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Financial Highlights

	2018	2017
	D'000	D'000
Income Statement		
Profit before tax	**46,478**	29,200
Profit after Tax	**34,522**	26,807
Net interest income	**76,824**	99,060
Operating expenses	**117,798**	112,707
Impairment	**31,787**	18,405
Balance sheet		
Total Assets	**1,887,719**	1,570,851
Loans & Advances(Net)	**79,622**	77,953
Customer Deposits	**1,273,889**	1,050,969
Equity	**497,588**	463,066
Ratios		
Earnings Per Share (Bututs)	**0.06**	0.05
Return on Asset (ROA)	**2%**	2%
Return on Equity (ROE)	**7%**	6%
Capital Adequacy	**111%**	133%
Cost Income Ratio	**72%**	79%
Liquidity Ratio	**123%**	121%
NPL Ratio	**0.08%**	0.01%
NOP	**14.12%**	(4.84 %)

General information

Directors

Papa Yusupha Njie	Chairman
Dolapo Ogundimu	Non-executive Director
David Aluko	Executive Director (Retired 31st July 2018)
Ayokunle A.Olajubu	Executive Director (Appointed 1st Aug, 2018)
Hadiza Ambursa	Non-executive Director
Lookman Martins	Non-executive Director
Dominic Mendy	Non-executive Director
Isaiah Ailenmoagbon	Executive Director (Retired 31st January 2018)
Dapo Adepoju	Executive Director (Appointed 1st March 2018)

Company Secretary Lena Hydara — Head Legal Department / Company Secretary

Auditors

PKF
Accountants and business advisory
Noble House
33 Bijilo Layout Annex
Bijilo, The Gambia

Bankers

Central Bank of The Gambia
1-2 Ecowas Avenue, Banjul

Standard Chartered Bank UK Ltd
2ND Floor 1 Basinghall Avenue, London,
London

The Access Bank UK Ltd
4 Royal Court, Gadbrook Park
Northwich, Cheshire, CW9 7UT

Standard Chartered Bank
8 Ecowas Avenue, Banjul

Standard Chartered Bank, NY
1095 Ave of the Americas # 33C
New York, NY 10036-6797

Solicitors

Badou Conteh- Lord's Chambers
Serrekunda, KSMD
The Gambia

Lamin A. Ceesay - Solie Legal Chambers
2nd Street
Fajara M Section

Christopher E. Mene - Oussu's Chambers
Chambers
5 Macumba Jallow Street
P.O. Box 635, Banjul

Uzoma Achigbue- South Atlantic
GRA Road Kanifing
KSMD

Kebba Sanyang- Kansala Law Chambers
87 Kairaba Avenue, Fajara

Registered Office

47 Kairaba Avenue
P.O Box 3177
Serrekunda, The Gambia

Managing Director’s Statement

I am highly delighted to present a summary of your Bank’s business review in this 2018 Annual Report; my first year as Managing Director. I am equally pleased to report that most of our businesses made steady progress in delivering on their strategic targets during the past year.

The past year was indeed a period of growth towards the achievement of our strategy to become the leading retail bank in the Gambia by 2022. This being the first full year in our new 5-year strategic growth plan, your Bank made steady progress across key strategic imperatives as it consolidates the Corporate and Retail banking businesses to deliver more value. Today, Access Bank is stronger as reflected on all key financial ratios and our various investments in technology are making our processes simpler and more convenient for our customers.

Our performance in 2018 was exceptional; it reflects our disciplined approach to execution and commitment to strong risk management culture, controls and compliance standards. We were cautiously optimistic in growing our asset portfolio over the period as we diversified revenue sources to deepen gains across our key business segments especially the Retail business while leveraging on technology. Though the year was demanding, we witnessed a positive growth trajectory and we were able to deploy the Mobile Banking application and also the Unstructured Supplementary Service Data (USSD) code system, we are certain that we are moving in the right direction in creating value for all our shareholders.

Expanding Our Frontiers

Growing our Corporate banking business requires that we take advantage of new and emerging market opportunities to grow our balance sheet size, this inform the decision of management to re-strategize by working towards the opening of three more branches in Senegambia, Brikama and Farafenni to harness prospective customers and tap into the emerging retail and commercial businesses occasioned by the renewed confidence in the economy with the advent of democracy. During the period under review, the Bank also introduced three innovative digital products into the Gambian market; Unstructured Supplementary Service Data (USSD,*901#), Mobile Banking App and Access Africa Money Transfer targeted at salary earners, employers and all retail customers. These innovations are helping us meet the changing needs and expectations of our customers.

Building Capacity

Our people continue to remain our greatest asset and they have formed an integral part of the Bank’s growth over a decade. Given the increasingly competitive and globalised business environment, equipping our employees with the necessary skills and expertise is tantamount to our continued success. In tandem, we are continuously focused on attracting talent through our reputable Entry Level Training Programme at the School of Banking Excellence (SBE) for fresh graduates to maintain our competitive edge and continue driving performance. Our ambition is to drive a high-performance culture, putting our customers at the centre of all that we do and remaining true to our values.

Sustainability

In the coming year, we celebrate 13 years of our Bank’s existence by building a truly local bank with global outreach. Our banking franchise has been embraced and accepted by so many across the country as our Bank continues to spearhead financial inclusion and provide sustainable financing options to support the economy and enhance social impact through community interventions thus reflecting our drive to accelerate our sustainability and commitments.

Investing in the Future

The realities of the past year and the need to adapt to multichannel demands, particularly from younger generations, shows that no business can hope to thrive unless it anticipates and adapts to the changes around it. Our investments in digitization therefore continue to be the front runner in spite of the inevitably higher technology costs.

We are combining our brick and mortar expansion with an intelligent roll-out of digital platforms to enhance our reach and promote a cashless society. Being able to invest thoughtfully will help make us become the bank for our customers and a bank for the future.

Exciting times Ahead

Recently, your Bank refreshed its look as a result of the recent business combination between our parent company - Access Bank Plc and erstwhile Diamond Bank in Nigeria. Our logo, colors and brand promise have thus evolved and we are excited by the benefits that this change will have for our trade finance, payments and retail banking businesses. The synergies from this merger will provide more access to banking with an expanded footprint in 12 countries across three continents. We also expect more robust platforms as well as new and better product performance going forward.

Management of the Bank will continue to remain committed to safeguarding our customers and their business, as well as upholding our fiduciary responsibilities. I will like to thank the shareholders, my fellow directors, colleagues and all stakeholders for their continual support since taking up this mantle. I have every reason to believe that given the momentum of our 13 years milestone in the Gambia, the year 2019 will be a rewarding one for us all.

Thank you and God bless.

Chairman's Statement

It is with utmost pleasure and gratitude to present the Bank's overall performance for the year ended December 2018. Despite the challenges and constraints faced by the economy of The Gambia during the period under review, the Bank has performed well in its provision of superior financial returns and investment when compared to the previous financial year. This achievement is clearly as a result of the high level of professionalism and commitment demonstrated by Management and Staff towards attaining set goals and objectives.

I urge you all to continue to work as a family towards attaining the Bank's vision in becoming the World's Most Respected African Bank.

Operating Environment
The global economic outlook has been threatened by escalating trade tensions between United State of America and China resulting in widespread uncertainty and waning investor confidence. According to the IMF, global growth was downgraded to 3.7 percent from the earlier projection of 3.9 percent.

In sub-Saharan Africa, economic recovery continues, supported by stronger external demand, higher commodity prices and improved access to capital. Economic growth in the region was projected at 3.1 percent in 2018, higher than 2.7 percent in 2017.

On domestic growth, improved business environment and reforms are behind the rapid economic recovery in the Gambia. The main drivers of growth are construction activities and the service sectors including wholesale and retail trade, tourism, finance and insurance, and telecommunications.

The reserve of the central government domestic debt increased slightly to D29.66 billion (42.7 percent of GDP) as at end 2018 from D29.14billion (42.0 percent of GDP) in the corresponding period a year ago. Despite the introduction of Treasury bonds in August 2017, the debt portfolio is still dominated by short term instruments (58 percent of total debt) with maturities of not more than a year.

Financial Performance
Board of Directors, shareholders, Ladies and Gentlemen, it is with great delight that I announce that your bank made GMD46.48 million Profit Before Tax in the year 2018.This represents a 59.2% Increase from the profit registered in 2017 which was GMD29.20 million.

Future Outlook
Access Bank Group evolved a five-year strategy that would make the Bank become the no. 1 Bank in Africa, these strategies are to be replicated in all subsidiaries. In line with this vision, Access Bank Gambia has adopted these new initiatives that were approved by Access Bank Group. These include enabling of Personal Loans digitally, increase in foreign exchange transactions, branch network expansion and new and innovative technology driven solutions to meet the needs of our dear customers.

Human Capital Development
Our staff continue to be the catalysts of the Bank as they constitute the most precious resource for enabling the bank to go beyond the ordinary in setting standards for sustainable business practices and delivering innovative solutions for the markets and communities we serve.
I would therefore take this opportunity to thank them for their consistent hard work and dedication towards meeting and exceeding those set objectives.

Conclusion
I am optimistic that the vision and business strategies in place will guarantee the growth projections expected over the next few years and with the dedication, commitment and support of the Staff, Directors, Shareholders and the public at large, we will continue to achieve and surpass our objectives. Thank you and May Allah bless us all.

Corporate Governance

The Board meets on a quarterly basis with the view of reviewing the bank's financial position and take other strategic decisions. The Bank's governance structure stems from our internal governance framework which is executed through the following organs:

A. The Board of Directors
B. Board Committees
C. Management Committees

The Board of Directors

Access Bank (Gambia) Limited's Board of Directors is the highest authoritative body of the bank. The Board is composed of both Executive and Non-Executive Directors. The Board functions as the overseer and custodian of the operations and well being of the Bank. The Board also directs the in-country strategies, policies, budgets, and staff welfare.

The Boards meets quarterly four times a year. It constitutes a five-man panel that review, revise and examine matters centric to each respective unit of the bank.

The work of the Board of Directors is guided by the Central Bank of The Gambia guidelines, the Banking Act 2009, and internally by the Code of Conduct of the Board of Directors.

The members of the Board as at 31st December, 2018 are as follows:

Papa Yusupha Njie	Chairman
Dolapo Ogundimu	Non-executive Director
Ayokunle A.Olajubu	Executive Director
Hadiza Ambursa	Non-executive Director
Lookman Martins	Non-executive Director
Dominic Mendy	Non-executive Director
Dapo Adepoju	Executive Director

Statutory Requirements of the Board:

- Approval of interim and final financial statements
- Approval of any interim and recommendation of final dividends.
- Approval of the Annual Report & Accounts.
- Approval of any significant change in accounting policies or practices.
- Appointment (or removal) of the Company Secretary.
- Authorisation for Directors' conflicts or potential conflicts of interest.
- The Board recommends the appointment, reappointment or removal of external auditors to shareholders following the recommendation of the Audit Committee.
- Approval of the appointment or dismissal of the Chief Risk Officer ("CRO"), and acceptance of the resignation of the CRO. The appointment, resignation or dismissal of the CRO will be reviewed by the Board Risk Committee and a recommendation made to the Board for approval or acceptance.
- Oversee the activities and function of the sub-committees

BOARD CREDIT AND FINANCE COMMITTEE

This committee is a sub-committee of the Board of Directors responsible for reviewing and reporting its conclusions to the main Board. It assess the credit application; formulation of Credit Risk Policies and determine management of Credit Risk approvals. This committee is tasked with the review of the financial performance of the Bank against budget and formulate follow up policies that forms strategic directive to the board. . The committee acts independently but reports to the main Board for approval.

In addition to the Committee's responsibilities, it also assist the Main Board in fulfilling its responsibility with respect to:

- Maintaining accounts and internal control relevant to the preparation of financial statement that is free from material misstatement.
- Oversee Access Bank Gambia Risk Management Framework, including the significant policies and practices used in managing credit, market, operational and other risks
- Oversee Access Bank Gambia policies and practices relating to Treasury matters, including capital, liquidity and financing,
- Oversee the performance of the Fundamental Credit Risk and credit review functions

The Members are as follows:

1.	Mr. Dominic Mendy	- Chairman
2.	Mr. Dolapo Ogundimu	- Director
3.	Mrs. Hadiza Ambursa	- Director
4.	Mr. Lookman Martins	- Director
5.	Mr. Ayokunle A. Olajubu	- M.D/Chief Executive Officer
6.	Mr. Dapo Adepoju	- Executive Director

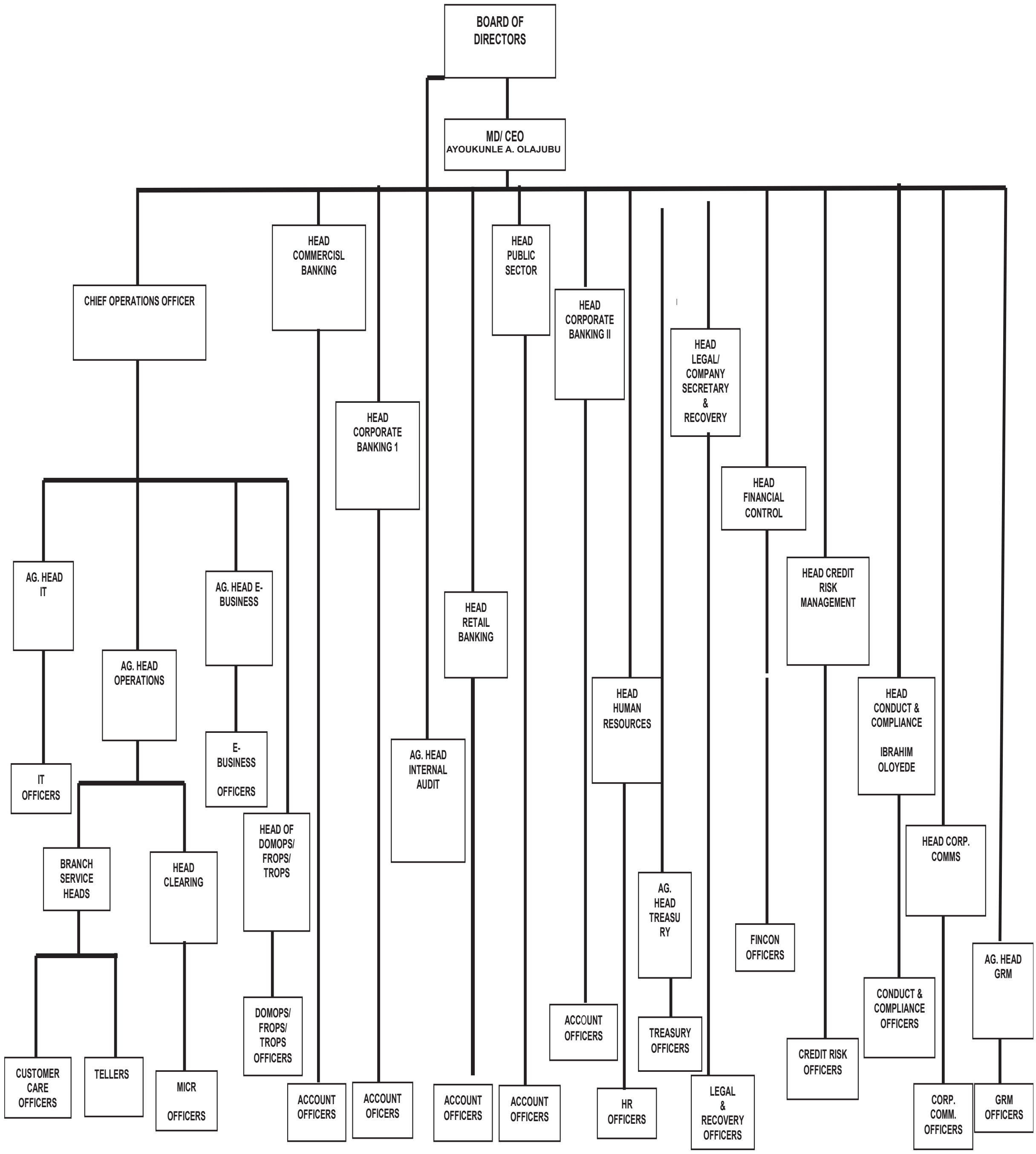
BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

The Board Audit and Risk Management Committee is a subcommittee of the Board of Directors and is authorised by the main Board to look into the internal activities of the bank. This committee has the responsibility for review and make recommendations to the Main Board on all matters relating to the Audit and financial control and reporting processes.
They provide assistance to the Board of Directors in fulfilling its financial reporting and risk oversight responsibilities to the shareholders of Access Bank Gambia.

The Members are:

1.	Mr. Dolapo Ogundimu	- Chairman
2.	Mr. Dominic Mendy	- Director
3.	Ms. Hadiza Ambursa	- Director
4.	Mr. Lookman Martins	- Director

THE BOARD/MANAGEMENT ORGANOGRAM OF ACCESS BANK



MANAGEMENT COMMITTEES

During the year, 2018, the following were the standing committees of the Management.

I. **Management Credit Committee**
II. **Assets & Liability Committee**
III. **Management Risk and Compliance Committee**
IV. **Executive Management Committee**
V. **Cost Control Committee**
VI. **IT Steering Committee**

MANAGEMENT CREDIT COMMITTEE

The Management Credit Committee serves the Board of Directors. Its mandate is to provide an oversight and manage the Bank's credit activities on behalf of the Board.

Composition

MD/CEO (Chairman)
ED/COO
Head FINCON
Head, Public Sector Banking
Head, Treasury
Head, Commercial
Head, Corporate
Head, Compliance & Control
Head, Internal Audit
Head, legal

Meetings: Weekly and Quarterly

Terms of Reference
The committee will review and recommend requests for customer credit facilities that require the approval of the Board. In addition, it will approve the Bank's credit policies and overall credit risk profile, taking into consideration relevant laws and regulations. To ensure the quality of the loan portfolio of the Bank is sound and within the approved credit risk profile, the Committee will review the Bank's key credit related management and stress testing reports.

Members of the Management Credit Committee are appointed or removed by the Board.
The committee will meet as and when required.

Control and Risk Management Division will assign a senior staff to act as the Committee Secretary who will also act as the meeting convener.

Meeting minutes are prepared by the Committee Secretary

Terms of reference

1. Review and approve inputs pertaining to credit risk for the establishment of the Risk Appetite of the Bank
2. Review and recommend credit risk limits and parameters for Board approval;
3. Review and recommend new credit policies and amendments to existing credit policies;
4. Review applications for customer credit facilities that require the approval of the Board

ASSETS AND LIABILITY COMMITTEE

ALCO Committee is responsible for managing the efficiency of our Balance Sheet setting limits on borrowing in the short-term markets, while lending long-term instruments. Among the factors considered are liquidity risk, interest rate risk, operational risk and external events that may affect the bank's forecast and strategic balance-sheet allocations. The ALCO generally reports to the Board of directors and also has regulatory reporting responsibilities.

Committee Composition:

MD/CEO (Chairman)
ED/COO
Head, FINCON
Head, Public Sector Banking
Head, Corporate
Head, Commercial
Head, Internal Audit

Head, Treasury
Head, Compliance & Control

Meetings: Monthly

Terms of Reference

The scope of the ALCO to a larger extent covers the following processes:

Liquidity Risk: The current and prospective risk arising when the bank is unable to meet its obligations as they fall due without adversely affecting the bank's financial conditions. From an ALM perspective, the focus is on the funding liquidity risk of the bank, meaning its ability to meet its current and future cash-flow obligations and collateral needs, both expected and unexpected. This mission thus includes the bank liquidity's benchmark price in the market **Interest Rate Risk:** The risk of losses resulting from movements in interest rates and their impact on future cash-flows.

Currency Risk Management: The risk of losses resulting from movements in exchanges rates. To the extent that cash-flow assets and liabilities are denominated in different currencies.

PROFIT PLANNING AND GROWTH:

EXECUTIVE COMMITTEE (EXCO)

The Executive Committee (or EXCO Committee) is responsible for managing the bank wide material operational issues. EXCO Committee role is to review and debate relevant items before consideration by the Board and escalates key issues.

To enable the Executive Committee to carry out its objectives, authority and terms of reference will be delegated to certain executive committees, as required.

Composition

MD/CEO	Chairman
Group Heads	Members
ED/COO	Member

Meetings: Weekly (Every Monday)

Terms of reference

- To consider emerging issues, that may be material to the business and affairs of the bank and the realisation of its agreed strategy
- To review material strategic initiatives, including acquisitions and disposals and joint ventures and recommend such to the Board
- To approve transactions within its delegated authority limit of set by the Board of Directors in relation to Acquisition and Disposals
- To determine and deliver the overall bank strategy.
- To receive and consider reports on customer matters, where these are deemed material to the Bank and take action as it considers appropriate.
- To have oversight of the control frameworks with respect to adequate accounting and other records and systems of planning and internal control and inspection

- To receive and note the Bank risk reports which are considered by the Board Risk Committee and the Board and take action as it considers appropriate;

- To receive updates on Bank wide risk issues from the Chief Risk Officer and Group Head of Conduct & Regulatory Affairs as required;

- To consider recommendations on risk management matters including recommendations on risk appetite, risk policies and risk management strategies and ensure they are implemented

- To ensure that risk considerations are incorporated within the strategic planning and budgeting processes

- To consider and approve the opening of branches and representative offices, and any related requirements

- To monitor and manage the Bank's Recovery and Resolution Plans and activities and to receive quarterly updates on developments and progress

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

Statement of Directors' responsibilities

The Companies Act 2013 requires the directors to prepare the financial statements for the financial period which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal business activity

The company provides commercial banking services to the general public in accordance with the regulations of the Central Bank of The Gambia and the Banking Act 2009.

Results and dividends

The results of the company are as detailed in the accompanying financial statements. The directors did not recommend payment of dividend.

Property, plant and equipment

The property, plant and equipment of the company are as detailed on page 59 of the financial statements. There has not been any permanent diminution in the value of the company's property, plant and equipment.

Employees

The cost associated with these employees is as detailed in note 7.6.

Directors and directors' interest

The members of the Board of directors are detailed on page 4 and none of the directors have any beneficial interest in the shares of the Bank.

Auditors

The auditors, PKF – The Gambia, having indicated their willingness will continue in office in accordance with section 342 (2) of the Companies Act 2013.

By order of the board of directors

Head of Legal & Company Secretary

Date this 20th day of August 2019

PKF
Accountants &
business advisers

Independent Auditors' Report

Independent Auditor's Report to the Members of Access Bank Gambia Limited

Opinion

We have audited the financial statements of Access Bank Gambia Limited which comprise the statement of financial position as at 31st December 2018, Income Statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and have been properly prepared in accordance with the Companies Act 2013 and the Banking Act 2009.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the General Information, Directors report, Corporate Governance Report, Statement of Directors responsibilities as required by the Companies Act of 2013 and Banking Act 2009. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Accountants & business advisers

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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Accountants &
business advisers

We communicate with those charged 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.

The Engagement Partner on the audit resulting in this independent auditor's report is Donald Charles Kaye.

PKF

PKF
Accountants and business advisers
Registered Auditors
Bijilo
The Gambia

Date: 21st August 2019

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Statement of Comprehensive Income

for the year ended 31 December 2018
(in thousands of Gambian Dalasi)

	Notes	**2018**	2017
Interest income	7.1	**110,773**	165,093
Interest expense	7.2	**(33,949)**	(66,033)
Net interest income		**76,824**	99,060
Fee and commission income		**28,061**	22,486
Net fee and commission income	7.3	**28,061**	22,486
Net trading income	7.4	**25,694**	(319)
Other operating income	7.5	**1,910**	2,275
Operating income		**132,489**	123,501
Net impairment loss on financial asset	7.13(a)	**31,787**	18,405
Personnel expenses	7.6	**(44,395)**	(40,071)
Depreciation and amortization	7.15, 7.16	**(18,461)**	(20,836)
Administration and general expenses	7.8	**(54,942)**	(51,800)
Total Operating Expenses		**(86,012)**	(94,302)
Profit before income tax		**46,478**	29,200
Income tax expense	7.7(a)	**(11,956)**	(2,393)
Profit for the year		**34,522**	26,807
Profit Attributable To:			
Controlling: Equity holders of the bank		**33,037**	25,654
Non-controlling Interest		**1,485**	1,153
Total Comprehensive Income For The Year		**34,522**	26,807

The notes on pages 24 to 68 are an integral part of these Financial Statements

Other Comprehensive Income

for the year ended 31 December 2018
(in thousands of Gambian Dalasi)

	Notes	2018	2017
Profit for the year		**34,522**	26,807
Other comprehensive income:			
Net change in fair value of available for sale financial assets			
Income tax relating to Net change in fair value of available for sale financial assets			
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year			
Profit attributable to:			
Controlling: Equity holders of the bank		**33,037**	25,654
Non-controlling interest		**1,485**	1,153
Total comprehensive income for the year		**34,522**	26,807
Earnings per Shares was as follows		**0.06**	0.05

The notes on pages 24 to 68 are an integral part of these financial statements.

Statement of Financial Position

As at 31st December 2018

(in thousands of Gambian Dalasi)	Notes	2018	2017
Cash and cash equivalents	7.11	**634,027**	366,628
Investment	7.14	**1,039,286**	955,451
Loans and advances	7.12	**79,622**	77,953
Property and equipment	7.15	**103,090**	109,493
Intangible assets	7.16	**13,029**	11,393
Other assets	7.18	**18,277**	47,149
Current Tax Assets	7.7(b)	**-**	2,784
Deferred Tax Assets	7.17	**388**	-
Total assets		**1,887,719**	1,570,851
Deposits from customers	7.19	**1,273,889**	1,050,969
Current tax liabilities	7.7(b)	**9,819**	-
Deferred tax liabilities	7.17	**-**	1,051
Other liabilities	7.20	**106,423**	55,765
Total liabilities		**1,390,131**	1,107,785
Equity			
Share capital	7.21(a)	**586,812**	586,812
Share premium	7.21 (b)	**628,943**	628,943
Income Surplus		**(767,057)**	(793,120)
Statutory Reserves	7.21©	**47,769**	39,139
Credit Risk Reserves	7.21(d)	**1,292**	1,292
Other reserves		**(171)**	-
Total Equity		**497,588**	463,066
Total liabilities and equity		**1,887,719**	1,570,851

These financial statements were approved by the board of directors on 20th August 2019 and were signed on its behalf by:

..................................Director ....Director ....Director

The notes on pages 24 to 68 are an integral part of these financial statements.

Statement of changes in Equity

As at 31st December 2018
(In Thousands of Gambian Dalasi)

	Share Capital	Share Premium	Credit risk Reserves	Statutory Reserves	Other Reserves	Income surplus	Total equity
Balance at 1 January 2018	**586,812**	**628,943**	**1,292**	**39,139**	**-**	**(793,120)**	**463,066**
Profit for the year						34,522	**34,522**
IFRS 9Adjustment					(171)	171	-
Transfer to Statutory Reserves				8,630		(8,630)	-
Balance at 31 December 2018	**586,812**	**628,943**	**1,292**	**47,769**	**(171)**	**(767,057)**	**497,588**
Balance at 1 January 2017	**586,812**	**628,943**	**298,270**	**32,437**	**-**	**(1,092,276)**	**454,186**
Profit for the year						26,807	**26,807**
Adjustment						(17,927)	**(17,927)**
Transfer to Credit risk reserve			2,598			(2,598)	-
Transfer to Credit risk reserved due to write-off			(299,569)			299,569	-
Issue of new shares							
Transfer to Statutory Reserves				6,702		(6,702)	-
Current year Transfer	-	-	(7)	-	-	7	-
Balance at 31 December 2017	**586,812**	**628,943**	**1,292**	**39,139**		**(793,120)**	**463,066**

The notes on pages 24 to 68 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2018

(in thousands of Gambian Dalasi)	Note	**2018**	2017
Cash flows from operating activities:			
Profit before tax		**46,478**	29,200
Adjustments for:			
Depreciation and amortization		**18,461**	20,836
Impairment on financial assets		**24**	(18,405)
Prior year adjustments/Impairment			(17,927)
Gain on Disposal of Property, Plant and Equipment		**(695)**	-
Changes in Loans and Advances		**(1,668)**	55,247
Change in other assets		**28,872**	(25,863)
Change in other liabilities		**61,064**	(33,902)
Change in deposits from banks			
Change in deposits from customers		**222,921**	81,565
Income tax paid		**(10,722)**	(7,182)
Net cash from operating activities		**364,735**	83,569
Cash flows from investing activities			
Acquisition of Investment securities		**(83,835)**	5,479
Acquisition of property and equipment		**(8,536)**	7,804
Acquisition of Intangibles		**(5,660)**	1,508
Proceeds from the sale of property and plant		**695**	-
Net cash used in investing activities		**(97,336)**	14,791
Cash flows from financing activities			
Addition of shares		**-**	-
Issue of shares		**-**	-
Net cash from financing activities		**-**	-
Net increase in cash and cash equivalents		**267,399**	98,360
Cash and cash equivalents at 1 January		**366,628**	268,268
Cash and cash equivalents at 31 December		**634,027**	366,628

The notes on pages 24 to 68 are an integral part of these financial statements.

Notes (forming part of the financial statements)

1. Reporting Entity

Access Bank (Gambia) Limited received an approval-in-principle license from the Central Bank of The Gambia to operate as Commercial Bank in The Gambia on 9th June 2006. The Bank was incorporated on 12th April 2006 under the Companies Act 1955 and Banking Act 2013. The Bank obtained its final banking licence on 19th of October 2006 and commenced banking operations on 30th October 2006. The principal registered office of the Bank is 47 Kairaba Avenue, Fajara, KSMD, Banjul, The Gambia. The Bank was licensed to operate Commercial Banking business including acceptance of deposits and granting of loans to all categories of customers irrespective of nature or class of business. The bank currently has six branches in various strategic locations in the country that provides banking services to Retail, Corporate and Government Institutions.

The financial statements were approved by the Board of Directors on the .... 2019.

2. Basis of Preparation

2.1 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 (IASB). Additional information required by national regulations is included where appropriate.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- financial instruments at fair value through OCI are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at lower of cost and fair value less costs to sell.
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.

2.3 Functional and presentation currency

These financial statements are presented in The Gambian dalasi (D), which is the Bank's functional and presentation currency.

2.4 Use of estimates and judgement

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant Accounting Policies

The accounting policies set out below have been applied in preparing the Financial Statements of the Bank.

3.1. Changes in significant accounting policies (IFRS 9 and IFRS 15)

(a) New and amended standards adopted by the Bank

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2018 that are relevant to the Bank.

None of these standards were early adopted by the Bank

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

- ***IFRS 9 Financial Instruments***

IFRS 9 replaces IAS 39 for annual years on or after 1 January 2018. The Bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 January 2018 and are disclosed in Changes to Equity.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Bank's business model for managing the assets and the instruments' contractual cash flow characteristics.
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), Fair value through other comprehensive income (FVOCI), held-to-maturity and amortized cost) have been replaced by:
- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Debt instruments at fair value through profit or loss (FVPL), with gains or losses recognised in profit or loss on derecognition
- Equity instruments at FVPL

• Equity instruments at FVOCI with gains or losses not recycled to profit or loss on derecognition
• Other Financial assets designated at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.
Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

The Bank's classification of its financial assets and liabilities is explained in Notes 3.1a. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 3.3

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

- ***IFRS 15 – Revenue from contracts with customers.***

This note explains the impact of the adoption of IFRS 15, Revenue from Contracts with Customers, on the Bank's financial statements and also discloses the related accounting policies that have been applied from 1 January 2018 where they are different to those applied in prior years.
The Bank has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in minor changes to the wording of the accounting policies. However, the adoption of IFRS 15 did not result in any adjustments to the amounts recognized in the financial statements as the Bank's previous accounting treatment is in line with the requirements of IFRS 15.

In accordance with the transition provisions in IFRS 15, the Bank has adopted the new rules retrospectively without restating comparatives for the 2017 financial year. Accordingly, the information presented for 2017 financial year is as previously reported, under IAS 18 and related interpretations.

There was no impact on the Bank's retained earnings at the date of initial application (i.e. 1 January 2018).

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

The International Accounting Standards Board (IASB) has published final amendments to IFRS 2 'Share-based Payment' on 20 December 2017 that clarify the classification and measurement of share-based payment transactions which contains the following: (a) accounting for cash-settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The standard does not have any impact on the Bank as the Bank operates an equity settled share based payment scheme.

- **Interpretation to Foreign Currency Transactions and Advance Consideration**

  The interpretation addresses foreign currency transactions or parts of transactions where: there is consideration that is denominated or priced in a foreign currency; the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:
  The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. There is no material impact on the accounting policies, financial position or performance of the Bank.

(b) Impact of standards issued that will have an impact but not yet applied by the entity
IFRS 16 Leases (Effective for years beginning on or after 1 January 2019)

The application of IFRS 16 will have no impact on the cash outflows.

The Bank's activities as a lessor are not material and hence the Bank does not expect any significant impact on its financial statements. However, some additional disclosures will be required from next year.

The Bank will apply the standard from its mandatory adoption date of 1 January 2019. The Bank intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

3.2 Property and Equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use." Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components)".

Subsequent costs
The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

Depreciation
Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings-	50 years
Leasehold improvements	Shorter of the remaining period of the lease or 50 years
Fixed equipment	10 years
Fixtures and fittings	5 years
Motor Vehicles	5 years
Computer hardware	3 years
Computer Software	3 years
Computer consumables	Written off in year of purchase

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the income statement as other income.

3.3. Intangible assets

Computer software

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, Intangible assets with indefinite useful lives are not amortised. 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. The useful life for all Software is estimated at 3 years.

3.4. Post balance sheet events

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

3.5. Deposits from customers and Banks

This is mainly made up of customer deposit accounts, overnight placements by Banks and other financial institutions and medium term borrowings. They are categorised as other financial liabilities and carried in the balance sheet at amortised cost.

3.6 Provisions

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

(a) Restructuring

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.

3.7 Financial Guarantees Contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

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 financial institutions and other bodies on behalf of customers to secure loans and overdrafts.

Financial guarantees are initially recognised at the fair value and amortised over the life of financial guarantee. The financial guarantee is subsequently carried at the higher of the amortised amount and the present value of any expected payments, when payment becomes probable.

3.8 Employee Benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due.

Short-term benefits

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

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 reliably6

3.9 Impairment of Non-financial Assets

The carrying amounts of the Bank's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

3.10 Share Capital

Ordinary share capital

Ordinary shares are classified as equity.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Preference share capital is classified as a liability if it does not meet the definition of equity.

3.11 Earnings per Share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. As at reporting date the Bank has no convertible notes and share options.

3.12 Dividends

Dividends are recognised as a liability in the subsequent years when it's being declared.

3.13 Acceptances and letters of credit

Acceptances and Letters of credits are considered contingent liabilities and are disclosed unless the possibility of an outflow of resources involving economic benefits is remote.

3.14 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Comparative figures have been adjusted to reflect to prior period changes and conform to changes in presentation in the current year.

4. Financial Risk Management

INTRODUCTION AND OVERVIEW

The Bank has exposure to risks arising from the use of financial instruments. Typical of such risks are as follows:

- credit risk
- liquidity risk
- market risk
- Operational risk.

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

RISK MANAGEMENT FRAMEWORK

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 Management committee (ALCO), and the Management Credit Committee (MCC), which are responsible for developing and monitoring the Bank's risk management policies in their specified areas.

Risk Management Units

Risk Management Units (RMU) viz. Credit Risk Management Unit, Market Risk Management Unit and Operational Risk Management Unit are headed by the Chief Officer (CRO). These units are the nerve centre for collection of data, analysis of risk drivers, interpretation of outcome and its wide dissemination to relevant committees for risk management. The reports produced by constituents of RMU will bring out valuable information at individual exposure and at portfolio levels wherever relevant. RMUs are responsible for archiving of raw and derived data, reports and other analyses for building of risk models, validation, and documentation.

Internal Control for Risk Management

Internal control is a process affected by the board of directors, senior management and all levels of personnel in a Bank. It is not solely a procedure or policy that is performed at a certain point in time, but rather it is continually operating at all levels within the bank. The board of directors and senior management are responsible for establishing the appropriate culture to facilitate an effective internal control process
and for monitoring its effectiveness on an ongoing basis; however, each individual within an organization must participate in the process.

Internal Control Process

Internal Control is a continuous process affected by the Board of Directors and all the employees of the Bank are responsible in varying degrees for the effective functioning of the internal control system. Though internal control is affected at various levels throughout the bank, two major independent components from the perspective of management of risks are (1). Risk Management System and (2). Audit System.

Role of Risk Management System as part of Internal Control

Risk Management System of the Bank: Is aimed at providing assurance that core objectives of the Bank are achieved. It comprises various components such as

- Risk Governance Structure including the roles played by Board of Directors, BCC, BRMC, Risk Committees, CRO and Risk Management Department

- Risk Policies approved by the BOD, which spells out the Risk Appetite of the Bank and the guidelines to identify, measure, monitor, control and report the risks faced by the Bank Minor policies and procedures approved by the Risk Committees to apply the risk policies.

Risk Management system of the Bank (with its components mentioned above forming part of the control environment in the Bank) will perform the internal control process as a day-to-day activity throughout the bank by implementing the risk policy guidelines approved by the BOD for identifying, measuring, monitoring, controlling and reporting risks.

Audit System

The role of Audit System is to provide an independent assurance to the BOD that risk management function is effectively carried out to fulfill its stated objectives; it is neither to replace risk management function nor to substitute it in any manner. Audit System of the Bank comprises the Audit Committee of the BOD and Internal Audit Department reporting to Audit committee.

Internal Audit will play a critical role in Internal Control for Risk Management. Wherever necessary, the bank will utilize the services of external auditors to perform an independent assessment of the Risk Management System.

RISK APPETITE

Risk Appetite should be subject to frequent review depending on dynamics of business of the bank. However, they should be reviewed at least once annually by the Board of Directors (BOD). More dimensions can be added or existing dimensions dropped to ensure that Risk Appetite is a valid tool in the hands of the BOD in conveying the banks' tolerance to accepting risks.

CAPITAL POLICY

Capital policy is an important segment of ERM policy as it relates to and supports the Bank's strategy of retention of risks and its response in the form of maintenance of different forms of capital. Maintenance of optimal levels of capital is significantly important not only to meet regulatory requirements but also to enable adequate returns to be earned on the capital.

RISK IDENTIFICATION

Risk identification section of the policy addresses identification of risks at the level of major risk streams namely:

- Credit risk in the Banking Book
- Market risk in the Trading Book
- Credit concentration risk across Trading & Banking Books
- Operational risk across the Bank
- Interest rate risk in the Banking Books
- Liquidity risk across Trading and Banking Books
- Strategic Risk across the bank
- Reputation Risk across the bank

4.1 Credit Risk

In general, the Risk and Management Control function shall establish and maintain appropriate structures and frameworks for administration of the bank's risk asset portfolio and individual risk exposures. The Risk Management Framework shall enable ongoing administration of credit risk bearing portfolios, monitor the condition and performance of individual credits, develop and utilize internal performance rating systems in managing individual exposures.

Effective risk management requires proper identification and understanding of the credit risks. Credit risk is most simply defined as the potential that a bank borrower or counter party will fail to meet obligations in accordance with agreed terms.

4.1a Credit Risk Management

- The Board of Directors of the bank shall be responsible for articulating and reviewing on an ongoing basis the overall risk strategy and risk policies of the bank that outline clearly the risk appetite and return preferences that will govern the creation and management of risk assets in the bank. Specifically the Board shall be responsible to:
  - Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the Chief Risk and Compliance Officer;
  - Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure;
  - Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;
  - Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;
  - Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place; and
  - Appoint Credit Approval Officers and delegate approval authorities to individuals and committees.

The Board Credit committee shall under delegated authority be responsible for the following:

- Facilitate the effective management of credit risk by the Bank;
- Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Credit Committee (MCC) ;
- Approve definition of risk and return preferences and target risk portfolio;
- Approve the Bank's credit rating methodology and ensure its proper implementation;
- Approve credit risk appetite and portfolio strategy;
- Approve lending decisions and limit setting;
- Approve new credit products and processes;
- Approve assignment of credit approval authority on the recommendation of the Management Credit Committee (MCC) ;
- Approve changes to credit policy guidelines on the recommendation of the Management Credit Committee (MCC)
- Approve credit facility requests and proposals within limits defined by Access Bank Plc's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities;
- Recommend credit facility requests above stipulated limit to the Board;
- Review credit risk reports on a periodic basis;
- Approve credit exceptions in line with Board approval; and
- Make recommendations to the Board on credit policy and strategy where appropriate.

The Management Credit Committee shall be responsible for managing credit risks in the Bank. The members of the committee shall include all Group heads and Head, Credit Risk.

4.1(b) Impaired loans and securities

Overview of the ECL principles

From 1 January 2018, the Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognizes 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.

Staging Assessment

The Bank has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank categorizes its financial instruments into Stage 1, Stage 2,Stage 3 and POCI, as described below:

Stage 1: When a financial instrument is first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 also includes financial instruments where the credit risk has improved and the financial instrument has been reclassified from Stage 2.

Stage 2: • When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECLs. Stage 2 financial instruments also include instances, where the credit risk has improved and the financial instrument has been reclassified from Stage 3.

Stage 3: Financial instruments considered credit-impaired. The Bank records an allowance for the Lifetime ECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial Recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss

When estimating the ECLs, the Bank considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.
The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

• For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

• For unsecured products, LGD's are typically set at product level due to the limitation in recoveries achieved across different borrower. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The Bank has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Bank's previous accounting policy.
Until 31 December 2017, the Bank applied the following accounting policy on its financial assets and financial liabilities below:

The mechanics of the ECL method are summarized below:

• Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

• Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected

life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognized within Provisions.

• Financial guarantee contracts:
The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognized within Provisions.

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 recognized.

Deterioration in the credit rating of an obligor either based on the Bank's internal rating system or an international credit rating. However, the downgrade considers movement from a grade band to another e.g. Investment grade to Standard.
The Bank also considers accounts that meet the criteria to be put on the watch list bucket to have significantly increased in credit risk.

Qualitative criteria:
For Retail loans, if the borrower meets one or more of the following criteria:
• In short-term forbearance
• Direct debit cancellation
• Extension to the terms granted
• Previous arrears within the last [12] months

For Corporate portfolio, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:
• Significant increase in credit spread
• Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
• Actual or expected forbearance or restructuring
• Actual or expected significant adverse change in operating results of the borrower
• Significant change in collateral value (secured facilities only) which is expected to increase risk of default
• Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all Retail financial instruments held by the Bank. In relation to Wholesale and Treasury financial instruments, where a Watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a yearly basis. The criteria used to identify SICR are monitored and reviewed yearly for appropriateness by the independent Credit Risk team.

Backstop
A backstop indicator 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 and 90 days past due on its contractual payments for both stage 2 and stage 3 respectively.

Definition of default and credit-impaired assets
The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

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

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

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- 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 lender relating to the borrower's 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.

Incorporation of forward looking information and macroeconomic factors

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

- Crude oil prices,
- Inflation,
- Interest rates,
- Exchange rates (USD/NGN), and
- Monetary Policy rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external values.

Collateral repossessed

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Credit Concentrations

Our credit concentration aggregate exposure is depicted here under the defined aggregation by economic sectors. An analysis of concentration of credit risk as at 31st December 2018 and 2017 is set out below:

Loans and Advances	**To Customers 2018**	To Customers 2017
Concentration by Sector:	**D'000**	D'000
Financial Institutions	**960**	4,572
Building and Construction	**4,986**	4,818
Transportation		6,485
Manufacturing	**-**	
Education	**-**	-
Agriculture	**-**	-
Distributive Trade	**22,981**	10,080
Oil and Gas	**36,761**	41,414
Government	**9,850**	11,402
Services and Others		-
TOTAL	**80,465**	78,771
IMPAIRMENT	**(843)**	(818)
TOTAL	**79,622**	77,953

Credit Quality

	To Customers 2018	To Customers 2017
	D'000	D'000
Performing Loans	**79,849**	78,651
Non Performing Loans	**616**	60
Gross amount	**80,465**	78,771
Impairment	**(843)**	(818)
Net Loans	**79,622**	77,953

Description of Collateral held

Potential credit losses by given loans are mitigated using a range of tools including collateral securities, insurance bonds and policies as well as different forms of guarantees. We assess the degree of reliance that can be placed on these credit risk mitigates carefully in the light of issues such as legal enforceability, market valuation, correlation with exposure and the counter party risk of the guarantor.

Credit Collateral Guidelines

To minimize the risk of credit loss to the bank in the event of decline in quality or delinquency, there shall be requirement for appropriate collateralisation of all credit exposures. Guidelines for acceptability of credit collateral shall be approved by the Management Credit Committee and shall include clear unambiguous articulation of:

- Acceptable collateral in respect of each credit product including description, location restrictions in respect of landed property, guidelines in respect of minimum realizable value of such collateral;
- Required documentation /perfection of collateral
- Conditions for waivers of collateral requirement and guidelines for approval of collateral waiver
- Acceptability of cash and other forms of collateral denominated in foreign currency.

Collateral Acceptability

The guiding principles behind collateral acceptability are adequacy and reliability. Collateral acceptable as security in respect of approved credit exposures shall include:

- Mortgage on Landed Property
- Cash Deposit
- Stocks/Share Certificates of quoted blue chip companies
- Guarantees
- Charge on assets (Fixed and/or Floating)
- Shipping Documents (for imports)
- Negative Pledges
- Bankers Acceptance
- Life Assurance Policies
- Lien on Asset being financed
- Tripartite Field Warehousing Agreement
- Stock Hypothecation

The following table indicates the credit exposures by class and value collateral (refer to collateral management policy above)

Loans & Advances to customers	**Collateral Value 2018**	Collateral Value 2017
	D'000	D'000
Property	**81,807**	104,306
Others	**126,145**	111,816
TOTAL	**207,952**	216,122

4.2 LIQUIDITY RISK

Making sure the risk of loss to earnings and capital arising from banks inability to meet its obligations when they become due, without incurring unacceptable loss is paramount in our business as a bank. The ALM Unit of the bank is created with mandate to coordinate the bank's funding requirements, handle liquidity management across all currencies, in ensuring that there is sufficient liquidity to meet obligations under both normal and stress conditions on a sustainable manner. It also implements interest rate risk programs for the Assets and Liabilities ("ALCO"); and assist with profit planning, and financial decision making.

4.2(a) Management of Liquidity Risk

Liquidity risk is defined as the risk of loss to earnings and capital arising from banks inability to meet its obligations when they become due, without incurring unacceptable loss. This risk arises on the bank when it is not perceived as having sufficient cash, at one or more future periods of time, to meet its requirements

Liquidity management is the responsibility of the Assets and Liabilities Committee (ALCO) which includes the liability and asset generating units (market facing) and Treasury Unit, whose rresponsibility among others is pursuance of an effective Asset and Liability Management strategy which is in line with Access Bank and international best practice standards. Regular meetings of ALCO are held on a bi-weekly basis, during which the Bank's liquidity is evaluated and, subsequently, decisions are taken based on the current state of affairs.

Potential withdrawals are expected on daily basis on the Bank from its portfolio of current accounts, maturing investments, savings accounts, approved loan and overdraft commitments and guarantees. In line with sound financial management, the Bank does not maintain idle pool of cash to meet all of these needs. It creates a contingency funding window such as setting limits on the minimum proportion of maturing funds available to meet such calls, use of interbank funding, other borrowing facilities, and worse case rediscounting short term investment instruments to cover withdrawals at unexpected levels of demand.

Different balance sheet items on the asset side are brought into relation with liability side. The relationship is based on whether assets are liquid or illiquid and whether their funding is stable or sticky (volatile). The Bank's liabilities (customer deposit) bear no specific maturity date and are payable on demand. The few customer deposits maintained on fixed terms all matures with a maximum period of one year. This means the undiscounted cash flows are not materially different from the discounted ones. The key measure used by the bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, the net liquid assets are considered as cash and cash equivalents, balances maintained with the Central Bank of The Gambia, investment in securities (Treasury Bills), Placements with other banks, deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

Details of the reported ratio of net liquid assets to customer deposits at the reporting date and during the reporting period were as follows:

	31st December 2018	31st December 2017
Liquidity Ratio	119%	121%
Highest ratio for the year	124%	134%
Average ratio for the year	128%	128%
Lowest ratio for the year	111%	120%

4.2(b) Funding Diversification

The bank's funding sources are mainly from retail, commercial and corporate deposits. There was concentration with a particular customer which accounts for over 25% of total deposit. The funds were deliberately returned to avoid concentration in line with the Bank's approved limit on concentration as well as to reduce Cost of Funds (COF)

The ALM Unit is also charged with maximizing returns on the bank's overall balance sheet and with the responsibility of ensuring that the bank achieve and remain compliant with the relevant regulatory requirements and/or other prudential guidelines.

More importantly, the ALM Unit shall be responsible for taking interest rate risks - in line with risk limits on behalf of the bank. Therefore, interest rate risk taking activities i.e. current or prospective risk to earnings and capital arising out of adverse changes in interest rates (including all off-balance sheet items) will be concentrated within the ALM Unit. The newly created unit will monitor the activities of Treasury and presents independent reports to the Managing Director/CEO.

It is also the responsibility of the unit to strike a balance in the deposit mix of the Banks total deposit portfolio. The current account should contribute 40% of bank wide deposit, 30% savings and 30% Term Deposit. The unit should determine to re-price downward the expensive funds it carries with a view to reduce cost of funds to a level where the NRFF can cover operating expenses.

The bank currently has over USD275,500 dollars in the nostros. Given the low rate of interest paid on deposits by western economies particularly UK and the US, Treasury has introduced Same Day Value on US Dollar Foreign Currency Shipment at a cost of 0.75% - 0.45%. On the GBP deposit, we will explore arbitrage opportunities but strictly on back to back basis so as to avoid any possible foreign exchange risk. Since this is only possible with liquidity, treasury will push with marketing teams to improve liquidity in the system by either increasing deposits or record significant recoveries from the Bank's sticky loans and overdrafts.

- Responsible for pursuance of an effective Asset and Liability Management strategy which is in line with Access Bank and international best practice standards.
- To ensure full compliance with local regulation in line with the Bank's zero tolerance principle for sanctions.
- Chief Dealer – directly responsible for all foreign currency transactions.
- Financial planning, projections and monitoring of foreign currency and interest rates (including activities of international capital markets).
- Deepen interbank market activities.
- Tracking maturity profiles of Letters of Credit and Tenured funds
- Work closely with marketing heads in disbursement of credits to customers
- Advisory services on foreign exchange transactions
- Marketing strategies on increasing counterparty base for foreign exchange source as well as deepening existing relationships.
- Actively engage and collaborate with regulators, policy makers and other relevant institutions across the country and the Group Office in order to drive and influence regulatory changes and introduce new products in the market.
- To give directions in deploying the bank's liquidity in the most efficient manner and in a diversified portfolio that maximizes return in a risk controlled environment.
- To ensure daily review of trading blotters of both foreign exchange and local currency to make sure we are not in breach and the blotter is in agreement with the system always.
- Daily computation of funding threshold to determine optimal funding/utilization requirements.
- To conduct monthly meeting and review on changes in regulation and business environment;
- To conduct training of Treasury staff with particular attention to ACI.
- To conduct periodical on site visits to all branches to confirm compliance with policies and regulations;
- To conduct quarterly and half-yearly review and strategic sessions with the entire members of the bank
- To coordinate the bank's funding requirements, handle liquidity management across all currencies.
- To maintain and monitor interest rate risk programs for the Assets and Liabilities ("ALCO"); and assist with profit planning, and financial decision making.
- To present to ALCO the bank's performance at the Group Office in Lagos on bi monthly basis.
- To maximize returns on the bank's overall balance sheet and with the responsibility of ensuring compliant with the relevant regulatory requirements and/or other prudential guidelines.

- It is also the responsibility of the unit to strike a balance in the deposit mix of the Banks total deposit portfolio.
- Currently, the Fixed Income Desk is focused on the trading of Treasury Bills issued by or on behalf of the Central Bank of The Gambia.
- To ensure timely rendition of daily, weekly, biweekly, monthly and quarterly reports to both the Central Bank of The Gambia and Group Office.

4.2(c) Maturity Analysis

The table below analyses financial liabilities of the bank into relevant maturity groupings based on the remaining period at statement of financial position to the contractual maturity date. Transactions in discounted instruments of more than 1 year are very insignificant.

The table includes both principal and interest cash follows:

31. December 2018

	1 - 3 months	4 - 6 months	7 -12 months	Total
	D'000	D'000	D'000	**D'000**
Financial Liabilities				
Deposits from banks	-	-	-	-
Deposit from customers	951,214	117,761	204,914	1,273,889
Other Liabilities	23,173			23,173
Total Financial Liabilities	**974,387**	**117,761**	**204,914**	**1,297,062**

31. December 2017

	1 - 3 months	4 - 6 months	7 -12 months	Total
	D'000	D'000	D'000	**D'000**
Financial Liabilities				
Deposits from banks	-	-	-	-
Deposit from customers	686,824	67,784	296,360	1,050,968
Other Liabilities	49,641			49,641
Total Financial Liabilities	**736,465**	**67,784**	**296,360**	**1,100,609**

4.3 MARKET RISK

The bank may be exposed to market risk in a variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely, it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off balance sheet items. The objective of management of our market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4.3(a) Management of Market Risk

The bank separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the corporate banking unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis. Bank Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Table below summarizes the Bank's exposure to foreign currency exchange risk as at 31 December 2018 and 2017.

31. December 2018	USD	GBP	Euro	Others	Dalasi	Total
	D'000	D'000	D'000	D'000	D'000	D'000
Financial assets						
Cash and cash equivalents	272,382	119,780	195,770		46,095	634,027
Loans and Advances	-	-	-	-	79,622	79,622
Investments	-	-	-	-	1,039,286	1,039,286
Other Assets					134,784	134,784
Total Assets	**272,382**	**119,780**	**195,770**		**1,299,787**	**1,887,719**
Financial Liabilities						
Deposit from banks	-	-	-	-	-	-
Deposit from customers	153,019	11,666	80,844	-	1,028,360	1,273,889
Other Liabilities		-	-	-	106,423	106,423
Total	**153,019**	**11,666**	**80,844**		**1,134,783**	**1,380,312**

31. December 2017	USD	GBP	Euro	Others	Dalasi	Total
	D'000	D'000	D'000	D'000	D'000	D'000
Financial assets						
Cash and cash equivalents	54,154	2,354	32,785		277,335	366,628
Loans and Advances	-	-	-	-	77,953	77,953
Investments	-	-	-	-	955,451	955,451
Other Assets					170,819	170,819
Total Assets	**54,154**	**2,354**	**32,785**		**1,481,558**	**1,570,851**
Financial Liabilities						
Deposit from banks	-	-	-	-	-	-
Deposit from customers	92,172	52,402	2,976	-	903,418	1,050,968
Other Liabilities		-	-	-	56,817	56,817
Total	**92,172**	**52,402**	**2,976**		**960,235**	**1,107,785**

4.3(b) Foreign Exchange Risk

The bank's exposure to foreign exchange risk is largely concentrated in US dollars. Movement in the exchange rate between the US dollar and the Gambian Dalasi affects reported earnings through revaluation gain or loss and the statement of financial position through an increase or decrease in the revalue amounts of financial assets and liabilities denominated in US dollars.

4.3(c) Interest Rate Risk

The table below summarizes the Bank's interest rate gap position on non-trading portfolios:

31. December 2018	Carrying amount	Variable interest	Fixed interest	Non-interest Bearing
	D'000	D'000	D'000	D'000
Financial assets				
Cash and cash equivalents	634,027	-	215,014	419,013
Loans and Advances	79,622		79,622	
Investments	1,039,286	-	1,039,286	
Other Assets	134,784	-	-	134,784
TOTAL	**1,887,719**		**1,333,922**	**553,797**
Financial Liabilities				
Deposits from banks				
Deposit from customers	1,273,889		565,557	708,332
Other liabilities	116,242		-	116,242
TOTAL	**1,390,131**		**565,557**	**824,574**

31. December 2017	Carrying amount	Variable interest	Fixed interest	Non-interest Bearing
	D'000	D'000	D'000	D'000
Financial assets				
Cash and cash equivalents	366,628	-	95,320	271,300
Loans and Advances	77,953		77,953	
Investments	955,451	-	955,451	
Other Assets	175,921	-	-	175,921
TOTAL	**1,575,953**		**1,128,724**	**447,221**
Financial Liabilities				
Deposits from banks				
Deposit from customers	1,050,968		649,991	400,977
Other liabilities	56,817	-	-	56,817
TOTAL	**1,107,785**		**649,991**	**457,794**

The Bank retains the right to vary all interest in Loans and Advances when there is a significant change in the rediscount rates. All contracted loans are structured with such provision.

Total interest re-pricing gap

The re-pricing gap details each time the interest rates are expected to be re-contracted:

- For a fixed rate instrument it is on maturity

- For variable rates linked to prime, it is the date prime is next expected to change unless the instrument is expected to mature sooner
- For non-interest bearing items it is not included in the table.

31. December 2018						
	1 - 3 Months	4 - 6 months	7 -12 months	1 - 5 years	More than 5 years	**Total rate sensitive**
	D'000	D'000	D'000	D'000	D'000	**D'000**
Financial assets						
Cash and cash equivalents	634,027	-	-	-	-	634,027
Loans and Advances	22,708	1,278	315	45,471	9,850	79,622
Investments	160,707	376,872	422,720	78,987		1,039,286
Other Assets	18,666			116,118		134,784
	836,108	**378,150**	**423,035**	**240,576**	**9,850**	**1887,719**
Deposit from banks						
Deposit from customers	1,003,816	66,671	203,402			1,273,889
Other Liabilities	**116,242**	-	**-**			116,242
Total	**1,120,058**	**66,671**	**203,402**			**1,390,131**

31. December 2017						
	1 - 3 Months	4 - 6 months	7 -12 months	1 - 5 years	More than 5 years	**Total rate sensitive**
	D'000	D'000	D'000	D'000	D'000	**D'000**
Financial assets						
Cash and cash equivalents	366,628	-	-	-	-	366,628
Loans and Advances	2,836	2,185	7,110	51,169	14,654	77,953
Investments	171,870	365,287	315,720	102,574	-	955,451
Other Assets	48,039	-		122,783	-	170,819
	589,373	**367,472**	**322,830**	**276,526**	**14,654**	**1,570,851**
Deposit from banks						
Deposit from customers	686,824	67,784	296,360	-	-	1,050,968
Other Liabilities				56,817		56,817
Total	**686,824**	**67,784**	**296,360**	**56,817**		**1,107,785**

The above favourable and unfavourable changes are calculated independently from each other. Correlations and diversification effects are not taken into account.

4.3(d) **Fair valuation methods and assumptions**

- **Cash and balances with Central Bank**

  Cash and balances with Central Bank represent cash held with Central Bank of the Gambia

- **Treasury Bills**

  Treasury Bills represents short term instruments issued by the Central Bank of The Gambia. The fair value of treasury bills are determined with reference to quoted prices (unadjusted) in active markets for identical assets. They are valued using prices of individual securities at the reporting date. The positions were market-to-model at 31 December 2018 and 2017 based on yields of identical assets.

- **Loans and advances to customers**

  Loans and advances are carried at amortized cost net of impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

- **Other assets**

  Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amounts.

- **Deposits from Banks and Customers**

  The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits are the amount repayable on demand. The estimated fair values of fixed interest-bearing deposits and borrowings would be determined using a discounted cash flow model based on a current yield curve appropriate to the remaining term to maturity

4.4 OPERATIONAL RISK MANAGEMENT

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

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

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

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

The Operational risk framework should not merely be Basel-compliant; it should also provide the bank with mechanisms for improving overall risk culture and behaviour towards operational risk management. Understanding our risks should lead to better decision making and reflect in our performance. A robust operational risk management framework is made up of the following core components:

a) **Corporate Governance -** sets the precedence for Strategy, Structure and Execution.
b) **Strategy** drives the other components within the management framework and provides clear guidance on risk appetite or tolerance, policies, and processes for day-today risk management.
c) **Appetite and Policy:** Adopting an operational risk strategy aligned to risk appetite, leads to informed business and investment decisions.
d) **Clear Definition & Communication of Policy -** a strategic policy at the board level to focus on managing risk all levels and conscious efforts is made to ensure that these policies are communicated at all levels and across entire value chain.
e) **Periodic Evaluations Based on Internal & External Changes:** reviews the strategic policies inside out periodically evaluating the ORM performance goals in the light of internal and external factors.

4.4(a) CAPITAL MANAGEMENT

Inadequate planning of capital and funding needs is an obstacle to implementing strategic decisions and can have a disruptive effect on the Bank's operations and its ability to meet strategic goals and objectives. As such, the Bank views planning and capital management as a crucial element of the strategic planning process. The Bank's objectives when managing capital are;

a. To comply with the capital requirements set by the regulators of the banking industry
b. To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit for other stakeholders and
c. To maintain a strong capital base to support the development of business

The bank's monitors its capital by determining the Capital Adequacy ratio weekly. Capital Adequacy is determined based on the guidelines developed by Central Bank of the Gambia which was developed on the Basel accord. Banks are required to file with the Central Bank the Capital Adequacy ratio at the end of each quarter. As at the reporting date, Central Bank required Banks to maintain regulatory minimum capital of D200m and a ratio of total regulatory capital to the risk-weighted asset and off-balance sheet assets at or above 10%.

The Bank's regulatory capital is managed by Financial Control unit and capital is classified along Tier 1 and Tier 2.

Tier 1 Capital which includes ordinary share capital, share premium, retained earnings, reserves created by appropriations of related earnings and reserves arising from deposit for shares made by shareholders.

Tier 2 Capital which includes fair value reserve relating to unrealized gains on equity instruments classified as available-for-sale and revaluation reserves on property and equipment. As at the reporting date, the Bank has no Tier 2 capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses. The Central Bank provides guidance on the measurement.

The Bank complied with all regulatory capital requirement with the period contained in this financial statement.

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

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

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

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

The table below summarizes the composition of regulatory capital and the ratios of the Bank for the 2018 and 2017.

	31-Dec-18	31-Dec-17
	D'000	D'000
Tier 1		
Share Capital	**586,812**	586,812
Share Premium	**628,943**	628,943
Income Surplus	**(767,057)**	(793,120)
Statutory Reserves	**47,769**	39,139
Other Reserves	**(171)**	- -
Total Tier 1 capital (Net of CRR)	**496,296**	461,774
Credit Risk Reserves	**1,292**	1,292
Total regulatory capital	**497,588**	463,066
Assets		
Cash and cash equivalents	**634,027**	366,628
Loans and Advances	**79,622**	77,953
Investments	**1,039,286**	955,451
Property, Plant and Equipment	**103,090**	109,493
Intangible Assets	**13,029**	11,393
Other Assets	**18,277**	47,149
Current Tax Assets	**-**	2,787
Deferred Tax Asset	**388**	
Total Assets	**1,887,719**	1,570,851
Contingent	**53,337**	80,417
Total Assets and Contingent	**1,941,056**	1,651,322
Total regulatory capital expressed as a percentage of risk weighted assets	**111%**	133%
Total Tier 1 Capital expressed as a % of Risk-assets	**111%**	133%
Minimum required by Central Bank	**200,000**	200,000

Total Capital excluding Credit Risk Reserves is D496, 296. This against a total risk-rated asset of D448, 555 as at 31st December 2018 gives a Capital Adequacy Ratio of 111%.

4.4(b) Capital allocation

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

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

5. Use of estimates and judgments

Management discussed with the Audit and Risk Committee the development, selection and disclosure of the bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 11.4).

Key sources of estimation uncertainty

5.1 Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(i) (vi).

The individual counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar credit characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

5.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(i)(v). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

5.3 Critical accounting judgements in applying the bank's accounting policies

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

Financial asset and liability classification
The bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Bank has determined that it meets the description of trading assets and liabilities set out in accounting policy 3(k).
- In designating financial assets or liabilities at fair value through profit or loss, the bank has determined that it has met one of the criteria for this designation set out in accounting policy 3(i) (vii).

Details of the bank's classification of financial assets and liabilities are given in note 7.

6. Operating segments

*Segment information is presented in respect of the bank's business segments. The primary format, business segments, is based on the bank's management and internal reporting structure.
*Business segments pay and receive interest to and from the Central Treasury on an arm's length basis to reflect the allocation of capital and funding costs.
*Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

6.1 Business segments

The bank comprises the following main business segments:

- Retail Banking Provides banking services to our retail customers, including High Network Individuals(HNIs)
- Corporate Banking Provides financing and investment solutions to our corporate and institutional clients.
- Commercial Banking Provides banking services to small and Medium seize Enterprises.
- Public Sector Provides banking services to government institutions, Multi National and Non Governmental Organisations (NGOs)
- Treasury Provide the bank's foreign exchange services to all customers of all the business segments.

Business segments 2018

In thousands of local currency	Commercial Banking	Public Sector	Corporate/Treasury Banking	Retail Banking	Total
Revenue:					
Derived from external customers					

Interest Income	13,943	14,990	59,861	21,979	110,773
Interest expenses (Inc.Depre)	(3,041)	(10,609)	(16,090)	(4,209)	(33,949)
Net interest income	10,902	4,381	43,771	17,770	76,824
Non Interest Income	7,331	2,750	39,740	5,844	55,665
Total Expenses	(21,945)	(18,769)	(57,939)	(19,145)	(117,798)
Profit on Ordinary Activity	**(3,712)**	**(11,638)**	**25,572**	**4,469**	**14,691**
Impairment and Recoveries					31,787
Income tax expense					(11,956)
Profit after tax	(3,712)	(11,638)	25,757	5,634	34,552
Other segment information:					
Assets and liabilities:					
Tangible segment assets	319,288	321,193	709,622	537,616	1,887,719
Total assets					
Segment liabilities	297,888	197,155	485,961	409,127	1,390,131
Unallocated segment liabilities					
Total liabilities and Equity	319,288	321,193	709,622	537,616	1,887,719

Business segments 2017

In thousands of local currency	Commercial Banking	Public Sector	Corporate/ Treasury Banking	Retail Banking	**Total**
Revenue:					
Derived from external customers					
Total Revenue	10,751	13,381	135,391	50,748	210,271
Interest expenses	(12,946)	(21,606)	(10,088)	(21,392)	(66,033)
Net interest income	11,125	5,400	64,375	18,162	99,063
Non Interest Income	8,436	7,641	9,703	4,538	30,318
Total Expenses	(14,237)	(14,176)	(47,834)	(15,063)	(91,310)
Profit on Ordinary Activity	**5,324**	**(1,135)**	**17,374**	**7,637**	**29,200**

Income tax expense	(326)	70	(1,630)	(506)	(2,393)
Profit after tax	4,998	(1,065)	15,744	7,131	26,807
Other segment information:					
Impairment on Loans and Advances					18,405
Depreciation and amortization					(20,836)
Assets and liabilities:					
Tangible segment assets	206,256	253,027	563,058	548,510	1,570,851
Total assets					
Segment liabilities	148,930	176,709	380,582	401,564	1,107,785
Total liabilities and Equity	**213,251**	**253,027**	**556,063**	**548,510**	**1,570,851**

Accounting Policy: Accounting policies on the notes to the accounts also apply to the segment with the Bank.

7. Major Breakdowns to the financial statement

7.1 Interest income

In Thousands of D	**2018**	2017
Interest on Loans	**15,276**	25,015
Interest on T/Bill, Bond and Placement	**95,497**	140,078
Total Interest Income	**110,773**	165,093

7.2 Interest expense

In Thousands of D	**2018**	2017
Interest expense- Current Account	**445**	2,797
Interest expense- Domiciliary Account	**-**	-
Interest expense- Savings	**3,694**	8,469
Interest expense- Fixed deposit	**25,947**	51,110
Interest expense- others	**3,863**	3,657
Total Interest Expense	**33,949**	66,033

7.3 Net fee and commission income

In Thousands of D	**2018**	2017
Fees , commission and other income		

Commission on Turnover	**8,858**	6,174
Commission on Money transfers	**3,950**	3,781
Maintenance Fees	**3,381**	3,817
Facility fees	**949**	1,124
Other commission	**10,923**	7,590
TOTAL Net Fees and Commissions Income	**28,061**	22,486

7.4 Net trading income

In Thousands of D	2018	2017
Exchange gains on foreign currency trading	**25,694**	(319)
Total net trading income	**25,694**	(319)

7.5 Other operating income

In Thousands of D	2018	2017
Rent Received	**1,215**	1,240
Other Income	**695**	1,035
Total other operating income	**1,910**	2,275

7.6 Personnel expenses

	2018	2017
Staff Wages and Salaries	**6,258**	5,978
Staff Allowances	**25,746**	21,903
Staff Medical Allowance	**1,356**	1,092
Staff expatriate allowance	**10,256**	10,469
Contribution to Social Security	779	629
Total Employees Benefit	**44,395**	40,071

7.7 Income Tax

7.7(a) Income Tax Expense

Income tax expense includes the following:

In Thousands of D	2018	2017
Corporation Tax	**13,395**	9,655
Deferred tax expense	**(1,439)**	(7,262)
Total tax Expense	**11,956**	2,393

7.7(b) Income Tax Liability

In Thousands of D	2018	2017
Opening	**(2,784)**	(2,251)
Corporate Tax	**13,395**	9,655
Deferred tax expense	**-**	(7,262)
Tax Paid	**(10,722)**	(7,182)
Prior year's under provision	**9,930**	4,256
Total tax(assets)/Liability	**9,819**	(2,784)

7.8 Administration and general expenses

In Thousands of D	2018	2017
Advertisement Expenses	**595**	1,064
Branding Expense	**-**	-
Market Research	**-**	-
Business Promotions	**155**	36
Charities & Donations	**25**	171
Entertainment Expenses	**89**	85
Year End Corporate Gift	**-**	-
Year End Events	**191**	239
Local Training Expenses	**137**	119
Overseas Training Expenses	**437**	478
Trade Group Membership Subscription	**59**	436
Local Travels And Lodging	**111**	106
Foreign Travels-Lodging & Passages	**6,403**	4,511
Guest House Expenses- Others	**20**	39
Computer Stationery	**47**	199
Pre-Printed Stationery	**1,007**	854
Other Stationery	**464**	886
Statement & Courier Distribution	**-**	-
Office Provisions	**328**	886
Telephone Expenses - Office	**1,155**	1,364
Communication Expenses	**4,302**	2,395
Software Maint. Contract Exp	**2,972**	3,693
E Business & Value card Expenses	**4,577**	3,890
Mail Mgt Services	**4**	4
Other It Consumables	**409**	44
Audit Fees	**787**	805
Security Expenses Account	**1,139**	2,013
Insurance - Motor Vehicles	**237**	304
Insurance - Operational	**342**	277

Insurance - Fire - Burglary Etc	**152**	190
Newspapers & Periodicals	**32**	30
Consultancy Fees	**102**	125
Correspondence And Bank Charges	**613**	1,062
Cash processing and management cost	**4,928**	-
CBG Penalty Charges	**-**	-
Service Contracts - HR	**464**	2,661
Legal Fees	**831**	836
Recovery Expense	**152**	92
Other Expenses	**566**	101
Rates – Lga. & Others	**1,728**	1,337
Rents- Office Premises	**5,198**	4,696
Rep Maint. - Computer Equipment	**186**	251
Rep. & Maint. - Generator Diesel	**2,021**	2,723
Rep. & Maint. – Generator	**273**	313
Rep & Maint. Office Equip And FI	**521**	475
Rep. & Maint. - Office Premises	**501**	435
Rep. & Maint. - Residential Premises	**1,121**	345
Veh. Maint. - Motor Fuel & Oil	**2,061**	2,331
Veh. Maint. Servicing Repair	**481**	480
Veh. Maint. License Others	**10**	16
Board Exp. - Directors Fees and others	**1,567**	1,785
Utilities – Electricity	**4,024**	4,420
Utilities – Cleaning	**663**	719
FX REV. Loss Western Union	**-**	-
AGM & Annual Accounts Printing Exp.	**10**	53
Clearing And Transfer Charges	**264**	141
Swift Maintenance Charges	**481**	1,285
GRAND TOTAL	**54,942**	**51,800**

There was no penalty for the financial year 2018.

7.9 Dividend per share

The Directors are not recommending for the payment of dividend for the financial year 2018.

7.10 Earnings per share

Basic Earnings Per share

	31-Dec-18	31-Dec-17
Basic earnings per share (butut)	**0.06**	0.05
Diluted earnings per share (butut)	**0.06**	0.05

The calculation of basic earnings per share at 31st December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	31-Dec-16	31-Dec-18	31-Dec-17
Profit/(Loss) for the year (D'000)		**34,522**	26,807
Number of shares		**586,811,668**	586,811,668

7.11 Cash and cash equivalents

In Thousands of D	2018	2017
Cash in hand	**278,353**	44,517
Cash In Transit	**131,895**	23,247
Balances with Central Bank	**157,520**	154,516
Balances with Local Banks	**328**	76,719
Balances with Correspondent Banks	**65,931**	67,629
Total cash and cash equivalents	**634,027**	366,628

7.12 Loans and advances to customers

In Thousands of D	2018	2017
Loans and advances - Individuals	**1,519**	2,072
Loans and advances - Corporate	**74,432**	71,442
Loans and advances - Staff	**4,514**	5,257
Total - Gross	**80,465**	78,771
Impairment of financial assets	**(843)**	(818)
Total – Net	**79,622**	77,953

Dec-18

In thousands of Dalasi	Gross Amount	Total Impairment	Carrying Amount
Loans to individuals	**6,033**	**(413)**	**5,620**
Loans to Non-individuals	**74,432**	**(430)**	**74,002**
Total	**80,465**	**(843)**	**79,622**

Dec-17

In thousands of Dalasi	Gross Amount	Total Impairment	Carrying Amount
Loans to individuals	7,329	(60)	7,269
Loans to Non-individuals	71,442	(758)	70,684
Total	**78,771**	**(818)**	77,953

Gross loans:

In thousands of Dalasi	Dec-2018	Dec-2017
Current loans	**16,650**	19,242
Non-current loans	**63,815**	59,529
Total	**80,465**	78,771

In thousands of Dalasi	Dec-18	Dec-17
Loans to individuals:		
Overdraft	**264**	128
Loans	**5,769**	7,201
Others		
	6,033	7,329
Loans to non-individuals:		
Overdraft	**17,877**	9,864
Loans	**56,555**	61,578
	74,432	71,442

7.13Impairment

7.13(a) Impairment Charge for the Year

	Dec-18	Dec-17
Impairment charge for the year	**(24)**	(3,105)
Loan Recoveries	**(31,811)**	21,511
	31,787	18,406

The list of the recoveries during the year is as below:

RECOVERIES FROM JAN-DEC 2018	D'000
SEAVIEW GROUP	15,294
BABOUCARR SAWANEH	56
CORRING BAH TRADING	750
GHATSON AND CO	654
MECALITE	691
METALEX	40
OCEAN PROPERTIES	5,684
RIPPLE DYE	2,350
SAM CAD	199.88
SAMI ESTATE	214.92
SANKUN SILLAH	549.90

LEO AGRO	89.20
ALIEU B SECKA	500
GHATSON CO LTD	524.30
MOMODOU PHOON	4,132.50
PA MODOU BAJAKA AND OTHER	81.21
TOTAL	**31,810.91**

7.13(b)Closing Impairment

In thousands of Dalasi	Dec-18	Dec-17
	Total Impairment	**Total Impairment**
Balance at 1 January	**818**	112
Charge for the year	**25**	3,105
Loans written off		(2,399)
Balance, end of period	**843**	818

7.13(c) Impairment Staging

In thousands of Dalasi	Dec-18	Dec-17
Stage 1	**843**	818
Balance end of period	**843**	818

The impairment for contingents during the period was nil.

7.14 Investment

In Thousands of D	2018	2017
Government of The Gambia Treasury bills	**1,039,286**	955,451
Total investment	**1,039,286**	955,451

7.15 Property, plant and equipment

In thousands of GMD	Leasehold improvement and buildings	Computer hardware	Furniture and fittings	Plant Machinery	Motor vehicles	WIP	Total
Cost							
Balance at 1 January 2018	**142,278**	**30,764**	**9,743**	**28,106**	**30,348**	**3,247**	**244,486**
Additions	53	3,414	117	1,369	4,160		9,113

Transfer	202		-	-	-	(778)	(576)
Disposals/write-offs		(5,521)	(4,800)	(11,137)	(8,082)		(29,540)
Balance at 31 December 2018	**142,533**	**28,657**	**5,060**	**18,338**	**26,426**	**2,469**	**223,483**
Depreciation							
Balance at 1 January 2018	**(53,723)**	**(27,860)**	**(9,191)**	**(23,704)**	**(20,516)**		**(134,994)**
Depreciation charge for the year	(4,908)	(2,555)	(201)	(2,318)	(5,449)		(15,431)
Write-offs/Disposal	(291)	3,418	4,803	11,642	10,460		**30,032**
Balance at 31 December 2018	**(58,922)**	**(26,997)**	**(4,589)**	**(14,380)**	**(15,505)**		**(120,393)**
Net book value At 31 December 2018	**83,611**	**1,660**	**472**	**3,958**	**10,921**	**2,469**	**103,090**
Cost							
Balance at 1 January 2017	**142,278**	**29,640**	**9,595**	**26,486**	**28,684**	**3,247**	**239,930**
Additions		1,124	148	1,620	1,665		4,557
Disposals/Transfer	-	-	-	-	-		
Balance at 31 December 2017	**142,278**	**30,764**	**9,743**	**28,106**	**30,349**	**3,247**	**244,487**
Depreciation							
Balance at 1 January 2017	**(48,793)**	**(23,874)**	**(8,964)**	**(20,873)**	**(16,046)**		**(118,550)**
Depreciation charge for the year	(4,930)	(3,986)	(227)	(2,831)	(4,470)		(16,444)
Balance as at 31st December 2018	(53,723)	(27,860)	(9,191)	(23,704)	(20,516)		(134,994)
Net Book Value as at 31st December 2017	**88,555**	**2,904**	**552**	**4,402**	**9,833**	**3,247**	109,493

7.16 Intangible assets

In thousands of GMD **Cost**	**D'000**
Balance at 1 January 2018	**28,383**
Additions	5,660

Disposals/Transfers/Write-offs	(991)
Balance at 31 December 2018	**33,052**

Depreciation	
Balance at 1 January 2018	**(16,990)**
Depreciation charge for the year	(3,031)
Write offs	(2)
Balance at 31 December 2018	**(20,023)**
Net book value At 31 December 2018	**13,029**

Cost	
Balance at 1 January 2017	**26,875**
Additions	1,508
Disposals/Transfers	
Balance at 31 December 2017	**28,383**

Depreciation	
Balance at 1 January 2017	**(12,598)**
Depreciation charge for the year	(4,392)
Write offs	
Balance at 31 December 2017	**(16,990)**
Net book value At 31 December 2017	**11,393**

7.17 Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018			2017		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	D'000	**D'000**	**D'000**	D'000	D'000	D'000
Property and equipment and software	1,439	1,051	**388**	**7,262**	8,313	**1,051**
Available-for-sale securities						
Allowances for loan losses						
Tax loss carry-forwards						
Other						
Net tax assets (liabilities)	1,439	**1,051**	**388**	**7,262**	**8.313**	**1,051**

Movements during the year

	Opening balance	Recognised in profit or loss	Recognized in equity	Closing balance
	D'000	D'000	D'000	D'000
2018				
Property and equipment, and software	1,051	(1,439)	-	(388)
Available-for-sale securities	-	-	-	-
Allowances for loan losses		-	-	-
Tax losses carried-forward	-	-	-	-
Impairment charge on loans and advances	-	-	-	-
	1,051	(1,439		(388)
2017				
Property and equipment, and software	**8,313**	(7,262)		1,051
Available-for-sale securities	-	-	-	-
Allowances for loan losses	-	-	-	-
Tax loss carried forward	-	-	-	-
Closing Balance	**8,313**	(7,262)		1,051

7.18 Other assets

In Thousands of D	2018	2017
Other Prepayments	**4,178**	2,121
Inventory and Accounts Receivables	**7,215**	35,171
Pre-paid rent	**4,667**	7,598
Pre-paid technology	**400**	987
Pre-paid interest-CP & BA Sold	**1,158**	921
Pre-paid Insurance	**659**	350
Total other debtors	**18,277**	47,149

7.18(a) Other Prepayments

In Thousands of D	2018	2017
Prepaid Communication Expenses	**701**	550
Prepaid Education	**1,168**	120
DSTV Prepayments	**192**	15
Prepaid Trade Group Membership Fee (Bankers Asso.)	**1,300**	1,436

Others	**817**	-
Total other prepayments	**4,178**	2,121

7.19 Deposits from customers

In Thousands of D	2018	2018
Current accounts	**552,931**	400,977
Savings accounts	**398,336**	285,847
Fixed deposit	**322,622**	364,144
Total deposits from customers	**1,273,889**	1,050,969

7.20 Other liabilities

In Thousands of D	2018	2017
e-banking Payables	**2,357**	-
Accruals and deferred income	**2,535**	11,600
Balances Due To Correspondent Banks	**93,069**	-
Other creditors	**8,336**	11,524
Due to Group	**126**	32,641
Total	**106,423**	55,765

7.21 Share Capital and Reserves

7.21(a) Ordinary Share capital

	2018	2017
On issue at 1 January	**586,812:**	586,812
Addition in shares	**-**	-
	586,812	586,812

At 31st December 2018 the authorised share capital comprised of 1billion ordinary shares same as 2017; all of these instruments have a par value of D1. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

7.21(b) Share Premium

	2018	2017
On issue at 1 January	**628,943**	628,943
Addition Premium on New Shares Issued	**-**	-
	628,943	628,943

7.21 (c) Statutory Reserves

The Central Bank Gambia required that 25% of the Bank's annual profit be transferred to Statutory Reserves. As at 31st December 2018, 25% (GMD8, 630 million of 2018 annual profit (GMD (34,522) millions) is transferred to statutory Reserves.

7.21(d) Credit Risk Reserve

The regulatory body, Central Bank, stipulates that provisions recognized in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in Income Surplus should be treated as follows:

(i) A prudential provision is greater than IFRS provisions; charge the difference from the Income Surplus to a non-distributable Credit Risk reserve.

(ii) Prudential provision is less than IFRS provisions: the excess charges resulting should be transferred from the Credit risk reserve to the Income Surplus to the extent of the non-distributable reserve previously recognized.

The Credit Risk reserve so created is not available for inclusion in the Capital Adequacy Ratio computation. There was no movement in CRR during the period.

7.22 Contingencies and commitments

The following are shown off the company's balance sheet and relate to items, which may result in ultimate liabilities to the bank in subsequent accounting periods.

	31-Dec-18	31-Dec-17
	D'000	D'000
Guarantees	**1,717**	48,082
Primary dealership	**51,620**	32,335
Total off balance sheet balances	**53,337**	80,417

Nature of contingent liabilities:

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.

Letters of Credit commit the Bank to make payment to third parties, on production of documents, which are subsequently reimbursed by customers.

Forward foreign exchange contracts are commitments to either purchase or sell a designated financial instrument at a specified future date for a specified price and may be settled in cash or another financial asset. The fair values of the respective currency forwards are carried under other assets and other liabilities as appropriate.

7.23 Litigation

Contingent liabilities in respect of pending litigation was D10.6 million. (2017:D10.6 million)

7.24 Related party transactions

Transactions with related parties are twofold. Loans and advances granted to related parties and compensation paid in the normal course of business.

7.24(a) Loans and advances granted to related parties

Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the bank during the period as follows:

	2018	**2018**	2017	2017
	Maximum	**Closing**	Maximum	Closing
	Balance	**balance**	Balance	balance
	D'000	**D'000**	D'000	D'000
Mortgage lending and other secured loans				
Other Loans (staff loans)	**4,507**	**4,507**	5,257	5,257
Total	**4,507**	**4,507**	5,257	5,257

Interest rates charged on balances outstanding are about a quarter of the rates that would be charged in an arm's length transaction. The mortgages and secured loans granted are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

In addition to their salaries, the bank also provides non-cash benefits to employees, and contributes to a defined contribution plan (provident fund) on their behalf.

7.24(b) Loans and advances to employees

	2018	2017
Loans advanced during the year	**4,507**	5,257
Balance at 31 December	**4,507**	5,257

Interest earned on staff loans during the year amounted to D755,441 [2016: D921,700]

7.24(c) Loans and advances to directors and their associates

There are no loans and advances to any of the directors and their associates during the year under review.

All the transactions with the related parties with the exception of employees are priced on arm's length basis and have been entered into in the normal course of business.

The Short Term benefits paid to Management staff is the total salaries and allowances. In addition to their salaries, the bank also provides non-cash benefits to employees, and contributes to a defined contribution plan (provident fund) on their behalf. The Director's short term benefits relates to Directors Fees

The Bank has Seven Directors (Including two executives) as at 31st December 2018 and same in 2017. They received short term benefits on a quarterly and annual basis as follows:

	31-Dec-18	31-Dec-17
	No of Directors	No of Directors
Executives		
D0-D150,000	**-**	-
D150,000 +	**-**	-
Non- Executives		
D0-D150000	**7**	7
D150,000 +		-

The total number of staff employed by the Bank during the year (excluding directors) is as follows:

	31-Dec-18	31-Dec-17
Management	**7**	7
General Staff	**126**	120
Total number of staff	**133**	127

7.24(d) Compensation to the Management Staff is as follows:

	31-Dec-18	31-Dec-17
Salaries	**10,636**	10,369
Allowances	**5,416**	4,579
Total	**16,052**	14,948

8. Subsequent events

There were no material events after the balance sheet date that has significant effect on these financial statements.

9. Supplementary information

9.1 Shareholding Structure

The shareholders who held shares in the bank as at 31st December 2018 are as follows:

S/NO	NAME	% HOLDINGS	No. of SHARES
1	Access Bank PLC	88.40	518,713,509
2	Pa Alassan Jagne	2.69	15,772,727
3	Dr.Uriel Able-Thomas	0.20	1,200,000
4	Dr.Adama Sallah	0.17	1,000,000
5	Mr.Hatib Janneh	0.09	500,000
6	J. Enterprise	0.09	500,000
7	Mr.Doudou S.Mbaye	0.17	990,000
8	Mrs. Ramou Sarge	0.05	300,000
9	Mr.Abu Dandeh Njie	0.04	250,000
10	Mr.Tigan Mbaye	0.03	200,000
11	Mr.Maba J.O.Jobe	0.04	227,272
12	Mrs.Aminata M.M.Jallow	0.02	100,000
13	Mrs Joanna Mbaye	0.01	30,000
14	Gambia Electrical Company LTD	0.15	909,090
15	Alieu B.S.Secka	0.01	50,000
16	Dr.Muminatou Jallow-Mbaye	0.01	30,000
17	Mr.Freddie Blell	0.13	750,000
18	Mr.David Silverstone	0.01	50,000
19	Maria C Hobeika Jnr	0.02	100,000
20	Edmond C. Hobeika	0.03	200,000
21	Roy C. Hobeika	0.03	200,000
22	Mohammed Sillah	0.05	300,000

23	IBETO Petrochemical Industries Limited	7.57	44,439,070
	Total	**100%**	**586,811,668**

9.2 Value Added Statement

This statement represents the distribution of the wealth created through the use of Bank's assets and on its own and its employee's efforts.

Value added Statements for the year ended 31 December 2018		
	2018	2017
Interest earned and other operating income	**164,527**	187,260
Direct cost of services	**(33,949)**	(66,033)
Value added by banking services	**130,758**	121,227
Other Banking Income	**33,721**	23,786
Value Added	**164,299**	145,013
Distributed as follows:		
To employees:		
Directors(without executive)	**(620)**	(1,210)
Management salaries and remunerations	**(16,052)**	(12,572)
Other employees	**(28,343)**	(26,289)
To Government:		
Income Tax	**(11,956)**	(2,393)
To Providers of capital:		
Dividends to shareholders	**-**	-
To expansion and growth		
Operating Expenses	**(54,321)**	(51,800)
Depreciation	**(15,430)**	(16,444)
Amortization	**(3,031)**	(4,392)
Impairment Charges	**(24)**	(3,106)
Retained Profit /Loss	**34,522**	26,807