by way of notes.

2.20 Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's basic and diluted EPS are essentially the same.

2.21 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Bank. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3. Critical accounting estimates, judgements and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies. The Bank makes estimates and assumptions that affect reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are based on best estimates undertaken in accordance with applicable standards. Estimates and judgements are evaluated on a continuous basis, based on experience and other factors, including expectations regarding future events.

3.1 Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance (ECL) for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and
- establishing groups of similar financial assets for purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 4.2.

3.2 Determining fair values of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Inputs to these mathematical models is taken from observable markets where possible. However, where this is not feasible, a degree of judgement is required in establishing fair values.

3.3 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.

3.4 Leases

In determining the lease term, the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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, and market risk, comprising 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.

4.1 Risk management framework

The Bank's risk management framework is based on the overall structure of the Bank which 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) and 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 nonexecutive 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 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 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.

4.2 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 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.

4.2.1 Management of credit risk

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

- Formulating credit policies in consultation with business units, covering collateral requirements, credit quality assessment, risk 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).

- Regular reports are provided to Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.

Write-off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. All write-off decisions are sanctioned by the Board of Directors with a subsequent approval in writing by Bank of Ghana before they are effected.

Expected credit loss measurement

The estimation of expected credit loss for loans and advances to customers is relatively complex and requires the use of models, as exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of a credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measured credit risk using the expected loss losses as per IFRS 9. The Bank measured expected credit losses using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgement and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below.

(i) Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The remaining Lifetime PD at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

For loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Direct debit cancellation;
- Extension to the terms granted; and
- Previous arrears within the last 12 months.

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(ii) Credit-impaired financial assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired.

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one of more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates that the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance, insolvent or deceased;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the Bank relating to the borrower’s financial difficulty,
- It is becoming probable that the borrower will enter financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. An instrumet is conceded to no longer be in defalut (i.e. to have cured) when its no longer meets any of the default criteria for a consecutive period of six month The criteria have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank’s expected loss calculations.

(iii) Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Bank’s expectation of the extent of loss on a defaulted exposure.

LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

(iii) Explanation of inputs, assumptions and estimation techniques

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change – are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

(iv) Forward-looking information

The Bank considers GDP growth rates, inflation rates, interest rates and policy rates as the economic variables relevant for the determination of ECL estimates. The Bank also considers multiple scenarios in applying the economic variable assumptions.

- GDP growth rate – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.
- Inflation and interest rates – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates has an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next three quarters.
- Policy rate – The Monetary Policy Rate is used as a tool to target inflation and interest rates. It is an indicator of the likely trend of rates which is a key driver of economic activity.

4.2.2 Maximum exposure to credit risk

The following tables show the analyses of the credit risk exposure of financial instruments. The Bank's maximum exposure to credit risk is represented by the net carrying amounts of the financial assets with the exception of financial and other guarantees issued by the Bank for which the maximum exposure to credit risk is represented by the maximum amount the Bank would have to pay if the guarantees are called on.

	2019 GH¢	2018 GH¢
On-balance sheet financial assets subject to impairment		
Balances with banks	**638,579,689**	601,172,276
Non-pledged trading assets	**202,969,963**	123,972,911
Investment securities	**851,716,044**	407,811,645
Loans and advances to customers	**454,657,563**	387,230,774
Other assets (excluding prepayments)	**352,128,332**	112,535,901
	2,500,051,591	1,632,723,507
Off-balance sheet financial assets subject to impairment		
Letters of credit	**170,500,324**	134,106,361
Guarantees and indemnities	**66,390,690**	95,882,962
	236,891,014	229,989,323

The Bank's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

The tables below show the credit quality by class of financial assets subject to impairment and the allowance for impairment losses held by the Bank against those assets.

	Stage 1 12-month ECL GH¢	Stage 2 Lifetime ECL GH¢	Stage 3 Lifetime ECL GH¢	Total GH¢
At 31 December 2019				
Balances with banks	595,185,462	58,631,927	-	**653,817,389**
Non-pledged trading assets	202,969,963	-	-	**202,969,963**
Investment securities	853,030,978	-	-	**853,030,978**
Loans and advances to customers	373,496,547	6,492,383	136,776,819	**516,765,749**
Other assets (excluding prepayments)	352,128,332	-	4,199,364	**356,327,696**
Gross carrying amount	2,376,811,282	65,124,310	140,976,183	**2,582,911,775**
Allowance for impairment	(2,711,993)	(21,299,442)	(61,642,867)	**(85,654,302)**
Carrying amount	2,374,099,289	43,824,868	79,333,316	**2,497,257,473**
At 31 December 2018	663,768,575	-	-	**663,768,575**
Balances with banks	123,972,911	-	-	**123,972,911**
Non-pledged trading assets	408,378,209	-	-	**408,378,209**
Investment securities				
Loans and advances to customers	362,038,304	3,054,258	55,116,288	**420,208,850**
Other assets (excluding prepayments)	112,535,901	-	-	**112,535,901**
Gross carrying amount	1,670,693,900	3,054,258	55,116,288	**1,728,864,446**
Allowance for impairment	(3,902,323)	(823,578)	(29,406,161)	**(34,132,062)**
Carrying amount	1,666,791,577	2,230,680	25,710,127	**1,694,732,384**

4.2.3 Collaterals and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances to customers depends on the nature of the instrument. Longer-term finance and lending to individuals and corporate entities are generally secured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances to customers.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit impaired and the related collateral in order to mitigate potential losses are shown in the table of individually impaired loans above.

4.2.4 Loans and advances to customers 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. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The table below shows analysis of loans with renegotiated terms.

	2019 GH¢	2018 GH¢
Non-impaired after restructuring		
Gross loans and advances	**4,090,055**	209,669
Allowance for impairment	**-**	48,538
	4,090,055	258,207
Continuing to be impaired after restructuring		
Gross loans and advances	**30,378,961**	55,116,288
Allowance for impairment	**(2,405,591)**	(29,406,161)
	27,973,370	25,710,127

4.2.5 Repossessed assets

There are no repossessed assets during the year (2018: Nil).

4.3 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.

4.3.1 Management of liquidity risk

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. 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.

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.

4.3.2 Exposure to liquidity risk

The table below presents the cash flows payable under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 3 months GH¢	3 to 12 months GH¢	Over 1 year GH¢	Total GH¢
At 31 December 2019				
Deposits from banks	51,527,630	19,489,331	-	**71,016,961**
Deposits from customers	1,895,354,220	162,718,404	-	**2,058,072,624**
Borrowings	110,756,555	-	-	**110,756,555**
Other liabilities	24,198,749	-	-	**24,198,749**
Lease liabilities	238,922	2,875,494	39,473,583	**42,587,999**
Total liabilities	2,082,076,076	185,083,229	39,473,583	**2,306,632,888**
Cash and balances with banks	703,021,463	-	-	**703,021,463**
Non-pledged trading assets	1,082,765	73,603,341	128,283,857	**202,969,963**
Investment securities	299,810,852	188,525,181	363,380,011	**851,716,044**
Loans and advances to customers	186,202,889	40,714,118	227,740,556	**454,657,563**
Other assets (excluding prepayments)	352,128,332	-	-	**352,128,332**
Total assets	1,542,246,301	302,842,640	719,404,424	**2,564,493,365**
Liquidity surplus/(deficit)	**(539,829,775)**	**117,759,411**	**679,930,841**	**257,860,477**

	Up to 3 months GH¢	3 to 12 months GH¢	Over 1 year GH¢	Total GH¢
At 31 December 2018				
Deposits from banks	106,302,928	-	-	106,302,928
Deposits from customers	1,179,836,361	75,889,196	-	1,255,725,557
Other liabilities	19,360,785	-	-	19,360,785
Total liabilities	1,305,500,074	75,889,196	-	1,381,389,270
Cash and balances with banks	663,181,153	-	-	663,181,153
Non-pledged trading assets	101,445,091	22,527,820	-	123,972,911
Investment securities	42,854,489	195,750,436	169,206,720	407,811,645
Loans and advances to customers	247,342,635	28,146,612	111,741,527	387,230,774
Other assets (excluding prepayments)	112,535,901	-	-	112,535,901
Total assets	1,167,359,269	246,424,868	280,948,247	1,694,732,384
Liquidity surplus/(deficit)	(138,140,805)	170,535,672	280,948,247	313,343,114

4.4 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates 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.

4.4.1 Management of market risk

Overall authority for market risk is vested in the Assets and Liability Committee (ALCO). The Risk Department 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.

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

Interest rates on advances to customers and other risk assets are pegged to the Bank's base lending rate. ALCO closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

4.4.2 Interest rate risk

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Bank's Treasury.

The table below summarises the Bank's exposure to interest rate risks.

	Non-interest bearing GH¢	Up to 12 months GH¢	Over 1 year GH¢	Total GH¢
At 31 December 2019				
Cash and balances with banks	485,200,481	217,820,982	-	**703,021,463**
Non-pledged trading assets	-	74,686,106	128,283,857	**202,969,963**
Investment securities	-	488,336,033	363,380,011	**851,716,044**
Loans and advances to customers	-	226,917,007	227,740,556	**454,657,563**
Other assets (excluding prepayments)	352,128,332	-	-	**352,128,332**
	837,328,813	1,007,760,128	719,404,424	**2,564,493,365**
Deposits from banks	-	51,389,004	-	**51,389,004**
Deposits from customers	1,237,299,214	807,386,295	-	**2,044,685,509**
Other liabilities	24,198,749	-	-	**24,198,749**
Borrowings	-	110,756,555	-	**110,756,555**
Lease liabilities	-	3,114,416	18,497,329	**21,611,745**
	1,261,497,963	972,646,270	18,497,329	**2,252,641,562**
Total interest repricing gap	**(424,169,150)**	**35,113,858**	**700,907,095**	**311,851,803**

At 31 December 2018	Non-interest bearing GH¢	Up to 12 months GH¢	Over 1 year GH¢	Total GH¢
Cash and balances with banks	564,148,050	99,033,103	-	663,181,153
Non-pledged trading assets	-	123,972,911	-	123,972,911
Investment securities	-	238,604,925	169,206,720	407,811,645
Loans and advances to customers	-	275,489,247	111,741,527	387,230,774
Other assets (excluding prepayments)	112,535,901	-	-	112,535,901
	676,683,951	737,100,186	280,948,247	1,694,732,384
Deposits from banks				
Deposits from customers	-	105,572,537	-	105,572,537
Other liabilities	833,648,958	415,822,920	-	1,249,471,878
	19,172,929	-	-	19,172,929
	852,821,887	521,395,457	-	1,374,217,344
Total interest repricing gap	(176,137,936)	215,704,729	280,948,247	320,515,040

An increase of 10% (100 basis points) in market interest rates from the rate applicable at 31 December 2019 would result in an increase in profit for the year by GH¢7,576,327 (2018: GH¢4,966,529) and vice-versa.

4.4.3 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. 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 2019	USD GH¢	GBP GH¢	Euro GH¢
Financial assets			
Cash and balances with banks	**528,110,342**	**12,376,298**	**30,164,993**
Loans and advances to customers	**91,226,105**	**-**	**-**
Other assets	**4,314,814**	**-**	**-**
Total	**623,651,261**	**12,376,298**	**30,164,993**
Financial liabilities			
Deposits from banks	**11,093,226**	**-**	**-**
Deposits from customers	**506,198,749**	**11,451,666**	**29,971,235**
Borrowings	**110,756,555**	**-**	**-**
Other liabilities	**704,252**	**41,221**	**-**
Total	**628,752,782**	**11,492,887**	**29,971,235**
Net on balance sheet position	**(5,101,521)**	**883,411**	**193,758**

At 31 December 2018			
Financial assets			
Cash and balances with banks	84,181,745	1,784,619	3,851,603
Loans and advances to customers	26,064,874	9,472	-
Other assets	2,231,624	175,677	-
Total	112,478,243	1,969,768	3,851,603
Financial liabilities			
Deposits from customers	109,149,429	1,465,307	3,292,252
Other liabilities	3,491,792	5,072	7,970
Total	112,641,221	1,470,379	3,300,222
Net on balance sheet position	(162,978)	499,389	551,381

4.5 Geographical concentration of financial assets and liabilities

The table below analyses the geographical location of financial instruments.

	2019		2018	
	In Ghana	Outside Ghana	In Ghana	Outside Ghana
	GH¢	GH¢	GH¢	GH¢
Financial assets				
Cash and balances with bank	**363,853,246**	**339,168,217**	424,567,873	238,613,280
Non-pledged trading assets				
Investment securities	**202,969,963**	**-**	123,972,911	-
Loans and advances to customers	**851,716,044**	**-**	407,811,645	-
Other assets	**454,657,563**	**-**	387,230,774	-
	352,128,332	**-**	112,535,901	-
	2,225,325,148	**339,168,217**	1,456,119,104	238,613,280
Financial Liabilities				
Deposits from banks	**51,389,004**	**-**	105,572,537	-
Deposits from customers	**2,044,685,509**	**-**	1,249,471,878	-
Other liabilities	**24,198,749**	**-**	19,360,785	-
	2,120,273,262	**-**	1,374,405,200	-

5. Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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 GH¢	**Level 2 GH¢**	**Level 3 GH¢**	**Total GH¢**
At 31 December 2019				
Non-pledged trading assets	202,969,963	-	-	202,969,963
Investment securities	315,966,318	-	-	315,966,318
Total	**518,936,281**	**-**	**-**	**518,936,281**
At 31 December 2018				
Non-pledged trading assets	123,972,911	-	-	123,972,911
Investment securities	221,034,651	-	-	221,034,651
Total	345,007,562	-	-	345,007,562

6. Capital management

Regulatory capital

The Bank's objectives when managing capital include:

- Complying with capital requirements set by the Bank of Ghana;
- Safeguarding the Bank's ability to continue as a going concern to enable it to continue providing returns for shareholders and benefits for other stakeholders; and
- Maintaining a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by Bank of Ghana for supervisory purposes. Bank of Ghana requires each bank to: (a) hold a minimum capital of GH¢400 million; and (b) maintain a ratio of total regulatory capital to risk-weighted assets above a required minimum of 13%.

The Bank's regulatory capital is divided into two tiers:

- Common Equity Tier 1 capital: includes ordinary (common) shares issued by the bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.
- Common Equity Tier 2 capital: includes qualifying subordinated loan capital, property revaluation reserves and unrealised gains arising on the fair valuation of instruments held as hold to collect and sell

The Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialised Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act') prescribes a risk-based capital adequacy requirement.

The table below summarise the composition of regulatory capital adequacy ratio of the Bank

	2019 GH¢	2018 GH¢
Tier 1 Capital		
Paid up capital (ordinary shares)	**404,570,053**	233,506,207
Statutory reserves	**52,040,724**	51,312,647
Retained earnings	**(64,420,024)**	(792,170)
Common Equity Tier 1 capital before adjustments	**392,190,753**	284,026,684
Regulatory adjustments to Tier 1 capital	**(15,786,584)**	(19,966,869)
Total qualifying tier 1 capital	**376,404,169**	264,059,815
Tier 2 Capital		
Property revaluation reserves	**25,382,603**	17,227,818
Other reserves	**(1,662,629)**	5,321,036
Total qualifying tier 2 capital	**23,719,974**	22,548,854
Total regulatory capital	**400,124,143**	286,608,669
Risk profile		
Total credit risk-weighted asset	**1,210,755,288**	839,371,596
Total operational risk-weighted asset	**340,990,544**	268,319,822
Total market risk-weighted asset	**15,245,511**	19,751,258
Total risk-weighted assets	**1,566,991,343**	1,127,442,676
Capital adequacy ratio	**25.5%**	25.4%

	2019	2018
7. Interest income		
Cash and balances with banks	**10,471,021**	11,698,124
Loans and advances to customers	**105,121,665**	53,007,718
Investment securities	**113,901,558**	112,487,398
	229,494,244	177,193,240
8. Interest expense		
Deposits from banks	**8,347,276**	7,902,387
Deposits from customers	**56,122,870**	84,521,539
Borrowings	**82,555**	-
	64,552,701	92,423,926
9. Net fee and commission income		
Fee and commission income		
Retail banking customer fees	**39,755,643**	29,294,341
Corporate banking customer fees	**21,376,943**	17,896,298
Total fee and commission income	**61,132,586**	47,190,639
Fee and commission expense	**(12,423,787)**	(7,407,096)
Net fee and commission income	**48,708,799**	39,783,543
10. Net trading income		
Net foreign exchange gains	**34,209,465**	31,750,601
Net fair value gain on financial assets at fair value through profit or loss	**1,474,632**	8,485,918
	35,684,097	40,236,519
11. Other operating income		
Gain on disposal of property and equipment (note 24)	**25,299**	38,340
Revaluation gain on financial assets	**3,395,101**	-
Sundry income	**134,747**	-
	3,555,147	38,340
12. Net impairment losses		
Loans and advances to customers (note 20)	**40,508,345**	11,559,811
Debt securities	**748,370**	213,835
Placements with financial institutions	**13,911,896**	200,654
Contingent liabilities	**29,781**	16,301
Investment in equity securities	**18,749,972**	-
Other financial assets	**4,937,746**	-
Goodwill	**942,746**	-
Recoveries on amounts written off as uncollectible	**(806,773)**	-
	79,022,083	11,990,601

	2019	2018
13. Personnel expenses		
Wages and salaries	**27,474,918**	23,317,779
Pension contributions	**4,780,278**	4,528,661
Other staff benefits	**33,760,887**	25,903,762
	66,016,083	53,750,202

The number of persons employed by the Bank at the end of the year was 505 (2018: 415).

14. Depreciation and amortisation		
Intangible assets (note 23)	**3,086,145**	1,883,772
Property and equipment (note 24)	**12,994,337**	12,093,781
Right-of-use-assets (note 25)	**4,807,760**	-
	20,888,242	13,977,553
15. Other expenses		
Advertising and marketing	**7,618,392**	6,561,830
Training	**526,740**	484,387
Auditor's remuneration	**360,786**	275,000
Fines and penalties	**155,700**	-
Corporate social responsibility	**1,263,029**	806,515
Merger related expenses	**10,586,354**	-
General and administrative expenses	**60,288,796**	43,663,169
	80,799,797	51,790,901
16. Income tax expense		
Current income tax (note 27)	**4,738,480**	12,161,113
Deferred income tax (note 29)	**(4,195,707)**	524,815
	542,773	12,685,928

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	**2,104,133**	33,318,141
Tax using the enacted tax rate (25%)	**526,033**	8,329,535
Previous year's tax charge	**4,738,480**	3,789,473
Expenses not deductible for tax purposes	**438,310**	566,920
Tax allowances	**(4,153,097)**	-
Deferred tax on tax losses not recognised	**(1,006,953)**	-
	542,773	12,685,928

17. Cash and balances with banks

	2019	2018
Cash on hand	**64,441,774**	62,008,857
Balances with banks	**216,290,155**	379,017,574
Restricted balances with Bank of Ghana	**204,468,551**	135,504,442
Placement with other banks	**232,320,301**	87,237,702
Impairment on placements	**(14,499,318)**	(587,422)
	703,021,463	663,181,153

Cash and cash equivalents for the purposes of the statement of cash flows:

	2019	2018
Cash on hand	**64,441,774**	62,008,857
Balances with banks	**216,290,155**	379,017,574
Placement with other banks	**232,320,301**	87,237,702
Treasury bills maturing within 90 days of purchase	**150,407,899**	146,252,984
	663,460,129	674,517,117

Restricted balances are mandatory deposits held with the central bank in accordance with the Bank of Ghana guidelines and are not available for use in the Bank's day-to-day operations.

18. Non-pledged trading assets

	2019	2018
Government bonds	**201,698,182**	123,972,911
Treasury bills	**1,271,781**	-
	202,969,963	123,972,911

Non-pledged trading assets are measured at fair value through profit or loss.

19. Investment securities

	2019	2018
Hold to collect	**537,064,660**	405,577,957
Impairment provision on ESLA bonds	**(1,314,934)**	(566,564)
	535,749,726	405,011,393
Hold to collect and sell	**315,966,318**	2,800,252
	851,716,044	407,811,645
Pledged assets	**-**	405,011,393
Non-pledged assets	**851,716,044**	2,800,252
	851,716,044	407,811,645

	2019	2018
20. Loans and advances to customers		
Analysis by type of facility		
Overdrafts	**168,967,771**	185,670,241
Term loans	**347,797,978**	234,538,609
	------------------------	-------------------------
Gross loans and advances	**516,765,749**	420,208,850
Allowance for impairment	**(62,108,186**	(32,978,076)
	----------------------	--------------------------
Net loans and advances to customers	**454,657,563**	387,230,774
	============	===========
Analysis by type of customer		
Individuals	**31,937,030**	25,995,780
Private enterprise	**471,123,356**	378,122,332
Staff	**13,705,363**	16,090,738
	----------------------	-------------------------
Gross loans and advances	**516,765,749**	420,208,850
Allowance for impairment	**(62,108,186)**	(32,978,076)
	----------------------	-------------------------
	454,657,563	387,230,774
	============	===========

The movement in impairment allowance on loans and advances is as follows:

At 1 January	**32,978,076**	22,867,151
IFRS 9 transition adjustment	**-**	(1,448,886)
Write-offs	**(11,378,235)**	-
Charge for the year	**40,508,345**	11,559,811
	-----------------------	-----------------------
At 31 December 2019	**62,108,186**	32,978,076
	===========	==========

Analysis of loans and advances by industry

Agriculture, forestry and fishing	**25,395,106**	14,005,405
Manufacturing	**82,967,906**	76,929,699
Construction	**11,962,141**	13,883,461
Electricity, oil and gas	**229,461,935**	220,748,591
Commerce and finance	**89,547,395**	44,616,035
Transport and communication	**22,156,293**	3,234,952
Services	**51,910,479**	30,622,079
Miscellaneous	**3,364,493**	16,168,628
	----------------------	-------------------------
	516,765,749	420,208,850
	============	===========

The non-performing loans at 31 December 2019 amounts to GH¢136,776,819 (2018: GH¢57,532,289).

The non-performing loans contributed 26% (2018: 16%) of the gross loans and advances to customers.

21. Investment in associates

Name of associate	Interest in equity shares	Nature of business	Country of incorporation	2019	2018
First Atlantic Brokers Limited	34.6%	Stock brokerage	Ghana	-	-
First Atlantic Asset Management Limited	33.9%	Fund Managers	Ghana	354,495	314,260
				354,495	314,260

The Bank's share of recurring losses resulted in the impairment of the investment in First Atlantic Brokers Limited.

First Atlantic Asset Management Limited		
At 1 January	**314,260**	314,578
Share of profit/(loss) from associate	**40,235**	(318)
At 31 December	**354,495**	314,260

22. Other assets

Prepayments	**4,337,824**	11,726,152
Electronic money receivable	**331,488,666**	95,341,270
National Fiscal Stabilisation Levy receivable	**2,829,708**	-
Sundry debtors	**19,874,108**	17,194,631
	358,530,306	124,262,053

23. Intangible assets

Computer software		
At 1 January	**14,120,737**	11,600,928
Assumed on business combination	**343,489**	-
Additions	**948,594**	2,519,809
At 31 December	**15,412,820**	14,120,737
Amortisation		
At 1 January	**7,382,319**	5,498,547
Charge for the year	**3,086,145**	1,883,772
At 31 December	**10,468,464**	7,382,319
Net book amount	**4,944,356**	6,738,418

24. Property and equipment	Motor Vehicles	Furniture, fittings and equipment	Computers	Leasehold land and buildings	Capital workin-progress	Total
Year ended 31 December 2019						
Cost						
At 1 January 2019	15,721,697	25,198,789	13,784,548	121,590,004	-	176,295,038
Additions	2,358,895	1,388,673	4,107,507	-	21,054,152	28,909,227
Assumed on business combination	353,563	3,260,860	696,977	471,287	-	4,782,687
Disposals	(882,025)	(64,808)	-	-	-	(946,833)
Transferred to right-of-use assets	-	-	-	(1,776,150)	-	(1,776,150)
At 31 December 2019	**17,552,130**	**29,783,514**	**18,589,032**	**120,285,141**	**21,054,152**	**207,263,969**
Accumulated depreciation						
At 1 January 2019	8,800,946	15,133,201	11,045,960	8,775,521	-	43,755,628
Charge for the year	2,964,736	4,419,755	1,755,875	3,853,971	-	12,994,337
Disposals	(714,011)	(34,957)	-	-	- -	(748,968)
Transfered to right-of-use assets	-	-	-	(140,612)	-	(140,612)
At 31 December 2019	**11,051,671**	**19,517,999**	**12,801,835**	**12,488,880**	**-**	**55,860,385**
Net book amount	**6,500,459**	**10,265,515**	**5,787,197**	**107,796,261**	**21,054,152**	**151,403,584**

Year ended 31 December 2018						
Cost						
At 1 January 2018						
Additions	15,117,949	23,625,500	12,809,563	112,646,072	5,076,638	169,275,722
Transfers	685,839	1,573,289	974,985	3,867,294	-	7,101,407
Disposals	-	-	-	5,076,638	(5,076,638)	-
At 31 December 2018	(82,091)	-	-	-	-	(82,091)
	15,721,697	25,198,789	13,784,548	121,590,004	-	176,295,038
Accumulated depreciation						
At 1 January 2018						
Charge for the year	6,178,258	11,214,628	9,278,275	5,072,777	-	31,743,938
Disposals	2,704,779	3,918,573	1,767,685	3,702,744	-	12,093,781
At 31 December 2018	(82,091)	-	-	-	-	(82,091)
	8,800,946	15,133,201	11,045,960	8,775,521	-	43,755,628
Net book amount	6,920,751	10,065,588	2,738,588	112,814,483	-	132,539,410

	2019	2018
Disposal of property and equipment		
Cost	**946,833**	82,091
Accumulated depreciation	**(748,968)**	(82,091)
Net book value	**197,865**	-
Sales proceeds	**(223,164)**	(38,340)
Gain on disposal	**(25,299)**	(38,340)

25. Right-of-use-assets

Buildings	**30,839,008**	-

The movement in right-of-use-assets is as follows:

Cost		
At 1 January	**31,700,285**	-
Additions	**3,946,483**	-
At 31 December	**35,646,768**	-
Accumulated depreciation		
At 1 January	**-**	-
Charge for the year	**4,807,760**	-
At 31 December	**4,807,760**	-
Net book amount	**30,839,008**	-

26. Lease liabilities

Current	**3,958,718**	-
Non-current	**17,653,027**	-
	21,611,745	-

The movement in lease liabilities is as follows:

At 1 January	**21,397,447**	-
Additions	**3,946,483**	-
Interest expense	**4,099,483**	-
Payments	**(7,831,668)**	-
At 31 December	**21,611,745**	-

27. Current income tax

Year ended 31 December 2019	At 1 January	Charge for the year	Payments	At 31 December
Year of assessment				
Up to 2018	425,176	-	-	425,176
2019	-	4,738,480	(19,738,480)	(15,000,000)
	425,176	**4,738,480**	**(19,738,480)**	**(14,574,824)**
Year ended 31 December 2018				
Year of assessment				
Up to 2017	(1,407,860)	3,789,473	(2,289,364)	92,249
2018	-	8,371,640	(8,038,713)	332,927
	(1,407,860)	12,161,113	(10,328,077)	425,176

28. National fiscal stabilisation levy

Year ended 31December 2019	Balance 1 January	Charge for the year	Payments	Balance 31 December
Year of assessment				
Up to 2018	65,085		-	65,085
2019	-	105,207	(3,000,000)	(2,894,793)
	65,085	**105,207**	**(3,000,000)**	**(2,829,708)**
Year ended 31 December 2018				
Year of assessment				
Up to 2017	236,588	-	(229,683)	6,905
2018	-	1,665,923	(1,607,743)	58,180
	236,588	1,665,923	(1,837,426)	65,085

The National Fiscal Stabilisation Act, 2009 (Act 785) levy is charged at 5% on profit before tax. The levy is not an allowable tax deduction.

29. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2018: 25%).

	2019	2018
At 1 January	**22,083,951**	17,291,724
(Credited)/charged to profit and loss	**(4,195,707)**	524,815
(Credited)/charged to other comprehensive income	**(3,167,459)**	4,267,412
At 31 December	**14,720,785**	22,083,951
Deferred income tax liability comprises the net impact of the following;		
Deferred income tax assets		
Loan loss provision	**(5,595,698)**	(892,979)
Right-of-use-asset and lease liabilities	**(909,342)**	-
Tax losses	**(1,006,953)**	-
Fair valuation of bonds – FVOCI	**(3,167,459)**	-
Other financial instruments	**(5,437,695)**	(295,060)
	(13,503,898)	(1,188,039)
Deferred income tax liabilities	**18,146,631**	6,137,667
Accelerated depreciation	**12,691,301**	12,691,301
Property revaluation surplus	**-**	4,443,022
Fair valuation of bonds – FVOCI		
	30,837,932	23,271,990
Net deferred income tax liabilities	**14,720,785**	22,083,951

30. Deposits from customers

Current accounts	**1,208,080,184**	833,648,958
Savings accounts	**186,603,476**	98,889,993
Call deposits	**116,736,566**	78,159,181
Time deposits	**533,265,283**	238,773,746
	2,044,685,509	1,249,471,878
Analysis by type of depositors		
Financial institutions	**226,754,988**	315,296,395
Individual and other private enterprise	**1,520,241,112**	783,427,826
Public enterprises	**297,689,409**	150,747,657
	2,044,685,509	1,249,471,878

All deposits from customers are current.

The twenty largest depositors constitute 43% (2018: 53%) of the total amount due to customers.

31. Deposits from banks

	2019	2018
Money market deposits	**40,309,068**	60,026,499
Deposits from financial institutions	**11,079,936**	45,546,038
	51,389,004	105,572,537

32. Borrowings

Trade line of credit	**110,756,555**	-

The Bank has a trade finance facility with FBN Bank UK. Interest is at LIBOR plus 1.5% to 1.65%.

33. Other liabilities

Accruals and provisions	**2,969,508**	439,116
Managed funds	**792,684**	792,684
Other payables	**20,436,557**	18,063,900
NSFL payable (note 28)	**-**	65,085
Deposit for shares	**-**	106,504,661
	24,198,749	125,865,446

34. Stated capital

The authorised shares of the Bank is 500 million ordinary shares of no par value (2018: 500 million ordinary shares) of which the following have been issued;

	2019		2018	
	No. of shares	**Proceeds**	No. of shares	Proceeds
At 1 January	**261,780,824**	**233,506,207**	192,225,889	96,610,409
Issued for cash during the year	**56,549,547**	**106,470,075**	47,273,468	92,555,975
Issued for consideration other than cash during the year	**38,918,034**	**64,593,771**	-	-
Transfer from retained earnings	**-**	**-**	22,281,467	44,339,823
At 31 December	**357,248,405**	**404,570,053**	261,780,824	233,506,207

The Bank issued 56,549,527 shares to its existing shareholders for cash consideration GH¢106,470,075.

The Bank issued 38,918,034 ordinary shares to the shareholders of Energy Commercial Bank as consideration for its net assets of GH¢63,651,025 assumed in a business combination.

There is no unpaid liability on these shares issued.
There are no treasury shares.

35 Retained earnings

Retained earnings represents the accumulated profits over the years after appropriations. The movement in retained earnings account is shown as part of statement of changes in equity on page 16.

36. Revaluation reserves

Revaluation reserves are gains from the valuation of property owned by the Bank. These are not distributable but subject to regulatory approval, transfer can be made to stated capital in accordance with the Companies Act, 2019 (Act 992).

37. Statutory reserve fund

Statutory reserve represents the cumulative amount set aside from annual profit after tax as required by Section 34 of the Banks and Special Deposit Taking Institutions Act, 2016 (Act 930).

38. Credit risk reserve

Regulatory credit risk reserve represents the cumulative amounts required to meet the Bank of Ghana guidelines for loan impairment allowance provision. The Bank of Ghana requires a transfer from retained earnings to regulatory credit risk reserve when the expected credit loss under IFRS 9 is less than the impairment allowance required by the Bank of Ghana prudential guidelines and in accordance with Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

	2019	2018
Bank of Ghana prudential guidelines	**126,464,116**	32,145,932
IFRS 9 expected credit loss	**(62,108,186)**	(32,978,076)
Credit risk reserve	**64,355,930**	-

39. Other reserves

Other reserves represents cumulative unrealised gains/losses on investments measured at fair value through other comprehensive income. The movement in other reserves is shown as part of statement of changes in equity.

The movement in other reserves is as follows:

	2019	2018
At 1 January	**7,839,747**	3,396,453
Net (loss)/gain on debt instruments measured at FVOCI	**(12,669,835)**	5,924,392
Deferred tax credit/(charge)	**3,167,459**	(1,481,098)
At 31 December	**(1,662,629)**	7,839,747

40. Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit attributable to shareholders	**1,456,153**	18,966,290
Number of ordinary shares issued	**396,166,419**	261,780,824
Weighted average number of shares	**309,514,605**	227,003,357
Basic earnings per share (Ghana pesewas)	**0.47**	8.36
Diluted earnings per share (Ghana pesewas)	**0.47**	8.36

41. Cash used in operations	2019	2018
Profit before tax	**2,104,133**	33,318,141
Adjustments for:		
Depreciation and amortisation expense	**20,888,242**	13,977,553
Impairment of goodwill	**942,746**	-
Impairment on financial instruments	**77,340,955**	17,445,554
Interest paid on finance lease	**(1,644,182)**	-
Gain on disposal of property and equipment	**(25,299)**	(38,340)
Interest charged on finance lease	**4,099,483**	-
Share of (profit)/loss from associate	**(40,235)**	318
Changes in operating assets and liabilities		
Loans and advances to customers	**(37,216,808)**	(158,453,898)
Non-pledged trading assets (maturing over 91 days)	**(78,997,052)**	(12,430,273)
Investment securities	**(450,554,440)**	(118,796,544)
Other assets	**(195,690,325)**	(104,249,924)
Restricted cash	**(68,736,212)**	2,391,658
Deposits from customers	**662,414,379**	(131,880,880)
Deposits from banks and other financial institutions	**(73,411,657)**	36,769,254
Borrowings	**110,756,555**	-
Other liabilities	**2,140,283**	15,581,369
Cash used in operations	**(25,629,434)**	(406,366,012)

42. 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.

	2019	2018
Letters of credit	**66,390,690**	134,106,361
Guarantees and indemnities	**170,500,324**	95,882,962
	236,891,014	229,989,323

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

At the reporting date, the Bank had no capital commitments (2018: GH65 thousand) in respect of authorised and contracted projects.

Claims

There are legal proceedings against the Bank at 31 December 2019. No provision has been made in respect of these cases against the Bank (2018: Nil), 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.

43. Related party transactions

Bank's related party transactions comprise the dealings and transactions with its associates, directors and key management personnel.

The Bank's associate companies are 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 is as follows:

	2019	2018
Amounts due to related parties		
First Atlantic Brokers Limited - Customer deposits	**7,322**	6,176
First Atlantic Asset Management Limited - Customer deposits	**3,682,489**	6,704,435
Transactions with related parties		
Interest expense on deposits	**424,852**	330,175
Interest income on advances	**4,335**	60,745

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.

Advances to related parties

Advances to customers at 31 December 2019 and 31 December 2018 include loans to related parties (directors and associated companies) as follows:

	2019	2018
At 1 January		
Loans advanced during the year	**4,432,518**	7,133,118
Loans repayment received	**-**	-
At 31 December	**(833,548)**	(2,700,600)
	3,598,970	4,432,518
Comprising		
Advances to Directors	**3,598,970**	4,432,518
Interest income earned	**176,881**	232,013

Loans and advances to employees

	2019	2018
At 1 January	**16,130,738**	16,120,432
Loans advanced during the year	**10,578,765**	7,904,847
Loans repayment received	**(13,004,140)**	(7,894,541)
At 31 December	**13,705,363**	16,130,738
:		
Interest income earned	**872,924**	1,027,401

Key management compensation

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

	2019	2018
Salaries, allowances and benefits in kind	**5,472,704**	4,361,518
Pension contributions	**304,131**	558,038
Bonuses paid or payable	**-**	1,159,910
	5,776,835	6,079,466

Deposits from directors	2019	2018
At 1 January	**3,562,017**	909,880
Net movement during the year	**179,602**	2,652,137
At 31 December	**3,741,619**	3,562,017
Interest expense incurred	**17,514**	16,673

Directors remuneration

Fees for service as directors	**448,537**	482,397
Other emoluments	**574,193**	879,261
	1,022,730	1,361,658

44. Business combination

Under a merger agreement of 4 January 2019, First Atlantic Bank Limited issued 38,918,034 ordinary shares to the shareholders of Energy Commercial Bank Limited (ECB) as consideration for assuming the net assets of GH¢ 64,593,771.

The fair value of assets and liabilities assumed as a result of the acquisition are as follows:

	2018
Assets	
Cash and balances with banks	73,360,966
Loans and advances to customers	69,911,553
Other assets	69,977,995
Intangible assets	343,489
Property and equipment	4,782,825
Total assets	218,376,828
Liabilities	
Deposits from banks and other financial institutions	19,228,124
Deposits from customers	132,799,252
Other liabilities	2,698,427
Total liabilities	154,725,803
Net identifiable assets acquired	63,651,025
Goodwill	942,746
Net assets acquired	64,593,771

The goodwill is attributable to the synergies from customer relationships of Energy Commercial Bank Limited.

45. Operating segments

Segment information is presented in respect of the Bank's business segments which is based on the Bank's management and internal reporting structure.

The Bank comprises the following main business segments:

- Corporate Banking comprises loans, deposits and other transactions and balances with corporate customers.
- Retail and business banking comprises loans, deposits and other transactions and balances with retail and business banking customers.
- Global markets undertakes the Bank's funding and risk management activities through borrowings, issues of debt securities and investing in liquid assets such as short-term placements and and corporate and government debt securities.

Year ended 31 December 2019	Corporate banking GH¢	Retail and business banking GH¢	Global markets GH¢	Total GH¢
Interest income	99,510,696	52,672,070	77,311,478	**229,494,244**
Interest expense	(23,911,116)	(7,992,998)	(32,648,587)	**(64,552,701)**
Net interest income	75,599,580	44,679,072	44,662,891	**164,941,543**
Net fee and commission income	11,964,203	32,614,554	4,130,042	**48,708,799**
Net trading income	12,626,921	17,722,017	5,335,159	**35,684,097**
Other operating income	1,257,999	1,765,615	531,533	**3,555,147**
Operating income	101,448,703	96,781,258	54,659,625	**252,889,586**
Profit before income tax	1,198,669	573,134	332,330	**2,104,133**
Income tax expense				**(542,773)**
NFSL				**(105,207)**
				1,456,153

Year ended 31 December 2018	Corporate banking GH¢	Retail and business banking GH¢	Global markets GH¢	Total GH¢
Interest income	105,525,549	66,005,121	5,662,570	**177,193,240**
Interest expense	(61,522,827)	(25,650,289)	(5,250,810)	**(92,423,926)**
Net interest income	44,002,722	40,354,832	411,760	**84,769,314**
Net fee and commission income	10,392,057	29,294,341	7,542,581	**47,228,979**
Net trading income	15,305,601	21,882,010	3,048,908	**40,236,519**
Operating income	69,700,380	91,531,183	11,003,249	**172,234,812**
Profit before income tax	9,194,069	12,076,939	12,047,133	**33,318,141**
Income tax expense				**(12,685,928)**
NFSL				**(1,665,923)**
				18,966,290

46. Events after the reporting date

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

It is envisioned that the COVID 19 pandemic will most likely have an impact on the economy and as a result the Expected Credit Loss (ECL) provisions relating to forward looking information will be impacted. The Bank is, however, not able to produce a reliable estimate of this impact at this point. The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

APPENDIX I

Analysis of shareholding as at 31 December 2019

Name of shareholder	**Shareholding**	**% Holding**
Kedari Nominees Limited	152,065,766	42.57%
AFIG Fund II	87,842,985	24.59%
A.A. Global Investments Limited	35,551,387	9.95%
Global Fleet Oil and Gas	27,242,624	7.63%
Nicon Insurance Limited	11,675,410	3.27%
Sir Sam Jonah	10,407,190	2.91%
Francis Kootu Edusei	9,329,048	2.61%
FABL Ownership Scheme (ESOP)	4,389,480	1.23%
Allied Investment Company Limited	4,073,365	1.14%
Mr. J. E. Amakye, Jnr.	3,673,769	1.03%
Kwaku Akosah-Bempah	2,800,517	0.78%
John K Agyemang	2,512,583	0.70%
F. M. Plastechnic Limited	1,874,026	0.52%
Buck Investments Limited	1,107,229	0.31%
Mr. Odun Odunfa	872,942	0.24%
Mr. Jude Arthur	595,323	0.17%
Kuapa Kooko Co-operative Farmers Union	502,513	0.14%
Wilkins Investments	390,422	0.11%
Estate of the late Mr. Holdbrook Arthur	341,826	0.10%
	357,248,40	100%

APPENDIX II

	2019	2018
Interest earned and other operating income	**313,887,140**	264,620,398
Direct cost of services	**(149,451,981)**	151,621,923
Value added by banking services	**164,435,159**	112,998,475
	-------------------------	--------------------------
Non-banking income	**3,595,382**	38,022
Impairment loss on financial assets	**(79,022,083)**	(11,990,601)
	-------------------------	--------------------------
Value Added	**89,008,459**	101,045,896
	-------------------------	--------------------------
Distributed as follows: -		
To Employees:		
Directors (without executives)	**(1,022,730)**	(1,040,778)
Executive directors	**(5,776,835)**	(6,079,466)
Other employees	**(59,216,517)**	(46,629,958)
	------------------------	--------------------------
To Government:		
Income tax	**(647,980)**	(14,351,851)
To providers of capital:		
Dividend to shareholders		
To expansion and growth:	**-**	-
Depreciation		
Amortisation	**(17,802,097)**	(12,093,781)
	-------------------------	-------------------------
To retained earnings	**(3,086,145)**	(1,883,772)
	-------------------------	-------------------------
	1,456,154	18,966,290
	-------------------------	-------------------------

First Atlantic Bank

. . . refreshingly different!

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