Guaranty Trust Bank (Ghana) Limited
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GUARANTY TRUST BANK (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

GUARANTY TRUST BANK (GHANA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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CORPORATE INFORMATION

Board of Directors	Kwasi M. Tagbor (Chairman) Thomas Attah John (Managing Director) Rasheed Ibrahim Maidie Elizabeth Arkutu Irene Baaba Hagan Mr. Joseph Amoa-Awuah (joined 29 December 2021) Adebanji Adeniyi (joined 9 July 2021) Olusegun Agbaje (resigned on 1 September 2021) Mobolaji Jubril Lawal (resigned on 26 April 2021)
Secretary	Iris Richter-Addo 25A Castle Road, Ambassadorial Area, Ridge PMB CT 416, Cantonments Accra, Ghana
Auditor	KPMG Chartered Accountants 13 Yiyiwe Drive, Abelenkpe P. O. Box GP 242 Accra, Ghana
Registered Office	Guaranty Trust Bank (Ghana) Limited 25A Castle Road, Ambassadorial Area, Ridge PMB CT 416, Cantonments Accra, Ghana
Correspondent banks	CitiBank London CitiBank New York Ghana International Bank J.P. Morgan Chase Bank Guaranty Trust Bank London Bank of Beirut Standard Chartered Bank UK Guaranty Trust Bank (Nigeria) Limited
Solicitors	Lithur Brew and Company No. 110B, 1st Kade Close, Kanda Estates P. O. Box CT 3865, Cantonments Accra, Ghana Adu-Kusi PRUC Third Floor, Teachers Hall Complex Educational Loop, Off Barnes Road Adabraka-Accra

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Directors' responsibility statement

The Directors are responsible for the preparation of financial statements for each financial year, which gives a true and fair view of the state of affairs of the Guaranty Trust Bank (Ghana) Limited, comprising the statement of financial position as at 31 December 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and applied the requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants, Ghana and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the Directors are responsible for the preparation of the report of the directors.

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

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management

The Directors have made an assessment of the ability of the Bank to continue as a going concern having regard of the business impact of Covid-19 and have no reason to believe that business will not be a going concern over the next twelve (12) months.

Directors have no plans or intentions, for example to dispose of the business or cease operations that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Objectives of the Bank and Nature of business

The Bank is licensed by the Bank of Ghana under the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) to carry out universal banking business in Ghana and there was no change in the nature of the Bank's business during the period.

Holding company

The Bank is a subsidiary of Guaranty Trust Bank (Nigeria) Limited, a company incorporated in the Federal Republic of Nigeria and licensed to carry out universal banking business. The company holds 98.32% of the registered shares of Guaranty Trust Bank (Ghana) Limited.

REPORT OF THE DIRECTORS (CONTINUED)

Financial results

	GH¢
Profit for the year ended 31 December 2021 before tax is	477,242,194
from which is deducted taxation	(161,796,102)
giving a profit for the year after tax of	315,446,092
less transfer to statutory reserve and other reserves of	(99,857,863)
less payment of prior year dividends declared	(100,999,052)
leaving a balance of	114,589,177
when added to the balance brought forward on income surplus of	261,280,353
leaving a balance of	375,869,530

At the next shareholders meeting on the financial performance for the year ended 31 December 2021, no dividend (2020: GH¢100,999,052) will be tabled for shareholders' approval.

Business review

The state of affairs of the Bank is as follows:

	GH¢
Profit before tax	477,242,194
Profit after tax	315,446,092
Total assets	5,035,451,469
Total liabilities	3,814,973,130
Total equity	1,220,478,339

The Directors consider the state of the company's affairs to be satisfactory.

Particulars of entries in the Interests Register during the financial year

The entity maintains an Interests Register. There was however no director interest in any contract within the year under review. No entry was therefore made in the Register as required by sections 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

Corporate social responsibility and code of ethics

A total of GH¢ 468,174 (2020: GH¢ 683,481) was spent under the Company's social responsibility programme with key focus on education, health and others. This is disclosed in note 13.1. An extract of the company's code of ethics can be found in the appendices.

REPORT OF THE DIRECTORS (CONTINUED)

Board of Directors

Profile

Executive	Qualification	Outside Board and management position
Thomas Attah John	Chartered Banker MBA, Certificate in Management Performance Measurement, Masters in Business Administration, Bsc Pure Applied Chemistry, ACIB, MCIB (Scotland and Wales)	Non-Executive Director, GTBank Sierra Leone Non-Executive Director, GTBank Liberia
Non-executive		
Kwasi M. Tagbor	B,Sc. Electrical Engineering, Post Graduate Diploma in Computer Science	N/A
Olusegun Agbaje (resigned 1 September 2021)	B.Sc. Business Administration, Masters in Business Administration	Group CEO, Guaranty Trust Holding Company; Non-executive Director, GTBank Gambia and GTBank UK; Mastercard Advisory Board
Mobolaji Jubril Lawal (resigned 26 April 2021)	Bachelor of Laws degree, Professional Certification of B.L, Masters of Business Administration	Executive Director, Guaranty Trust Bank Plc
Adebanji Isola Adeniyi	Doctor of Vet Medicine Degree, Associate and Fellow of the Institute of Chartered of Accountants of Nigeria (ACA & FCA), MBA, Honorary Senior Member of the Chartered Institute of Bankers	Member of GTBank Nigeria Limited's Management Credit Committee, Criticized Assets Committee, Assets and Liabilities Management Committee, IT Steering Committee, observer member of the Bank's Statutory and Board Audit Committees
Joseph Kofi Amoa-Awuah	B.Sc. Business Administration, MBA	Non-Executive Director, 3A Consult, Apex Health Insurance and Co-operative Governance Africa
Rasheed Ibrahim	B.Sc. Business Administration	Executive positions in Dara Salam Group of Companies, Chrome Energy Resources Limited, Dara Salam Estate Limited and Osagyefo Leadership International School.
Maidie Elizabeth Arkutu	Post-Graduate Diploma in Marketing, MBA, Bachelor of Arts (BA) degree in Business Economics with a minor in French	Senior Vice President, Nutrifoods Ghana Limited. Non-Executive Director, Axis Pension and Nyaho Healthcare
Irene Baaba Hagan	Fellow Chartered Accountant, Certified Information Systems Auditor, MBA, B.Sc. (Hons.) in Accounting & Finance	Contact member and Ambassador of the Institute of Chartered Accountants in England and Wales (ICAEW), founder of IHagan Consult

Biographical information of directors

Age category	Number of directors
41 – 45 years	3
46 – 60 years	2
Above 60 years	2

REPORT OF THE DIRECTORS (CONTINUED)

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes to enable them gain in-depth knowledge about the Company's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Company operates. Programmes of strategic importance provided during the year ensure Directors continually update their skills, knowledge and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and other Committees.

Auditor/ Audit fees

The Board Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. Non-audit services provided by KPMG amounted to GHS 577,553. Audit fees for the year amounted to GHS 720,000.

Approval of the report of the Directors

The report of the directors of Guaranty Trust Bank (Ghana) Limited, was approved by the Board of directors on 11 March 2022 and are signed on their behalf by:

....	....
Kwasi M. Tagbor	Thomas Attah John
Chairman	*Managing Director*

REPORT OF THE AUDIT COMMITTEE

In accordance with corporate governance best practices contained in The Banking Business-Corporate Governance Directive 2018, the members of the Audit Committee of Guaranty Trust Bank (Ghana) Limited hereby report as follows:

(i) We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the full year ended 31 December 2021 were satisfactory and reinforced the Bank's internal control system.

(ii) We are satisfied that the Bank has complied with the provisions of Bank of Ghana's Circular BSD/108/2011 "International Financial Reporting Standards (IFRS) Implementation" and hereby confirm that an aggregate amount of GHS37,241,165 has been set aside as at 31 December 2021 in relation to differences in impairment provisions for loans and advances under International Financial Reporting Standard (IFRS 9 *Financial Instruments*) and Bank of Ghana Prudential/Impairment Guidelines.

(iii) We are satisfied that the Bank has complied with the provisions of Bank of Ghana's Circular BSD/17/2018 "Adoption of International Financial Reporting Standard 16 Leases (IFRS 16)" and hereby confirm that the substance and the economics of lease transactions have been properly reflected in our books as required by the standard.

(iv) We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their audit and we are satisfied with management's response thereon and with the effectiveness of the Bank's system of accounting and internal control.

....
Irene B. Hagan
Chairperson, Audit Committee

Accra

11 March 2022

CORPORATE GOVERNANCE

The Board has overall responsibility for ensuring compliance with all necessary frameworks that the Bank must operate within to ensure strict adherence to the Banking Business-Corporate Governance Directive 2018 and international best practices which are high on the agenda of Guaranty Trust Bank (Ghana) Limited. As such, the Bank is governed by a framework that facilitates checks and balances and ensures that appropriate controls are put in place to facilitate best practices for the Board of Directors and senior management in order to maximise stakeholder value.

There are currently four (4) main committees through which the Board of Directors discharges its functions; Board Audit Committee, Board Risk Committee, Board Credit Committee and the Board Nomination Committee.

In addition to the Board Committees, there are four (4) Management Committees to ensure effective and good corporate governance at the Management level.

1.0 Disqualification of Directors, Employees and Key Management Personnel

The Bank appoints and elects into the position of a director, managing director or key management personnel in compliance with Section 58 of Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), any person other than one who:

i. has been adjudged to be of unsound mind or is detained as a person with a mental disorder under any relevant enactment;
ii. has been declared insolvent, has entered into any agreement with another person for payment of that person's debt and has suspended payment of the debt;
iii. has been convicted of an offence involving fraud, dishonesty or moral turpitude;
iv. has been a director, Key Management Personnel associated with the management of an institution which is being or has been wound up by a court of competent jurisdiction on account of bankruptcy or an offence committed under an enactment;
v. is a director or Key Management Personnel of another bank, specialised deposit taking institution or financial holding company in the country;
vi. is under the age of eighteen years (18 years);
vii. does not have the prior written approval of the Bank of Ghana; or
viii. has defaulted in the repayment of the financial exposure of that person.

2.0 Annual Certification

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

(i) It has independently assessed and documented the corporate governance process of the Bank and has generally achieved its objectives.
(ii) The Directors are aware of their responsibilities to the Bank as persons charged with governance.
(iii) It confirms that it shall report any material deficiencies and weaknesses that it identifies in the course of the year along with action plans and timetables for the corrective action by the Board to the Bank of Ghana.
(iv) The required annual certification programme is being undertaken by all the directors in line with the directive.

3.0 Business Strategy

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

(i) overall risk strategy, including its risk tolerance/appetite;
(ii) policies for risk, risk management and compliance, including anti-money laundering and combating the financing of terrorism risk;
(iii) internal control systems;
(iv) corporate governance framework, principles and corporate values including a code of conduct
(v) compensation system

CORPORATE GOVERNANCE (CONTINUED)

4.0 Duty of Care and Loyalty

The members of the Board exercise a "duty of care" and "duty of loyalty" to the Bank at all times which is stipulated in the Companies Act, 2019 (Act 992) and the Policies and the Bank's Board charter.

5.0 Corporate culture, values, ethics and professionalism

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

6.0 Related Party Transactions

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

No director has any other interest in any shares or loan stock of the Company. Related party transactions and balances are also disclosed in note 32 to the financial statements

7.0 Succession Plan

The Bank has put in place the required succession plan to enable the business to continue to the foreseeable future. The plan focuses on developing human resources to enable the Bank to retain a pool of qualified candidates who are ready to compete for key positions and areas when they become vacant to ensure effective continuity of the deposit-taking business.

8.0 Key Management Oversight

The Board provides oversight of Senior Management as part of the Bank's checks and balances and

(i) monitors to ensure the actions of Senior Management through reports from Management are consistent with the strategy and policies approved by the Board, including the risk tolerance appetite and risk culture;
(ii) meets regularly with Senior Management through the Board sub committees;
(iii) questions and critically reviews explanations and information provided by senior management;
(iv) ensures that the knowledge and expertise of senior management remain appropriate given the nature of the business and the Bank's risk profile;
(v) oversees the implementation of appropriate governance framework for the Company;
(vi) ensures that appropriate succession plans are in place for senior management positions;
(vii) oversees the design and operation of the Company's compensation system, monitor and reviews the system to ensure that it is aligned with the desired risk culture and risk appetite of the Company;
(viii) approves the overall internal control framework of the bank and monitor its effectiveness.

9.0 Separation of Powers

There is a clear division of responsibilities at the top hierarchy of the bank. The positions of the Board Chairman and the Managing Director are separate. The two top positions of Board Chairman and Managing Director in the company are not both occupied by foreigners. The Chairman is a Ghanaian and the Managing Director is a Nigerian. Furthermore, no two related persons occupy the positions of Board Chairman and Managing Director of the bank.

CORPORATE GOVERNANCE (CONTINUED)

10.0 Independent Director

The Board of Directors continuously ensure that the position and requirements of Independent Directors are always met and that an Independent director shall be non-executive and shall not: -

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

Kindly cross-check. There are 6 non-executive directors on the board who should all be classified as independent.

11. Board Size and Structure

Currently, there is a 7-member Board of Directors of Guaranty Trust Bank (Ghana) Limited composed of an independent non-executive Chairman, with 1 Executive Director and 5 other non-executive directors of which 4 are resident in Ghana, each bringing diverse and rich experience, with enviable records of achievement in their various fields of endeavour. The Directors possess the requisite skills and experience, integrity and business acumen to bring independent judgment to bear on Board deliberations for the good of the Bank.

12.0 Directors' Appointments and Managing Director Tenure

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

13.0 Appointment of Key Management Personnel

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

14.0 Alternate Director

The Bank does not currently have any alternate directors.

15.0 The Board Chairman

The Chairman of the Board is an independent non-executive director and is ordinarily resident in Ghana. The Chairman provides leadership to the Board and ensures that Board decisions are taken on a sound and well-informed basis. The Chairman encourages and promotes critical discussion and ensures that dissenting views can be expressed and discussed within the decision-making process. The Chairman encourages constructive relationship within the Board and between the Board and Management. He promotes checks and balances in the governance structure of the Bank. He does not serve as a Chairman of any of the Board sub committees.

CORPORATE GOVERNANCE (CONTINUED)

16.0 The Board Secretary

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

17.0 Board Meetings

The Company holds a minimum of 4 Board meetings annually. In 2021 meetings were held in February, May, August and November. It also held one Annual General Meeting in May. In compliance with the Bank of Ghana's Directive on Corporate Governance, the Board hereby discloses the total number of Board meetings and the attendance rate of each Director below:

		Quarterly	**Quarterly**	**AGM**	**Quarterly**	**Quarterly**	
No.	**Name**	**16-Feb-21**	**10-May-21**	**10-May-21**	**5-Aug-21**	**3-Nov-21**	**% Attendance**
1	Thomas Attah John	Yes	Yes	Yes	Yes	Yes	100%
2	Kwasi M. Tagbor	Yes	Yes	Yes	Yes	Yes	100%
3	Olusegun Agbaje	Yes	Yes	Yes	Yes	N/A	100%
4	Mobolaji Jubril Lawal	Yes	Yes	Yes	Yes	N/A	100%
5	Rasheed Ibrahim	Yes	Yes	Yes	Yes	Yes	100%
6	Maidie Elizabeth Arkutu	Yes	Yes	Yes	Yes	Yes	100%
7	Irene Baaba Hagan	Yes	Yes	Yes	Yes	Yes	100%
8	Adebanji Adeniyi	N/A	N/A	N/A	N/A	Yes	100%
9	Joseph Kofi Amoa-Awuah	N/A	N/A	N/A	N/A	N/A	N/A

** N/A – Director did not hold appointment at the date of Board Meeting*

18.0 Board Sub-Committees

There are currently Four (4) main committees through which the Board of Directors discharge its functions; Board Audit Committee, Board Credit Committee, the Board Risk Committee and the Board Nominations Committee. Their composition and functions are as follows:

18.1 Board Audit Committee

This Committee is currently made up of three (3) non-executive Directors while the Company's Secretary serves as the secretary to the Committee. The membership comprise the following:

1. Irene B. Hagan – Chairperson
2. Maidie E. Arkutu – Member
3. Rasheed Ibrahim – Member

The committee is responsible for ensuring that the Bank complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors.

CORPORATE GOVERNANCE (CONTINUED)

18.1 Board Audit Committee (continued)

The Audit Committee is responsible for the review of the integrity of the Bank's financial reporting and oversees the independence and objectivity of the external auditors. The internal and external auditors have unrestricted access to the Committee to ensure their continued independence. The Committee also seeks for explanations and additional information, where relevant, from the internal and external auditors.

Meetings are held on a quarterly basis. Other members of management may be invited to the Committee's meetings as and when appropriate. A report is provided to the full Board at each sitting.

18.2 Board Credit Committee

The Board's Credit Committee is responsible for review of all credits granted by the Bank and approves specific loans and credit related proposals beyond the Management Credit Committee's authority limit as may be defined from time to time by the Board.

The Committee is also responsible for ensuring that the Bank's internal control procedures in the area of risk assets remain high to safeguard the quality of the Bank's risk assets.

In view of the volume of transactions that require Board Credit Committee approvals, there are instances where credits will need to be approved by members expeditiously between Credit Committee Meetings. Such urgent credits are circulated amongst the members and slated for ratification at the next meeting of the Board Credit Committee.

The Board Credit Committee is made up two (2) Non-Executive Directors and 1 Executive Director listed as follows:

1. Adebanji Adeniyi – Chairman
2. Irene B. Hagan – Member
3. Thomas A. John – Member

The Committee meets at least four times a year. A report is provided to the full Board at each sitting.

18.3 Board Risk Committee

The Committee's main responsibilities include reviewing and recommending for approval of the Board, the Bank's Risk Management Policies including the risk profile and limits; determining the adequacy and effectiveness of the Bank's risk detection and measurement systems and controls; evaluating the Bank's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the Bank's activities and risk profile; oversight of Management's process for the identification of significant risks across the Bank and the adequacy of risk mitigation, prevention, detection, transfer and reporting mechanisms; and reviewing and recommending to the Board for approval, the contingency plan for specific risks.

The Board's Risk Committee is comprised of three (3) Non-Executive Directors and 1 Executive Director listed as follows:

1. Maidie E. Arkutu – Chairperson
2. Rasheed Ibrahim – Member
3. Adebanji Adeniyi – Member
4. Thomas A. John – Member

The Committee is charged with the quarterly review of the Bank's central liability report and summary of criticised loans with the concurrent power of assessing the adequacy of the reserves for loan losses and approving possible charge-offs.

The Committee presents reports to the Board at its quarterly meetings.

CORPORATE GOVERNANCE (CONTINUED)

18.4 Board Nominations Committee

The committee is responsible for the selection and nomination of persons as Directors and Key Management personnel as defined by Act 930 and who meet the Fit and Proper requirements and in addition conducts due diligence and assessment of such candidates prior to appointment.

This Committee is currently made up of two (2) non-executive Directors. The membership comprise the following:

1. Olusegun Agbaje – Chairperson (until his exit from the Board on 1st September, 2021)
2. Adebanji Adeniyi – Member
3. Rasheed Ibrahim – Member

The Committee holds meetings as and when the need arises.

19.0 Profile of Board of Directors

Kwasi M. Tagbor (Chairman)

Mr. Kwasi M. Tagbor is Chairman of the Board of Directors. He was appointed to the Board of the Bank in November 2018 as an Independent Non-Executive Director. He is a retired Engineer and Petrophysicist.

Mr. Tagbor holds a Bachelor of Science (B.Sc.) degree in Electrical Engineering from the Kwame Nkrumah University of Science and Technology (KNUST) and a Post Graduate Diploma in Computer Science from the University of Ghana, Legon.

He started off his career as a Resident Project Engineer with Finco Engineers, Lagos, Nigeria in 1977, a position he left in 1980 to join Schlumberger, an internationally renowned Oil & Gas service company as a wireline field engineer, thus becoming the first Ghanaian trained Engineer from KNUST to have held that position. He has over 33 years' experience in the Upstream sector of the Oil and Gas Industry through which he has obtained various qualifications and certifications.

His illustrious career path spans operations management to technical equipment and maintenance management, training and development management, personnel training, wireline logging, formation evaluation/log analysis in shaly/ thin-bed/turbidite reservoirs among others.

Thomas Attah John (Managing Director/Chief Executive Officer)

Mr. Thomas Attah John is an astute banker, a Certified Brewer and Chemist with a combined work experience of 16 years in various business development, deal origination and structuring and credit appraisal roles.

He has over the last 14 years led and executed landmark deals in various roles within GTBank's Corporate, Telecom, Operations and Retail Business.

Thomas holds a Chartered Banker MBA from the University of Bangor, UK, an MBA from the Lagos Business School, Certificate in Management Performance Measurement from Nanyang Technological University, Singapore, ACIB, MCIB (Scotland and Wales) and a Bachelor of Science (BSC. Hons) in Pure Applied Chemistry from the University of Calabar, Nigeria.

Rasheed Ibrahim (Non-Executive Director)

Mr. Rasheed Ibrahim was appointed to the Board of the Bank in November 2018 as a Non-Executive Director.

Mr. Ibrahim holds a Bachelor of Science degree (B.Sc. Hons.) in Business Administration from the Abraham Lincoln University, Pennsylvania, United States of America.

CORPORATE GOVERNANCE (CONTINUED)

19.0 Profile of Board of Directors (continued)

Rasheed Ibrahim (Non-Executive Director) continued

He is a Businessman with diverse experience. He holds and has held various executive and managerial positions in Dara Salam Group of Companies, Chrome Energy Resources Limited, Dara Salam Estate Limited and Osagyefo Leadership International School.

His key areas of competence and skills acquired over the period include business development, contract negotiation, project and risk management as well as marketing and corporate sponsorships.

Maidie Elizabeth Arkutu (Non-Executive Director)

Ms. Maidie Elizabeth Arkutu was appointed to the Board of the Bank in May 2019 as an Independent Non-Executive Director.

Maidie Arkutu is the immediate past Vice President, Chairman and Managing Director of Unilever Francophone Africa. In this role, she led one of the 4 sub-Saharan Africa clusters for the Unilever Africa Group, managing over 10 French speaking countries and based in Abidjan. She was the Managing Director of Unilever Ghana prior to taking on the Francophone role.

Before her appointment as Managing Director of Unilever Ghana, Ms. Arkutu was the Marketing Director for Unilever West Africa (UWA). Miss Arkutu joined Unilever West Africa from Coca-Cola East and Central Africa Business Unit (ECABU) where she was the Marketing Manager for the Horn, Islands and Mid Africa (HIMA).

A professional Marketer, Ms. Arkutu has a post-Graduate Diploma in Marketing from the Chartered Institute of Marketing (U.K Board). She also holds a Master of Business Administration (MBA) degree from the Vrije Universiteit Brussel, Belgium and a Bachelor of Arts (BA) degree in Business Economics with a minor in French from Vesalius College, Belgium.

Prior to her recent appointment, Miss Arkutu was the Lady Chair and Executive Board Member of the Executive Women Network (EWN), a Non- Executive Board member at Barclays Bank Ghana Limited and an Executive Board Member at Unilever Ghana Limited. She also served as a Regulatory Committee Member of the Business

Enabling Environment Programme and a corporate advisory Group Member at the University of Ghana Business School.

During her tenure as Managing Director of Unilever Ghana, Ms. Arkutu received several recognitions, including the prestigious Marketing Woman of the Year (2015) at the Chartered Institute of Marketing Ghana Awards and Outstanding Manufacturing Executive, Personal Products (2016) at the Feminine Ghana Achievement Awards. She was awarded the Female Influential Leader Award by Ghana UK Based Achievements (GUBA) in 2017, and in 2018, the prestigious Jeune Afrique Magazine named Ms. Arkutu as one of the Top 50 Most Influential Women in African Business.

Irene Baaba Hagan (Non-executive Director)

Ms. Irene Baaba Hagan was appointed to the Board of the Bank in September 2019 as an Independent Non-Executive Director.

Irene is a Fellow Chartered Accountant (FCA) with the Institute of Chartered Accountants in England and Wales and a Certified Information Systems Auditor with both local and international experience in Audit, Finance, Governance, Risk and Compliance with FTSE 100 clients in the financial and telecommunications industries.
Her early career was with KPMG, UK in the Assurance practice within the Infrastructure & Government Group. She moved on to work with Pricewaterhousecoopers, London (U.K) and Boston, MA (U.S.A) where she managed various teams to deliver high quality engagements on a range of risk assurance and audit services including IT,

CORPORATE GOVERNANCE (CONTINUED)

19.0 Profile of Board of Directors (continued)

Irene Baaba Hagan (Non-executive Director) – continued

Internal and External audit, Controls reporting, Business process re-engineering, SOX 404 and Finance effectiveness advisory engagements.

She later worked in various capacities in both Vodafone Plc, United Kingdom and Vodafone, Ghana and rose to a senior management position before leaving to pursue other interests.

Irene holds a B.Sc. (Hons.) in Accounting & Finance from The London School of Economics and Political Science and an MBA from the Hult International Business School, Massachusetts, USA. She is currently the Institute of Chartered Accountants in England and Wales (ICAEW) contact member and ambassador in Ghana.

She is also the founder of IHagan Consult, a consultancy practice which provides corporate advisory and capacity building services across a variety of industries.

Adebanji Isola Adeniyi

Adebanji is an astute professional with over 24 years' experience acquired through consulting and auditing at Coopers & Lybrand 1996-1998, PricewaterhouseCoopers 1998-2000 & Arthur Andersen 2000-2001. During his stint at the Big 4, he garnered experience within the Manufacturing, Oil and Gas and Financial Services Industry providing value adding financial statement audit, assurance and business advisory services.

He started his career in banking at Lead Bank in 2001, rose to Deputy Manager / Head, Internal Audit with responsibilities for Inspection and Internal Control functions, and implemented Control tools amongst other projects at the Bank.

In February 2006, he joined Guaranty Trust Bank Nigeria Limited and is currently a General Manager and Chief Financial Officer, with responsibility for the activities within the Financial Control, Strategy and Group Reporting Division. Adebanji has diverse knowledge and vast experience in planning, implementing, building and enhancing financial health of Organizations. He possesses strong analytical, General Management, Accounting, and Financial Advisory & Control skills.

He has worked on several projects with challenging objectives; GTBank Eurobonds issuance working with PwC, JP Morgan, Morgan Stanley and White & Case; led the finance team in converting 3 years Local GAAP Financial Statement to IFRS FS in fulfilment of the listing requirement of $825m GDR on the London Stock Exchange and championed GTBank's full transition and embedding of IFRS. Adebanji has represented the GTBank at several Roads shows (RS) and Conferences (CFs) both locally and internationally (GTBank/JPMorgan RS, HSBC, EFG Hermes, Rencap, Standard Bank & Moody CFs.

He is a member of GTBank Plc's Management Credit Committee, Criticized Assets Committee, Assets and Liabilities Management Committee, IT Steering Committee and is an observer member of the Bank's Statutory and Board Audit Committees.

An Alumnus of University of Ibadan, Adebanji graduated with a Doctor of Vet Medicine Degree in 1995, became an Associate and Fellow of the Institute of Chartered of Accountants of Nigeria (ACA & FCA) in 2001 & 2013 respectively, bagged an MBA in 1999 and became an Honorary Senior Member of the Chartered Institute of Bankers (HCIB in 2013). He has attended Local and International Trainings; Euromoney, Programme Certificate in Strategic Finance IMD Switzerland, Mckinsey Executive Leadership Programmes South Africa, Michigan Ross, Cranfield School of Management & LBS SMP.

CORPORATE GOVERNANCE (CONTINUED)

19.0 Profile of Board of Directors (continued)

Joseph Kofi Amoa-Awuah

Mr. Amoa-Awuah holds a Bachelor of Science degree in Business Administration from the University of Ghana, Legon as well as a Master of Business Administration (MBA) from the University of Strathclyde, Glasgow, UK.

He is a Certified Anti Money Laundering Specialist (CAMS) who worked with the Bank of Ghana for over 33 years. He played a prominent role in establishing the Anti-Money Laundering (AML) Unit of the Bank in January 2011, and headed the Unit for the ensuing five years, during which he spearheaded the supervision and regulation of the AML Compliance function of major banks and some non-bank financial institutions and supervised a six-man team to ensure that licensed banks, rural and community banks, NBFIs, micro-finance companies and forex bureaux complied with statutory and regulatory requirements for anti-money laundering (AML) in Ghana.

He also served as Senior Banking Supervisor from January 2008 to December 2010 with a staff of 16 responsible for on-going prudential compliance for capital adequacy, asset quality, management, earnings and liquidity for 6 banks, 15 rural banks and 15 NBFIs. Mr. Amoa-Awuah worked previously in the SME financing unit (FUSMED) at the Bank of Ghana and supervised feasibility studies, project appraisals, approval of funding and post disbursement monitoring for SMEs. He was also involved in the drafting and roll-out of the Cyber and Information Security Directive for Bank of Ghana licensed financial Institutions. He ultimately rose to become the Director and Head of the Other Financial Institutions Supervision Department, from January 2016 in charge of a staff of 125, with responsibility for licensing, regulation and supervision of rural and community banks, micro-finance companies and forex bureaux in Ghana, until his retirement in July 2019.

He is exposed to International Monetary Fund (IMF) and World Bank financial system safeguard assessments, Basel Core assessments and also initiatives in the area of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and has been involved in sub-regional efforts at the level of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) since 2011.

More recently from July 2019 to date, Mr. Amoa-Awuah has been engaged by GIABA in two (2) key assignments. First, as a Financial Sector Expert to join other Legal and Law Enforcement Experts, to undertake the Mutual Evaluation of Sierra Leone in respect of the Effectiveness of that country's AML/CFT implementation. Second, he has been engaged as one of three (3) Experts to draft best practice guidance for the supervisors of the Designated Non-Financial Businesses and Professions (DNFBPs) for ECOWAS member States.

His areas of consultancy interests and specializations cover AML/CFT compliance; general management; banking and microfinance prudential regulation and supervision; corporate training; advisor for financial, operational and strategic matters; SME development; private sector development; and corporate governance.

20.0 Board Performance Evaluation

The Board carries out regular evaluation, that is both self-assessment and external evaluation, of its performance as a whole, including its sub-committees and of individual Board members in order to review the effectiveness of its own governance practices and procedures including Anti-Money Laundering/Combating the Fighting of Terrorism (AML/CFT).

21.0 Conflicts of Interest

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

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

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

iii. The duty of the director to disclose in addition to section 59 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) any matter that may result, or has already resulted in a conflict of interest;

CORPORATE GOVERNANCE (CONTINUED)

21.0 Conflicts of Interest (continued)

iv. The responsibility of the director to abstain from voting as prescribed under section 59 of Act 930 and on any matter where the director may have conflict of interest;
v. Adequate procedures for transactions with related parties to be made on a non-preferential basis; and
vi. The way in which the Board will deal with any non-compliance with the policy.

22.0 Chief Risk Officer

The Bank has a Chief Risk Officer (CRO) who is a Key Management Person (who has no involvement in the operations of the bank) with distinct responsibility for the risk management function and the comprehensive risk management framework of the bank across the entire organisation.

The independence of the CRO is paramount and the role is distinct from other executive functions and business line responsibilities. The CRO reports to the Managing Director with an unfettered reporting access to Board and its Risk committee. Interaction between the Board and the CRO is regular and comprehensively documented.

23.0 Chief Internal Auditor

The Bank has a Chief Internal Auditor (CIA) who is an independent Key Management Personnel who has no involvement in the audited activities and business line responsibilities of the Bank. The CIA is competent to examine all areas in which the Bank operates and shall;

1. Have the professional competence to collect and analyse financial information as well as evaluate audit evidence and to communicate with the stakeholders of the internal audit function;
2. Possess sufficient knowledge of auditing techniques and methodologies;
3. Be a member of a relevant recognised professional body;

The Chief Internal Auditor reports directly to the Board sub-committee on audit or the full Board (depending on size and complexity) and has direct access to the Board and its audit committee. Interaction between the Board and the CIA is regular and comprehensively documented.

24.0 Internal Controls

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

25.0 Management Committees

Management Committees are various committees comprising of senior management of the Bank. The Committees are risk driven as they are basically set up to identify, analyse and make recommendations on risks arising from the day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented.

They meet as frequently as the risk issues occur to immediately take actions and decisions within the confines of their powers. The key Management Committees in the Bank are:

- Management Credit Committee;
- Criticised Assets Committee;
- Assets and Liability Management Committee; and
- IT Steering Committee

CORPORATE GOVERNANCE (CONTINUED)

25.0 Management Committees (continued)

25.1 Management Credit Committee (MCC)

Management Credit Committee is responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding, in aggregate, a sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval level of the Managing Director as determined by the Board. The Committee meets at least once a week or once a fortnight depending on the number of credit applications to be considered.

The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of performance is carried out. The Secretary of the committee is the Head of Credit Administration Unit of the Bank.

25.2 Criticised Assets Committee (CAC)

The Criticised Assets Committee is responsible for the assessment of the risk asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the internal and external regulatory framework and ensures that triggers are sent in respect of delinquent assets. The Committee also ensures that adequate provisions are taken in line with the regulatory guidelines.

The members of the Committee include the Managing Director, General Manager, and other relevant Senior Management Staff of the Bank.

25.3 Assets and Liabilities Management Committee (ALMAC)

The Assets and Liability Management Committee is responsible for the management of a variety of risks arising from the Bank's business including, market and liquidity risk management, loan to deposit ratio analysis, cost of funds analysis, establishing guidelines for pricing on deposit and credit facilities, exchange rate risks analysis, balance sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.

The members of the Committee include the Managing Director, General Manager, the Treasurer, Head, Risk Management Group, the Head, Currency Trading Unit and relevant Management Staff of the Bank.

25.4 IT Steering Committee

The IT Steering Committee is responsible for the review of technology deployments in the Bank, planning of new IT products and the review of developments in the Technology industry.

The Committee is chaired by the Managing Director and has the Head of Technology Unit as the Secretary. Other members include; the General Manager, the Group Heads of Investment Bank, Retail Bank, Alternative Channels, Settlements; and Heads of Corporate Affairs, Risk Management, Systems and Control, and Financial Control and Strategy.

26.0 Profile of Senior Management

Ayokunle Yusuf (Chief Operating Officer)
Mr Ayokunle Yusuf has over a decade banking experience having joined GTBank Plc in 2009 and began work in the Financial Control Division. In May 2018, he was redeployed to the Oil & Gas Division to manage the Shell Companies in Nigeria (SCiN) relationship (2017 total assets in excess of $8bn) and the largest Joint Venture partner of the Nigerian National Petroleum Corporation (NNPC).

In November 2018, he was appointed Chief Operating Officer (COO) of GTBank (Rwanda) Plc where he successfully delivered the Bank's IT virtualization project and spearheaded the Business Automation Project (BAP)

CORPORATE GOVERNANCE (CONTINUED)

26.0 Profile of Senior Management (continued)

Ayokunle Yusuf (Chief Operating Officer) – continued
comprising 92 products', services', systems' and processes' upgrade, improvement and enhancement tasks across 14 Departments of the Bank. In addition, he successfully optimized the Bank's Digital Banking products and services portfolio for enhanced revenue generation, created multiple loan products and tremendously improved the credit-writing process until his appointment as the Chief Operating Officer (COO) of GTBank (Ghana) Ltd in December 2020.

Prior to 2018, he assisted GTBank (Sierra Leone) Ltd in transiting to IFRS 9, designed bespoke IFRS impairment analyzer for the subsidiary and also provided post-IFRS 9 implementation support while he also advised GTBank (Kenya) Ltd and GTBank (UK) Ltd on IFRS 9 implementation. He is a sought-after resource person and has delivered several macro-economic presentations and policy papers both within GTBank and to external parties including the International Money Fund/World Bank/Federal Ministry of Finance teams during Staff Visits.
Yusuf holds a Bachelor of Science Degree in Accounting, is a Chartered Accountant (ACCA), Chartered Stockbroker (ACS) and has an MBA from Warwick Business School, United Kingdom. He has attended several trainings including one at China Europe International Business School (CEIBS) while he has also facilitated trainings at GTBank (Liberia) Ltd, GTBank (Sierra Leone) Ltd, GTBank (Rwanda) Ltd, GTBank (Ghana) Ltd and GTBank (Tanzania) Ltd.

Iris Richter-Addo (Divisional Head, Internal Services)

Ms. Richter-Addo holds a Bachelor of Laws Degree from the University of Ghana and Barrister at Law qualification from the Ghana School of Law. She also holds a Master's Degree (cum laude) in International Trade and Investment Law jointly run by the University of the Western Cape, Cape Town, South Africa/American University, Washington DC, USA. She was called to the Ghana Bar in 1995 and has over 24 years' post-qualification experience in company secretarial practice and diverse areas of law. She possesses a proven track record of being an efficient, results-oriented multi-tasker possessing the ability to meet and exceed delivery expectations; strong strategy and policy formulation capabilities; superior leadership, communication, negotiation and interpersonal skills.

She currently oversees Human Resources, Legal, Corporate Affairs and Administration and also serves as the Company Secretary of the Bank, a position she has held since inception of the Bank.

Prior to joining the Bank, she worked as an associate lawyer with Messrs. Fugar & Company, a reputable law firm with offices in Accra, Ghana, providing legal and company secretarial services to both local and multi-national clients.

Ms. Richter-Addo is a member of the Ghana Bar Association.

Nelson Ofosu (Head, Tema Corporate Banking)

Mr. Ofosu joined the Bank in February 2010 as the Head of Tema Branch and was later appointed as the Group Head for the Tema Business Group comprising of the Corporate, Commercial and Retail Teams of the branches within Tema. Later, he became the Divisional Head overseeing the Corporate, Retail and Advantium (SME & Commercial) Business Groups within the Tema and Spintex area. Currently, he is the Divisional Head overseeing the Tema Corporate Bank Division.

Mr. Ofosu started his banking career with the Bank for Housing and Construction (in-official -liquidation) as Commercial Banking Officer in 1998. He had previously worked for the Ghana Education Service and taught for one academic year at the Presbyterian Boys' Secondary School, Legon. Thereafter, he worked with a team of implementation consultants from the International Projekt Consult, Frankfurt-Germany, to set up ProCredit Savings and Loans Company Limited, in Ghana. In 2002, Mr. Ofosu was employed as Credit Officer and later assumed responsibility as Deputy Credit Manager (in charge of Risk Management) and eventually as the Head of Credit of ProCredit, a senior management position he held until September 2006. He later moved to Intercontinental Bank Ghana Limited as a Microfinance Specialist to manage the Microfinance Department.

CORPORATE GOVERNANCE (CONTINUED)

26.0 Profile of Senior Management (continued)

Nelson Ofosu (Head, Tema Corporate Banking) – continued

He holds a Bachelor of Science degree (Second Class Upper Division) in Physics from the Kwame Nkrumah University of Science and Technology and Masters degree in Business Administration (Finance Option) from the University of Ghana.

Calleb Osei (Chief Finance Officer)

Mr. Calleb Osei is a member of the Association of Chartered Certified Accountants (ACCA-UK) and Institute of Chartered Accountants (ICA-Ghana), has an Executive Master's in Business Administration (Accounting option) and BSc in Administration (Accounting Option), both from the Business School of the University of Ghana, Legon.

Mr. Osei has over 15 years work experience from very renowned institutions such as Marine and General Brokers, Access Bank (Ghana) Limited and Guaranty Trust Bank (Ghana) Ltd. His expertise cuts across Risk Management, Treasury Management, Financial Reporting, Corporate Finance, Strategic Management as well as Tax Planning and Administration.

He was a panel member of the Arab African Trade Forum held in Dubai in December 2017, providing key insights into how the Middle East can tap into the trade business of the Sub-Saharan African Countries. He attended the London Banking School of Risk Management and was the guest of the British Government at the 2015 City Week, an International Financial Services Forum. He also participated in the 2016 Future of Finance Conference organised by FMO in Netherlands amongst others.

Mr. Osei has been very influential in the banking and financial sector through his contributions in leading the process for the Initial Public Offer of Access Bank Ghana Limited as well as a Note Programme. He played a key role in the implementation of IFRS 9 and 16 for Access Bank and Guaranty Trust Bank respectively.

Mr. Osei has held key positions in the financial industry. He currently is the Chief Finance Officer (CFO) of Guaranty Trust Bank Ghana Limited having previously worked with Access Bank Ghana Limited in the same capacity.

Yahaya Atchulo (Divisional Head, Public Sector Banking)

Mr. Yahaya Atchulo is a member of the Institute of Chartered Accountants, Ghana (ICAG) and holds an EMBA in Finance from the University of Ghana, Legon.

Mr. Atchulo has over 15 years work experience in the finance profession and banking industry. He joined the Bank from inception in 2005. He later joined the United Nations Development Program (UNDP) where he rose to be the Head of the Finance unit, before proceeding to Guaranty Trust Bank (Ghana) Limited where rose through the ranks to hold several leadership positions. He became the Head of the Northern Sector, Energy and Power, and Public Sector businesses consecutively.

He currently is Divisional head of the Public Sector Business, and a Senior Member of the Bank, where he champions the Bank's cause to provide quality and timely services to customers and other stakeholders of the Bank.

Ernest Kumi (Divisional Head, Retail Bank 1)

Mr. Kumi holds a Bachelor's degree in Banking and Finance from the Central University. He is currently the Divisional Head, Retail Division 1 prior to the new role, he was the head of the Currency Trading Group of the Bank and has been in-charge of the leadership the Investment Bank Group. He has over twenty years of Banking experience.

Prior to joining the Bank, Mr. Kumi had worked with CAL Bank Ltd in various capacities including holding the Risk Officer position as well as Head of Treasury Back Office. He also worked with erstwhile Intercontinental Bank

CORPORATE GOVERNANCE (CONTINUED)

26.0 Profile of Senior Management (continued)

Ernest Kumi (Divisional Head, Retail Bank 1) – continued

as Head of the Trading and Investment Banking Unit. Currently, he is a Divisional Head of one of the Bank's Retail Banking Business.

Nana Kwabena Afoom (Divisional Head, Accra Corporate Bank)

Nana Kwabena Afoom currently heads the Accra Corporate Banking 1 Division of the Bank. He joined the Bank in 2008 as the Unit Head of the Commercial Banking Group in charge of FMCG businesses. He was responsible for setting up the SME Group of the Bank in 2013 before being appointed the Group head of Corporate Banking Group in 2015. Prior to setting up the SME group, he was the Pioneer Branch Head of the Achimota Branch from 2009 to 2011, Branch Head of the Airport branch from 2011 to 2012 and then Regional head for Retail Banking, 2012 to 2013. He is currently the Divisional Head of the Bank's Accra Corporate Banking Business.

He started his banking career as a Credit officer with the Dansoman Branch of the Agricultural Development Bank (ADB) in 2000 before becoming the credit manager of the branch in 2003. His other work experiences are in the areas of marketing and events management.

He holds a B. Sc. (Agricultural Economics) degree from the University of Ghana (1994 - 1998) and an M.Sc. (International Economics, Banking & Finance) degree from Cardiff Business School, Cardiff, Wales 2003-2004.

Robert Allan Barnes (Divisional Head, SME Bank Division)

Mr. Barnes is a Senior Executive of GTBank Ghana, possessing immense business experience in Sales, Relationship Management, Credit and Business Development. He is currently the Divisional Head of the Bank's SME Banking Business, managing all the institutional banking teams across Accra. He is directly in charge of identifying business opportunities for the bank, strategising, spearheading, diversifying and maximising the company's institutional portfolio under the areas that he overseas. Prior to his current role, Robert was the Branch Manager of the North Industrial Area Branch from June 2009 – July 2012, before which he had been the Unit Head of the bank's Import Desk from May 2008 – June 2009.

He retains a wealth of experience in Administration, Finance and Banking gathered through years of working in various companies within Ghana and the UK. He maintains just the right blend of innovation, tenacity, ingenuity and exceptional client relationship management skills, with a keen eye and ear for industry trends. In addition to all these qualities, he possesses an immeasurable wealth of experience in credit writing and analysis.

Robert graduated with honors from the University of Ghana with a Bachelor's Degree in Political Science and History (Combined Major). He also holds an MSc in Business Management from the University of Hull – UK and is an Alumnus of St. Augustine's College (Advanced and Ordinary Levels). In addition, he holds several certificates from a plethora of workshops and seminars including Project Loan Appraisal, Induction to Banking, Fundamentals of Credit Analysis and Management, Service Marketing as well as Credit Risk Management.

Oscar Dadzie (Chief Risk Officer)

Mr. Oscar Dadzie is a member of the Association of Chartered Certified Accountants (ACCA-UK) and of the Information Systems Audit and Control Association (ISACA). He also has a Masters in Business Administration (Financial Management), BA (Hons) Economics), and Project Management Professional (PMP) level one from Hull University, UK, the University of Ghana, Legon, and Knowledge Tree Technologies, Accra respectively.

Mr. Dadzie has over 20 years work experience in the banking industry. He began in the erstwhile ProCredit Savings & Loans Co. Accra, Ghana (now part of Fidelity Bank Ghana Limited) before later joining Guaranty Trust Bank (Ghana) Limited where he rose through the ranks to positions such as Head of Domestic operations, Chief Finance Officer and Chief Risk Officer.

CORPORATE GOVERNANCE (CONTINUED)

26.0 Profile of Senior Management (continued)

Oscar Dadzie (Chief Risk Officer)

He is also an attendant of several professional seminars cutting across Risk, Finance and Information Technology (IT) which have served to fine-tune his expertise in these various fields – IT Governance in Banking, Ethics, ERM and Corporate Governance as organized by credible institutions.

He currently is the Chief Risk Officer (CRO) of Guaranty Trust Bank (Ghana) Limited where he has achieved the feat of successfully managing the Bank's credit and risk portfolio.

Chris Joseph Haruna is a Chartered Accountant and a member of the Institute of Chartered Accountants Ghana. He is an associate member of Association of Certified Fraud Examiners (ACFE). He is also a member of the Institute of Internal Auditors Ghana (IIAG). He is also a certified ISO 9001:2015 Lead Auditor. He holds a first degree in Bachelor of Commerce (B.COM) from the University of Cape Coast, Ghana.

Mr. Haruna joined the Bank in November 2016 from PricewaterhouseCoopers Ghana (PWC Ghana) where he was responsible for the conduct of external assurance audit engagements with specialization in financial sector audits. He joined the Bank as the Unit Head of Internal Audit and was later appointed as the Chief Internal Auditor. He has 10 years working experience covering external and internal audit and control. He has knowledge and understanding of applicable banking operations, regulations, International Standards for the Professional Practice of Internal Auditing.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GUARANTY TRUST BANK (GHANA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guaranty Trust Bank (Ghana) Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with the ethical requirements that are relevant to our audit of the financial statements in Ghana 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Impairment of loans and advances to customers GHS 7.8m
Refer to Note 17 (ii) to the financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Gross Loans and advances to customers amounted to GHS 1,655 million at 31 December 2021 (GHS 1,062 million at 31 December 2020), with related impairment allowance of GHS 7.8 million at 31 December 2021 (GHS 4.2 million at 31 December 2020).

The Bank is required to recognise expected credit losses (ECL) on financial instruments which involve significant judgement and complexity.
The carrying value of financial instruments, within the scope of International Financial Reporting Standard: Financial Instruments (IFRS 9), may be materially misstated if judgements or estimates made by the Bank are inappropriate.</td><td>Based on our risk assessment and industry knowledge, we have examined the impairment charges for loans and advances to customers and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter.

Our procedures to address the key audit matter included:
Tested the design, implementation and operating effectiveness of controls over credit administration, evaluation and monitoring processes.
Tested the design, implementation and operating effectiveness of controls over the Bank's loan impairment process regarding management's review process over impairment calculations.
Tested the ageing of loans and advances to customers to confirm the appropriateness of the staging into the various IFRS 9 staging buckets. We also assessed the effect of government and Bank specific COVID-19 interventions on both the arrears bucketing for IFRS 9 ECL staging and regulatory ECL</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONT'D)

The following are considered the most significant areas of risk in the estimation of expected credit losses on loans and advances to customers considering the effect of COVID-19 and other areas of complexity and uncertainty: • Allocation of loan to stage 1, 2, or 3 on a timely basis using criteria in accordance with IFRS 9 considering the impact of COVID-19 Bank specific support measures, such as payment deferrals and reduction in loan interest rates and overall credit quality of loans and advances to customers. • Measurement of ECL on loans and advances classified as stage 3, including the assessment of macroeconomic scenarios and the impact COVID-19 has on exit strategies, collateral valuations and time to collect. • Macroeconomic scenarios used in the calculation of ECL for loans and advances to customers may not have sufficiently consider the impact of COVID-19. • Qualitative adjustments – adjustments to model-driven ECL results raised to address model limitations or emerging risks and trends in underlying portfolios which are inherently judgmental. • Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL considering the impact of COVID-19 on model performance and any additional data to be considered in the ECL calculation Disclosure quality. • Disclosures required by IFRS 9 are complex and provide insights to the key judgments and material inputs to the IFRS 9 ECL results. The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Given the combination of inherent subjectivity and judgement involved in estimating the expected credit losses and the material nature of the balance, we considered the impairment of loans and advances to be a key audit matter in our audit of the financial statements.	• Assessed loan files of selected customers to ascertain performance and quality of the underlying facilities focusing on industries that were severely impacted by COVID-19 for any distress indicators not already considered by management in the staging of the customers for ECL purposes • Reviewed the meeting minutes of the critical assets committee to understand the nature of the loan book and assess the completeness of post model adjustments and also for an indication of impairment on loan customers discussed by management. • Assessed macroeconomic scenarios used in calculation of ECL on Loans and advances to customers to determine whether these have sufficiently considered the impact of COVID-19. • Assessed the completeness and accuracy of the data used in the models included all the relevant information through testing a sample of relevant data fields and their aggregate amounts against data in the systems. • Used a financial risk model specialist to re-perform management's allowance calculation, assessing supporting evidence in relation to key inputs on a sample basis, that included expected future cash flows, discount rates, valuations of collateral held, and the weightings applied to scenario outcomes. • Assessed the appropriateness of overlays (qualitative adjustments) to model-driven ECL by taking into account the judgements and estimates the Bank has made through the ECL calculation process (including macroeconomic forecasts). • Assessing whether the disclosure of the key judgements and assumptions made including COVID 19 related disclosures were reasonable.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Report of the Audit Committee; corporate Governance; corporate Information and Appendices which we obtained prior to the date of this auditor's report date and the Chairman's Statement and the Managing Director's statement which is expected to be made available to us after that date but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept, so far as appears from our examination of those books.
- The statements of financial position and comprehensive income are in agreement with the accounting records and returns
- We are independent of the Bank under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

Compliance with the requirements of Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
- The Bank's transactions were within their powers and the Group and Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).
- The Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472)

KPMG
....
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2022/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

11 March 2022

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in Ghana Cedis)

	Note	Year ended 31 December 2021	2020
Interest income calculated using the effective interest method	6	**421,027,586**	344,557,057
Other interest income	6	**60,548,487**	22,527,809
Interest expense	6	**(140,109,743)**	(81,175,603)
Net interest income		**341,466,330**	285,909,263
Fee and commission income	7	**149,901,360**	134,637,513
Fee and commission expense	7	**(32,836,602)**	(22,787,008)
Net fee and commission income	7	**117,064,758**	111,850,505
Net loss on derivative instrument	18	**-**	(10,386,516)
Net trading income	8	**133,953,875**	67,179,424
Net income from other financial instruments carried at fair value	9	**55,192,492**	81,957,328
Net trading and other income		**306,211,125**	250,600,741
Revenue		**647,677,455**	536,510,004
Other income	10	**435,912**	105,493
Net impairment on financial instruments	17(ii)	**(14,825,657)**	(7,852,454)
Personnel expenses	11	**(63,296,654)**	(56,279,786)
Amortisation of prepaid leases	12	**(1,924,206)**	(1,631,591)
Depreciation and amortisation	22	**(19,594,982)**	(18,677,071)
Finance charge	30	**(4,178,151)**	(3,884,552)
Other operating expenses	13	**(67,051,523)**	(63,302,939)
Profit before income tax expense and national fiscal stabilisation levy		**477,242,194**	384,987,104
National fiscal stabilisation levy	14	**(23,862,110)**	(19,249,355)
Financial sector recovery levy	14	**(17,896,582)**	-
Income tax expense	14	**(120,037,410)**	(96,406,943)
Profit for the year		**315,446,092**	269,330,806
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss:			
Movement in fair value reserve of FVOCI debt instruments		**(1,851,925)**	-
Related tax		**462,981**	-
Total comprehensive income		**314,057,148**	269,330,806

The notes on pages 30 to 124 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(All amounts are in Ghana Cedis)

	Note	As at 31 December 2021	2020
Assets			
Cash and cash equivalents	15	**894,166,791**	598,072,669
Non-pledged trading assets	19(ii)	**764,425,815**	439,593,290
Pledged assets	16	**160,120,902**	-
Loans and advances to customers	17(i)	**1,647,640,588**	1,057,579,838
Investment securities	19(i)	**1,013,536,734**	1,647,944,648
Property and equipment	20	**117,207,705**	104,651,923
Intangible assets	21	**9,249,102**	3,603,518
Deferred tax assets	23	**4,132,489**	2,195,356
Other assets	24	**424,971,343**	227,448,056
Total assets		**5,035,451,469**	4,081,089,298
Liabilities			
Deposits from customers	25	**3,725,426,725**	2,995,393,368
Current tax liabilities	14	**2,751,392**	6,507,246
Deferred tax liabilities	23	**2,705,422**	3,277,117
Provision on off balance sheet Items	3.3.2	**1,396,338**	460,158
Other liabilities	26	**82,693,253**	68,031,166
Total liabilities		**3,814,973,130**	3,073,669,055
Equity			
Stated capital	27	**404,895,476**	404,895,476
Credit risk reserve	28	**37,241,165**	16,244,825
Statutory reserve fund	28	**403,861,112**	324,999,589
Other reserves	28	**(1,388,944)**	-
Income surplus	28	**375,869,530**	261,280,353
Total equity		**1,220,478,339**	1,007,420,243
Total liabilities and equity		**5,035,451,469**	4,081,089,298

The notes on pages 30 to 124 are an integral part of these financial statements.

The financial statements were approved by the Board on 11 March 2022 and signed on its behalf by:

…………………………… ……………………………
Kwasi M. Tagbor — Thomas Attah John
Chairman — *Managing Director*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Ghana Cedis)

	Stated Capital	Statutory Reserve Fund	Credit Risk Reserve	Other Reserves	Income Surplus	Total
Balance at 1 January 2021	**404,895,476**	**324,999,589**	**16,244,825**	**-**	**261,280,353**	**1,007,420,243**
Profit for the year					315,446,092	315,446,092
Other comprehensive income				(1,388,944)	-	(1,388,944)
Total comprehensive income	**-**	**-**	**-**	**(1,388,944)**	**315,446,092**	**314,057,148**
Transfers						
Transfer to credit risk reserve			20,996,340	-	(20,996,340)	-
Transfer to statutory reserve fund		78,861,523	-	-	(78,861,523)	-
Total Transfers	**-**	**78,861,523**	**20,996,340**	-	**(99,857,863)**	**-**
Transaction with shareholders						
Dividends paid	-	-	-	-	(100,999,052)	(100,999,052)
	-	**-**	**-**	-	**(100,999,052)**	**(100,999,052)**
Balance at 31 December 2021	**404,895,476**	**403,861,112**	**37,241,165**	**(1,388,944)**	**375,869,530**	**1,220,478,339**

	Stated Capital	Statutory Reserve Fund	Credit Risk Reserve	Income Surplus	Total
Balance at 1 January 2020	**404,895,476**	**257,666,887**	**13,520,423**	**112,189,680**	**788,272,466**
Profit for the year	-	-	-	269,330,806	269,330,806
Total comprehensive income	**-**	**-**	**-**	**269,330,806**	**269,330,806**
Transfers					
Transfer to credit risk reserve	-	-	2,724,402	(2,724,402)	-
Transfer to statutory reserve fund	-	67,332,702	-	(67,332,702)	-
Total Transfers	**-**	**67,332,702**	**2,724,402**	**(70,057,104)**	**-**
Transaction with shareholders					
Dividends paid	-	-	-	**(50,183,029)**	**(50,183,029)**
	-	-			
Balance at 31 December 2020	**404,895,476**	**324,999,589**	**16,244,825**	**261,280,353**	**1,007,420,243**

The notes on pages 30 to 124 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Ghana Cedis)

	Note	2021	2020
Cash flows from operating activities			
Profit for the year		**315,446,092**	269,330,806
Adjustments for:			
Depreciation and amortisation	22	**19,594,982**	18,677,071
Impairment on financial instruments	17(ii)	**15,259,860**	8,036,642
Profit on disposal of property and equipment	10	**(435,912)**	(94,293)
Write-off of item in capital work-in-progress	15	**7,000**	
Loss on derivative assets	19		10,386,516
Fair value (gains)/ loss on non-pledged trading asset	8	**(4,273,460)**	(37,032,879)
Foreign exchange gains	8	**2,301,245**	(20,843,000)
Net interest income	6	**(341,466,330)**	(285,909,263)
Income tax expense	14	**161,796,102**	115,656,298
Lease liability finance charges	30(ii)	**4,178,151**	3,884,552
		172,407,730	82,092,450
Change in:			
loans and advances	3.4.3	**(554,614,807)**	(495,758,173)
trading assets and investment securities		**117,474,285**	(10,238,525)
other assets	24	**(206,389,254)**	(133,493,252)
deposit from banks	15	**-**	(241,345,860)
deposits from customers	25	**729,966,801**	846,344,153
other liabilities	26	**22,659,155**	(2,416,419)
Interest received		**460,892,094**	367,084,866
Interest paid		**(140,043,186)**	(81,175,603)
Finance charges on lease liability paid	30(iii)	**(2,573,054)**	(3,097,506)
Cash generated from operations		**599,779,764**	327,996,131
Income tax paid	14	**(124,880,986)**	(87,201,172)
Financial sector recovery levy paid	14	**(17,677,125)**	-
National fiscal stabilisation levy paid	14	**(25,039,692)**	(17,246,343)
Net cash generated from operating activities		**432,181,961**	223,548,616
Cash flows from investing activities			
Purchase of property and equipment	20	**(31,498,307)**	(4,791,939)
Purchase of intangible assets	21	**(6,754,576)**	(538,816)
Proceeds from sale of property and equipment		**885,446**	98,309
Net cash used in investing activities		**(37,367,437)**	(5,232,446)
Cash flows from financing activities			
Lease liability payments	30(iii)	**(9,602,163)**	(2,581,816)
Dividends paid	29	**(100,999,052)**	(50,183,029)
Net cash (used in) financing activities		**(110,601,215)**	(52,764,845)
Net increase in cash and cash equivalents		**284,213,309**	165,551,325
Cash and cash equivalents at 1 January	15	**612,254,727**	429,625,177
Effect of exchange rate fluctuations	8	**(2,301,245)**	17,078,225
Cash and cash equivalents at end of period	15	**894,166,791**	612,254,727

The notes on pages 30 to 124 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

1. REPORTING ENTITY

Guaranty Trust Bank (Ghana) Limited (the Bank) is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is 25A Castle Road Ambassadorial Area, Ridge, PMB CT 416, Cantonments, Accra. The Bank is a subsidiary of Guaranty Trust Bank (Nigeria) Limited. The Company is licensed to operate as a bank with a universal banking license that allows it to undertake all banking and related services. The financial statements are the individual financial statements of the Bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied to all periods presented in these financial statements**.**

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

2.2 Basis of measurement

The financial statements are prepared under the historical cost convention except for the following assets and liabilities that are measured at their fair value:

- derivative financial instruments
- financial instruments at fair value through profit or loss
- financial instruments at fair value through OCI

The statement of comprehensive income presents income and expenses based on their nature while the statement of financial position presents assets and liabilities according to their order of liquidity.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.3 Changes in accounting policies and disclosures

(i) New standard effective from 1 January 2021

The following standards which became effective from 1 January 2021 do not have a material effect on the Bank's financial statements

a. COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:
- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lessees applying the practical expedient are required to disclose:
- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

The Bank does not anticipate any significant impact of this standard on its financial statements.

b. ***Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)***

IBOR reform will generally result in a change in the basis for determining the contractual cash flows of that financial asset or financial liability. As a practical expedient, a company will apply paragraph B5.4.5 of IFRS 9 to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by IBOR reform – i.e. update the effective interest rate of the financial asset or financial liability. For this purpose, a change is required by IBOR reform if the following conditions are met.

- The change is necessary as a direct consequence of the reform.
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change).

If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by IBOR reform and then other applicable requirements of IFRS 9.
An insurer applying IAS 39 will also apply amendments similar to the above. The amendments are applied for annual periods beginning on or after 1 January 2021 with earlier application permitted. It is not expected that this will impact the Bank significantly

(ii) **New and amended standards issued not yet adopted by the Bank**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these financial statements. Those which may be relevant to the Bank are set out below. The Bank does not plan to early adopt these Standards. The Bank is yet to assess the impact of the standards on the financial statements.

a. ***Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)***

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:
- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

c. *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of property, plant and equipment is available for use; and
- costs associated with making the item of property, plant and equipment available for its intended use.

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The Bank is yet to determine the impact of this standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d . Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendment has:

- updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and
- added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Bank is yet to determine the impact of this standard on its financial statements.

e. Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The Bank is yet to determine the impact of this standard on its financial statements.

f. *Definition of accounting estimates* **(Amendments to IAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank is yet to determine the impact of this standard on its financial statements.

g. Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

The Bank is yet to determine the impact of this standard on its financial statements.

h. Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Bank is yet to determine the impact of this standard on its financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance.

The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The Board has therefore extended the practical expedient by 12 months – i.e. permitting

lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The Bank is yet to determine the impact of this standard on its financial statements.

The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings

2.4 Foreign currency transactions

(i) Functional and presentation currency

The financial statements are presented in Ghana Cedi, which is the Bank's functional currency. Except as indicated, financial information presented in Ghana Cedi has been rounded to the nearest Ghana Cedi.

(ii) Transactions and balances

Foreign currency transactions, that is transactions denominated, or that require settlement in a foreign currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in profit or loss are presented net in the profit or loss within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as fair value through other comprehensive income, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.5 Interest income and expense

a. Effective interest rate

Interest income and expenses are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

b. Amortised cost and gross carrying amount

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

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c. Calculation of interest income and expenses

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

Whilst interest revenue is always required to be presented as a separate line item, it is calculated differently according to the status of the asset with regard to credit impairment.

For a financial asset that has not become credit impaired since initial recognition, interest revenue is calculated using a 'gross method' of applying the effective interest rate method to the gross carrying amount of the asset (i.e. its carrying amount excluding the loss allowance).

For a financial asset that subsequently has become credit-impaired, from the beginning of the next reporting period, interest revenue is calculated using a 'net method' of applying the effective interest rate to the net amortised cost balance (i.e. including the loss allowance).

d. Presentation

Interest income and expense presented in the income statement includes:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.
- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.6 Fees and commission income

Fees and commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. These fees are management fees on non-revolving credit facilities. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commissions whether from retail or corporate banking relate mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

Transaction-based charges comprising transfers (both local and foreign currencies), cards transactions among others are charged to customers' accounts when transactions take place. Maintenance charges are charged to customers on a monthly basis based on fixed rates reviewed annually by the Bank.

The Bank provides other services like custody services for which it receives income based on agreed timelines as detailed in the contract.
Revenue related to transactions is recognised at the point in time when the transaction takes place whereas those related to maintenance and other services are recognised over time as the services are provided.

2.7 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and it includes all fair value changes, dividends and foreign exchange differences.

2.8 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.

The line item includes fair value changes, interest, dividends and foreign exchange differences.

2.9 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of Net income from other financial instruments carried at fair value.

2.10 Leases

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the following based on whether the Bank is the Lessor or the Lessee:

This policy is applied to contracts entered into (or changed), on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.10.1 Bank acting as the lessee

At the commencement date, or on modification of a contract that contains a lease component, the Bank recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. The Bank subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications.

A re-measurement of the lease liability and right-of-use asset is required under the following circumstances:
- a change in future lease payments arising from a change in an index or rate;
- a change in the lease term (assessment of whether the Bank will exercise a purchase, extension or termination option);
- a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee;
- a revised in-substance fixed lease payment

The corresponding lease liabilities, where applicable, are included in other liabilities. The interest element of the lease liabilities is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets arising from such contracts as presented as part of the Bank's "Land, Building and Leasehold improvement" under Property, plant and equipment in the Statement of financial position, whereas associated depreciation is charged as part of depreciation of PPE in profit or loss.

Short term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.11.i Income tax

Income tax expense comprises current and deferred tax.
Income tax expense is recognised in profit or loss except to the extent that it relates to items that are charged or credited in other comprehensive income or recognised directly in equity. In these circumstances, deferred tax is charged or credit to other comprehensive income or to equity (for example, current tax on FVOCI).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.11i Income tax (continued)

The Bank evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial statements. The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i. Current income tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Income tax payable or receivable is calculated on the basis of the applicable tax law(s) in Ghana.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Where the Bank has tax losses that can be relieved only by carrying it forward against taxable profits of future periods, a deductible temporary difference arises.

ii. Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

However, the deferred income tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

2.11.ii Deferred income tax

- temporary differences related to investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax related to fair value re-measurement of FVOCI investments, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.11.ii Deferred income tax

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.12 Financial instruments

2.12.1 Recognition

The Bank on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. For non-revolving facilities, origination date is the date the facility is disbursed, origination date for revolving facilities is the date the line is availed, while origination date for credit card is the date the credit limit is availed on the card. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

2.12.2 Classification and Measurement of financial instruments

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments.

Financial assets are classified into one of the following measurement categories:
- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of assets in a portfolio is evaluated and reported to Bank heads and other key decision makers within the Bank's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the Bank's business lines' management that manages the assets; and
- the frequency and volume of sales in prior periods and expectations about future sales activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.12.2 Classification and Measurement of financial instruments (continued)

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling.
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Bank may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the financial year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
  - o Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
  - o Selling the financial asset to manage credit concentration risk (infrequent).
  - o Selling the financial assets as a result of changes in tax laws (infrequent).
  - o Other situations also depends upon the facts and circumstances which need to be judged by the management.

Cash flow characteristics assessment

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

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money.

1. Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business modelwhose objective is to hold for collection of contractual cash flows where those cash flowsrepresent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost using the effective interestmethod. Amortised cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortisation is included in Interest income in the profit or loss. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

2. Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Other Income in the profit or loss. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognized in the profit or loss. Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to Interest income in the profit or loss using the effective interest rate method. Impairment on financial assets measured at FVOCI is calculated using the expected credit loss approach.

3. Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the profit or loss as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in the profit or loss.

4. Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, any contract that evidences a residual interest in the issuer's net assets.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Other Income in the Statement of Comprehensive Income. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to profit or loss. Dividends received are recorded in other income in the profit or loss. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the profit or loss on sale of the security. Transaction cost on disposal of equity instruments is recognised as an expense in the income statement.

Financial liabilities are classified into one of the following measurement categories:
- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

5. Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in profit or loss and are reported as ‘Net gains/(losses) on financial instruments held at fair value through profit or loss’. Interest expenses on financial liabilities held for trading are included in ‘Interest expense’.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Other Income in the Statement of profit or loss, except for changes in fair value arising from changes in the Bank’s own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank’s own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

6. Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Cash and cash equivalents
Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks, balances held with other banks, adjusted for reconciling items, Money market placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

Non pledged trading assets and trading liabilities
Non pledged trading assets and trading liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

Loans and advances to banks and customers

These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt securities measured at amortised cost, these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

Derivative assets and liabilities

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Repossessed Collateral

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

Financial liabilities
The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

Deposits and debt securities issued

Deposits and debt securities issued are the Bank's sources of debt funding. When the Bank sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is not accounted for as a deposit.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.3 Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the Bank with different business models.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the retail business segment on 31 January 2018, the reclassification date will be 1 April, 2019 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31 January, 2018. Gains, losses or interest previously recognised are not restated when reclassification occurs.

2.12.4 Modifications of financial assets and financial liabilities

(i) Financial assets

The Bank sometimes modifies the contractual cashflows of loans to customers. Where the terms of a financial asset are modified via amendments to the loan agreements, the Bank evaluates whether the cash flows of the modified asset are substantially different from the original cashflows. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost of the original financial asset and the present value of the estimated future cashflows of the new asset is debited or credited to the customer's account.

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan include but not limited to:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency
- Extension of maturity dates will lead to modification and derecognition of existing loan and recognition of a new loan.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Bank shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. For example, contractual cashflows of loan to customers may also be modified due to blanket payment holidays imposed by law and regulations and effective automatically without amendments being made to the loan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.4 Modifications of financial assets and financial liabilities – continued

(i) Financial assets – continued

agreements. In this scenario, the bank revises the expected gross carrying amount by discounting the rescheduled payments at original effective interest rate and the resulting loss is recognized immediately in Other income in Profit or loss as a cumulative catch-up adjustment.

Fees that are considered in determining the fair value of modified financial asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset and form part of the effective interest on the modified financial asset while other fees are included in profit or loss as part of the gain or loss on derecognition.

Impairment assessment is performed on modified financial assets before modification.

(ii) Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

2.12.5 Impairment of financial assets

In line with IFRS 9, the Bank assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:
• Amortised cost financial assets;
• Debt securities classified as at FVOCI;
• Off-balance sheet loan commitments; and
• Financial guarantee contracts.

Equity instruments and financial assets measured at FVPL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

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

The Bank adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.5 Impairment of financial assets - continued

• Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
• Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

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

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The Bank obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’ and ‘stage 3’ exposures. PDs are limited to the maximum period of exposure required by IFRS 9. The Bank obtains 3 years forecast for the relevant macroeconomic variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.5 Impairment of financial assets - continued

To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

Forward-looking information

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

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

- The Bank uses internal subject matter experts from Risk, Treasury and Business Divisions to consider a range of relevant forward looking data, including macro-economic forecasts and assumptions, for the determination of unbiased general economic adjustments in order to support the calculation of ECLs.
- Macro-economic variables taken into consideration include, but are not limited to, unemployment, interest rates, gross domestic product, inflation, crude-oil prices and exchange rate, and requires an evaluation of both the current and forecast direction of the macro-economic cycle.
- Macro-economic variables considered have strong statistical relationships with the risk parameters (LGD, EAD, CCF and PD) used in the estimation of the ECLs, and are capable of predicting future conditions that are not captured within the base ECL calculations.
- Forward looking adjustments for both general macro-economic adjustments and more targeted at portfolio / industry levels. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Macroeconomic factors

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

The macroeconomic variables and economic forecasts as well as other key inputs are reviewed and approved by management before incorporated in the ECL model. Any subsequent changes to the forward looking information are also approved before such are inputted in the ECL model. The macro economic variables are obtained for 3 years in the future and are reassessed every 6 months to ensure that they reflect prevalent circumstances and are up to date.

Where there is a non-linear relationship, one forward-looking scenario is never sufficient as it may result in the estimation of a worst-case scenario or a best-case scenario. The Bank’s ECL methodology considers weighted average of multiple economic scenarios for the risk parameters (basically the forecast macroeconomic variables) in arriving at impairment figure for a particular reporting period. The model is structured in a manner that the final outcome, which is a probability cannot be negative.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.5 Impairment of financial assets - continued

Significant increase in credit risk (SICR) is assessed once there is an objective indicator of a deterioration in credit risk of customer. In addition, the Bank as part of its routine credit processes perform an assessment on a quarterly basis to identify instances of SICR.

Multiple forward-looking scenarios

The Bank determines allowance for credit losses using three probability-weighted forward-looking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Bank prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), The Ghana Statistical Service, World Bank, The Bank of Ghana, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Bank estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Bank adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty
based on the Bank's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau, etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.5 Impairment of financial assets - continued

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired. In addition, loans that are more than 90 days past due are considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.
- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position allowances for ECL on loans and debt instruments are presented in the statement of financial position as follows:
- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Financial assets measured at FVOCI: No loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in income surplus.
- Loan commitments and financial guarantee contracts: generally, as a provision; Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.5 Impairment of financial assets - continued

vi. Write-off

The Bank writes off an impaired financial asset (and the related impairment allowance),either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialed by the approving authority.

A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

vii. Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host—with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument. Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is measured at FVTPL.

viii. Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank’s trading activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.6 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio level adjustments – e.g. bid ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.12.7 Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. After initial recognition, guarantee contracts are subsequently measured at the higher of:

- The amount of the loss allowance, and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Financial guarantees, principally consisting of letters of credit are included within other liabilities. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Bank recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Pledged assets

Securities sold subject to repurchase agreements (‘repos’) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method. Securities lent to counterparties are also retained in the financial statements.

2.14 Property and equipment

Recognition and measurement

The Bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment as well as the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of using the item during a particular period.

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

The assets’ carrying values and useful lives are reviewed, and written down if appropriate, at each reporting date. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note on impairment of non-financial assets.

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 the 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 profit or loss as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

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

Leasehold improvements	over the shorter of the useful life of the item or lease term
Building	50 years
Leasehold land	over the remaining life of the lease
Equipment	5 years
Computer and accessories	3 years
Furniture and fittings	5 years
Motor vehicle	4 years

Leasehold improvements, building and leasehold land are all categorized as “Land, Building and Leasehold improvements”, Furniture and fittings and Equipment as “Furniture and equipment” in note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Property and equipment - continued

Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted if appropriate.

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Cost of leasehold land is amortised over the remaining life of the lease as stated in the certificate of occupancy issued by government.

Capital WIP
Property and equipment may be classified as work-in-progress if it is probable that future economic benefits will flow to the Bank and the cost can be measured reliably. Typically, these are items that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management.
Amounts held within work-in-progress that are substantially complete, in common with other property and equipment, are required to be assessed for impairment. Where asset lives are short (technological assets for example) and the assets are held as WIP for a significant period, impairment (through technological obsolescence) is more likely to occur. In such situations, if the assets are generic in nature and do not require significant modification to bring them into use, it would be more appropriate to hold the assets within property and equipment and depreciate them.
In general, assets should not be held in work in progress for a significant period unless it relates to a significant construction project (a building for example).

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

2.15 Intangible assets

Software

Software acquired by the Bank is measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Intangible assets - continued

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. Intangible assets not yet available for use are not amortised. They are tested for impairment annually irrespective of whether there is an indication of impairment.
The estimated useful life of software is five years for current and prior years. Amortisation methods, useful lives and residual values are re-assessed at each reporting date.

2.16 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets.

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

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

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

2.17 Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Bank recognizes no provision for future operating losses.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions - continued

(l) **Contingent liabilities**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

2.18 Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Bank pays contributions to publicly or privately administered Pension Fund Administrators (PFA) on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

a. Social Security
Under a national defined contribution pension scheme, the Bank contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. Obligations for contributions are recognised as an expense in profit or loss when they are due. The Bank's obligation is limited to the relevant contributions, which were settled on due dates. The pension liabilities and obligations, however, rest with SSNIT.

b. Provident Fund
The Bank has a provident fund scheme for staff under which it contributes 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on due dates to the Fund Manager.

2.19 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability 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.

2.20 Stated capital

Ordinary shares
Ordinary shares are classified as 'stated capital' in equity. Proceeds from issue of ordinary shares are classified as equity. Incremental costs that are directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instrument.

Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

2.21 Dividend on ordinary shares

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

2.22 Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:
- Those outflows of resources that are within the scope of other Standards (such as income taxes that are within the scope of IAS 12 Income Taxes); and
- Fines or other penalties that are imposed for breaches of the legislation

The Bank recognises a levy when the obligating event that gives rise to a liability as identified by the legislation, occurs. This triggers the obligation to pay the levy and recognise the expense for the period.

2.23 Stocks/ Stationery

Stocks include consumables and cards held for resale or subsequent issuance to customers. They are measured at lower of cost and net realizable value. Cost comprises of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realizable value is the estimated issuance price. When items of stocks are issued to customers, their carrying amount is recognized as an expense in the period in which the relevant revenue is recognized.

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction

The Bank's business involves taking on risk in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in the market, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.

3.2 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 Bank's Asset and Liability Management Committee (ALMAC) and Management Credit Committee and the Risk Management Unit, which are responsible for developing and monitoring risk management policies in their specified areas.

All Board Committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.2 Risk Management Framework - continued

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

3.3 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

COVID-19 considerations
IFRS 7 Financial Instruments: Disclosures requires disclosure of the nature and extent of risks arising from financial instruments and how the company manages those risks.

Regulatory changes

Banks, per COVID-19 induced regulatory directives, introduced changes to the way they did their businesses, which in turn impacted the credit risk that arose from the transactions that they entered into and the way they managed those risks. Banks changed the terms and conditions of the loans that they originated, changed their debt collection processes, received government guarantees in respect of its credit exposures among others (restructured timing and amounts of repayments), reduced provisions for loans in the "Other Loans Especially Mentioned" (OLEM) category from 10 percent to 5 percent for all banks and SDIs as a policy response to loans that may experience difficulty in repayments due to slowdown in economic activity. These impacted the qualitative considerations in impairment computation as well as the regulatory credit reserve of the banks.

Bank-specific changes

In line with the measures taken by the Regulator, The Bank also amended its regulatory loan provision requirement for OLEM category of loans from 10% to 5%.

Additionally, the Bank restructured the terms of loans of its customers impacted by the Covid-19 pandemic. Quantitatively, these modifications (mainly restructuring of terms) resulted in a modified loss of GHS 52,054 which was assessed as immaterial and therefore not recognised in the financial statement for the year ended 31 December 2021 (2020: GHS 168,909). No modifications were made for facilities that its loss allowance were measured at an amount equal to lifetime ECL.

3.3.1. Management of credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.3 Credit risk exposure (continued)

3.3.1. Management of credit risk (continued)

- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Heads. Larger facilities require approval by the Managing Director, Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.
- *Reviewing and assessing credit risk*. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Developing and maintaining the Bank's risk grading* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The current risk grading framework consists of six grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for approving the risk grades lies with the Board Credit Committee. The Risk grades are subject to regular reviews by the Risk Management unit of the Bank.
- *Reviewing compliance* of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Risk Management unit of the Bank on the credit quality of local portfolios and appropriate corrective action is taken.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the Bank in the management of credit risk. Each business unit is required to implement Bank's credit policies and procedures, with credit approval authorised by the Board Credit Committee. Each business unit with the responsibility of initiating credit has experienced credit managers who report on all credit related matters to local management of the Board Credit Committee and respond to issues at the Bank's Criticised Assets Committee (CAC). Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.
- *Regular review of business units and credit quality* are undertaken by internal audit function of the bank and the parent company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.3.2 Credit risk exposure

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.
The maximum exposure to credit risk before collateral held and other credit enhancements in respect of loans and advances to customers are:

	2021				
In thousands of Ghana Cedis	**Gross**	Stage 1	Stage 2	Stage 3	**Net**
Loans and advances to customer at amortised cost - Bankwide					
Grades 1–3: Low–fair risk	1,603,965	(4,577)			1,599,388
Grades 4: Watch list	25,216		(1,999)		23,217
Grade 5 & 6: Substandard, Doubtful & Loss	26,262			(1,226)	25,036
Total Amount	**1,655,443**	**(4,577)**	**(1,999)**	**(1,226)**	**1,647,641**
Investment securities at amortised cost					
Grades 1–3: Low–fair risk	1,013,537	-	-	-	1,013,537
Cash and cash equivalents					
Grades 1–3: Low–fair risk	894,167	-	-	-	894,167
Pledged assets					
Grades 1–3: Low–fair risk	160,121	-	-	-	160,121
Non-pledged trading securities					
Grades 1–3: Low–fair risk	764,426	-	-	-	764,426
Other assets					
Grades 1–3: Low–fair risk	408,619	-	-	-	408,619
Loan commitments					
Grades 1–3: Low–fair risk	61,054	(800)	-	-	60,254
Financial Guarantees and Letters of credit					
Grades 1–3: Low–fair risk	250,300	(596)	-	-	249,704

The gross loan book grew by 56% and this was mainly attributable to significant volumes of new loans advanced to corporate customers in the period (growth by 57%). This is attributable to the Bank's overall drive to boost its loans-to-deposit ratio. Whereas this growth in loan book increased stage 1 loss allowances by GHS4.8M some credit distress noted on both the existing and new loans accounted particularly for the increased lifetime ECL stock at year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

	2020				
In thousands of Ghana Cedis	**Gross**	Stage 1	Stage 2	Stage 3	**Net**
Loans and advances to customer at amortised cost - Bankwide					
Grades 1–3: Low–fair risk	998,425	(1,278)	-	-	997,147
Grades 4: Watch list	52,978	-	(2,049)	-	50,929
Grade 5 & 6: Substandard, Doubtful & Loss	10,414	-	-	(910)	9,504
Total Amount	**1,061,817**	**(1,278)**	**(2,049)**	**(910)**	**1,057,580**
Investment securities at amortised cost					
Grades 1–3: Low–fair risk	1,647,945	-	-	-	1,647,945
Non-pledged trading securities					
Grades 1–3: Low–fair risk	439,953				439,953
Cash and cash equivalents					
Grades 1–3: Low–fair risk	598,072	-	-	-	598,072
Other assets					
Grades 1–3: Low–fair risk	214,802	-	-	-	214,802
Loan commitments					
Grades 1–3: Low–fair risk	30,558	-	-	-	30,558
Financial Guarantees and Letters of credit					
Grades 1–3: Low–fair risk	100,157	(460)	-	-	99,697

Loan and advances increased significantly in 2020 due to new loans and advances disbursed to customers during the year. This growth which, resulted in the overall ECL increment at year end, was observed more on the retail portfolio which saw an ECL stock growth by 30%. Although a much higher portfolio growth was observed on the Corporate book, there was equally some significant loan settlements in this portfolio which resulted in a net ECL stock reduction of 11% in that portfolio. Further to this movements in the portfolio was some credit distress that was noted in both the existing and new loans which accounted particularly for the increased lifetime ECL stock at year end

No impairment has been recognised on investment securities because these are government securities denominated in cedis for which no credit losses have been incurred historically. Impairment on these is therefore assessed as not significant.

No impairment has been recognised on cash and cash equivalents as these are reputable and regulated banks with no history of credit losses. Impairment on these is therefore assessed as not significant.

No impairment has been recognised on other asset as these are mainly comprised of e-cash balances which are held in a control account and settlement within a month. Additionally, there has been no history of credit losses on these balances and therefore impairment has been assessed as insignificant.

Analysis of credit quality

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For lending commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

		2021					**2020**			
		Stage 1	**Stage 2**	**Stage 3**	**Total**		**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to at amortised cost										
Grade 1-3 Current: Low risk		1,603,964,936	-	-	1,603,964,936		998,424,344	-	-	998,424,344
Grade 4 OLEM: Fair risk		-	25,215,799	-	25,215,799		-	52,978,158	-	52,978,158
Grade 5 Substandard: Impaired		-	-	2,523,570	2,523,570		-	-	-	-
Grade 5 Doubtful: Impaired		-	-	-	-		-	-	5,601,414	5,601,414
Grade 6 Loss: Impaired		-	-	23,738,832	23,738,832		-	-	4,812,983	4,812,983
Gross amount		**1,603,964,936**	**25,215,799**	**26,262,402**	**1,655,443,137**		**998,424,344**	**52,978,158**	**10,414,397**	**1,061,816,899**
Loss allowance		(4,577,057)	(1,998,802)	(1,226,690)	(7,802,549)		(1,278,132)	(2,049,414)	(909,515)	(4,237,061)
Carrying amount		**1,599,387,879**	**25,215,799**	**26,262,402**	**1,647,640,588**		**997,146,212**	**50,928,744**	**9,504,882**	**1,057,579,838**

Balances with other Banks at amortised cost										
Grade 1-3 Current: Low risk		432,182,311	-	-	432,182,311		341,584,134	-	-	341,584,134
Grade 4 OLEM: Fair risk		-	-	-	-		-	-	-	-
Gross amount		**432,182,311**			**432,182,311**		**341,584,134**	**-**	**-**	**341,584,134**
Loss allowance							-	-	-	-
Carrying amount		**432,182,311**			**432,182,311**		**341,584,134**	**-**	**-**	**341,584,134**

Analysis of credit quality (cont'd)

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
In thousands of Ghana Cedis								
Lending commitments and Financial guarantee contracts								
Grade 1-3 Current: Low risk	311,354,939			311,354,939	130,715,893	-	-	130,715,893
Grade 4 OLEM: Fair risk					-	-	-	-
Gross amount	**311,354,939**			**311,354,939**	**130,715,893**	**-**	**-**	**130,715,893**
Loss allowance	(1,396,338)			(1,396,338)	(460,158)	-	-	(460,158)
Carrying amount	**309,958,601**			**309,958,601**	**130,255,736**	**-**	**-**	**130,255,736**

	2021				2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
In thousands of Ghana Cedis								
Debt securities at FVOCI: Non-pledged								
Grade 1-3 Current: Low risk	37,037,377			37,037,377	-	-	-	-
Debt securities at FVOCI: Pledged								
Grade 1-3 Current: Low risk	15,277,735			15,277,735	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

Credit risk exposures relating to off-balance sheet items are as follows:

	2021	2020
Concentration by product		
Bonds and Guarantees	**71,344,653**	31,841,277
Letters of Credit	**178,955,831**	68,316,437
	250,300,484	100,157,715
Less: impairment	**(596,759)**	(337,504)
	249,703,725	**99,820,211**
Undrawn loan commitment	**61,054,455**	30,558,179
Less: impairment	**(799,579)**	(122,654)
	309,958,601	130,255,736

Key ratios on loans and advances

The total loans loss provision made by the bank constitutes 0.47% (2021: 0.40%) of the gross loans.

As at the reporting date, gross non-performing loans classified under the Bank of Ghana Prudential Guideline constitute 1.59% (2020: 0.98%) of total gross loans and advances.

The total non-performing loans and advances amounts to GH¢26.3 million (2020: GH¢10.4 million) and the gross loan book was GH¢1.655 billion at 31 December 2021 (2020: GH¢1.062 billion).

The fifty largest loan and advances exposure (gross) to total exposure is 81.79% (2020: 89.11%).

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These loans are graded 5 to 6 in the Bank's internal credit risk grading system.

Past due but not impaired loans and advances

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank. These loans are graded 4 in the Bank's internal credit risk grading system.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

Write-off policy

The Bank writes off a loan/security balance (and any related allowances for impairment losses) in line with Section 75(3) and 92(2)ii of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). The Bank's Credit Committee determines the loans/securities that are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status. As at 31 December 2021, the Bank had no write-off (2020: GH¢7,576,050) in line with Section 75(3) and 92(2)ii of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). These amounts are still subject to enforcement activities.

Other types of collateral and credit enhancements

In addition to the above, the Bank holds other types of collateral and credit enhancements, such as second charges and floating charges for which specific values are not generally available.

During the period, there was no change in the Bank's collateral policies.

Collateral on impaired exposures

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating over all corporate assets and other liens and guarantees. Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is performed at the time of borrowing. For exposures that subsequently become impaired, collaterals are revalued after every three (3) years.

Collateral is not normally held for loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2021 (2020: nil). Collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

Credit collateral
Details of financial and non-financial assets as collaterals held by the Bank for the year ended 31 December 2021 as security against loans and advances under IFRS 9 for 2021 are shown below.

	2021	2020
Against stage 1 loans and advances		
Property	**3,171,773,256**	715,068,600
Equities	**-**	-
Cash	**2,817,369,952**	566,341,718
Guarantees	**4,871**	375,432
Others (letters of comfort etc)	**12,276,485**	567,273,461
Total	**6,001,424,564**	1,849,059,211
Against stage 2 loans and advances		
Property	**99,079,396**	43,554,896
Cash	**1,390,059**	3,587,773
Guarantees	**7,381**	**-**
Others (letters of comfort etc)	**24,373**	35,362
Total	**100,501,209**	47,178,031
Against stage 3 loans and advances		
Property	**161,762,100**	94,185,135
Total	**161,762,100**	94,185,135
Grand total	**6,263,687,873**	1,990,422,377

Assets obtained by taking possession of collateral

The Bank’s policy is to pursue timely realisation of all repossessed collateral in an orderly manner. The Bank does not generally use the non-cash collateral for its own operations. Where the repossessed collaterals are of nature which can be used in the Bank’s operations, they are obtained at market values through auction or by mutual consent of both parties. Where repossessed collaterals are sold, proceeds from their sale are used to reduce related outstanding indebtedness. They are normally sold within two years.

The Bank did not hold any financial and non-financial assets resulting from taking possession of collaterals held as security against loans and advances at the reporting date.

Offsetting financial assets and financial liabilities

The Bank did not hold any financial assets and financial liabilities that are off-set in the statement of financial position at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

Credit concentration
The Bank monitors concentrations of credit risk by product, by industry and by customer.
An analysis of concentrations of credit risk in respect of loans and advances at the reporting date is shown below:

	2021	2020
Carrying amount	**1,647,640,588**	1,057,579,838
Concentration by product		
Overdraft	**190,540,048**	236,499,985
Term loan	**1,464,903,089**	825,316,914
Gross	**1,655,443,137**	1,061,816,899
Less: impairment	**(7,802,549)**	(4,237,061)
Net	**1,647,640,588**	1,057,579,838
Concentration by industry		
Manufacturing	**215,076,489**	189,092,108
Construction	**137,372,716**	130,429,589
Electricity, gas and water	**80,913,214**	48,862,405
Commerce and finance	**85,151,796**	91,474,661
Transport, storage and communication	**189,997,294**	205,484,133
Services	**866,296,334**	337,108,872
Miscellaneous	**80,635,294**	59,365,131
Gross	**1,655,443,137**	1,061,816,899
Less: impairment	**(7,802,549)**	(4,237,061)
Net	**1,647,640,588**	1,057,579,838
Concentration by customer		
Individuals	**80,635,294**	59,365,131
Public sector institutions and enterprises	**204,796,242**	171,391,082
Private enterprises	**1,370,011,601**	831,060,686
Gross	**1,655,443,137**	1,061,816,899
Less: impairment	**(7,802,549)**	(4,237,061)
Net	**1,647,640,588**	1,057,579,838

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.2 Credit risk exposure (continued)

Credit concentration (continued)
Concentration by industry for loans and advances are measured based on the industry in which customer operates. Where the nature of business operation of a client cannot be clearly identified, it is classified as miscellaneous.

At 31 December 2021, the gross staff loans amount to GH¢8.3 million (2020: GH¢7.4 million) comprising various types of loans granted to staff at concessionary rates.

Investments securities
Investment securities amounting to GH¢1.013 billion (2020: GH¢1.65 billion) are held in Government of Ghana Treasury Bills and bonds.

Non-pledged trading securities
Investment securities amounting to GH¢764.4 million (2020: GH¢439.6 million) are held in Government of Ghana Treasury Bills and bonds.

Due from banks and other financial institutions
Amount due from local banks of GH¢653,884 (2020: GH¢529,499) and foreign banks of GH¢432.2 million (2020: GH¢341.1 million) are held with correspondant banks and financial institutions and therefore impairments on these are not considered significant. These amounts are with regulated reputable institutions. The amounts due from banks and other financial institutions set out in Note 15 represent the maximum credit risk exposure of the Bank by holding these placements.

3.3.3 Amount arising from ECL

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit risk grades
The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Credit risk grades (continued)
Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Risk grading
A risk rating is a grade given to a loan (or group of loans), reflecting its quality. The ratings are either stated in numbers or as a description from one (1) to six (6).
The bank's internal rating scale is as follows:

Description	Ratings	Characteristics of Credits
Superior Credits	1	They are credits (low-fair risk) that have overwhelming capacity to repay obligations. The business has adequate cash flow and high-quality revenue from continuing business. It has strong equity when related to the quality of its assets with track record of at least consistent profit for three (3) years. Full cash collateralised credits are classified as Superior Credits.
Above average Credits	2	These have majority of attributes of superior credits (low-fair risk) but may have weaknesses in not more than two of the characteristics of superior credits. These weaknesses should not impair repayment capacity of the borrower.
Acceptable Credits	3	Acceptable Credits have most of the attributes of Above Average Credits but may have one or more of the following weaknesses which if not closely managed could impair repayment capacity of the borrower: Low capitalisation and equity base, short track record, low market share, price control on its products and highly cyclical demand.
Watch-list Credits/ Other Loans Exceptionally Mentioned (OLEM)	4	This category applies to existing credits that have shown signs of deterioration because they have well-defined weaknesses which could affect the ability of the borrower to repay. Immediate corrective actions are set in motion to avoid complete loss.
Substandard and Doubtful	5	This rate is applied where a strong doubt exists that full repayment of principal and interest will occur. The exact extent of the potential loss is not however certain at the time of classification. Some attributes are interest and principal past due for 90 days or more, borrower has recorded losses consistently for 2 years, borrowers net worth is grossly eroded due to major business failure or disaster and security offered has deteriorated.
Bad and Lost	6	This applies when all or part of the outstanding loans are uncollectible based on present conditions. Attributes are principal and interest overdue and unpaid for more than 180 days, legal processes do not guarantee full recovery of outstanding debt, clients request for a waiver of part of interest accrued has been granted, borrower is under receivership or in the process of liquidation, borrower has absconded and or documentation is shoddy or incomplete to pursue recovery through legal means.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures	Retail exposures	All exposures
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	• Internally collected data on customer behaviour – e.g. utilisation of credit card facilities • Affordability metrics	• Payment record– this includes overdue status as well as a range of variables about payment ratios • Utilisation of the granted limit • Requests for and granting of forbearance • Existing and forecast changes in business, financial and economic conditions
• Data from credit reference agencies, press articles, changes in external credit ratings		• Existing and forecast changes in business, financial and economic conditions
• Quoted bond and credit default swap (CDS) prices for the borrower where available • Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by economic sectors by type of product and borrower as well as by credit risk grading.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Asset and Liability Management Committee (ALMAC) and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Bank then uses these forecasts to adjust its estimates of PDs.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties referred to as 'forbearance activities' to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank's Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired or in default. A customer needs to demonstrate consistently good payment behaviour over a regulatory maximum of six (6) months before the exposure is no longer considered to be credit-impaired or in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

The Bank considers a financial asset to be in default when:

i. the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
ii. the borrower is past due more than 90 days on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Bank considers indicators that are:

i. qualitative – e.g. breaches of covenant;
ii. quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
iii. based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Bank's Market Risk Unit and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and Bank of Ghana and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used as at 31 December 2021 included the following ranges of key indicators for Ghana for the years ending 31 December 2021 and 2020.

	2021	2020
US Exchange rate	Base 12% Range between 10% and 40%	Base 13% Range between 10% and 40%
Interest rates	Base 3% Range between 20% and 30%	Base 4% Range between 20% and 30%

Predicted forward looking macro-economic scenarios have been considered for all portfolios held by the bank.

The bank has assumed a 100% weighting for each macroeconomic scenarios considered in their ECL.

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management do not perform sensitivity analysis on the ECL recognised on its assets since each scenario is weighted 100% instead of applying scenario probability weights across the three scenarios.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

(i) Probability of default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated repayment rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Incorporation of forward-looking information (continued)

Measurement of ECL (continued)

(ii) Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Loss Given Default represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type of exposure and seniority of claim and availability of collateral or other credit support.

(iii) Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as undrawn portion of overdrafts are considered for impairment. These include estimates based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristic that include instrument type; credit risk grading; collateral type; Loan -To-Value ratio (LTV) for mortgages; date of initial recognition; remaining term to maturity; industry; and geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Bank has limited historical data, Bank of Ghana guidelines as well as external benchmark information is used to supplement the internally available data.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3.3.2i:

		2021		
In thousands of Ghana Cedis	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Loans and advances to customer at amortised cost – corporate customers				
Balance at 1 January	164	2,049	782	2,995
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3		(445)	445	-
Net remeasurement of loss allowance	(1,767)	(556)	(766)	(3,089)
New financial assets originated, purchased or reclassified	5,200	-	-	5,200
Write-offs	-	-	-	-
Balance at 31 December	**3,597**	**1,048**	**461**	**5,106**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

		2020		
In thousands of Ghana Cedis	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Loans and advances to customer at amortised cost – corporate customers				
Balance at 1 January 2020	1,613	975	782	3,370
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(17)	17	-
Net remeasurement of loss allowance	(1,449)	1,091	7,559	7,201
New financial assets originated, purchased or reclassified	-	-	-	-
Write-offs	-	-	(7,576)	(7,576)
Balance at 31 December 2020	**164**	**2,049**	**782**	**2,995**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

	2021			
In thousands of Ghana Cedis	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Loans and advances to customer at amortised cost – retail customers				
Balance at 1 January	1,114	-	128	1,242
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3	-	(126)	126	-
Net remeasurement of loss allowance	(143)	1,077	512	1,446
New financial assets originated, purchased or reclassified	9	-	-	9
Write-offs				
Balance at 31 December	**980**	**951**	**766**	**2,697**

The loss allowance in these tables below includes ECL on loan commitments for certain retail products such as credit cards and overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

	2020			
	Stage 1	**Stage 2**	**Stage3**	**Total**
In thousands of Ghana Cedis				
Loans and advances to customer at amortised cost – retail customers				
Balance at 1 January 2020	11	718	-	729
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(25)	25	-
Net remeasurement of loss allowance	1,103	(693)	103	513
New financial assets originated, purchased or reclassified	-	-	-	-
Write-offs	-	-	-	-
Balance at 31 December 2020	**1,114**	**-**	**128**	**1,242**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

		2021		
In thousands of Ghana Cedis	**Stage 1**	**Stage 2**	**Stage3**	**Total**
Loans and advances to customer at amortised cost – Bankwide				
Balance at 1 January	1,278	2,049	910	4,237
Transfer to Stage 1				
Transfer to Stage 2				
Transfer to Stage 3		(571)	571	-
Net remeasurement of loss allowance	(1,910)	521	(254)	(1,643)
New financial assets originated, purchased or reclassified	5,209	-	-	5,209
Write-offs			-	-
Balance at 31 December	**4,577**	**1,999**	**1,227**	**7,803**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

(iii) Exposure at default (EAD) (continued)

	2020			
	Stage 1	**Stage 2**	**Stage3**	**Total**
In thousands of Ghana Cedis				
Loans and advances to customer at amortised cost – Bankwide				
Balance at 1 January 2020	1,624	1,693	782	4,099
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(42)	42	-
Net remeasurement of loss allowance	(346)	398	7,662	7,714
New financial assets originated, purchased or reclassified	-	-	-	-
Write-offs	-	-	(7,576)	(7,576)
Balance at 31 December 2020	**1,278**	**2,049**	**910**	**4,237**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Loans and investment debt securities that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at FVTPL. There were no loans and advances from Banks as at December 2021.

Exposure estimate for off-balance sheet items

CCF for loan commitments and financial guarantees
The modelling approach for credit conversion factor (CCF)/utilisation rate reflects expected changes in the utilisation of the undrawn amount over the lifetime of the loan commitment that are permitted by the current contractual terms. The model also considers the bank's credit mitigation policies applied during period of increased credit risk for the undrawn commitment.

The modelling of CCF on loan commitments needs to be consistent with the expectations of drawdowns on that loan commitment. It should consider the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses.

It should consider the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment when estimating lifetime expected credit losses.

CCF translates an off-balance sheet exposure to its credit exposure equivalent. It is the percentage of undrawn credit lines (UCL) which has not been paid out but can be utilised by the borrower until the point of default.

The following percentages were used in converting the notional amount of the transaction using a credit conversion factor (CCF) into an on-balance sheet credit equivalent amounts (CEA), direct Credit Substitutes-100%, Performance-Related Contingencies-50%, Trade-Related Contingencies-20%, and Commitment with certain Drawdowns-100%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Exposure estimate for off-balance sheet items

The table below shows the movement in off balance sheet items upon which the CCF was used to determine the impairment on off balance sheet items.

In thousands of Ghana Cedis	**2021**	2020
Impairment on off-balance sheet items		
Balance at 1 January	**460**	138
Net re-measurement of loss allowance	**936**	322
Balance at 31 December	**1,396**	460

In thousands of Ghana Cedis	**2021**	2020
Loan commitments and financial guarantee contracts (Net exposure)		
Balance at 1 January	**130,356**	158,814
Net re-measurement of loss allowance	**(936)**	(322)
New financial assets	**180,539**	(28,236)
Balance at 31 December	**309,959**	130,256

The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instruments; and
- the 'impairment losses on financial instruments' line item in the statement of comprehensive income.

In thousands of Ghana Cedis	**Loans and advances to customers at amortised cost**	**Letters of credit, undrawn commitments and guarantee**	**Total**
2021			
Net remeasurement of loss allowance	3,565	936	4,501
Recoveries of amounts previously written off	(434)	-	(434)
	3,131	936	4,067
2020			
Net remeasurement of loss allowance	7,714	322	8,036
Recoveries of amounts previously written off	(184)	-	(184)
	7,530	322	7,852

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3.3 Amount arising from ECL (continued)

Impaired loans and advances.

The following table sets out a reconciliation of changes in the net carrying amount of credit-impaired loans and advances to customers:

In thousands of Ghana Cedis

	2021	2020
Credit-impaired loans and advances to customers at 1 January	**9,504**	14,465
Change in allowance for impairment	**(317)**	(128)
Classified as credit-impaired	**15,849**	3,813
Net repayments	**-**	(1,070)
Write off		(7,576)
Balance at 31 December	**25,036**	9,504

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

COVID-19 considerations
IFRS 7 requires disclosure of quantitative data about liquidity risk arising from financial instruments. The Bank of Ghana has reverted to 10% from an 8% cash reserve requirement. The Bank managed its liquid assets accordingly to stay within regulatory liquidity limits.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank. The liquidity requirements of business units are met through short-term loans and investments from Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The Bank maintains liquidity limits imposed by the regulator, Bank of Ghana. The overall liquidity is within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets.

The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset and Liabilities Management Committee (ALMAC). Daily reports on the liquidity position of the bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALMAC on monthly basis.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the composition of net liquid assets to deposits from customers (liquid ratio). For this purpose, net liquid assets comprise cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market less any deposits from banks. The Bank also uses gap analysis to determine the liquidity position of the bank and where necessary, recommend remedial action.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Liquidity risk (continued)

Exposure to liquidity risk (continued)

The Bank's liquid ratio determined by the total deposit liabilities covered by the total liquid assets is set out below.

	2021	2020
Liquid assets		
Cash on hand	167,395,480	72,858,238
Balance with banks	212,943,678	111,172,070
Due from bank of Ghana	294,589,000	183,630,296
Placements with banks	219,238,633	230,412,064
Treasury bills and notes maturing 1 year	256,487,823	1,263,028,647
Government bonds maturing in 1 year	1,083,078,700	61,938,161
Total liquid assets	**2,233,733,314**	**1,923,039,476**
Deposits		
Demand	2,480,607,316	2,070,880,049
Savings	434,522,324	368,563,276
Time/Term	645,269,646	386,503,492
Security deposits	165,027,439	169,446,551
Total deposit liabilities	**3,725,426,725**	**2,995,393,368**
Liquid ratio	**60.60%**	**64.20%**

The Bank's ratio of net liquid assets to deposits at 31 December 2020 and during the reporting period then ended are as follows:

	2021	2020
	%	%
At 31 December	**60.60%**	**64.20%**
Average for the period	**62.71%**	**83.27%**
Maximum for the period	**70.16%**	**96.14%**
Minimum for the period	**58.03%**	**64.20%**

Assets used in managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with central banks, due from other banks and investments securities including Government bonds and securities that are readily acceptable in repurchase agreements with the central bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Liquidity risk (continued)

Maturity analysis for financial liabilities and financial assets
The table below presents the cash flows payable by the Bank under non derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow.

	Carrying amount	0 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years
At 31 December 2021						
Financial liability by type						
Deposits from customers	3,725,426,725	3,640,982,832	65,814,111	14,559,888	4,069,894	-
Other Liabilities	37,412,603	37,412,603	-	-	-	-
Lease liability	321,527,493	6,288,083	6,288,083	11,968,220	106,984,570	189,998,537
Total Liabilities	**4,084,366,821**	**3,684,683,518**	**72,102,194**	**26,528,108**	**111,054,464**	**189,998,537**
Financial assets by type						
Cash and bank balances	461,984,480	461,984,480	-	-	-	-
Non-pledged trading assets	764,425,815	764,425,815	-	-	-	-
Pledged assets	160,120,902	-	64,115,000	-	96,005,902	-
Due from banks and other financial institutions	432,182,311	432,182,311	-	-	-	-
Loans and advances	1,647,640,588	356,770,554	57,309,832	131,942,650	1,007,869,462	93,748,090
Investment securities	1,013,536,734	52,055,823	329,060,547	129,909,338	502,486,966	24,060
Other assets	408,618,728	408,618,728	-	-	-	
Total Assets	**4,888,509,558**	**2,476,037,711**	**450,485,379**	**261,851,988**	**1,606,362,330**	**93,772,150**
Liquidity Excess/(gap)	**804,142,737**	**(1,208,645,807)**	**378,383,185**	**235,323,880**	**1,495,307,866**	**(96,226,387)**
Financial guarantees	71,344,653	3,949,252	42,147,352	17,228,889	8,019,160	-
Letters of Credit	178,955,830	97,429,201	22,031,015	49,259,269	10,236,345	-
Loan commitment	61,054,455	37,065,072	6,482,673	14,494,644	3,012,066	-
Total	**311,354,938**	**138,443,525**	**70,661,040**	**80,982,803**	**21,267,571**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.4 Liquidity risk (ccontinued)

The table below shows the undiscounted cash flows on the Bank's financial liabilities and on the basis of their earliest possible contractual maturity.

	Carrying amount	0 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years
At 31 December 2020						
Financial liability by type						
Deposits from customers	2,995,393,369	2,882,605,890	67,237,047	45,550,432	-	-
Other Liabilities	23,731,219	23,731,219	-	-	-	-
Lease liability	96,452,088	-	-	5,833,527.53	90,618,560	-
Total Liabilities	**3,115,576,676**	**2,906,337,109**	**67,237,047**	**51,383,960**	**90,618,560**	**-**
Financial assets by type						
Cash and bank balances	256,488,535	256,488,535	-	-	-	-
Non-pledged trading assets	439,593,290	439,593,290	-	-	-	-
Due from banks and other financial institutions	341,584,134	341,584,134	-	-	-	-
Loans and advances	1,057,579,839	117,409,816	252,070,128	174,783,490	419,672,000	93,644,405
Investment securities	1,647,944,650	546,526,749	336,891,486	1,955,283	697,932,000	64,639,132
Other assets	214,802,380	214,802,380	-	-	-	-
Total Assets	**3,957,992,828**	**1,916,404,904**	**588,961,614**	**176,738,773**	**1,117,604,000**	**158,283,537**
Liquidity Excess/(gap)	**842,416,152**	**(989,932,205)**	**521,724,567**	**125,354,813**	**1,026,985,440**	**158,283,537**
Financial guarantees	31,841,277	11,630,875	17,397,219	2,058,922	754,261	-
Letters of Credit	68,316,437	52,351,301	14,328,570	1,636,566	-	-
Loan commitment	30,558,179	2,870,887	16,609,243	10,262,557	815,493	-
Total	**130,715,893**	**66,853,063**	**48,335,032**	**13,958,045**	**1,569,754**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

Maturity analysis for financial liabilities and financial assets (continued)
The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
• Non-derivative financial liabilities and financial assets	• Undiscounted cash flows,
• Issued financial guarantee contracts, and unrecognised loan commitments	• Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- demand deposits from customers are expected to remain table or increase;
- unrecognised loan commitments are not all expected to be drawn down immediately

Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with the Bank of Ghana;
- Government bonds and other securities that are readily acceptable in repurchase agreements with the Bank of Ghana; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Bank are trading portfolios.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks

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

COVID-19 considerations
IFRS 7 requires disclosure of quantitative data about market risk arising from financial instruments. The Bank's market risk increased slightly as an outcome of various management steps taken in response to COVID 19 economic interventions and interruptions. The Bank held a lot of long duration bonds with higher yields to offset the effect of general decrease in yield, thus increasing interest rate risk. Additionally, the Bank held high net positions in foreign currency to benefit from currency appreciations, which subsequently increased the Bank's market risk arising from foreign exchange exposure.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

31 December 2021	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios.**
Assets subject to market risk			
Cash and cash equivalents	894,166,791	-	894,166,791
Non-pledge trading assets	764,425,815	764,425,815	-
Pledged assets	160,120,902	88,217,828	71,903,074
Loans and advances to customers	1,647,640,588	-	1,647,640,588
Investment securities	1,013,536,734	-	1,013,536 ,734
Total	**4,479,890,830**	**852,643,643**	**3,627,247,187**
Liabilities subject to market risk			
Non-pledge trading liabilities			
Deposits from customers	3,725,426,725		3,725,426,725
Total	**3,725,426,725**		**3,725,426,725**
31 December 2020			
Assets subject to market risk			
Cash and cash equivalents	230,412,064	-	230,412,064
Non-pledge trading assets	439,593,290	439,593,290	-
Loans and advances to customers	1,057,579,839	-	1,057,579,839
Investment securities	1,647,944,650	-	1,647,944,650
Total	**3,375,529,843**	**439,593,290**	**2,935,936,553**
Liabilities subject to market risk			
Non-pledge trading liabilities	-	-	-
Deposits from customers	2,995,393,369	-	2,995,393,369
Total	**2,995,393,369**	**-**	**2,995,393,369**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks (continued)

Management of market risks

The Bank separates its exposure to market risk between trading and non-trading portfolios, foreign exchange risk within the Bank are monitored by the Risk Management Group. Accordingly, the foreign exchange position is treated as part of the Bank's trading portfolios for risk management purposes.

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

3.5.1 Interest rate risk

The principal risk to which the bank is exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The ALMAC is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Bank's exposure to interest rate risk on both trading and non-trading portfolios is as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks (continued)

3.5.1 Interest rate risk (continued)

At 31 December 2021	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years
Cash and bank balance	674,928,158	674,928,158	-	-	-	-
Due from other bank and other financial inst.s	219,238,633	219,238,633	-	-	-	-
Investment securities and trading assets	1,938,083,451	816,481,638	393,175,547	129,909,338	598,492,868	24,060
Loans and advances to customers	1,647,640,588	356,770,593	57,309,832	131,942,650	1,007,869,462	93,748,051
Other assets	391,255,809	391,255,809				
Total financial assets	**4,871,146,639**	**2,458,674,831**	**450,485,379**	**261,851,988**	**1,606,362,330**	**93,772,111**
Deposits from customers	3,725,426,725	3,640,982,832	65,814,111	14,559,888	4,069,894	-
Other liabilities	2,241,865	2,241,865	-	-	-	-
Total financial liabilities	**3,727,668,590**	**3,643,224,697**	**65,814,111**	**14,559,888**	**4,069,894**	-
Total interest repricing excess/(gap)	**1,143,478,049**	**(1,184,549,866)**	**384,671,268**	**247,292,099**	**1,602,292,436**	**93,772,111**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks

3.5.1 Interest rate risk (continued)

At 31 December 2020	Total	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years
Cash and bank balance	256,488,535	256,488,535	-	-	-	-
Due from other bank and other financial inst.s	341,584,134	341,584,134	-	-	-	-
Investment securities and trading assets	2,087,537,941	14,182,058	844,437,868	34,592,172	120,038,527	1,074,287,316
Loans and advances to customers	1,057,579,839	117,409,816	252,070,128	174,783,490	57,023,467	456,292,938
Other assets	210,479,811	210,479,811				
Total financial assets	**3,953,670,260**	**940,144,354**	**1,096,507,996**	**209,375,662**	**177,061,994**	**1,530,580,254**
Deposits from customers	2,995,393,368	2,835,166,067	101,416,610	58,810,691	-	-
Other liabilities	1,786,231	1,786,231	-	-	-	-
Total financial liabilities	**2,997,179,600**	**2,836,952,298**	**101,416,610**	**58,810,692**	**-**	**-**
Total interest repricing excess/(gap)	**956,490,660**	**(1,896,807,944)**	**995,091,386**	**150,564,970**	**177,061,994**	**1,530,580,254**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks (continued)

3.5.1 Interest rate risk (continued)

Sensitivity analysis
An increase of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

Sensitivity analysis of interest rate risks increase/decrease of 100 basis points in net interest margin

	December 2021	December 2020
Interest income impact	**4,751,525**	3,670,849
Interest expense impact	**(1,401,097)**	(811,756)
Net impact on profit before tax	**3,350,427**	2,859,093

A decrease of a 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

3.5.2 Foreign exchange risk

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

The Bank applied the Bank of Ghana mid-rates indicated below to translate balances denominated in foreign currencies to Ghana cedi as at 31 December 2021:

	2021	2020
USD	**6.0061**	5.7602
GBP	**8.1272**	7.8742
EUR	**6.8271**	7.0643

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks (continued)

3.5.2 Foreign exchange risk (continued)

The table below summarises the Bank's exposure to foreign exchange risk at 31 December 2021. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency:

At 31 December 2021	USD	GBP	EUR	CNY	NAIRA	Total
Assets						
Cash and bank balances	241,560,385	38,298,549	56,944,161	296,368	48,867	337,148,330
Due from banks	219,238,633	-	-	-	-	219,238,633
Investment securities and trading assets	500,574,793	-	-	-	-	500,574,793
Loans and advances to customers	151,915,292	103	746	-	-	151,916,141
Other assets	26,069,446	5,603	1,292,621	4,225	-	27,371,895
Total financial assets	**1,139,358,548**	**38,304,255**	**58,237,528**	**300,593**	**48,867**	**1,236,249,792**
Liabilities						
Deposits from customers	988,078,237	36,359,133	57,803,053	86,058		1,082,326,481
Other liabilities	153,204,065	1,672,188	298,396	-	-	155,174,649
Total financial liabilities	**1,141,282,302**	**38,031,321**	**58,101,449**	**86,058**	**-**	**1,237,501,130**
Net on-balance sheet financial position	**(1,923,754)**	**272,934**	**136,079**	**214,535**	**48,867**	**(1,251,339)**
Credit commitments	**178,221,266**	**-**	**1,353,193**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5 Market risks (continued)

3.5.2 Foreign exchange risk (continued)

At 31 December 2020	USD	GBP	EUR	CNY	NAIRA	Total
Assets						
Cash and bank balances	43,155,052	27,063,475	3,115,149	220,600	-	73,554,276
Due from banks	293,539,649	4,395,918	43,022,460	46,215	50,197	341,054,439
Investment securities and trading assets	216,502,418	-	-	-	-	216,502,418
Loans and advances to customers	106,639,380	96	226	-	-	106,639,702
Other assets	-	-	-	-	-	-
Total financial assets	**659,836,499**	**31,459,489**	**46,137,835**	**266,815**	**50,197**	**737,750,835**
Liabilities						
Deposits from customers	726,503,509	27,921,162	45,720,203	70,928	-	800,215,802
Other liabilities	1,523,333	48,171	372,891	-	-	1,944,395
Total financial liabilities	**728,026,842**	**27,969,333**	**46,093,094**	**70,928**	**-**	**802,160,197**
Net on-balance sheet financial position	**(68,190,343)**	**3,490,156**	**44,741**	**195,887**	**50,197**	**(64,409,362)**
Credit commitments	**62,249,122**	**-**	**6,067,316**	**-**	**-**	**68,316,438**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.5.2 Foreign exchange risk (continued)

Sensitivity analysis

A 5% strengthening of the cedi against foreign currencies at 31 December 2021 would have increased equity and profit/(loss) by GH¢ 62,567 (December 2020: GH¢ 275,535).

A 5% weakening of the Ghana cedi against foreign currencies at 31 December 2021 would have had the equal but opposite effect on the amount shown above.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

3.6 Operational Risk

Operational risk refers to the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology, infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the bank's operations. The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- The Bank ensures the segregation of duties, including the independent authorization of transactions.
- There is periodic reconciliation and monitoring of transactions
- Consistent Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- 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 for staff of the Bank
- Ethical and business standards

3.6 Capital management

Regulatory capital

The Bank's regulator, the Bank of Ghana sets and monitors capital requirements for the Bank as a whole. In implementing current capital requirements, the Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.6 Capital management (continued)

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

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after-tax profit, income surplus and general statutory reserves.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital.

Banking operations are categorised mainly as 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 has complied with all externally imposed capital requirements.

Capital adequacy ratio
The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Bank of Ghana regulations, a minimum ratio of 10% is to be maintained. However, the new capital requirement directive requires that the Bank maintains an additional conservation buffer of 3%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3.6 Capital management (continued)

Capital adequacy ratio (continued)

	2021	2020
Tier 1 capital		
Ordinary issued shares	404,895,476	404,895,476
Disclosed reserves (excluding credit risk reserve)	779,730,647	586,279,947
Shareholders' fund	1,184,626,123	991,175,423
Less:		
Intangible and deferred assets as per Bank of Ghana guideline	9,249,102	3,603,518
Prepayment	13,524,750	6,617,911
Fair value loss for hold-collect-and-sell securities	1,851,926	-
Deferred tax on loans	2,299,720	1,174,306
Total qualifying tier 1 capital	**1,157,700,625**	979,779,688
Tier 2 capital		
Fair value reserve for hold-collect-and-sell securities	**-**	-
Total qualifying tier 2 capital	**-**	-
Total regulatory capital	**1,157,700,624**	979,779,688
Total Credit Risk Equivalent Weighted Asset	**1,580,432,973**	1,161,756,605
Total Operational Risk Equivalent Weighted Asset	**1,106,737,482**	782,992,084
Total Market Risk Equivalent Weighted Asset	**317,640,013**	289,567,243
Risk-weighted assets	**3,004,810,468**	2,234,315,932
Total regulatory capital expressed as a percentage of total risk-weighted assets	**38.53%**	43.85%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.6 Capital management (continued)

Capital allocation

Management uses regulatory capital ratios to monitor its capital base. 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 on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying of risk associated with different activities 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 Bank Credit and is subject to review by the Bank Asset and Liability Management Committee (ALMAC). 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. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors’ judgements for certain items are especially critical for the Bank’s results and financial situation due to their materiality.

COVID-19 considerations

Paragraph 125 of IAS 1 requires disclosure about the assumptions that a company makes about the future and other sources of estimation uncertainty at the reporting date that have a significant risk of resulting in a material adjustment within the next financial year. COVID-19 is to significantly impact such assumptions. During the pandemic, the Bank has started facing significant disruption to business operations and economic activity, particularly where there has been implementation of stringent measures to contain or reduce the spread of the virus, with cascading impacts on both upstream and downstream supply chains; a more volatile capital, commodity and foreign exchange markets; and disrupted business relations with companies that operate in the non-essential sectors as determined by the Central Government.

The above economic and business impacts will have significant and pervasive financial reporting implications on financial statements resulting in increased complexity, subjectivity and uncertainty which will impact the recognition, measurement, presentation and disclosure in the financial statements including but not limited to increased estimation uncertainty and changes to estimation techniques and assumptions for measuring ECL, measuring fair values of financial instruments, and recognising deferred tax assets. No impairment has been recognised on Non-financial assets specifically Property, plant and equipment as there has been no indicators of impairment such as market value decline, obsolescence or physical damage, worse economic performance than expected among others. Management has therefore accessed that the assets useful life, depreciation method or residual value as earlier determined remains the same.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

COVID-19 considerations (continued)
Allowances for credit losses

Assets accounted for at amortised cost and FVTPL are evaluated for impairment on a basis described in accounting policy 2.10.5 and note 3.

These critical assumptions have been applied consistently to all periods presented. The expected credit loss model is the use of forecast of future economic conditions including macroeconomic factors.

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 models as described in Note 5.2.

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. The Bank's accounting policy on fair value measurements is discussed in Note 2.11.7.

5. Accounting classification, measurement basis and fair values

In thousands of Ghana Cedis

	Amortised cost	Amortised cost	FVOCI	FVOCI	FVTPL	FVTPL
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Financial assets classification						
Cash and cash equivalents	894,167	598,073	-	-	-	-
Non-pledged trading securities	-	-	37,037	-	727,388	493,593
Pledged assets	71,903		15,278		72,940	
Loans and advances to customers	1,647,641	1,057,579	-	-	-	-
Investment securities	1,013,537	1,647,944	-	-	-	-
Other assets (excluding prepayments & inventory)	408,619	214,802	-	-	-	-
Total	**4,035,867**	**3,518,398**	**52,315**	**-**	**800,328**	**493,593**
Financial liabilities classification						
Deposits from customers	3,725,427	2,995,393	-	-		-
Other liabilities	82,693	68,031	-	-		-
Total	**3,808,120**	**3,063,424**	-	-		-

NB: FVTPL – Fair value through Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

5. Accounting classification, measurement basis and fair values (continued)

5.2 Fair values of financial instrument

COVID-19 considerations

The COVID-19 coronavirus pandemic has significantly affected financial markets and may impact valuation techniques used by banks and classification of financial instruments in the fair value hierarchy. Given the impact of the increase in economic uncertainty on forecasting cash flows and other unobservable inputs used in valuation techniques (e.g. certain risk-adjusted discount rates), the Bank has provided additional sensitivity disclosures – together with disclosure of the key assumptions and judgements made by management – to enable users to understand how fair value has been determined. These disclosures are required under both IFRS 13 Fair Value Measurement and IAS 1. IFRS 13 also contains specific disclosure requirements when amounts are transferred into Level 3 of the fair value hierarchy, including sensitivity disclosures.

The Bank has an established control framework for the measurement of fair values. This framework includes a Product control function, which is independent of front office management and reports to the Divisional Head, Enterprise Risk Management and its reports endorsed by Chief Financial Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving both Product Control and Market Risk;
- quarterly calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month.

When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that the valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Board’s Audit Committee

5.2 (i) Fair value hierarchy

The fair value hierarchy section explains the judgements and estimates made in determining the fair values of the financials instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Bank has classified its financial instruments into the three levels prescribed under the accounting standards.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

5. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

5.2 Fair values of financial instruments (continued)

An explanation of each level is as follows:

Level 1: The fair value of financials instruments traded in active markets (such as trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible in entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The inputs used include the Bank of Ghana published rates and discounted cash flow techniques.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.
The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

5. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

5.2 Fair values of financial instruments (continued)

5.2 (i) Fair value hierarchy (continued)

Valuation technique (continued)

market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

31 December 2021

In Ghana cedis	Level 1	Level 2	Level 3	Total
Non pledged trading assets	-		-	
- Government bonds		764,425,815		764,425,815
	-		-	
Pledged assets				
- Government bonds		88,217,828		88,217,828
Total	**-**	**852,643,643**	**-**	**852,643,643**

31 December 2020

In Ghana cedis	Level 1	Level 2	Level 3	Total
Non pledged trading assets				
- Government bonds	-	439,593,290	-	439,593,290
Total	**-**	**439,593,290**	**-**	**439,593,290**

Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

31 December 2021

In Ghana Cedis	Level 1	Level 2	Level 3	Total Fair values	Total Carrying values
Cash and cash equivalents	-	894,166,791	-	894,166,791	894,166,791
Loans and advances	-	1,647,640,588	-	1,647,640,588	1,776,169,550
Investment securities (pledged and non-pledged)	-	1,085,439,808	-	1,085,439,808	1,085,439,808
Other assets	-	408,618,728	-	408,618,728	408,618,728
Total financial assets	**-**	**4,035,865,915**	**-**	**4,035,865,915**	**4,164,394,877**
Deposits from customers	-	681,328,984	-	681,328,984	674,821,864
Other Liabilities	-	82,693,253	-	82,693,253	82,693,253
Total financial liabilities	**-**	**764,022,237**	**-**	**764,022,237**	**757,515,117**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

5. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

5.2 Fair values of financial instruments (continued)

5.2 (i) Fair value hierarchy (continued)

31 December 2020

In Ghana Cedis	Level 1	Level 2	Level 3	Total fair values	Total Carrying values
Cash and cash equivalents	-	598,072,669	-	598,072,669	598,072,669
Loans and advances	-	1,057,579,838	-	1,057,579,838	1,057,579,838
Investment securities	-	1,647,944,648	-	1,647,944,648	1,647,944,648
Other assets	-	214,802,380	-	214,802,380	214,802,380
Total financial assets	**-**	**3,518,399,535**	**-**	**3,518,399,535**	**3,518,399,535**
Deposit from Customers	-	2,995,393,369	-	2,995,393,369	2,995,393,369
Other Liabilities	-	68,031,167	-	68,031,167	68,031,167
Total financial liabilities	**-**	**3,063,424,536**	**-**	**3,063,424,536**	**3,063,424,536**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The discrete discounting approach was used in valuing Level 2 derivative assets.

Valuation Techniques used

The fair value of loans and advances is estimated using valuation models, such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collaterals.

The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

The fair value of other liabilities and cash and cash equivalent are considered to approximate the carrying values as these financial instruments are short tenured and therefore the effective of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

6. NET INTEREST INCOME

	2021	2020
Interest income calculated using the effective interest method		
Money market placements	**1,915,231**	8,738,756
Loans and advances to customers	**245,862,842**	122,019,591
Investment securities	**173,249,513**	213,798,710
Total interest income calculated using the effective interest method	**421,027,586**	344,557,057
Other interest income		
Financial assets designated as FVTPL	**51,036,827**	22,527,809
Financial assets designated as FVOCI	**9,511,660**	
Total interest income	**481,576,073**	367,084,866
Interest expense		
Deposits from banks	**(11,429,923)**	(7,257,590)
Deposits from customers	**(128,679,820)**	(73,918,013)
Total interest expense	**(140,109,743)**	(81,175,603)
Net interest income	**341,466,330**	285,909,263

Interest income from investment securities of GH¢173,249,513 (December 2020: GH¢213,798,710) relates to debt securities hold-to-collect.

7. NET FEE AND COMMISSION INCOME

	2021	2020
Commission income	**26,144,275**	36,890,800
Fees from banking activities	**13,175,667**	14,441,423
Other fees and commission*	**110,581,418**	83,305,290
Fee and commission income	**149,901,360**	134,637,513
Card-related expenses	**(32,323,610)**	(22,242,876)
Other fees and commission expense	**(512,992)**	(544,132)
Fee and commission expense	**(32,836,602)**	(22,787,008)
Net fee and commission income	**117,064,758**	111,850,505

***** *The 'Other fees and commission' comprise largely of card-related fees and commissions on issued transfers, swift, foreign currency withdrawals among others.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

8. NET TRADING INCOME

	2021	2020
Net trading gain	**129,680,415**	63,414,649
Other foreign exchange gains	**4,273,460**	3,764,775
	133,953,875	67,179,424

Foreign exchange gains in statement of cash flow comprises:		
Effect of FX rate fluctuation on cash and cash-equivalent	(2,301,245)	17,078,225
Foreign exchange gains on non-cash and cash-equivalent	4,273,460	3,764,775
	(1,972,215)	20,843,000

9. NET INCOME FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

	2021	2020
Profit/ (loss) on trading securities	**55,192,492**	44,924,449
Mark-to-market gain on trading assets	**-**	37,032,879
	55,192,492	81,957,328

10. OTHER INCOME

	2021	2020
Profit on disposal of property and equipment	**435,912**	94,293
Other recoveries	**-**	11,200
	435,912	105,493

11. PERSONNEL EXPENSES

	2021	2020
Staff costs	**41,068,145**	36,519,088
Employer’s pension contributions	**2,812,278**	2,475,330
Employer’s provident fund contributions	**2,163,572**	1,904,088
Other staff related expenses *	**17,252,659**	15,381,280
	63,296,654	56,279,786

The number of permanent persons employed by the bank during the period ended 31 December 2021 was 506 (December 2020: 456). The Bank contributes 10% of employees’ basic salary as provident fund contribution for staff.

**Other staff related expenses comprise staff medical allowance, training, relocation and welfare expenses.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

12. AMORTISATION OF PREPAID LEASE RENTALS

	2021	2020
Operating lease rentals – staff houses	**788,065**	654,372
Operating lease rentals on low value items	**1,136,141**	977,219
	1,924,206	1,631,591

13. OTHER OPERATING EXPENSES

	2021	2020
Advertising and marketing expenses	**6,929,289**	3,362,608
Administrative expenses	**37,050,836**	43,178,231
Contract services	**8,585,021**	8,471,984
Software licensing	**7,092,341**	5,897,472
Directors' emoluments	**6,205,862**	1,269,163
Auditor's remuneration	**720,000**	440,000
Corporate social responsibility costs	**468,174**	683,481
	67,051,523	63,302,939

The Administrative expenses relate to repairs and maintenance, occupancy costs, bank charges among others.

13.1 Breakdown of Corporate social responsibility costs	**2021**	2020
GTBank refurbisment of computer lab for Effiduase Presby Sch.	**103,970**	-
Contribution to Keta flood relief fund	**100,000**	-
GTBank refurbisment of computer lab for Atonsu M/A Sch.	**94,030**	-
Contribution in support of Ghana Association of Bankers resolution	**45,754**	-
GTBank ICT project and Renovation works at Ayi Mensah School	-	24,193
Sponsorship of 5th Ghana CEO summits	**20,000**	-
Sponsorship of 2021 Accountants Conference	**15,000**	-
Donation To Osu Police Command	**21,500**	-
Donation in support of fight against COVID-19	-	476,667
Donation in support of International Students Association of Ghana	-	100,000
Donation in support of Annual Independence Polo Tournament	-	27,500
Sponsorship package for some University students in Ghana	-	20,000
Refurbishment of Anumle Computer Lab	-	5,970
Others	**67,920**	29,151
	468,174	683,481

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

14. INCOME TAX EXPENSE, NATIONAL FISCAL STABILIZATION & FINANCIAL SECTOR RECOVERY LEVIES

	2021	2020
Corporate Income tax	122,083,257	97,616,426
Deferred income tax (Note 23)	(2,045,847)	(1,209,483)
Income tax expense	**120,037,410**	96,406,943
National fiscal stabilization levy	23,862,110	19,249,355
Financial sector recovery levy	17,896,582	-
Total	**161,796,102**	115,656,298

The National fiscal stabilisation Levy is a 5% levy applied on profit before tax for certain companies including financial institutions operating in Ghana. The Financial Sector Recovery Levy is applied on the profit before tax of financial institutions operating in Ghana.

Current income tax

2021	**Balance at 1 January**	**Payments during year**	**Charge for the year**	**Balance at 31 December**
Year of assessment				
Up to 2020 (31 December)	**5,037,151**	-	-	**5,037,151**
December 2021	-	(124,880,986)	122,083,257	**(2,797,729)**
	5,037,151	(124,880,986)	122,083,257	**2,239,422**

National fiscal stabilisation levy

Year of assessment				
Up to 2020 (31 December)	**1,470,095**	-	-	**1,470,095**
December 2021	-	(25,039,692)	23,862,110	**(1,177,582)**
	1,470,095	(25,039,692)	23,862,110	**292,513**

Financial sector recovery levy

Year of assessment				
Up to 2020 (31 December)	-	-	-	-
December 2021	-	(17,677,125)	17,896,582	**219,457**
	-	(17,677,125)	17,896,582	**219,457**
Total	**6,507,246**	(167,608,933)	163,841,949	**2,751,392**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

14. INCOME TAX EXPENSE, NATIONAL FISCAL STABILIZATION & FINANCIAL SECTOR RECOVERY LEVIES

2020	**Balance at 1 January**	**Payments during year**	**Charge for the year**	**Balance at 31 December**
Year of assessment				
Up to 2019 (31 December)	**(5,378,103)**	-	-	**(5,378,103)**
December 2020	-	(87,201,172)	97,616,426	**10,415,254**
	(5,378,103)	(87,201,172)	97,616,426	**5,037,151**
National fiscal stabilisation levy				
Year of assessment				
Up to 2019 (31 December)	**(532,917)**	-	-	**(532,917)**
December 2020	-	(17,246,343)	19,249,355	**2,003,012**
	(532,917)	(17,246,343)	19,249,355	**1,470,095**
Total	**(5,911,020)**	(104,447,515)	116,865,781	**6,507,246**

All tax liabilities are subject to the agreement of the Commissioner General of the Ghana Revenue Authority.

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

	2021	2020
Profit before income tax	**477,242,194**	384,987,104
Income tax using the enacted corporation tax rate (25%)	**119,310,548**	96,246,776
Effect of:		
National fiscal stabilisation levy (5%)	**23,862,110**	19,249,356
Financial sector recovery levy (5%)	**17,896,582**	**-**
Income not subject to tax	**-**	-
Non-deductible expenses	**726,862**	160,167
Income tax expense	**161,796,102**	115,656,298
Effective tax rates	**33.90%**	30.04%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

15. CASH AND CASH EQUIVALENTS

The Bank's cash and cash equivalents are held with central banks and financial institutions counterparties that are not rated.

	2021	2020
Cash on hand	**167,395,480**	72,858,239
Balance with foreign banks (Nostro)	**212,289,794**	110,642,571
Balances with local banks	**653,884**	529,499
Mandatory reserve deposit with Bank of Ghana	**294,589,000**	183,630,296
Money market placements	**219,238,633**	230,412,064
TOTAL CASH AND CASH EQUIVALENTS	**894,166,791**	598,072,669

Money market placements

	2021	2020
Placements with local banks and other financial institutions	**27,042,675**	**-**
Placements with foreign banks and other financial institutions	**192,195,958**	230,412,064
Money market placements	**219,238,633**	230,412,064

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

15. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents for as included in statement of cashflow:

	2021	2020
Cash on hand	**167,395,480**	72,858,239
Balances with Bank of Ghana	**294,589,000**	183,630,296
Cash and bank balances	**461,984,480**	256,488,535
Mandatory reserve deposits	**294,589,000**	183,630,296
Unrestricted cash and bank balances	**167,395,480**	72,858,238
Due from and to banks and other financial institutions	**432,182,311**	341,584,134
Total cash and cash equivalent per statement of financial position	**894,166,791**	598,072,668
Treasury bills with contractual maturities of 90 days and less		14,182,058
Cash and cash equivalent per statement of cash flows	**894,166,791**	612,254,727

Due from and to banks and other financial institutions

	2021	2020
Nostro account balances	**212,289,794**	110,642,571
Placements with Local banks and other financial institutions	**27,042,675**	-
Placements with Foreign banks and other financial institutions	**192,195,958**	230,412,064
Due from other local banks	**653,884**	529,499
Due from banks and other financial institutions	**432,182,311**	341,584,134

Amounts due from and to banks and other financial institutions are current.

At the reporting date, the Bank recognized in cash and cash equivalent bank ledger balance of GHS 894M (2020: GHS 598M) as compared to the bank statement balance of GHS 867M (2020: GHS 475M). The transactions making up the difference between the bank ledger balance and the bank statement balance totaling GHS 27M (2020: GHS 123M) were reflected as reconciling items in the bank reconciliation statements.

16. PLEDGED ASSETS

Assets are pledged as collateral under repurchase agreements with other banks and as security relating to overnight borrowings.

	2021	2020
Hold-to-sell securities (HTC)	**71,903,074**	-
Hold-to-collect-and-sell securities (HTCS)	**15,277,735**	-
Hold-to-collect securities (HTS)	**72,940,093**	-
Total	**160,120,902**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

16. PLEDGED ASSETS – (continued)

There above are investment securities held in Government treasury bills and bonds which have been pledged as collateral for liabilities. In the event that, the entity fails to make good the payment as and when it falls due, the collateral will not be released back to the entity. The pledged assets could not be used for any other trading until the payment is done and the pledged assets are released by Central Securities Depository.

17.(i) LOANS AND ADVANCES TO CUSTOMERS

	2021	2020
Gross Loans and advances to customers at amortised cost	**1,655,443,137**	1,061,816,899
Stage 3 impairment loss allowance	**(1,226,590)**	(909,515)
Stage 1 & 2 impairment loss allowance	**(6,575,959)**	(3,327,546)
Loans and advances to customers at Amortised cost	**1,647,640,588**	1,057,579,838
Current	**546,023,872**	544,263,434
Non-current	**1,101,616,716**	513,316,404

At 31 December 2021, the gross loan and advances include non-performing loans of GH¢26.62 million (31 December 2020: GH¢10.41 million).

17(ii). Impairment allowance on loans, advances and other financial assets

	2021	2020
At 1 January	**4,237,061**	4,098,705
Write off	**-**	(7,576,050)
Impairment charge	**3,565,488**	7,714,406
At 31 December	**7,802,549**	4,237,061

Charge for the year:

	2021	2020
Impairment charge on loans and advances to customers	**3,565,488**	7,714,406
Off balance sheet impairment charge/(release)	**936,180**	322,236
Write-off on other financial assets*	**10,758,192**	-
	15,259,860	8,036,642
Recoveries	**(434,203)**	(184,188)
	14,825,657	7,852,454

*This relates to amounts receivable on long-dated bonds, which have matured, but proceeds fell short of the outstanding amounts. The Bank after further review prudently decided to write the outstanding balance off though further engagement is ongoing and the outcome will be reflected in subsequent years.

18. Derivative assets

	2021	2020
Balance at 1 January	**-**	10,386,516
Net (loss)/gain on derivative instrument	**-**	(10,386,516)
Balance at 31 December	**-**	-

This relates to mark to market gain/ (loss) on foreign currency swap transaction entered into in 2019 which was settled in 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

19. INVESTMENT SECURITIES AND TRADING ASSETS

19(i). Investment securities

Hold-to-collect investments

	2021	2020
Treasury bills	**208,188,435**	828,742,933
Government bonds	**805,348,299**	819,201,715
Total	**1,013,536,734**	1,647,944,648
Impairment on investment securities	**-**	-
Net	**1,013,536,734**	1,647,944,648
Maturing within 90 days from purchase	**-**	12,445,109
Maturing over 90 days from purchase	**1,013,536,734**	1,635,499,539
Current	**511,050,768**	885,373,518
Non–current	**502,486,966**	762,571,130

19 (ii). Non-pledged trading assets

Hold-to-sell portfolio

	2021	2020
Treasury bills and government bonds	**727,388,438**	439,593,290
	727,388,438	439,593,290
Maturing within 90 days from purchase	**-**	1,736,949
Maturing over 90 days from purchase	**727,388,438**	437,856,341
Current	**727,388,438**	439,593,290
Non–current	**-**	-

Hold-to-collect-and sell portfolio

	2021	2020
Treasury bills and government bonds	**37,037,377**	-
	37,037,377	-
Maturing within 90 days from purchase	**-**	-
Maturing over 90 days from purchase	**37,037,377**	-
Current	-	-
Non–current	**37,037,377**	-

Summarised as below:

	2021	2020
Treasury bills and government bonds	**764,425,815**	439,593,290
	764,425,815	439,593,290
Maturing within 90 days from purchase	**-**	1,736,949
Maturing over 90 days from purchase	**764,425,815**	437,856,341
Current	**764,425,815**	439,593,290
Non–current	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

20. PROPERTY AND EQUIPMENT

	Land, Build. & Leasehold Improvement	Furniture and equipment	Computer and accessories	Motor vehicle	Capital work in progress	Total
Cost						
2021						
At 1 January	100,622,963	28,421,387	19,631,594	16,906,860	6,312,778	171,895,582
Reclassification					(132,855)	(132,855)
Additions	7,716,625	2,401,553	648,808	5,931,256	14,800,065	31,498,307
Disposal	-	(743,497)	(280,748)	(2,962,309)	-	(3,986,554)
Transfers	1,215,362	1,326,348	1,405,887	1,512,166	(5,459,763)	-
Write off	-	-	-	-	(7,000)	(7,000)
At 31 December 2021	**109,554,950**	**31,405,791**	**21,405,541**	**21,387,973**	**15,513,225**	**199,267,480**
2020						
At 1 January	85,600,632	26,622,525	16,746,569	16,448,945	21,286,647	166,705,318
Additions	1,607,496	1,339,517	451,168	682,423	2,277,439	6,358,043
Disposal	-	(431,580)	-	(224,508)		(656,088)
Transfers	13,414,835	890,925	2,433,857	-	((17,251,308))	(511,691)
At 31 December 2020	**100,622,963**	**28,421,387**	**19,631,594**	**16,906,860**	**6,312,778**	**171,895,582**
Accumulated Depreciation						
2021						
At 1 January	21,027,085	20,017,677	14,639,292	11,559,605	-	67,243,659
Charge for the year	7,759,448	3,415,377	3,423,278	3,755,032	-	18,353,135
Released on disposal	-	(650,147)	(280,748)	(2,606,122)	-	(3,537,020)
At 31 December 2021	**28,786,533**	**22,782,907**	**17,781,822**	**12,708,513**	**-**	**82,059,775**

2020						
At 1 January	13,731,689	17,158,677	11,402,483	8,229,904	-	50,522,753
Charge for the year	7,295,396	3,286,564	3,236,809	3,554,209	-	17,372,978
Released on disposal	-	(427,564)	-	(224,508)	-	(652,072)
At 31 December 2020	**21,027,085**	**20,017,677**	**14,639,292**	**11,559,605**	**-**	**67,243,659**
Carrying amount						
At 31 December 2021	**80,768,417**	**8,622,884**	**3,623,719**	**8,679,460**	**15,513,225**	**117,207,705**
At 31 December 2020	79,595,878	8,403,710	4,992,302	5,347,255	6,312,778	104,651,923

As at 31 December 2021, property and equipment includes right-of-use assets of GH¢ 47,055,618 related to leased properties that do not meet the definition of investment property (see note 32i for details).

No items of property, plant and equipment has been pledged as security for loan or have any restriction of use both at 31 December 2021 and 31 December 2020. There were no impairments on property, plant and equipment in both current year and prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

21. INTANGIBLE ASSETS

	Purchased software	Developed software	Capital Work in progress	Total
Cost				
Year ended 31 December 2021				
At 1 January	10,863,719	53,421	-	10,917,140
Reclassification			132,855	132,855
Additions	845,104	-	5,909,472	6,754,576
Transfers	314,346	-	(314,346)	-
At 31 December 2021	**12,023,169**	**53,421**	**5,727,981**	**17,804,571**
Year ended 31 December 2020				
At 1 January	9,816,773	53,421		9,870,194
Additions	538,816	-	-	538,816
Transfers	508,130	-	-	508,130
At 31 December 2020	**10,863,719**	**53,421**		**10,917,140**
Amortisation				
Year ended 31 December 2021				
At 1 January	7,260,201	53,421		7,313,622
Amortisation for the year	1,241,847	-		1,241,847
At 31 December 2021	**8,502,048**	**53,421**		**8,555,469**
Year ended 31 December 2020				
At 1 January	5,956,108	53,421		6,009,529
Amortisation for the year	1,304,093	-		1,304,093
At 31 December 2020	**7,260,201**	**53,421**		**7,313,622**
Carrying amount				
At 31 December 2021	**9,249,102**	**-**		**9,249,102**
At 31 December 2020	3,603,518	-		3,603,518

No items of intangible has been pledged as security for loan or have any restriction of use both at 31 December 2021 and 31 December 2020.

Capital commitments in respect of intangible assets amount to GH¢ 2,268,909 (2020: GH¢ 4,896,361).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

22. DEPRECIATION AND AMORTISATION

The depreciation and amortisation charged to the year is as follows:

	2021	2020
Property and equipment (Note 20)	**18,353,135**	17,372,978
Intangible assets (Note 21)	**1,241,847**	1,304,093
	19,594,982	18,677,071

23. DEFERRED INCOME TAX

Movements in deferred income tax during the year is as follows:

	At 1 January	**Recognised in profit or loss**	**Recognised in OCI**	**At 31 December**	**Deferred tax assets**	**Deferred tax liabilities**
Year ended 31 December 2021						
Property, equipment and software	3,277,117	(571,695)	-	2,705,422	-	2,705,422
Leases	(1,021,050)	(348,738)	-	(1,369,788)	(1,369,788)	-
Loans and advances to customers	(1,174,306)	(1,125,414)	-	(2,299,720)	(2,299,720)	-
FVOCI instruments (OCI)	-	-	(462,981)	(462,981)	(462,981)	
	1,081,761	**(2,045,847)**	**(462,981)**	**(1,427,068)**	**(4,132,489)**	**2,705,422**
Year ended 31 December 2020						
Property, equipment and software	3,695,575	(418,458)	-	3,277,117	-	3,277,117
Leases	(540,562)	(480,488)	-	(1,021,050)	(1,021,050)	-
Loans and advances to customers	(863,769)	(310,537)	-	(1,174,306)	(1,174,306)	-
	2,291,244	**(1,209,483)**	-	**1,081,761**	**(2,195,356)**	**3,277,117**

24. OTHER ASSETS

	2021	2020
E-Cash Accounts	**391,255,809**	210,479,811
Prepaid expenses	**13,524,750**	10,568,462
Stationery and stocks	**2,827,865**	2,077,214
Others*	**17,362,919**	4,322,569
	424,971,343	227,448,056
Current	**424,971,343**	227,448,056
Non-current	-	-

** These comprise mainly of e-cash balances which are held in a control account. These balances are short term in nature and settlement is within a month.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

25. DEPOSITS FROM CUSTOMERS

	2021	2020
By type of deposit		
Current and call account	**2,480,607,316**	2,070,880,049
Savings account	**434,522,324**	368,563,276
Cash collateral	**165,027,439**	169,446,551
Term deposit	**645,269,646**	386,503,492
	3,725,426,725	2,995,393,368
Current	**3,725,426,725**	2,995,393,368

The twenty largest depositors constitute 35.02% (2020: 35.17%) of total deposit.

	2021	2020
By type of customer		
Financial institutions	**404,371,517**	323,867,594
Individuals and other private enterprises	**3,270,175,214**	2,631,158,357
Public enterprises	**50,879,994**	40,367,417
	3,725,426,725	2,995,393,368

26. OTHER LIABILITIES

	2021	2020
Bankers draft	**7,563,966**	5,653,854
Lease liability	**45,280,650**	44,299,851
Others*	**29,848,637**	18,077,462
	82,693,253	68,031,167
Current	**37,412,603**	25,081,316
Non-current	**45,280,650**	42,949,851

** 'Others' largely relate to accounts payables (SSNIT, PAYE, ATM Acquirer Balance, E-zwich Account and other Product related payables). These are normally cleared as and when due with no overdue balance.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

27. STATED CAPITAL

The authorised shares of the Bank are 15,000,000,000 ordinary shares of no par value of which 14,171,890,279 ordinary shares have been issued as follows:

	No. of shares	Proceeds
Issued and fully paid		
Issued for cash consideration	14,102,398,589	402,910,076
Issued for consideration other than cash	69,491,690	1,985,400
Stated Capital in Account	14,171,890,279	404,895,476

There are no calls or instalments unpaid. There are no treasury shares (2020: Nil).

Number of shareholders

The company's shareholders at 31 December 2021 and 31 December 2020 are as follows:

Number of Ordinary shares	Shareholding	Percentage %
Guaranty Trust Bank (Nigeria) Limited	13,933,838,405	98.32%
Alhaji Yusif Ibrahim	238,051,874	1.68%
	14,171,890,279	100.00%

28. OTHER RESERVES

Credit risk reserve

Credit risk reserve represents the amounts set aside in respect of the excess impairment provision determined in accordance with of Bank of Ghana prudential guidelines over the total impairment provision recognised under the International Financial Reporting Standards framework. The movement is included in the statement of changes in equity.

Statutory reserve fund

Statutory reserve fund represents transfer from net profit for the year to reserve in accordance with requirements of Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity.

Income Surplus

Income Surplus represents the free and undistributed accumulated reserves of the Bank available for distribution to shareholders in future periods. The movement is included in the statement of changes in equity.

Other reserves

These comprise any other reserve other than those indicated above. In the case of the Bank, it consists of Revaluation reserves from FVOCI assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

29. DIVIDENDS

At the next shareholders meeting on the financial performance for the year ended 31 December 2021, no dividend will be declared (2020: GH¢0.092). This is in spite of the improved distributable profit for the year 2021. Below is the analysis of distributable profit for 2021:

	2021
Profit after tax	315,446,092
transfer to Statutory reserve fund	(78,861,523)
transfer to Credit risk reserve	(20,960,340)
declared and paid (2020)	(100,999,052)
Income surplus at January 1	261,280,353
Total distributable profit	**375,869,530**

30. LEASES

The Bank leases its premises and other facilities. The leases typically run for a period of 20 years, with an option to renew the lease after the date. Lease payments are increased over a term agreed in the contract to reflect the market rentals. The premises and other facilities leases were entered into before the commencement of IFRS 16 as combined leases of land and buildings.

Information about leases for which the Bank is a lessee is presented below.

i. **Right-of-use assets**
Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment.

In Ghana Cedis	**Land and Building**	
	2021	**2020**
Balance at 1 January	45,976,357	50,431,772
Depreciation charge for the year	(6,266,946)	(6,017,991)
Modifications to right-of-use assets	(319,603)	336,478
Additions to right-of-use assets	7,665,810	1,226,098
Balance at 31 December	**47,055,618**	**45,976,357**

(ii) Amounts recognised in profit or loss (in GH¢):

	2021	**2020**
Finance charges	4,178,151	3,884,552
Expenses relating to short term leases	788,065	654,372
Expenses relating to low-value assets, excluding short-term leases of low-value assets	1,136,141	977,219

(iii) Amounts recognised in statement of cash flows (in GH¢):

	2021	**2020**
Lease liability finance charges paid	2,573,054	3,097,506
Other lease liability payments	9,602,163	2,581,816
Total cash outflow for leases	12,175,217	5,679,322

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

30. LEASES (CONTINUED)

(iv) Reconciliation, in respect of lease liability, of opening amounts to closing amounts are detailed below:

	2021 GH¢	2020 GH¢
Balance at 1 January	44,299,851	43,352,009
Modifications to leases	190,787	336,809
New leases	7,650,563	1,226,032
Finance charge	4,178,151	3,884,552
Lease payments	(12,175,217)	(5,679,322)
Foreign currency transactional loss	1,136,515	1,179,770
Balance at 31 December	**45,280,650**	**44,299,851**

(vi) Extension options

Some leases of office premises contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility.

(v) Lease commitments

The Bank had no lease commitments as at 31 December 2021 and the prior year.

31. CONTINGENCIES

i. Claims and Litigation

The Bank has pending legal suits in respect of claims arising in the ordinary course of business as at 31 December 2021. It is not anticipated that any significant liabilities will arise from the claims and litigation against the bank at 31 December 2021 (2020: Nil).

ii. Contingent liabilities and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer’s default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

ii. Contingent liabilities and commitments (continued)

Nature of instruments (continued)

31. CONTINGENCIES

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

The following table summarises the amount of contingent liabilities and commitments with off-balance sheet risk.

	2021	2020
Contingent liabilities:		
Bonds and guarantees	**71,344,653**	31,841,277
Commitments:		
Clean line facilities for letters of credit	**178,955,831**	68,316,437
Undrawn commitment	**61,054,455**	30,558,179

iii. Commitments for capital expenditure

The Bank's commitments for capital expenditure as at 31 December 2021 amounts to GH¢2,599,846 (2020: GH¢832,628) and these relate to maintenance of property and equipment.

32. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The ultimate controlling party is the parent company Guaranty Trust Bank (Nigeria) Limited, a bank licensed in the Federal Republic of Nigeria.

a. i. Parent company transactions

As at 31 December 2021, the Bank had GH¢760,526 (2020: nil) balances due from the Parent Company. Transactions with the parent company relate to dividend and salaries of directors and key management personnel.

ii. Fellow subsidiaries' transactions
The Bank had nostro balance of GH¢ 24.75m (2020: GH¢7.6m) and placement of GH¢ 96m (2020: GH¢115.2M) with interest income of GH¢ 25.5m (2020: GH¢ 31.56M) with sister companies.

b. Related entities of a shareholder
Related entities of the minority shareholder had loan balances amounting to GH¢ 3.5M with related impairment allowance of GH¢1,005 as at December 31 2021 (2020: GH¢ 12.4m and GH¢4,532 respectively) and corresponding interest income of GH¢1M (2021: GH¢ 939,059). There were no guarantees nor letters of credits outstanding at 31 December 2021 (2020: nil) for related entities. Undrawn loan commitments amounted to GH¢500,000 (2020: GH¢100,000). Deposit balances for the related entities were GH¢51,983 at 31 December 2021 (2020: GH¢86,028). There were no interest expense on these deposits (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

32. RELATED PARTIES (CONT'D)

c. Transactions with key management personnel and disclosures

The Bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the bank. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Bank.

(i) Directors and Key management personnel transaction

Directors and Key management personnel transaction comprise the following:

	2021	2020
Secured loans	**2,432,478**	3,092,487
Impairment – ECL not credit-impaired	**(4,598)**	(6,986)
Net loans to directors and key management personnel	**2,427,880**	3,085,501
Interest income on loans to directors and key management personnel	**104,785**	157,266
Deposits balances	**109,135**	1,681,296
Interest expense on deposits from directors and key management personnel	2,458	11,215

(ii) Key management personnel compensation

The compensation paid to key management for employee services is shown below:

	2021	2020
Salaries (short term benefits)	**3,078,245**	2,972,546
Other short term benefits	**1,845,125**	1,733,820
Social Security Fund	**270,145**	256,525
Provident Fund	**210,564**	207,993
	5,404,079	5,170,884

33. REGULATORY NON-COMPLIANCE

The Bank was penalised to the tune of GH¢ 366,418 by the regulator for breach of regulations during the period ended 31 December 2021 (2020: GH¢ 26,400).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(All amounts are in Ghana Cedis otherwise in thousands of Ghana Cedis in the respective notes)

34. VALUE ADDED STATEMENT

	2021	2020
Interest and other operating income	**820,623,800**	640,472,615
Direct cost of services	**(239,894,363)**	(171,512,531)
Value added by banking services	**580,729,437**	468,960,084
Non-banking income	**435,912**	105,493
Impairments	**(14,825,657)**	(7,852,454)
Value added	**566,339,692**	461,213,123
Distributed as follows:		
To employees:-		
Directors (without executives)	**6,205,862**	1,269,163
Executive directors	**1,064,561**	830,027
Other employees	**62,232,093**	55,449,758
To government:		
Income tax	**161,796,102**	115,656,298
To providers of capital		
Dividends to shareholders	**100,999,052**	50,183,029
To expansion and growth		
Depreciation	**18,353,135**	17,372,978
Amortisation	**1,241,847**	1,304,093
Income surplus	**214,447,040**	219,147,777

APPENDIX I:
FIVE-YEAR FINANCIAL HIGHLIGHT

	2021	2020	2019	2018	2017
Statement of Comprehensive income (GH¢'m)					
Revenue (Net Earnings)	647	536	489	313	230
Profit before tax	477	385	300	215	128
Profit after tax	315	269	208	151	88
Dividend paid	101	50	-	-	-
Statement of financial position (GH¢'m)					
Loans and advances to customers	1,648	1,058	570	425	396
Customer deposits	3,725	2,995	2,149	1,664	1,467
Total assets	5,035	4,081	3,253	2,284	1,874
Shareholders' equity	1,220	1,007	788	580	335
Ratios					
Dividend per share in pesewas	0.0070	0.0035	-	-	-
Earnings per share in pesewas	0.0223	0.0190	0.0147	0.0106	0.0120
ROAE (%) *	44%	43%	44%	47%	41%
ROAA (%) **	11%	10%	11%	10%	7%

*ROAE - Return on Average Equity, computed as current year PBT divided by the average of total equity for the two most current years.

*ROAA - Return on Average Assets, computed as current year PBT divided by the average of total assets for the two most current years.

APPENDIX II:
EXTRACT OF THE CODE OF PROFESSIONAL CONDUCT

Standards, policies and procedures are described in the Code of Professional Conduct document and must be understood and observed by each employee of Guaranty Trust Bank (Ghana) Limited to the extent that they are applicable to his /her situation.

Employees of GT Bank are required to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life. By virtue of the obligations which their unique employment as Bankers imposes upon them, they are subject to standards of professional conduct which transcends the law.

The Code of Conduct stipulates the organisation's values and the minimum standards of good practices required of employees in their dealings within the Bank and with external parties maintaining relationships with the organisation. Employees of the Bank is required to aspire at all times to be excellent role models for the society. Staff are therefore required not to violate the laws of the land and/or the rules regulating the organisation's business.

Whenever the company's attention is drawn to any inadvertent violation of the law by its code of conduct, the necessary amendments will be made immediately. Where employees are uncertain about the applicability of any part of the standards to their particular situation, they shall consult the Bank's Company Secretary for guidance.