adb

agricultural development bank

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AGRICULTURAL DEVELOPMENT BANK PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Daasebre Akuamoah Agyapong II	Chairman
Mr. Alhassan Yakubu-Tali	Managing Director
Mr. George Kwabena Abankwah Yeboah	Non- Executive Director
Mrs. Mary Abla Kessie	Non-Executive Director
Prof. Peter Quartey	Non-Executive Director
Hon. Mrs. Abena Osei-Asare	Non- Executive Director
Prof. Eric Yirenkyi Danquah	Non- Executive Director
Mr. Evron Rothschild Hughes	Non-Executive Director
Hon. Habib Iddrisu	Non-Executive Director

COMPANY SECRETARY

Mr. Godwyll Ansah
Accra Financial Centre
3rd Ambassadorial Development Area
P. O. Box 4191
Accra

REGISTERED OFFICE

Accra Financial Centre
3rd Ambassadorial Development Area
P. O. Box 4191
Accra

AUDITORS

Ernst & Young
Chartered Accountants
60 Rangoon Lane
Cantonments City
P. O. Box KA 16009,
Airport
Accra, Ghana

REPORT OF THE DIRECTORS

Directors' responsibility statement

The directors are responsible for the preparation of financial statements that give a true and fair view of Agricultural Development Bank Plc (ADB), comprising the Statement of Financial Position as at 31 December 2023, and the Statement of Profit or Loss and Other 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 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). In addition, the directors are responsible for the preparation of the report of the directors.

The directors are also responsible for such internal controls 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.

Going Concern Assessment

The directors have assessed the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead. Even though the Bank has a negative capital adequacy as at December 2023, The bank through a Right Issue Process has raised additional Capital to shore up the minimum capital requirement. The major shareholder, the Government, has deposited GHS 1.3billion bonds in an escrow account and the Bank expect additional GHS 560milliom after the conclusion of the transaction. The fair value of these bonds are GHS 1.45billion. The Bank has embarked on aggressive recoveries of the non-performing loans. The combination of the new capital and recoveries will improve the Capital adequacy and the minimum capital of GHS 400million.The bank will meet the minimum regulatory limits by year end 2024 The Bank has no liquidity challenges and has not breached any of the Bank of Ghana liquidity regulatory requirements.

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.

Corporate Social Responsibility

Amounts spent on corporate social responsibility amounted to **GH¢5.3m(2022:GH¢3.8m)**. These included National Best Farmer sponsorship, donations to schools and others of national interest.

REPORT OF DIRECTORS (CONTINUED)

Financial statements review

The financial results of the Bank for the year ended 31 December 2023 are set out in the attached financial results, highlights of which are as follows:

	2023	2022
	GH¢'000	GH¢'000
Loss after tax (attributable to equity holders)	(828,820)	(371,280)
to which is added the balance brought forward		
on accumulated losses	(674,978)	(236,644)
	(1,503,798)	(607,924)
Out of which is transferred to:		
Transfer to credit risk reserve	(221,371)	(67,054)
Leaving a balance to be carried forward of	(1,725,169)	(674,978)

Five-year financial highlights

	2023	2022	2021	2020	2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Total assets	9,312,647	7,412,720	6,454,119	5,715,794	4,577,659
Loans and advances to customers (net)	2,937,636	3,242,189	2,282,312	1,911,988	1,468,653
Deposits from customers	8,545,307	5,864,851	4,927,216	4,281,037	3,392,209
Shareholders' equity	(102,295)	658,191	938,255	850,623	793,384
(Loss)/Profit before tax	(859,127)	(364,358)	126,097	97,690	17,884
(Loss)/Profit after tax	**(828,820)**	**(371,280)**	**81,602**	**65,403**	**14,823**
Earnings per share (Ghana pesewas):					
Basic	(238.89)	(107.01)	23.52	18.85	6.00
Diluted	(238.89)	(107.01)	23.52	18.85	4.00
Return on equity (%)	(810.23)	(56.41)	8.70	7.69	1.87
Return on assets (%)	(8.90)	(5.01)	1.26	1.14	0.32
Number of staff	1,456	1,482	1,481	1,460	1,489
Number of branches and agencies	86	85	85	82	82

REPORT OF DIRECTORS (CONTINUED)

The Bank recorded Loss after tax of **GH¢(828,820)** (2022: **GH¢ (371,280)**) for the year under review and there was no transfer to the Statutory Reserve from Retained earnings during the year (2022: GH¢0). The cumulative balance on the Statutory Reserve Fund at the year-end was **GH¢182,015** (2022: GH¢182,015).

Dividend

The directors do not recommend the payment of dividend.

The directors consider the state of the Bank 's affairs to be satisfactory.

Nature of business

The Bank is registered to carry on the business of Universal Banking. The Bank's principal activities comprise corporate banking and retail banking. There was no change in the nature of business of the company during the year.

The objective of the Bank is to provide unique Universal Banking products and services with emphasis on agriculture to both the local and international clients.

Shareholding

The Bank is listed on the Ghana Stock Exchange. The Bank's shareholding structure at the end of the year was as follows:

	Shareholder Names	No. of shares held	% Holding
1	FINANCIAL INVESTMENT TRUST (FIT)	222,218,113	64.05%
2	GOVERNMENT OF GHANA	74,579,327	21.50%
3	GHANA AMALGAMATED TRUST PLC	39,076,924	11.26%
4	ESOP	5,983,828	1.72%
5	DOE, OSCAR YAO O. Y. D.	2,631,681	0.76%
6	COFIE, MARK BLEWUNYO KODJO M. B. K. C.	2,100,629	0.61%
7	NANA, SOGLO ALLOH IV	54,800	0.02%
8	PARACELSUS PHARMACY & MARKETING CONSULTANCY LTD, P. P. M. C. L.	50,000	0.01%
9	BONDZI-SIMPSON, LESLIE	26,600	0.01%
10	MR, JOHN BEKUIN-WURAPA	20,000	0.01%
	SUBTOTAL of TOP 10	**346,741,902**	**99.94%**
	Others	210,351	0.06%
	TOTAL	**346,952,253**	**100.00%**

REPORT OF DIRECTORS (CONTINUED)

Related party transactions

Information regarding directors' interests in ordinary shares of the Bank and remuneration is disclosed in Note 41 to the financial statements as well as those related to associated company. Other than their contracts as directors, no director had a material interest in any contract to which the Bank was a party during the year. Related party transactions and balances are also disclosed in Note 41 to the financial statements. Related party transactions which are credit related starts with the Credit Committee. On presentation to the Board, the affected directors disclose their interest and recuse themselves for the deliberations. The approval is subsequently given, and balances are also disclosed in Note 41 to the financial statements.

Auditor

The auditors, Ernst and Young, have completed their six years' term of office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992) as well as Sections 81(4) and 81(5) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Amount of audit fee payable as at 31 December 2023 was GH¢1,000,000 (tax exclusive).

Particulars of entries in the Interest Register

The directors do not have any interest to be entered in the Interest Register during the year.

Ghana Debt Exchange Program

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme, an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. and Daakye bonds, for a package of New Bonds to be issued by the Republic. The Exchange excludes Treasury Bills in totality, and notes and bonds held by individuals (natural persons). The potential Impacts of Debt Exchange on Financial Sector from stress tests conducted by the relevant financial sector regulators to estimate the potential impact of the Debt Exchange for banks, specialised deposit-taking institutions (SDIs), insurance firms, asset managers, collective investment schemes, pension fund trustees, and regulated pension schemes, that could result from their participation in the debt exchange indicates liquidity, decline in profitability and inadequacy of capital. To moderate the potential impact on the sector, the Bank of Ghana has announced some regulatory reliefs for banks to help preserve financial stability. The terms of the exchange were contained in a Memorandum of Exchange issued by the Ministry of Finance details of which are discussed in Note 20(iii). Subsequently, the program was concluded on February 21,2023 with the settlement of the new bonds.

CORPORATE GOVERNANCE REPORT

Board of Directors

Name	Date of Appointment	Nationality	Age	Designation	Other Directorships
Daasebre Akuamoah Agyapong II	September 1, 2021	Ghanaian	40	Board Chairman (Independent Non-Executive Director)	Sejukab Company Limited Kayrock Company Limited Mebkab Plus Limited
Mrs. Mary Abla Kessie	August 2018	Ghanaian	68	Independent Non-Executive Director	Family Health University College and Medical School Zeepay Payment Solutions (Zambia) Limited
Prof. Peter Quartey	August 2018	Ghanaian	55	Independent Non-Executive Director	Startrite Montessori School Institute of Statistical, Social and Economic Research
Hon. Mrs. Abena Osei-Asare	August 2018	Ghanaian	44	Non-Executive Director	Social Security and National Insurance Trust Ghana Export-Import Bank (GEXIM) Ghana Integrated Aluminum Development Corporation (GIADEC)
Mr. George Kwabena Abankwah-Yeboah	August 2017	Ghanaian	63	Non-Executive Director	Sharp Pharmaceuticals Ltd Gulf Consolidated Limited Kyauto Ghana Limited Ghana College of Nurses and Midwives
Mr. Evron Rothschild Hughes	August 12, 2020	Ghanaian	53	Non-Executive Director	HCP Africa Partners Limited (Director) ERH Foundation for Enterprise (Director)
Hon. Habib Iddrisu	September 1, 2021	Ghanaian	38	Non-Executive Director	None
Prof. Eric Yirenkyi Danquah	September 1, 2021	Ghanaian	65	Independent / Non-Executive Director	West Africa Centre for Crop Improvement (University of Ghana) Twifo Oil Palm plantations Limited Eric Danquah Foundation
Mr. Alhassan Yakubu-Tali	December 1, 2022	Ghanaian	59	Managing Director	Ghana International Bank PLC Forestry Plantation Development Fund Management Board Cotton Development Authority

CORPORATE GOVERNANCE REPORT (CONTINUED)

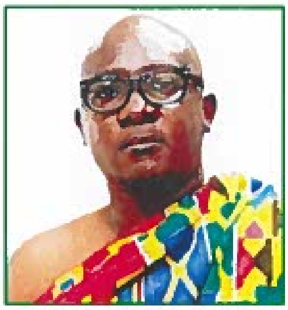
Independent Directors

The Independent Non-Executive Directors of Agricultural Development Bank Plc are directors who in the reasonable opinion of the Bank of Ghana, are able to exercise independent judgement in relation to their role as directors and are not employees, civil or public servants or other government officials, persons with direct links with government, or persons who are actively engaged in party politics.

Non-Executive Directors are independent of management and free from management constraints that could interfere with the exercise of their objective and independent judgments. The Directors collectively possess strong functional knowledge, expertise, and experience to make valuable contributions to the Bank.

None of the directors are related persons. There is no cross directorship among any of the directors.

Profile of Directors



Daasebre Akuamoah Agyapong II

Independent Non-Executive Director

Daasebre Akuamoah Agyapong II was appointed the Chairman of the Board effective September 1, 2021.

Daasebre Akuamoah Agyapong II is the Kwawuhene and the President of the Kwahu Traditional Council. He is also the Vice President of the Eastern Regional House of Chiefs, a member of the Research Committee as well as a member of National House of Chiefs' Judicial Committee for the Central, Western and Western North Regions. Daasebre previously worked with KPMG, Health Net (MHNGS), San Rafael, CA, USA and SEJUKAB Company Limited. He also worked with Abosso Goldfields Ltd and a director of KAYROCK Co. Ltd.

Daasebre is a Chartered Accountant by profession (Association of Chartered Certified Accountants (ACCA)-UK - Member) and further holds a BSc. Administration (Accounting Option) from University of Ghana, and an MBA in Finance and Investment Banking from Lincoln University - California, USA.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Mr. Alhassan Yakubu-Tali

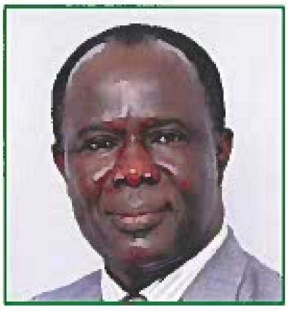
Managing Director

Mr. Alhassan Yakubu-Tali was appointed the Managing Director of Agricultural Development Bank PLC effective December 1, 2022.

Until his appointment, Alhassan had held the position of Deputy Managing Director from August 2017. In that role, he provided support to the Managing Director with oversight responsibility of the Bank's business banking, agribusiness and banking operations divisions as well as the over eighty-four (84) retail outlets. He was principally in charge of the core operations and business units of the Bank, with responsibility for the operational performance of the Bank as well as creating an environment that promoted staff commitment to the organisational vision, mission, and strategy.

He is a seasoned investment banker with over 20 years of both domestic and international banking experience, spanning many multinational banks including HSBC, Lehman Brothers Investment Bank, Bank of Tokyo and Fimat International Bank. He has a strong foundation in economic principles with core competences in structuring financial transactions, asset and liability management, portfolio management, developing new businesses, equity and listed derivatives, retail banking, risk management and financial analysis.

As the executive with oversight responsibility of the Agribusiness Division, he chaired the ADB 1D1F Committee and led the drive to ensure that the Bank increased its loan portfolio in Agribusiness in line with the Bank's strategy. He is a polyglot and speaks fluent English, German, Dagbani and Hausa.



Mr. George Kwabena Abankwah-Yeboah

Non-Executive Director

Mr. Abankwah-Yeboah was appointed a director in August 2017. He is 63 years old. He is the Chief Executive Officer of Sharp Pharmaceuticals Limited. He is additionally a director at United Perfumery and Pharmaceuticals Limited, Gulf Construction Limited and Kyauto Ghana Limited. He had previously served on several boards including Accra Technical University, CSRI STEPRI, Koforidua Technical University, the Association of Ghana Industries And the and Ghana College of Nurses and Midwives.

He holds a Bachelor of Pharmacy (Hons) from KNUST, MBA (Finance) and an LLB (Hons) from the University of Ghana, Legon. He is a member of the Pharmaceutical Society of Ghana and a Fellow of the Ghana College of Pharmacists.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Mrs. Mary Abla Kessie

Independent Non-Executive Director

Mrs. Mary Abla Kessie was appointed a director in August 2018. She is 68 years old. She is currently a Non-Executive Director of Family Health University College and Medical School and Zeepay Payment Solution (Zambia) Limited. She is a lawyer, a Notary Public, a certified Director, and Corporate Governance expert.

Mrs. Kessie previously served on the boards of British Telecom Global Services, and Kosmos Energy LLC. She has a wealth of knowledge and experience in the banking and financial sector and held several executive positions during her banking career.

She holds a Bachelor of Laws Degree from the University of Ghana and a Barrister at Law from the Ghana School of Law. She is a member of the Ghana Bar Association and the Institute of Directors, Ghana.

Prof. Peter Quartey

Independent Non-Executive Director

Prof. Peter Quartey was appointed a director in August 2018. He is 55 years old. He is currently the Director of the Institute of Statistical, Social and Economic Research at the University of Ghana, Legon. He is a former Head of the Department of Economics and a former Director of Economic Policy Management at the University of Ghana, Legon. He had previously served on a number of boards including the University of Ghana Credit Union, National Population Council, and the Finance and General-Purpose Committee at the University of Ghana. He was also a member of the University of Ghana Strategy Committee.

Prof. Quartey has provided consultancy services to various institutions including NEPAD, the World Bank, African Development Bank, and USAID. He has several publications to his credit. He holds a Ph.D. in Development Economics from the University of Manchester, an MPhil degree in Economics from the University of Ghana, and an MSc. in Quantitative Development Economics from the University of Warwick (UK).

Hon. Mrs. Abena Osei-Asare

Non-Executive Director

Abena Osei-Asare (MP) was appointed a director in August 2018. She is 44 years. Abena is an accomplished professional with a strong academic background and vast experience in finance and politics. She holds a Master of Science in Development Finance from the University of Ghana Business School and a Bachelor's degree in Economics with Geography from the University of Ghana. She is a Chartered Accountant and Fellow of the Association of Chartered Certified Accountants (ACCA) UK, and a member of the Institute of Chartered Accountants, Ghana (ICA). She possesses a comprehensive understanding of financial and economic matters.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Abena has made significant contributions to both the private and public sectors. Her career in the private sector included roles as a Dealer (Trader) and a Customer Team Leader at Barclays Bank Ghana/ABSA Ltd. and as Assistant Director, Finance and Facilities, at New York University (NYU) in Ghana.

In politics, she has served as the Member of Parliament (MP) for Atiwa East since 2013 and has actively participated in Parliamentary Committees of Ghana's Parliament, including the Public Accounts, Finance, Employment, Social Welfare, and State Enterprises Committees.

Abena's commitment to financial expertise and dedication to public service was evident during her tenure as Deputy Minister for Finance (Budget) and Deputy Minister for Finance (Revenue), where she played crucial roles in budget preparation, revenue mobilization, and financial compliance matters, contributing to Ghana's economic growth and fiscal responsibility. Abena currently serves as Minister of State at the Ministry of Finance.

She is a Non-Executive Director at Ghana Exim Bank, Social Security and National Insurance Trust and Ghana Integrated Aluminium Development Corporation. She previously served as a director at National Health Insurance Authority and Coastal Development Authority.

Mr. Evron Rothschild Hughes

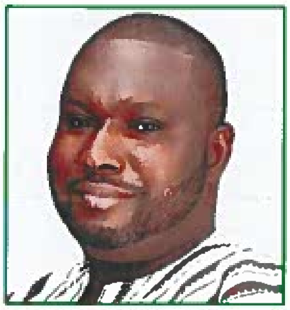
Non-Executive Director

Mr. Evron Rothschild Hughes was appointed a director effective August 12, 2020. He is 53 years old. He is a public policy, financial services, research, and cybersecurity professional with over three-decades experience spent mainly in economic advisory, banking, fund management, and research roles, including 8 years as an Economic and Chief Policy Advisor to the current Vice President of the Republic of Ghana, Dr. Mahamudu Bawumia; 10 years with Securities & Exchange Commission and Bank of Ghana-licensed and regulated fund managers and banks during which he has been a Board Member, twice a Chief Executive Officer, and once a Chief Investment Officer (CIO)/Head Asset Management, Head of Corporate Affairs, and Research Manager, as well as launching and managing Ghana's second Money Market Mutual Fund; 5 years with a Global Research firm as Associate Director, Research Manager, and Senior Research Executive; and as a Google-Certified Cybersecurity professional since 2023.

A Cambridge Commonwealth Trust Scholar, Evron holds an Executive Certificate in Bank Governance from Said Business School, Oxford University, UK; an Executive Certificate in Fintech from Judge Business School, Cambridge University, UK; and a Professional Certificate in Android Development from Google.

In addition, he holds an Executive MBA in Finance from the University of Ghana Business School; an MPhil in Development Studies from Cambridge University, UK; and a B.A. in Political Science with Philosophy (Hons) Summa Cum Laude, from the University of Ghana.

CORPORATE GOVERNANCE REPORT (CONTINUED)

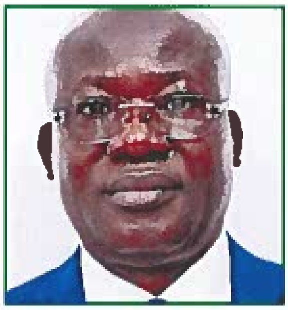


Habib Iddrisu

Non-Executive Director

Hon. Alhaji Habib Iddrisu was appointed director effective September 1, 2021. He is 38 years old. He is the Member of Parliament for the Tolon Constituency and the Majority Chief Whip in the Parliament of Ghana. Prior to his election as a Member of Parliament, he had held notable leadership positions in both the public and private sectors in Ghana and abroad. These include Deputy Head, Ghana Free Zones Authority (Tema Processing Zone) (April 2017 - December 2020), Chief Executive Officer, Fadhab Investment Company Limited, Ghana (June 2017 - 2020).

He holds bachelor's degree in communication studies from African University College of Communications (AUCC) and other relevant career certificates including Graduate Certificate of Arts in Human Resource Management from the University of Notre Dame, Australia, Diploma of Leadership and Management, Cambridge International College, Australia and Certificate in Administration and Management, from Ghana Institute of Management and Public Administration (GIMPA). Hon. Alhaji Habib Iddrisu is currently pursuing EMBA at GIMPA.



Prof. Eric Yirenkyi Danquah

Independent Non -Executive Director

Prof. Eric Yirenkyi Danquah was appointed a director effective September 1, 2021. Prof. Eric Yirenkyi Danquah is a 65-year-old Professor of Plant Genetics at the University of Ghana, Legon.

He is the founding Director of West Africa Centre for Crop Improvement, University of Ghana and the 2018 Laureate, Global Confederation of Higher Education Associations for the Agricultural and Life Sciences (GCHERA), World Agriculture Prize (WAP). He is also the 2022 Africa Food Prize Laureate.

Prof. Danquah is a former Head of the Department of Crop Science, University of Ghana, Legon and a former Dean, International Programmes, University of Ghana. He is an adjunct professor at Cornell University, USA, the University of Western Australia, and Murdoch University, Australia. He is the President, African Plant Breeders Association (APBA), and Founder of the Eric Danquah Foundation. He has several publications to his credit.

He holds BSc. Agric (Crop Science), University of Ghana; MPhil Plant Breeding, University of Cambridge, England; and a Ph.D in Genetics, University of Cambridge, England.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Biographical information of directors

Age category	Number of directors
Up to - 40 years	2
41 - 60 years	4
Above 60 years	3

Commitment to Corporate Governance

The key guiding principles of the Bank's governance practices are:

i. Good corporate governance for enhanced shareholder value

ii. Clearly defined respective roles of Shareholders, Board of Directors and Management in the governance architecture

iii. The Board of Directors to have majority of its membership as either Independent or Non-Executive Directors.

These principles have been articulated in a number of corporate documents, including the Bank's Constitution and the Board Charter.

There is a Board Charter which spells out the functions/terms of reference and powers of the Board and Board Committees. There are also various policies which define the role of the Board and the Managing Director with regard to certain specific matters including credit approvals, staff hiring and discipline.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Governance Structure

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of Executive Management.

As at 31 December 2023, the Board of Directors of Agricultural Development Bank Plc consisted of nine (9) members made up of an Independent Non-Executive Chairman, three (3) other Independent Non-Executive Directors, four (4) Non-executive Directors, and one (1) Executive Director.

The Board members have a wide range of experiences and in-depth knowledge in management, accounting, finance, economics, law and entrepreneurship, which enable them to make informed decisions and valuable contributions to the Bank's progress. The directors are cognisant of their responsibilities and collectively, possess adequate competences and experience to discharge them.

The Board has delegated various aspects of its work to the Audit, Risk, Recoveries, Human Resource and Governance and Cyber & Information Security and Strategy Board Committees.

Committees	Members	Designation	Functions/Terms of Reference
Audit committee	Prof. Eric Yirenkyi-Danquah	Chair	• Providing oversight of the financial reporting process including the establishment of accounting policies and practices by ADB • Providing oversight of internal and external audit functions • Reviewing and approving the audit scope, depth, coverage and frequency and overall effectiveness • Reviewing and monitoring the external auditors' independence and objectivity, taking into consideration relevant professional and regulatory requirements • Reviewing coordination between the internal audit function and external auditors • Receiving key audit reports and ensuring that Executive Management is taking necessary corrective actions in a timely manner to address control deviations and weaknesses, non-compliance with policies, laws and regulations • Providing a linkage between the Board and the Bank of Ghana, reviewing examination reports, reviewing guidelines and circulars, and ensuring compliance • Annually recommending to the Board and Annual General Meeting the appointment of the External Auditor, the audit fee; and to advise the Board on any questions of resignation or dismissal
	Prof. Peter Quartey	Member	
	Hon. Mrs. Abena Osei-Asare	Member	
	Mrs. Mary Abla Kessie	Member	

CORPORATE GOVERNANCE REPORT (CONTINUED)

Committees	Members	Designation	Functions/Terms of Reference
Human Resource & Governance committee	Prof. Peter Quartey	Chair	• Reviewing and making recommendations to the Board with respect to the size and composition of the Board, including reviewing Board succession plans
	Mrs. Mary Abla Kessie	Member	
	Prof. Eric Yirenkyi Danquah	Member	
	Mr. Alhassan Yakubu-Tali	Member	• Assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual directors • Making recommendation to the Board on the appointment of the Managing Director, other executives and key management personnel • Reviewing and making recommendations on the remuneration strategy and packages of the Managing Director and other key management personnel • Reviewing reports on senior staff grievance and discipline and making recommendations to the Board • Considering and recommending to the Board an overall employment, compensation, performance management, retention and severance policy and philosophy for ADB that is aligned with the ADB's medium and long-term business strategy • Having strategic oversight of matters relating to the development of ADB's human resources with the main objective of attracting and retaining a competitive human resources base for ADB

CORPORATE GOVERNANCE REPORT (CONTINUED)

Committees	Members	Designation	Functions/Terms of Reference
Risk committee	Prof. Peter Quartey	Chair	• Assisting management in the recognition of risks and ensuring that the Board is made aware of inherent and emerging risks and to review all risks to which ADB is exposed, assessing from time to time their relative importance and evaluating whether the resources and controls designed to manage each risk are proportionate to the quantum of risk involved. • Review and approve the credit risk strategy and credit risk policies of ADB. Assist management in evaluating the overall credit risks faced by ADB and set an acceptable risk appetite and tolerance that ADB is willing to engage and the level of profitability that ADB expects to achieve for booking various credits. The management of credit risk largely encompasses activities relating to loans and advances, albeit that credit risks exist throughout the other activities of ADB, both on and off-balance sheet. These activities include acceptances, inter-bank transactions, trade financing, foreign exchange transactions, futures, swaps, options and guarantees, among others • Review operational and market risks faced by ADB and the management of such risks. • Ensure the establishment in ADB of a compliance culture including Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) risk management culture, and promotes the adoption of an appropriate ethical and compliance standards in the conduct of the business of ADB • Review of risks with a frequency that it judges to be proportionate to their materiality to ADB paying particular attention to new risks arising from changes in ADB's business strategy and those arising from the wider current commercial, economic and political environment. The committee reviews the comprehensiveness of the records of risks from time to time and updates them where appropriate • Consideration prior to implementation of all new products, significant changes in the balance of the business of ADB or scale of its operations in any area. The consideration of all proposed changes to key systems and operational controls
	Prof. Eric Yirenkyi Danquah	Member	
	Mr. Evron Hughes	Member	
	Mr. George Kwabena Abankwah-Yeboah	Member	

Committees	Members	Designation	Functions/Terms of Reference
			• Assists management in the recognition of risks and also ensures that the Board is made aware of changes in the risk profile arising from: Asset quality concentration, Counterparty limits, currency, maturity and interest rate mismatches, the external environment, including country risk for any country where ADB has a significant exposure Business strategy and competition operational risk, including vulnerability to fraud, human resources and business continuity, legal, compliance and reputational risk • Annually review its terms of reference and modus operandi and makes recommendations for changes that it considers appropriate to the Board
Cyber & Information Security and Strategy	Mr. Kwabena Abankwa-Yeboah	Chair	• Determining the nature and extent of the significant cyber and information security risks that ADB is willing to take in achieving its strategic objectives. • Identifying the cyber and information Security risks inherent in the business of ADB, the control processes with respect to such risks and countermeasures • Outlining the enterprise and overall cyber and information security risk profile of the bank • Ensuring the adequacy and effectiveness of the Cyber and Information Security risk management framework of ADB • Ensuring the effectiveness of the information technology governance and its operations in the bank • Determining the cyber and information security risk management strategy of ADB
	Daasebre Akuamoah Agyapong	Member	
	Hon. Habib Iddrisu	Member	
	Prof. Peter Quartey	Member	
	Mr. Evron Hughes	Member	

CORPORATE GOVERNANCE REPORT (CONTINUED)

Committees	Members	Designation	Functions/Terms of Reference
Recoveries	Mr. Evron Huges	Chair	• Ensure that there are effective procedures and resources to identify and manage irregular or problem credits, minimize credit loss and maximize recoveries; • Review of Management debt collection efforts against budgeted targets; • Make recommendations on credits to be written off and closed off and those to be written off and case pursued outside the books of ADB • Make decisions on Management proposals for restructuring/refinancing of non-performing accounts with acceptable repayment/restructuring terms • Review adequacy of provisions made on ADB's non-performing credit assets and recommend for further provisions/write backs as necessary • Review Management reports and reports from external auditors concerning non-performing accounts • Review training needs and capacity at bank's Monitoring and Recoveries Division as recommended by the Management for appropriate action.
	Mr. Kwabena Abankwah-Yeboah	Member	
	Mr. Mary Abla Kessie	Member	
	Mr. Alhassan Yakubu-Tali	Member	

CORPORATE GOVERNANCE REPORT (CONTINUED)

Schedule of attendance at Board and Committee Meetings

The Board met thirteen (13) times during the year and the Board Committees, cumulatively, nineteen (19) times.

Below is the schedule of attendance of the Board and Board Committee meetings during the year.

No.	Names of Directors	Main Board Meetings 13	Audit Committee Meetings 6	Risk Committee Meetings 5	H.R & Governance Committee Meetings 4	Cyber Information Security & Strategy Committee Meetings 3	Recoveries Committee Meetings* 1
1	Daasebre Akuamoah Agyapong II (Chairman)	13				3	
2	Mr. Kwabena Abankwah-Yeboah	11		4		3	1
3	Hon. Mrs. Abena Osei-Asare	6	1	4	0		
4	Hon. Habib Iddrisu	9			3	3	
5	Professor Peter Quartey	13	6	1	3	2	
6	Professor Eric Yirenkyi Danquah	13	6	4	1		
7	Mrs. Mary Abla Kessie	13	4		4		1
8	Mr. Evron R. Hughes	13	6	4	3	1	1
9	Mr. Alhassan Yakubu-Tali	13	6	5	3	3	1

Summary of work carried out by the Board and Board Committees during 2023

The Board of Directors created five (committees) to assist it to perform its functions. These were:
1. Audit
2. Risk
3. Cyber & Information Security and Strategy
4. HR & Governance
5. Recoveries (created in July 2023).

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Audit Committee met six (6) times in the course of the 2023 financial year. The committee, among others:

a. Reviewed and approved the 2023 Internal Audit Plan.
b. Reviewed the 2023 Annual Budget with recommendations to the Board of Directors.
c. Reviewed quarterly audit reports from the Internal Audit Department and updates from the Compliance Department indicating remedial actions implemented to correct identified audit infractions.
d. Reviewed Bank of Ghana's inspection reports.
e. Met with external auditors to discuss audit scope, counter party exposures, regulatory compliance issues and annual audit fees.
f. Approved recommendations for the disposal of obsolete items
g. Ensured and reviewed the procurement of audit services as a replacement of the external auditor which had completed the maximum tenure permitted by law. etc.

The Risk Committee met a total of five (5) times in the course of the 2023 financial year. The activities of the committee included the following:

a. Review of quarterly Risk Management reports, Compliance and AML reports
b. Review of reports from Management indicating status of implementation of remedial actions directed by the Board of Directors
c. Review of credit applications above management approval levels with recommendations to the Board of Directors.

The Cyber and Information Security and Strategy Committee reviewed quarterly reports from the Chief Information Security Officer, the Head of the IT Department and the Head, E-Business. The Committee oversaw the implementation of major cyber security, technology and e-banking strategies of the Bank to among others, enhance the safety of the Bank's cyber resources, and deepen the Bank's e-banking footprints.

The Board HR & Governance Committee of the Board met four (4) times in the course of the 2023 financial year to among others, consider and make recommendations to the Board on employee remuneration, quarterly review of HR reports with details on manning levels, staff composition by grade, age, gender, staff cost, training, attrition etc. The HR & Governance Committee additionally reviewed the 2021 annual staff performance management process including annual appraisals and made recommendations to the Board of Directors for promotions.

The HR & Governance Committee also ensured that the Board engaged a Consultant to undertake an externally facilitated board performance evaluation. The HR & Governance Committee led a process in 2023 for the review of the Board Charter. It also evaluated persons recommended for appointment into Senior Management positions and submitted its recommendations to the Board of Directors.

The Recoveries Committee was created as an additional special task-force committee to give greater impetus to the Bank's bad debt recovery strategies and efforts. The Committee is intended to ensure that management recommendations for debt restructuring and approval of negotiated settlements above Management thresholds are expedited for greater efficiency and success. It additionally reviews quarterly Non-Performing Loan book reports. The Committee had its maiden meeting in October 2023 but had been meeting more often in 2024.

The Board of Directors met thirteen (13) times in the course of the 2023 financial. The main activities performed by the Board included reviewing and approving the 2023 strategic plan and annual budget of the Bank, consideration of monthly performance reports from the Managing Director, showing alignment or variances between budgetary financial targets and actual performance with explanations for variances where they occur, and receiving Board Committee reports and recommendations.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Besides the routine activities performed by the Board monthly or quarterly as may be applicable, the Board will focus on recapitalisation of the Bank as its key focus in the 2024 financial year. To this end, the Board obtained an approval at an extraordinary general meeting held on December 28, 2023 to raise additional capital of up to GHS 2 billion through a renounceable rights issue.

Board balance and independence

The composition of the Board of Directors and its Committees is regularly reviewed to ensure balance, maintenance and mix of skills, independence, knowledge and experience.

Ethics and Professionalism

The Board has approved an Ethics Charter and Conflict of Interest policy that regulate the conduct of Directors. In addition, an approved Code of Conduct regulate the Conduct of all employees. The directors have signed off as having read and understood the contents of the Ethics Charter whiles employees, including Key Management Personnel have signed off the Code of Conduct as having read and understood the Code of Conduct and sanctions for breaching the policy. Management has communicated the principles in the Bank's Code of Conduct to employees to provide guidance in the discharge of their duties. The above-mentioned policies set the standards of professionalism, integrity and acceptable standard of conduct required for the Bank's operations, which cover compliance with applicable laws, conflict of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to laid down procedures, to eliminate the potential for illegal and unethical practices.

Anti-Money Laundering and Anti-Terrorism

The Bank additionally has an established Compliance and Anti-Money Laundering and Anti-Terrorism departments and monitoring systems in place in compliance with the requirements of Ghana's Anti-Money Laundering Act 2020 (Act 1044) and Anti-Terrorism Act 2008, Act 762. These include due diligence for opening new accounts, customer identification, monitoring of high-risk accounts, record keeping, training and sensitisation of staff on money laundering. These systems and measures assist in reducing regulatory and reputational risks to the Bank's business. A quarterly AML Report is presented to the Board of Directors through the Board Risk Committee.

Internal Control Systems

The Directors have overall responsibility for the Bank's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The Bank's internal control system, anchored on the COSO framework (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring) continued to provide assurance on the effectiveness of the Bank's risk management practices. ADB's risk management framework, aligned with the Ghana Enterprise Risk Management Framework (ERMF), enables Management to identify, assess, and mitigate risks across its operations.

The Bank's governance structure includes specialised Board oversight committees such as Risk, Audit, and Cyber and Information Security. These collectively oversee the Bank's risk management and control framework. These Committees establish risk management policies that ensure the identification and mitigation of material risks inherent in the Bank's operations. Additionally, the independent Audit Committee ensures the integrity of financial reporting by verifying the effectiveness of accounting policies, internal controls, and the independence and objectivity of external auditors. Furthermore, Management Committees were responsible for implementing risk management policies set by the Board and establishing internal control policies, while monitoring the effectiveness of internal control systems to ensure their overall efficacy.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The systems are designed to manage rather than eliminate the risk of failure in order to achieve the Bank's business objectives and to provide reasonable, but not absolute assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the company as at the reporting date and no significant failings or weaknesses were identified during the review.

Directors' Performance Evaluation

In 2023 in compliance with Section 46 of Bank of Ghana's Corporate Governance Directive (2018), the Bank engaged MRB Consult, an external consultant to carry out Board of Directors' performance evaluation for the period spanning January 1, 2023 to December 31, 2023.

The performances of the Board of Directors as a college, the Committees, the Board Chairman, individual Directors and the Company Secretary were evaluated. The consultant reviewed corporate information on the Bank including the Board Charter with terms of reference of the Board of Directors and all the Board Committees, personal files of all directors and all Key Management Personnel, appointment letters of directors, Bank of Ghana approvals of appointments, documented director induction process, agenda and minutes of the Board and Board Committees, attendance book, Directors Interest Register, constitution of the company, organogram, job description of Executives Directors, approved policies for Enterprise Risk Management, Risk Management Framework, Internal Audit Charter and Internal Audit Work Plan etc.

The consultant additionally employed both face-to-face interviews with directors and key management personnel and administered questionnaires for the evaluation process.

The evaluation process was designed to assess among others, the performance in the following areas:

- Role and responsibility of the Board
- Board structure including appointments, composition, diversity of skills, review of directors' independence and induction and continuous development
- Assessment of the functioning of the Board including Board Charter, annual work plan, Board meetings and agenda, Board Committees, polices and Board and Management relationship
- The Company Secretary
- The Board's role in governance including business strategy and performance monitoring and stakeholder engagement.
- Oversight of the control environment including the risk management function, the compliance function and the internal audit function.

The following is the summary of key recommendations from the Board evaluation for implementation:

i. The Board should take a look at the issue of the appointment of the Deputy Managing Director in the light of the provisions of the Companies Act and make appropriate recommendations to give effect to the intentions of the shareholders
ii. The Board should put in place a documented Board Induction Handbook to serve as a guide for Induction and orientation of newly appointed directors
iii. The Board should rationalise the number of meetings and committee meetings to cut down the work load on Management and the demand on time commitment of Directors
iv. The adoption of a revised risk appetite statement and monitoring of same
v. The need for additional capacity building in Enterprise Risk Management

Subsequent to the evaluation, the Board and Management have outlined detailed measures with timelines to resolve and implement all recommendations by the end of the 2024 financial year.

A full copy of the externally facilitated Board Performance Evaluation Report was submitted to the Bank of Ghana on May 17, 2024.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration Policies

In accordance with section 185 of the Companies Act, 2019 (Act 992) and clause 82 of the Constitution of the company, the Board of Directors makes recommendation to shareholders for the approval of the fees and remuneration non-executive and executive directors respectively. Additionally, a committee of independent non-executive directors determine the remuneration of executive directors. The details are disclosed in the audited financial statements. The last time the shareholders approved an upward adjustment in the fees payable to non-executive directors was at the Annual General Meeting held in August 2020.

The Board of Directors, in determining compensation packages for employees, gives due consideration to the performance of the Bank in a particular financial year, individual employee's performance, remuneration levels of peer banks and the general economic conditions prevalent in the country. The Board ensures that compensation levels approved are aligned with the Bank's medium and long term business strategy.

Professional development and training

The National Banking College offered annual corporate governance certification training to the Directors of the Bank. The topics covered under the corporate governance certification training were:

- Cyber Risk Governance and Management for Directors in Financial Institutions
- Fraud Risk Governance & Prevention
- Driving ESG Practices: Board's Role from ESG Strategy to ESG Reporting.

Conflicts of interest and Related Party Transactions

The Bank has established appropriate conflicts authorisation procedures by which actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. All directors and Key Management Personnel completed and submitted disclosure of interest pursuant to Section 59 of Act 930. The disclosures encompassed both professional and investment or business interest in companies, firms or institutions as shareholders, directors, managers, trustees, partners, proprietors and guarantors. Directors and Key Management Personnel were additionally required to disclose interest in any credit approved by the Bank or transaction entered into by the Bank. No conflict of interest or related party transaction was recorded during the year under review.

The Bank also maintains an Interest Register pursuant to Section 196 of the Companies Act 2019 (Act 992). During the year under review, no entry was made in the Interest Register.

None of the directors holds shares in the Bank. Eight (8) Key Management Personnel have nominal shareholding in the Bank, with combined shareholding of 8417 shares or 0.0024% of issued shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Profile of Executive Management Committee and Key Management Personnel

1. **Mr. Alhassan Yakubu-Tali (Managing Director)**

   Mr. Alhassan Yakubu-Tali was appointed the Managing Director of Agricultural Development Bank Plc effective December 1, 2022 and Chairs the Executive Committee of the Bank.

   Until his appointment, Alhassan had held the position of Deputy Managing Director from August 2017. In that role, he provided support to the Managing Director with oversight responsibility of the Bank's business banking, agribusiness and banking operations divisions as well as the over eighty-four (84) retail outlets. He is principally in charge of the core operations and business units of the bank, with responsibility for the operational performance of the bank as well as creating an environment that promotes staff commitment to the organisational vision, mission, and strategy.

   He is a seasoned investment banker with over nineteen years of international experience, spanning many multinational banks including HSBC, Lehman Brothers Investment Bank, Bank of Tokyo and Fimat International Bank. He has a strong foundation in economic principles with core competences in structuring financial transactions, asset and liability management, portfolio management, developing new businesses, equity and listed derivatives, retail banking, risk management and financial analysis.

   As the executive with oversight responsibility of the Agribusiness Division, he chaired the ADB 1D1F Committee and led the drive to ensure that the bank increased its loan portfolio in Agribusiness in line with the Bank's strategy. He is a polyglot and speaks fluent English, German, Dagbani and Hausa

2. **Eno. Ofori-Atta (Deputy Managing Director)**

   Mrs. Eno. Ofori-Atta was appointed Deputy Managing Director of the Agricultural Development Bank PLC on December 1, 2022.

   She is an accomplished professional with over 16 years of experience in banking and financial services, providing strategic leadership, creating high performance teams across business units and functions at various levels.

   Prior to her appointment, Eno had been the Group Managing Director of SIC-Financial Services for 5 years, where she played a pivotal role in redefining the business strategy, executing transformative programs, and implementing operational improvements.

   She is a former Chief Executive Officer of Payflex Microfinance Company and a former Chief Risk Officer of Women's World Banking Ghana.

   Her extensive experience spans across several leadership roles, such as Branch Operations Manager, Head of Administration and Human Resources, Head of Risk, and Head of Credit Operation.

   She is a product of Kwame Nkrumah University of Science and Technology where she obtained both a Master in Business Administration and Bachelor of Arts degree in the social sciences (Law & Sociology).

CORPORATE GOVERNANCE REPORT (CONTINUED)

3. **Mr. Enoch Benjamin Donkoh (General Manager, Business Banking)**

Mr. Enoch Donkoh was appointed General Manager, Business Banking on January 1, 2023. He is a member of the Executive Committee. He has a career in banking and his work experience spans more than 20 years beginning at ADB where initially he was with the Accounts department but was later moved to the Foreign Operations Department. He joined the Bank of Ghana Banking Supervision Division for 7 years and gained experiences in Internal Control Practices, Risk Management, and also best Banking Practices. Prior to his role as the General Manager, Business Banking, he was the General Manager, Operations

With his experience at the Bank of Ghana, he moved to work with a couple of Savings and Loans Companies, namely Pro-Credit Savings and Loans Company as Head of Finance, Express Savings and Loans Limited as General Manager/Managing Director, and Global Access Savings and Loans as an Executive Head and later Executive Director. He also worked as the Head of Operations at the Micro Finance and Small Loans Centre (MASLOC). Enoch Benjamin Donkoh is a member of the Institute of Chartered Accountants, Ghana (1999), holds a Bachelor of Science in Administration (Accounting) from University of Ghana and a Master of Business Administration (Finance) degree from Central University. He is the acting Director of Cyber and Information Security.

4. **Mr. Kwame Asiedu Attrams (General Manager, Agribusiness)**

Kwame Asiedu Attrams assumed the role of General Manager for Agribusiness on 1 August 2019. He is a professional agriculturist with vast experience in the agricultural and financial sector. He has many years of experience in the banking sector, having joined the Issuer in 2004 as a Credit Officer and later a relationship manager at the Agricultural Finance Department. As a Credit Officer in charge of Poultry and Livestock Projects, he managed the bank's Broiler Outgrower program. Also, in his role as a Relationship Manager, amongst several functions he was responsible for the efficient and effective management of Agricultural accounts. He was also responsible for the coordination, monitoring and evaluation of MIDA-funded projects for ADB. He represented ADB on several committees and boards of Ministries, Departments and Agencies.

Mr. Attrams joined Access Bank PLC, Ghana in 2017 as the Head of Agro Allied Unit and helped to set up the Agribusiness Unit of the Bank. He also developed the agricultural finance strategy and products for ADB. He has had other prior working experiences at Afariwaa Farms and Livestock Products Limited as Production Manager and Nutritionist, the Institute of Economic Affairs as a Legislative Research Assistant attached to the Parliament of Ghana and the University of Ghana as a Teaching Assistant in the Faculty of Agriculture. Mr. Attrams holds a first degree in Agriculture (Animal Science) and a Master of Philosophy in Animal Science (Nutrition), both of which he obtained from the University of Ghana. He also has several other certificates from internationally recognised institutions such as the Kansas State University, USA and Galilee College, Israel. He is an old student of Prempeh College, a married man and a devout Christian. Mr. Attrams is an ADB shareholder with 190 shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

5. The late Mr. Joseph Nii Adjei (Chief Finance Officer)

The late Mr. Joseph Nii Adjei (1976-2024), who had previously worked as the Chief Finance Officer (2016-2019), General Manager, Monitoring and Recoveries (2019-2020), Area Manager - Ashanti/Brong-Ahafo (2020- 2022) was re-assigned as the Chief Finance Officer in December 2022. He was a member of the Executive Committee.

He started his career with PwC in 2002 as an Audit Associate rising to a Senior Associate in 2004. He joined Zenith Bank in September 2005 and by dint of hard work and commitment rose within a relatively short time to the position as of Chief Finance Officer. This is a role he handled excellently until June 1, 2016 when he joined the ADB family as the Chief Finance Officer. He held a Bachelor of Science degree in Computer Science from KNUST, MBA from Edinburgh Business School. He was a Chartered Accountant (ACCA). The late Mr. Joseph Nii Adjei was an ADB shareholder with 1000 shares.

Tragically, Mr. Joseph Nii Adjei died on January 29, 2024.

6. Da-Costa Asiedu Owusu-Duodu (Chief Compliance Officer)

Mr. Da-Costa Asiedu Owusu-Duodu was appointed as Chief Compliance Officer of ADB on 22 May 2023. He is a member of the Executive Committee. He started his banking career in the early days with ADB as a Credit Officer in the Loans and Advances Department in 1996, and worked for 2 years, before leaving to join TechnoServe Inc. in 1998, CAL Bank in 2001, Universal Merchant Bank, in 2007 and back to ADB, in 2019.

Prior to his role as the Chief Compliance Officer, he was the Chief Risk Officer in charge of the portfolio of Special and Criticized Assets of Merchant Bank and was generally responsible for assessing and mitigating significant threats and losses to the bank's capital and earnings

Mr. Owusu-Duodu has in-depth knowledge and experience in the banking industry, in the areas of credit origination, project finance, syndication, agricultural financing, debt restructuring and reorganisation of distressed companies. With over 27 years' experience in banking and a proven track record of success in the maintenance of high asset quality, he brings a wealth of knowledge and expertise to drive growth in a strong banking brand in ADB. He holds a Master of Philosophy degree in Agri-Business Administration from the University of Ghana, Legon, and also a Bachelor's Degree in Agricultural Economics from the same university.

7. Godwyll Ansah (Company Secretary)

Mr. Godwyll Ansah was appointed the Company Secretary on 1 April 2019. He is a member of the Executive Committee. He is a seasoned legal practitioner with over 20 years' experience in legal and banking practice ranging from company and commercial law practice, regulatory compliance, anti-money laundering, board secretariat and bad debt recovery.

He worked at Bank of Africa Ghana Limited from December 2006 to March 2019 having held several positions including Head of Compliance, Head of the Legal Department and Company Secretary. He also worked with Société General (Ghana) and Stanbic Bank Ghana Limited. Mr. Ansah holds a Master of Law degree and Bachelor of Arts degree (Law and Economics) both from the University of Ghana, Legon. He also attended the Ghana School of Law from 1999 to 2001 and was called to the Ghana Bar in October 2001. He is an adjunct lecturer of Company Law and Commercial Practice at the Ghana School of Law.

He is a member of the Ghana Bar Association, Ghana Association of Restructuring and Insolvency Advisors (GARIA) and a licensed Insolvency Practitioner.

CORPORATE GOVERNANCE REPORT (CONTINUED)

8. Mrs. Amelia Croffie (Head, Legal Department/General Counsel)

Mrs. Amelia Croffie was appointed the Head of the Legal Department/ General Counsel in December 2021. She is a member of the Executive Committee. She has about 31 years working experience in corporate law and banking and is engaged in legal advocacy. She holds a Bachelor of Arts Degree (Hons, Upper Division) in Law, Classical History & Civilization from the University of Ghana (1989) and a Qualifying Certificate in Law from the Ghana Law School (1991).

She also holds a Master of Business Administration (HR Option) from the University of Ghana (2003). She worked as a Teaching Assistant in Criminal Law and Police Administration at the Law Faculty of the University of Ghana (National Service) after her Qualifying Certificate in Law. She was the Legal Executive in Activity Venture Finance Company Limited (AVFCL), a government regulated venture capital finance company, which was set up among others to explore, pioneer and provide venture capital for businesses as a means of complementing the more traditional modes of lending in the financial sector.

At AVFCL, she served in various roles including Board Secretary and was nominated as a member of the Board of Directors on the then Midland Savings & Loans Limited as representative of AVFCL. She also served as a member of the Board of Directors for several years at Nyankumase Ahenkro Rural Bank in the Central Region of Ghana. Mrs. Amelia Croffie is an ADB shareholder with 1000 shares

9. Mr. Leon Bannerman-Williams (Chief Risk Officer)

Mr. Leon Bannerman-Williams was appointed Chief Risk Officer of ADB on 22 May 2023. Prior to this, he was the Chief Finance Officer of ADB.

Mr. Bannerman-Williams is an experienced Chartered Accountant. He began his career at the Controller and Accountant General's Department in 1989 and joined ADB in 1997 as a Finance Officer.

He served in several capacities including, Branch Operations Officer from September 1999 to October 2005, for the Koforidua, Ring Road Central and Cedi House branches respectively and was appointed the Branch Manager for the Tema Main branch in 2005.

In 2007, he was appointed Financial Controller, a role in which he undertook a number of professional services including successfully guiding the process towards the Bank's first adoption of International Financial Reporting Standards (IFRS) and developing cost control and reduction strategies.

In 2010, Mr. Bannerman-Williams joined the Credit Risk Department as the Credit Portfolio Manager, a role that involved high level credit portfolio analytics for Executive Management. He was later appointed as the Head of Monitoring and Recoveries department in 2015.

He is a qualified Chartered Accountant and holds an Executive Master of Business Administration (Finance) degree from the University of Ghana Business School. He is a Fellow of the Association of Chartered Certified Accountants (UK) and a Member of the Institute of Chartered Accountants (Ghana). Mr. Bannerman-Williams is an ADB shareholder with 1500 shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

10. Mr. Samuel Dako (Chief Audit Executive)

Samuel Dako is the Chief Audit Executive. He has over 28 years of managerial experience in the banking sector. He joined ADB as a Finance Officer, and has served in various capacities including Financial Controller, Head of Financial Reporting and Strategy, Manager - Research and Corporate Planning, Branch Operations Manager and other managerial roles. He also has relevant managerial experience in Retail Banking, Risk Management and Audit & Assurance. He is also a Non-Executive Director of Akuapem Rural Bank where he serves on the HR, Governance, Risk, Compliance, Audit, Strategy and IT & Cyber Security Sub-Committees of the Board. Samuel is an alumnus of University of Professional Studies, Accra, University of Leicester Management Centre (UK), GIMPA School of Technology, GIMPA Faculty of Law and Ghana School of Law.

Samuel Dako is a Lawyer and Chartered Accountant and a member of the Institute of Chartered Accountants Ghana, a Merit Award Holder. He holds a Master of Business Administration Finance degree from the University of Leicester, UK, Bachelor of Laws degree from GIMPA. He also holds post graduate Diploma in Management Information Systems from GIMPA. He is a Certified ISO 27001 Lead Implementer and Auditor. Mr. Dako is an ADB shareholder with 727 shares.

11. Mrs. Sylvia Nyante (General Manager, Recoveries)

Mrs. Sylvia Nyante was appointed Acting General Manager, Recoveries Division on 28 May 2023 and is a member of the Executive Committee. Prior to that, she was the Head of Government/Agricultural Loans Recoveries of ADB, a role she held for 4 years.

She is a Chartered Banker with over 30 years of banking experience of which over 15 years have been in senior management roles, including Agricultural Financing, Corporate Banking, Credit Risk Management and Retail banking.

Sylvia joined ADB in 1993 as Credit Officer in the Legal Department and has held various positions which include Head, Credit, Team Leader-Large Corporate, Head, Development Finance Unit, Executive Head, Development Finance Unit. Group Head, Agricultural Finance.

She is a member of the Chartered Institute of Bankers and hold an Executive Master of Business Administration (EMBA), (Finance) and a Bachelor of Science degree from the University of Ghana. Mrs. Nyante is an ADB shareholder with 1900 shares.

12. Mrs. Bridget Kaminta Lekanong Nuotuo (Treasurer)

Mrs. Bridget Lekanong Nuotuo Kaminta has had a distinguished career in banking, marked by significant contributions and leadership roles. She joined the Agricultural Development Bank (ADB PLC) as Treasury Sales Manager in 2011 and ascended to the position of Treasurer in December 2016. Her professional journey in banking spans over 20 years, with 18 of those years dedicated to Treasury management.

Her career began at Barclays Bank (Ghana) Limited, where she served as a Senior Dealer responsible for Treasury Retail Business. During her tenure at Barclays, she also held various positions within Retail Banking, showcasing her versatility and broad expertise in the banking sector.

She holds an Executive Master's in Business Administration (EMBA-Finance Option) from the University of Ghana Business School and a Bachelor of Commerce degree from the University of Cape Coast.

Additionally, she is a Chartered Banker and a certified member of the International Financial Markets (ACI). Mrs. Nuotuo is an ADB shareholder with 2000 shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

13. Ms. Abena Abrafi Antwi (Acting Head, Human Resources)

Ms. Abena Abrafi Antwi was appointed as the Acting Head, Human Resources, on 1 September 2023. Prior to that, she was the Deputy Head of Human Resources of ADB. She has considerable experience in Human Resources Management, Customer Service and Sales spanning over 14 years mostly in the financial and banking industry.

Abena has in-depth knowledge and expertise in diverse strategic human resource functions in the areas of Employee Relations Resourcing, Training & Development, Performance, Talent and Succession Management.

Prior to joining the Bank, she worked with Vivantti Microfinance Limited, Dwadifo Adanfo Microfinance Limited as the General Manager of Human Resources and Administration. She also worked with Zain Communications Ghana Limited (now AirtelTigo) as a Customer Service Officer and Barclays Bank Ghana Limited (now Absa Bank) as a Sales Officer, having worked with the Gap Retail Outlet, Maryland, USA as a Customer Advisor.

Abena is a Certified Senior Professional in Human Resources (SPHRi)and holds a Master of Business Administration in Human Resource Management and a Bachelor of Arts degree in Political Science & Spanish from the University of Ghana, Legon.

14. Gideon Amonortey Otu (Acting Head, Internal Control)

Mr. Gideon Amonortey Otu joined ADB PLC in 2014. He is an experienced banker with over 18 years' industry experience across different departments from Back office to Front office especially in the area of Customer Service, Risk and Controls analysis and Assessments, Governance, Operations Management, Retail Banking, Training, Coaching/Mentorship, Fraud Management, Value for Money procurements, Quality Standards, Investigations, policies. Process reviews and standardization and General Due Diligence.

He is currently the Acting Head, Internal Control and Due Diligence ensuring that the Bank has robust internal control mechanisms in place to promote operational efficiency, risk management, and compliance with regulations and policies.

Prior to his appointment as the Acting Head, Internal Control & Due Diligence, he occupied other roles in the Bank including being Manager of Operational Rigour, and Manager, Internal Control and Due Diligence. He had also worked with other Banks like Barclays Bank Ghana Limited and the SDC Group (Discount & Brokerage Services) and before all these the Ferkos Ferramenta, a trading outlet.

Gideon also doubles as the Quality Manager of the Bank, a role he has played since 2021, with the objective of ensuring the quality of the Bank's processes, products and services in accordance with requirements of the International Organization for Standardization (ISO 9001:2015).

Gideon Amonortey Otu holds a Bachelor of Management Studies from the University of Cape Coast, and an International Executive Master's in Business Administration in Banking and Finance (IEMBA) from Paris Graduate School of Management. He is also a certified Lead Implementer in the Quality Management Systems (ISO 9001: 2015), Information Security Management Systems (ISO 27001:2013) and a certified ISO 19011:2018 Internal Auditor.

CORPORATE GOVERNANCE REPORT (CONTINUED)

15. Papa Arko Ayiah (Anti-Money Laundering Reporting Officer)

Papa Arko Ayiah is the Anti-Money Laundering Reporting Officer of ADB. He has 23 years of banking experience, all in the employ of ADB. He joined ADB in 2000 as an Officer Trainee with the Treasury Department and was on various schedules including Money Market Dealing. He also worked in the then Communications Unit of the bank as a Senior Communications Officer. Before joining the ADB family, Papa Arko had a stint in Spacefon Ghana, now MTN Ghana, as a Customer Service Representative.

Papa is a Certified Anti-Money Laundering Specialist and a member of the prestigious Association of Certified Anti-Money Laundering Specialists (ACAMS), USA. He holds a Master of Laws in Alternative Dispute Resolution (ADR) from the Faculty of Law, University of Ghana, a Bachelor of Laws from the Faculty of Law, Mountcrest University College (affiliated with KNUST), a Master of Arts in Human Resource Management from University of Cape Coast and a Bachelor of Educational Psychology also from the University of Cape Coast.

He is a member of the Network of Heads of Compliance/AMLROs of Accountable Institutions (Banks) in Ghana. He serves on the Executive Committee as the Organising Secretary.

16. Mr. Alex Forson (Head, E-business)

Mr. Alex Forson joined ADB in 2001 as a Clerk with the Kumasi Adum Branch. In 2006, he was appointed as one of an eight-member Flexcube team that undertook a project to migrate 56 branches of ADB which were then operating as manual stand-alone branches to ADB's maiden banking software, Flexcube. He was then transferred to the Finance Department as an Accounts Clerk in 2009. A year later in 2010, he was reassigned as Operations Officer for Reconciliation and Settlement with the Transaction Banking and Technology Department, now E-business Department. In 2015, he was appointed as the Unit Head, Sales of the Business Department. He is currently the Acting Head of the E-business Department Alex has extensive knowledge and experience in Card Operations and Information Technology.

He holds an International Executive Master of Business Administration (IEMBA) in Information Technology Management from the Paris Graduate School of Management (PGSM), France, and a Bachelor of Business Administration degree (Marketing) from the Methodist University College, Ghana. Mr. Forson is an ADB shareholder with 100 shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

17. Edward Amarh-Mensah (GM, Business Banking)

Mr. Edward Ian Armah-Mensah joined the Bank in 2010 as Executive Head of Corporate Banking. During his tenure, he served in various roles including Chief Commercial Officer, Group Head of Corporate Banking, and General Manager of Business Banking. With over 24 years in Ghana's banking sector, he successfully established the Corporate Banking and Non-Bank structures from inception. His expertise spans Corporate Finance, encompassing Deal Origination, Debt Restructuring, Trade Syndication, Trade/Cash Management, and Asset Finance. Edward has held significant positions at Stanbic Bank (Ghana) Limited, Barclays Bank (Ghana) Limited, and NDK Financial Services.

He holds an Executive MBA (Finance Option) and a Bachelor of Science in Business Administration from the University of Ghana Business School.

He resigned from the Bank in January 2023.

Succession Plan for Key Management

The Bank has a succession Plan for Key Management to ensure continuity and seamless transition of leadership roles within the Bank.

Annual Certification

The Board of directors could not perform its in-house performance evaluation in 2023. The Board will however undertake the in-house self-evaluation by the end of June 2024. The were additionally pending Bank of Ghana approvals for some officers who were in acting positons as Key Management Personnel.

Board has independently assessed and documented the corporate governance process of the Bank and considers the corporate governance framework in place as adequate and effective to enable the Bank achieve its strategic objectives.

Approval of the financial statements

The financial statements of Agricultural Development Bank Plc, as identified in the first paragraph, were approved by the Board of Directors on June 27, 2024, and signed on their behalf by:

....	....
CHAIRMAN	**DIRECTOR**
Date: 28/06/2024	Date: 28-06-2024

Ernst & Young Chartered Accountants
60 Rangoon Lane
Cantonments City, Accra, Ghana
P. O. Box KA 16009
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGRICULTURAL DEVELOPMENT BANK PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Agricultural Development Bank Plc (the Bank) set out on pages 36 to 152 which comprise the Statement of Financial Position as at December 31, 2023, the Statement of Profit or Loss and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board including the IAS29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act, 2019 (Act 992) as well as 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the 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 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The result of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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Key Audit Matter	How the matter was addressed in the audit
Allowance for expected credit losses on loans and advances to customers	
IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition. The recognition of impairment could be done on a 12-month expected credit losses or Lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that take into account: ▸ The probability-weighted outcome. ▸ Reasonable and supportable information that is available without undue cost. Significant judgements in the determination of the Bank's Expected Credit Loss include: ▸ Use of assumptions in determining various ECL modelling parameters including probability of default and loss given default. ▸ Determination of a significant increase credit risk and ▸ Determination of associations between macroeconomic scenarios. The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers. Due to the significance of such loans which account for about 31% of total assets of the bank, and the significant use of judgements, assessment of allowance for expected credit losses has been identified as a key audit matter. A total amount of GH¢838m has been recorded in the statement of profit or loss and other comprehensive income for the year as a credit loss. The total impairments provision held as of 31 December 2023 in accordance with IFRS 9 impairment rules were GH¢1,357m. Further disclosures relating to these amounts and the Bank's accounting policies regarding estimating these ECLs have been disclosed in Note 5.4 and Note 21 respectively of these financial statements.	We have obtained an understanding of the Bank's IFRS 9 provisioning process as well as the credit risk modelling methodology. We validated and tested the ECL model of the Bank by assessing the data inputs and assumptions driving the model calculations. We have also performed the following substantive audit procedures: ▸ Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD). ▸ Recalculated ECL estimates, ▸ Reviewed forward looking information / multiple economic scenario elements. ▸ For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realisation for collaterals, etc. ▸ We have also reviewed information relating to the allowance for expected credit losses on loans and advances to customers disclosed in the notes to the financial statements of the Bank.

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Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 152-page document titled "Agricultural Development Bank Plc, Annual Report and Financial Statements, 31 December 2023", which includes the Report of Directors, and Other Disclosures as required by the Companies Act, 2019 (Act 992) and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The other information does not include the financial statements and our Auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) with IFRS Accounting Standards as issued by the International Accounting Standards Board including the IAS29 Hyperinflation Directive issued by the Institute of Chartered Accountants Ghana and the requirements of the Companies Act, 2019 (Act 992),) as well as 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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal requirements

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;
- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and
- The statement of financial position, the statement of profit and loss and the statement of comprehensive income are in agreement with the books of account and returns.

- In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the financial year then ended.
- We are independent of the Bank pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) under Section 85(2) requires that we state certain matters in our audit report. Accordingly, we state that;

- The accounts give a true and fair view of the statement of affairs of the Bank and the results of operations for the year under review.
- We were able to obtain all the information and explanations required for the efficient performance of our duties.
- The transactions of the Bank are generally within the powers of the Bank.
- The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) except as disclosed in note 22 and 46(ii) of the financial statements.
- The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments.

Other matters

The Bank has generally complied with the provisions of the Corporate Governance Disclosure Directive 2022 issued by the Bank of Ghana.

The Engagement Partner on the audit resulting in this independent Auditors' report is Emmanuel Adekahlor (ICAG/P/1596).

Ernst & Young

Ernst & Young (ICAG/F/2024/126)
Chartered Accountants
Accra, Ghana

Date: 28/06/24

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Note	GH¢'000	GH¢'000
Interest income	7b	1,043,564	892,367
Interest expense	8	(669,644)	(470,049)
Net interest income		**373,920**	**422,318**
Fees and commission income	9	158,347	113,710
Fees and commission expense	9	(21,852)	(17,931)
Net fees and commission income		**136,495**	**95,779**
Net trading income	10	140,861	122,854
Other operating income	11	15,954	6,745
Operating Income		**667,230**	**647,696**
Impairment loss on loans and advances	12	(838,307)	(55,064)
Impairment write back/(charge) - other financial assets	12	51,381	(375,148)
Personnel expenses	13	(387,983)	(336,029)
Other operating expenses	14	(288,264)	(187,431)
Depreciation and amortization	15	(63,184)	(58,382)
Loss before tax		**(859,127)**	**(364,358)**
Income tax credit/(expense)	24	30,307	(6,922)
Loss after tax		**(828,820)**	**(371,280)**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		GH¢'000	GH¢'000
Loss after tax		(828,820)	(371,280)
Other comprehensive income, net of tax of Items that will not be reclassified to profit or loss:			
Fair value through Other Comprehensive Income	39(i)	66,699	26,062
Revaluation reserve (Net of tax)	36	1,635	65,153
Other comprehensive income for the year		68,334	91,215
Total comprehensive loss for the year		(760,486)	(280,065)
Earnings per share			
Basic loss per share (in Ghana pesewas)	16	(238.89)	(107.01)
Diluted loss per share (in Ghana pesewas)	16	(238.89)	(107.01)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		2023	2022
Assets	Note	GH¢'000	GH¢'000
Cash and bank balances	17	3,304,715	1,908,837
Due from other banks	18	-	349,719
Investment securities	20	2,353,652	1,316,584
Loans and advances to customers	21	2,937,636	3,242,189
Investment (other than securities)	22	208,385	134,729
Corporate tax assets	24	9,049	10,851
Intangible assets	25	19,038	20,092
Other assets	26	117,330	63,918
Property and equipment	27	211,141	216,332
Right of use assets	28	95,627	110,923
Deferred tax assets	24.4	56,074	38,546
Total Assets		**9,312,647**	7,412,720
Liabilities			
Borrowed funds	30	547,306	588,438
Deposits from customers	31	8,545,307	5,864,851
Other liabilities	32	158,510	151,614
Lease Liability (IFRS 16)	33	163,820	149,627
Total Liabilities		**9,414,943**	6,754,530
Equity			
Share capital	34	698,700	698,700
Accumulated losses	35	(1,725,169)	(674,978)
Revaluation reserve	36	124,319	122,684
Statutory reserve	37	182,015	182,015
Credit risk reserve	38	466,723	245,352
Fair value reserve	39	151,116	84,417
Shareholders' funds		**(102,296)**	658,190
Total liabilities and Shareholders' Funds		**9,312,647**	7,412,720

These financial statements were approved by the Board of Directors on 27 June 2024 and signed on its behalf by:

CHAIRMAN

Date: 28/06/2024

DIRECTOR

Date: 28-06-2024

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of GH₵	Stated Capital	Credit Risk Reserve	Statutory reserve	Revaluation Reserve	Fair value Reserves	Accumulated losses	Total
Balance at 1 January 2023	**698,700**	**245,352**	**182,015**	**122,684**	**84,417**	**(674,978)**	**658,190**
Loss for the year	-	-	-	-	-	**(828,820)**	**(828,820)**
Other Comprehensive Income net of tax	-	-	-	-	-	-	-
Revaluation Surplus (net of tax)	-	-	-	**1,635**	-	-	**1,635**
Net Change in fair value of Equity Investments	-	-	-	-	**66,699**	-	**66,699**
Transfer to (from) credit risk reserve	-	**221,371**	-	-	-	**(221,371)**	-
Balance at 31 December 2023	**698,700**	**466,723**	**182,015**	**124,319**	**151,116**	**(1,725,169)**	**(102,296)**

In thousands of GH₵	Stated Capital	Credit Risk Reserve	Statutory reserve	Revaluation Reserve	Fair value Reserves	Accumulated losses	Total
Balance at 1 January 2022	698,700	178,298	182,015	57,531	58,355	(236,644)	938,255
Loss for the year	-	-	-	-	-	(371,280)	(371,280)
Other Comprehensive Income net of tax	-	-	-	-	-	-	-
Revaluation Surplus (net of tax)	-	-	-	65,153	-	-	65,153
Net Change in fair value of Equity Investments	-	-	-	-	26,062	-	26,062
Transfer (from) credit risk reserve	-	67,054	-	-	-	(67,054)	-
Balance at 31 December 2022	698,700	245,352	182,015	122,684	84,417	(674,978)	658,190

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		GH¢'000	GH¢'000
Cash flows from operating activities			
(Loss)/Profit before tax		**(859,127)**	(364,358)
Adjustment for non-cash items	48	481,922	116,931
(Loss) before working capital changes		**(377,205)**	(247,427)
Changes in operating assets and liabilities		**2,229,152**	(9,847)
Interest Income received		**890,453**	809,876
Interest expense paid		**(636,135)**	(446,512)
Dividend Income		**970**	-
Income Tax Paid	24.2	(8,198)	(66,183)
Net cash (used in)/ generated from operating activities		2,099,037	39,907
Cash flows from investing activities			
Purchase of property and equipment	26	(18,030)	(31,203)
Purchase of medium and long term government securities		(1,124,437)	(1,779,215)
Redemption of medium and long term government securities		835,405	2,418,895
Proceeds from the sale of property and equipment	27	299	19
Advance payment of leases	28	(15,094)	(5,288)
Receipts-Due from other banks		142,662	-
Purchase of intangible assets	25	(2,217)	(2,070)
Net cash (used in)/ generated investing activities		(181,412)	601,138
Cash flows from financing activities			
Payments in borrowed funds		(2,005,927)	(12,444,639)
Receipts in borrowed funds	30	1,950,457	12,727,351
Payments of Principal portion of Lease liability		(52,544)	(58,112)
Net cash generated from financing activities		(108,014)	224,600
Increase in cash and cash equivalents		1,809,611	865,645
Cash and cash equivalents at 1 January		1,983,532	1,111,677
Effect of exchange rate fluctuation on cash held		6,897	6,210
Cash and cash equivalents at 31 December	29	3,800,040	1,983,532

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2023

1. REPORTING ENTITY

Agricultural Development Bank Plc (ADB) is a financial institution incorporated in Ghana. The registered office and address of the Bank is Accra Financial Centre, 3rd Ambassadorial Development Area. The Bank is primarily involved in corporate banking, investment banking and retail banking. These financial statements are for an individual entity.

The Bank is listed on the Ghana Stock Exchange.

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared on a historical cost basis and equity instruments at fair value through other comprehensive income (FVOCI) and Land and Building measured at revaluation model.

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency. All amounts have been rounded to the nearest thousands including amounts disclosed in the narratives, except when otherwise indicated. The functional and the presentation currency are the same.

b) *Statement of compliance*

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

2.1. Changes in accounting policies and disclosures

Interest Rate Benchmark Reform ("IBOR reform")

Interest Rate Benchmark Reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of an Interbank Offered Rate (an IBOR) with an alternative nearly risk-free interest rate (an RFR). For the purposes of these financial statements, the bank does not have any exposures to IBORs that are subject to reform and therefore the amendments had no impact.

i. New standard effective from 1 January 2023

The following new standards became effective in reporting period commencing 1 January 2023. The Bank has assess the impact of these standards for its annual reporting purposes.

IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. IFRS 17 introduces new accounting requirement for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1. Changes in accounting policies and disclosures (continued)

i. New standard effective from 1 January 2023 (continued)

IFRS 17 - Insurance contracts

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: Issuers of such loans - e.g. a loan with waiver on death - have an option to apply IFRS 9 or IFRS 17. The election would be made at a portfolio level and would be irrevocable. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The adoption of this amendment did not have a significant impact on the bank's financial statements. The adoption of this standards did not have any significant impact as it holds no insurance contratcs.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2022, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The adoption of this amendment did not have a significant impact on the bank's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2022, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The adoption of this amendment did not have a significant impact on the bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1. Changes in accounting policies and disclosures (continued)

i. New standard effective from 1 January 2023 (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. in addition, entities should recognize deferred tax assets (to the extent that it is possible that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: Right-of-use of assets and lease liabilities, and Decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in the opening balance of retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects on Statement of financial position leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The effective date of the standard is for years beginning on or after 1 January 2023. The amendment did not have any impact on the amount recognized in prior periods or current period.

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2go023, but not for any interim periods ending on or before 31 December 2023. The amendments have any impact on the amounts recognized in prior periods and the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2. New and amended standards and interpretations (Continued)

i. New and amended standards and interpretations issued but not yet effective (continued)

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the company's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the company's financial statements.

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

The IASB has made limited scope amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor's interests in the associate or joint venture. The amendments apply prospectively.

In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalized its research project on the equity method. The effective date of the standard is for years beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2. New and amended standards and interpretations (Continued)

i. New and amended standards and interpretations issued but not yet effective (continued)

Lack of exchangeability -Amendment to IAS 21

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.
  A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.
  The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use:
- an observable exchange rate without adjustment; or
- another estimation technique.

New disclosures

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The Group and Company do not expect the amendments to have a significant impact on the its financial statements.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.one

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

2. BASIS OF ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2. New and amended standards and interpretations (Continued)

i. New and amended standards and interpretations issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Entity is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the principal accounting policies adopted by the company in the preparation of these financial statements.

These accounting policies have been applied consistently in dealing with items that are considered to be material to the Company's

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

(a) Foreign currency transaction
(b) Interest income and expense
(c) Fee and commission
(d) Net trading income
(e) Dividend income
(f) Leases
(g) Income tax
(h) Financial assets and financial liabilities
(i) Fair value measurement
(j) Cash and cash equivalents
(k) Investment securities
(l) Property and equipment
(m) Intangible assets
(n) Impairment of non-financial assets
(o) Deposits and due to other banks
(p) Provisions

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

(q) Financial guarantees and loan commitments
(r) Fiduciary activities
(s) Employee benefits
(t) Stated capital and reserves
(u) Earnings per share
(v) Investment in associates
(w) Operating segments

a. Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at closing inter-bank mid rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition. Non-monetary items denominated in a foreign currency that are measured at fair value are translated at exchange rates ruling at the date when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognized in profit or loss, except for differences on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value and differences arising on translation of equity investments in other comprehensive income.

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

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

b. Interest income and expense

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

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument, including prepayment options, but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

c. **Fees and commissions**

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate . Other fee and commission income - including account servicing fees, investment management fees, sales commission, placement fees and syndication fees - is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

d. **Net trading income**

Net trading income comprises gains less losses relating to trading assets and liabilities, including realised and unrealised fair value changes, interest and foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES – (CONTINUED)

e. Dividend income

Dividend income is recognized in profit or loss when the Bank's right to payment income is established.

f. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Low value assets and short-term leases are classified as operating leases and are not recognized in the Bank's statement of financial position. These leases are recognised on a straight-line basis.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

g. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity or OCI.

Current tax is the expected tax on tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

g. Income Tax (Continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when reversed, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. 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 realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and 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 the tax assets and liabilities will be realised simultaneously.

h. Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss.

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVTPL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES – (CONTINUED)

h. Financial assets and financial liabilities (Continued)

(ii) Classification (Continued)

Due from banks, Loans and advances to customers, Financial investments at amortised cost

The Bank measures Due from banks, Loans and advances to customers and other financial investments at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

h. **Financial assets and financial liabilities (Continued)**

The Solely Payments of Principal and interest test (SPPI)

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

i. 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.

j. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an 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 statement of financial position.

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

k. Investment securities

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

- equity investment securities designated as at FVOCI.

When equity instruments are measured at FVOCI, gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

I. Property and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses or as professionally revalued from time to time less accumulated depreciation. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self -constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Land and building are measured at fair value. Changes in fair value are recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Revaluation are performed on a regular basis. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings

Purchased intangible assets that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to profit or loss.

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.

Capital Work in Progress is carried at cost less accumulated impairment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment and is recognised in other income/other expenses in profit or loss.

(ii) 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, plant and equipment are recognised in profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of the asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over its expected useful lives of each part of an item or property and equipment, since this most closely reflects the expected pattern consumption of the future economic benefits embodied in the asset. Land is not depreciated

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

Buildings	20 years
Motor vehicles	4 years
Furniture and equipment	5 years
Computers	5 years
Leasehold Improvement	lower of the estimated useful life and the lease tenor

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

m. Intangible assets

Computer intangible

Intangible assets comprise computer intangible. Intangible acquired by the Bank is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on intangible is capitalized only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets are amortized on a straight-line basis and recognized in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of intangible for the current and comparative periods is five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

n. Impairment of non-financial assets

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

n. Impairment of non-financial assets (Continued)

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.

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

o. Deposits and borrowed funds

Deposits and borrowings from other banks are the Bank's sources of debt funding. The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits and borrowings from other banks 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.

p. Provisions

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

Where there are a number of similar obligations which are likely to result in an outflow to settle related classes of obligations as a whole, a provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. An increase in the provision due to passage of time is recognised as an interest expense.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES – (CONTINUED)

q. Financial guarantee and loan commitments

Financial guarantees are initially recognised in the financial statements (within Other Liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL allowance as set out in Note 40.

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

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 40.

r. Fiduciary activities

The Bank acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

s. Employee benefits

Retirement benefit cost

The Bank contributes to the statutory Social Security & National Insurance Trust (SSNIT). This is a defined contribution scheme registered under the National Social Security Act. The Bank's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. The Bank also operates a defined contribution benefit scheme for its employees.

The assets of this scheme are held by the treasury department of the Bank. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules. The Bank's obligations to staff retirement benefit schemes are charged to the profit or loss in the year to which they relate.

Provision for employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

s. **Employee benefits (continued)**

Short-term Employment benefits

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

Long service awards

The bank has other long-term employee benefits scheme in the form a long service award for its employees. These are long service awards which accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the bank after 5 years through retirement (both voluntary and compulsory) or resignation become eligible for these awards based on their current entitlement at the time of retirement or resignation based on their length of service. The bank has no further obligation after the staff exits the bank. The benefits are unfunded.

t. **Stated capital and reserves**

(i) Share capital

The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument. The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from equity.

(iii) Dividend on ordinary shares

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

(iv) Statutory reserves

Statutory reserves are based on the requirements of section 34(i) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). Transfers into statutory reserves are made in accordance with the relationship between the Bank's reserve fund and its paid-up capital, which determines the proportion of profits for the period that should be transferred.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES - (CONTINUED)

t. Stated capital and reserves (continued)

(v) Credit Risk Reserves

This is a reserve created to set aside the excess or shortfalls between amounts recognized as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines.

u. Earnings per share

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

v. Investment in Associates (equity -accounted investees)

Associates are those entities in which the Bank has significant influence but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method.

They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Bank's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

w. Operating Segments

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

The Bank's primary format for segment reporting is based on business segments.

The Bank has the following main business segments:

- Corporate Banking: includes loans, deposits and other transactions and balances with corporate customers including the Agricultural sector.

- Retail Banking: includes loans, deposits and other transactions and balances with retail customers.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

4.1. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs

Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT

5.1 Introduction and overview

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

The most important types of risk include:

- Operational risk
- Credit risk
- Liquidity risk
- Market risk -includes currency, interest rate and other price risks

5.2 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 Board Audit and Risk Committees and a risk department to assist in the discharge of this responsibility. The board has also established the Credit Committee which is responsible for developing and monitoring risk management in their respective areas.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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

The Bank has a Risk Management department organised into credit control, recoveries and operational control. Under the credit control department, it has credit administration, credit risk appraisal and credit monitoring. The department is responsible for managing all risks to which the Bank is exposed (operational risk, credit risk, liquidity risk, interest rate risk and foreign currency risk.) The risk management department is developing a risk management framework for the Bank.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Risk management framework (Continued)

The Bank treats all branches as independent business units which generate their own income, run their own Profit or Loss Statement and statement of financial position. The head office consolidates these and exercises oversight responsibility over all the branches. Credit is generated at the branch level and is then channeled through the credit control unit of the risk management department where a credit risk appraisal is performed to assess whether to engage the client or not.

The client's file is then moved to the head of risk management and to the other appropriate levels (credit committee, board and so on) for final approval before credit is granted. There is also the monitoring aspect where the head office credit monitoring team monitors the loans and their performance in addition to the monitoring performed at the branch level. Where a loan goes beyond current, it is classified as either OLEM, substandard, doubtful or loss, as recommended by the Central Bank of Ghana. Where a loan goes beyond current, there is the recoveries team which moves in to recover loan losses.

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

Exposure to other market risks - Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial 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. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities. In the last three years, the Bank has taken steps to provide the necessary safeguards to ensure that market risk is kept within reasonable limits.

5.3 Operational risk

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

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

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

- Requirement of appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Operational risk (Continued)

- Requirements for the periodic assessment of operational losses faced and adequacy of controls and procedures to address risks identified;
- Requirement for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation including insurance where this is effective.

Compliance with bank's standards is supported by a program of periodic reviews undertaken by internal audit, risk and compliance departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to executive committee, audit and compliance committee, governance and risk committee and the board.

Over the past three years, operational risks have reduced due to constant training, automation of many processes and enhancement in controls.

5.4 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. Credit risk is monitored by the Credit Risk Department of the Bank. It is their responsibility to review and manage credit risk, for all types of counterparties. Credit risk consists of line credit risk managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit risk manager, as well as the business with tools like credit risk systems, policies, models and reporting. The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification models, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

5.4.1 Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to its Credit-Committee and Sub-Board Risk Management Committee. A separate Credit department, reporting to the Executive 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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.1 Management of credit risk

- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business units. Larger facilities require approval by the Executive Committee members and the Board (Sub Committee) on risk management.

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

- Developing and maintaining the Bank's risk grading in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of 5 grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the Board of Directors. Risk grades are subject to regular reviews by the Risk Management Department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided by the credit department on the credit quality of 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.

5.4.2. Credit-related commitments risks

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies management of credit risk.

5.4.3. Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default.
- The borrower requesting emergency funding from the Bank.
- The borrower is deceased.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.3. Definition of default and cure

- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Bank
- The debtor facing financial difficulties

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least five consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase/decrease in credit risk compared to initial recognition.

5.4.4 The Bank's internal rating and PD estimation process

The Bank's Credit Risk Department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rate from 1 to 6 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's ability to pay. Where practical, they also build on information from Credit Bureaus. These information sources are first used to determine the PDs within the Bank's framework. The internal credit grades are assigned based on these Based II grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Each exposure is allocated to a credit risk grade on 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:

- 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.

5.4.5 The Bank's internal rating and PD estimation process

Retail Exposures

- Internally collected data on customer behavior
- Affordability metrics
- External data from credit reference agencies.
- All Exposures
- Payment record - this includes overdue status as well as a range of variables about payment ratios
- Utilization of the granted limit
- Requests for and granting of restructuring
- Existing and forecast changes in business, financial and economic conditions

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.5 The Bank's internal rating and PD estimation process (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 analyzed by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used. 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.

Bank's internal rating

Grade 1-3: low fair risk

Advances in this category are those for which the borrower is up to date (i.e. current) with repayments of both principal and interest. Indications that an overdraft is still current would include regular activity on the account with no sign that a hardcore of debt is building up.

Grade 4-5

Advances in this category are currently protected by adequate security, both as to principal and interest, but they are potentially weak and constitute an undue credit risk, although not to the point of justifying the classification of substandard. This category would include unusual advances due to the nature of the advance, customer or project, advances where there is a lack of financial information or any other advance where there is more than a normal degree of risk

Grade 6:

Substandard advances display well-defined credit weaknesses that jeopardise the liquidation of the debt. Substandard advances include loans to borrowers whose cash flow is not sufficient to meet currently maturing debt, loans to borrowers which are significantly undercapitalised, and loans to borrowers lacking sufficient working capital to meet their operating needs. Substandard advances are not protected by the current credit worthiness and paying capacity of the customer.

Grade 7

Doubtful advances exhibit all the weaknesses inherent in advances classified as substandard with the added characteristics that the advances are not well-secured and the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the advance, its classification as in estimated loss is deferred until its more exact status may be determined

Non-performing loans and receivables which are at least 180 days overdue, but less than 360 days overdue are also classified as doubtful.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.5 The Bank's internal rating and PD estimation process (continued)

Grade 8

Advances classified as a loss are considered uncollectable and of such little value that their continuation as recoverable advances is not warranted. This classification does not mean that the advance has absolutely no recovery value, but rather it is not practical or desirable to defer writing off this basically worthless advance even though partial recovery may be affected in the future. Advances classified as a loss include bankrupt companies and loans to insolvent firms with negative working capital and cash flow. Banks should not retain advances on the books while attempting long-term recoveries. Losses should be taken in the period in which they surface as uncollectable.

Non-performing loans and receivables which are 360 days or more overdue are also classified as a loss.

5.4.6 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are considered. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

5.4.7 Loss given default

For corporate and investment banking financial instruments, LGD values are assessed at least every year by account managers and reviewed and approved by the Bank's Credit Risk Department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates consider the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristic that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics. Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices, for mortgages, commodity prices, payment status or other factors that are indicative of losses in the Bank. The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.8 Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12month ECL or Lifetime ECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition. The Bank considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year.

The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Bank may also consider that events explained earlier are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

As explained earlier dependent on the factors below, the Bank calculates ECLs either on a collective or an individual basis.
Asset classes where the Bank calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets
- The Corporate lending portfolio
- The large and unique exposures of the Small business lending portfolio
- The treasury, trading and interbank relationships (such as Due from Banks, Cash collateral on securities borrowed and reverse repurchase agreements and debt instruments at amortised cost/FVOCI.

Asset classes where the Bank calculates ECL on a collective basis include the smaller and more generic balances of the Bank's retail business lending.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank formulates three economic scenarios:

- A base case, which is the median scenario assigned a 48% (2022: 50%) probability of occurring, and
- two less likely scenarios;
- optimistic scenario 18% (2022: 15%) and
- downturn scenario 34% (2022: 35%) probability of occurring.

The base case is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. 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 key drivers for credit risk are: GDP growth, Inflation, Non performing ratio and interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.8 Significant increase in credit risk (Continued)

Analysis of average inputs to the ECL model under multiple economic scenarios per is detailed below

As at 31 December 2023						
Key drivers		2023				
Key Drivers **GDP**	**Scenario**	**2023**				
	Base case	2.78%				
	Upside	4.98%				
Inflation **Exchange rates**	Downside	0.58%				
	Base case	25.00%				
	upside	2.64%				
As at 31 December 2023 Key Drivers GDP (in millions of dollars)		2024	2025	2026	2027	2028
	Base case	75.65	76.71	81.79	87.22	93.09
Exchange rates (GHS/$)	Upturn case	81.46	82.52	87.60	93.03	98.90
	Downturn case	69.84	70.90	75.98	81.41	87.28
	Base case	14.85	18.78	19.08	19.41	26.33
	Upturn case	12.19	16.12	16.42	16.75	23.67
	Downturn case	17.51	21.44	21.74	22.07	28.99

As at 31 December 2022		
Key drivers		2022
GDP	Base case	6.70%
	Upside	7.30%
	Downside	5.40%
Inflation	Base case	7.90%
	upside	7.70%
	downside	8.30%
Interest rates	Base case	19.00%
	upside	17.00%
	downside	19.80%
Non Performing loan ratio	Base case	20.00%
	upside	19.60%
	downside	21.62%

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.9 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); and
- Exposure at Default (EAD).
- GDP growth and interest rates.

12 months ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs, LGD and EAD has been discussed above.

5.4.10 Settlement Risk

- Settlement Risk is the risk that counterparty will fail to deliver cash (or securities) due to be delivered at a particular moment in time, following the release of the corresponding cash (or Securities) by the bank in settlement of a transaction. Further details in respect of this category of credit risk are contained in the Wholesale Credit Risk below.

- Intraday Exposure
  Intraday Exposure is a revolving exposure, which arises whenever funds are irrevocably paid away by the Bank in the expectation of the receipt of cleared covering funds (or the deposit of collateral) at some time during the same business day. The Bank may be acting either in its own right, or on behalf of a customer, when it pays away the funds. The products, which give rise to Intraday Exposure, include forex settlements.

- The intraday credit, which the Bank allows its customers, is always in expectation of incoming funds, and as such the exposure is real in that it manifests itself as a borrowing/overdraft when things go wrong.
- The true extent of Intraday Exposure to a customer will be calculated as a single running balance taken at any one point in the day. This running balance will be adjusted by each single transfer of funds into and out of any account in that customer's name, where such transfers represent cleared funds. The same principles apply when accounts are grouped (and where set-off is available) to produce an aggregate net exposure.

5.4.11 Credit Risk Transfers

- This risk arises when certain eligible collateral types (including risk participations, standby letters of credit and bank guarantees) are held to mitigate obligor risk. Whilst these instruments can significantly mitigate obligor credit risk, an alternative risk arises, being reimbursement risk - the risk that the participant/guarantor fails to honour their commitment in the event that the underlying obligor defaults (this is also referred to as double default risk).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.12 Analysis of credit quality

The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.

Maximum exposure to credit risk

	Bank Balances		Loans & advances to customer		Investment securities		Due from Banks		Commitments & guarantee	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	GH₵'000	GH₵'000	**GH₵'000**	GH₵'000	**GH₵'000**	GH₵'000	**GH₵'000**	GH₵'000	**GH₵'000**	GH₵'000
Gross amount	**2,959,729**	1,613,509	**4,294,709**	3,754,196	**2,680,916**	1,657,729	-	387,219	**191,604**	462,748
Allowance for impairment	-	-	**(1,357,073)**	(512,007)	**(327,264)**	(341,145)	-	(37,500)	**(1,101)**	(7,860)
	2,959,729	1,613,509	**2,937,636**	3,242,189	**2,353,652**	1,316,584	-	349,719	**190,503**	454,888

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.12 Analysis of credit quality (Continued)

Maximum exposure to credit risk - (Continued)

	Bank Balances		Loans & advances to customers		Investment securities		Due from other banks		Commitments & financial guarantees	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At amortised cost										
Grade 1-3: low fair risk -										
Current	2,959,729	1,613,509	1,156,447	1,991,595	2,680,916	1,657,728	-	387,219	191,604	462,748
Grade 4-5: watch list -										
OLEM			300,612	837,008			-	-	-	-
Grade 6: substandard			965,298	283,832	-	-	-	-	-	-
Grade 7: doubtful			629,782	114,152	-	-	-	-	-	-
Grade 8: loss	-	-	1,242,570	527,609	-	-	-	-	-	-
Total gross amount	2,959,729	1,613,509	4,294,709	3,754,196	2,680,916	1,657,728	-	387,219	191,604	462,748
Allowance for impairment	-	-	(1,357,073)	(512,007)	(327,264)	(341,145)	-	(37,500)	(1,101)	(7,860)
Net carrying amount	2,959,729	1,613,509	2,937,636	3,242,189	2,353,652	1,316,584	-	349,719	190,503	454,888

**The commitments and guarantees are not held at amortised cost and the "net carrying amount should not be read in the same manner as for the other classes

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.13 Loans and advances to customers with renegotiated terms

Loans with renegotiated terms	2023	2022
	GH¢'000	GH¢'000
Gross carrying amount	**19,151**	409,987
Expected credit loss	**(14,439)**	(15,372)
Net carrying amount	**4,712**	394,615

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.13 Loans with renegotiated terms (Continued)

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 may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Notes 5.4.

The Bank renegotiates loans to customers in financial difficulties 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.

For the purposes of disclosures in these financial statements, 'loans with renegotiated terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, earlier repayment or until it is written off.

Irrespective of whether loans with renegotiated terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

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

Any costs or fees incurred in adjusting the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.14 Collateral held and other credit enhancements, and their financial effect

The Bank holds collateral and other credit enhancements against most of its credit exposures. The Bank holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally updated when a loan is individually assessed as impaired. Collateral generally is not held over Interbank placements, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2023. An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below:

Loans and advances to customers

	2023	2022
Against individually impaired	GH¢'000	GH¢'000
Property	2,174,930	1,423,374
Others	328,121	21,889
Against neither past due nor impaired		
Property	527,783	3,330,020
Others	173,204	563,271
Total	3,204,038	5,338,554

i) Loans and advances to customers

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it (see Note 5(i). However, collateral provides additional security and the Bank generally requests that borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all assets and other liens and guarantees. The Bank routinely update the valuation of collateral held against all loans to customers according to Section 79(1) of Act 930. For impaired loans, the Bank obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

ii) Other types of collateral and credit enhancements

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

iii) Assets obtained by taking possession of collateral

Repossessed items are not recognized in the bank's books. Proceeds from their sale are used to reduce related outstanding indebtedness. The Bank has in its possession assets resulting from taking possession of collateral held as security against loansand advances at the reporting date (2022: nil). The carrying amount of the property are based on court judgments and valuation by the court.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.14 Collateral held and other credit enhancements, and their financial effect (Continued)

	2023	2022
	GH¢'000	GH¢'000
Against individually impaired		
Property	**2,247**	462

(iv) 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.

5.4.15 Concentrations of credit risk

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans and advances, and investment securities is shown below.

Loans and Advances to customers

	2023		2022	
Gross amount	**GH¢'000**	%	GH¢'000	%
Concentration by industry:				
Agriculture	1,051,113	24.5	1,029,368	27.4
Manufacturing	107,629	2.5	95,228	2.5
Commerce & Finance	926,987	21.6	712,021	19.0
Transport & communications	193,701	4.5	188,580	5.0
Mining and quarrying	215,641	5.0	138,482	3.7
Building & construction	321,598	7.5	479,165	12.8
Services	1,478,040	34.4	1,111,352	29.6
Electricity, Gas and water	0	0.0	0	0.0
	4,294,709	100	3,754,196	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.15 Concentrations of credit risk

	2023	2022
	GH¢'000	GH¢'000
a) Loans and advances to individual customers:		
Overdraft	127,359	129,032
Term loans	894,490	748,455
	1,021,849	877,487
b) Loans to corporate entities:		
Overdrafts	943,836	437,400
Terms loans	2,329,024	2,439,309
	3,272,860	2,876,709
Gross loans and advances (a+b)	4,294,709	3,754,196

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit risk (Continued)

5.4.15 Concentrations of credit risk (continued)

Investment securities

These are investments in Government Treasury Bills, Notes and Bonds.

5.4.16 Regulatory Provisions

An account is considered to be in default when payment is not received on due date. Accounts that are overdue by more than 90 days are considered delinquent. These accounts are closely monitored and subjected to a collection process. The process used for provisions is based on Bank of Ghana guidelines which recognize cash as a credit mitigate. Individual provisions are made for outstanding amounts depending on the number of days past due with full provisions made after 360 days. In certain situations, such as bankruptcy, fraud and death, the loss recognition process is accelerated. Loans and advances less than 90 days past due are generally not considered delinquent unless other information is available to indicate otherwise.

The Bank of Ghana Guideline is as set out below:

Grade Description	Number of days	Provisions (%)
Current	Less than 30 days	1
Other Loans Exceptionally Mentioned (OLEM)	30 to less than 90 days	10
Substandard	90 to less than 180 days	25
Doubtful	180 to less than 360 days	50
Loss	360 days and above	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Liquidity risk

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

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.

The treasury department 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 as a whole.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

For the definition of liquidity risk and information on how liquidity risk is managed by the Bank, details of the reported Bank's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2023	2022
	%	%
At 31 December	90.88	86.11
Maximum for the period	90.88	86.11
Minimum for the period	82.81	80.70
Average for the period	89.68	82.63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Liquidity risk (continued)

The table below presents the cash flows payable under non-derivative financial liabilities 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 flows however, the Bank manages the liquidity risk based on a different basis not resulting in a significantly different analysis:

2023	Carrying Amount	Gross nominal inflow/outflow	Up to 1 month	1-3months	3 to 6 months	6 months -1 years	1 to 5 years	Over 5 years
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customer	8,545,307	8,560,984	2,091,092	2,822,306	394,574	1,264,041	1,988,971	-
Borrowed Funds	547,306	606,115	124,662	4	8,367	115,459	169,083	188,540
Lease Liabilities	163,820	174,862	4,463	8,926	13,388	26,777	116,032	-
Total financial liabilities	9,256,433	9,341,962	2,220,217	2,831,236	416,330	1,406,277	2,274,087	188,540
Financial assets by type								
Cash and bank balance	3,304,715	3,304,715	3,304,715	-	-	-	-	-
Due from other Banks	-	-	-	-	-	-	-	-
Investment securities	2,353,652	2,430,916	-	568,750	-	368,104	420,125	1,073,937
Investments (other than securities)	208,385	210,412	-	-	-	-	-	210,412
Loans and advances to customers	2,937,636	4,294,709	696,642	221,065	39,785	67,785	2,905,058	246,097
Assets held for managing liquidity risk	8,804,388	10,240,752	4,001,356	789,815	39,785	435,889	3,325,183	1,530,447
Net Liquidity gap	(452,045)	898,790	1,781,139	(2,041,421)	(376,545)	(970,388)	1,051,096	1,341,907

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.5 Liquidity risk (continued)

2022	Carrying Amount	Gross nominal inflow/outflow	Up to 1 month	1-3months	3 to 6 months	6 months -1 years	1 to 5 years	Over 5 years
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial liabilities by type								
Non-derivative liabilities								
Deposits from customer	5,864,850	5,885,920	1,426,010	1,932,654	338,490	853,493	1,335,273	-
Borrowed Funds	588,438	642,720	132,766	144,126	10,000	86,697	120,543	148,588
Total financial liabilities	6,453,288	6,528,640	1,558,776	2,076,780	348,490	940,190	1,455,816	148,588
Financial assets by type								
Cash and bank balance	1,908,837	1,908,837	1,908,837	-	-	-	-	-
Due from other Banks	349,719	383,719	-	-	-	-	383,719	-
Investment securities	1,316,584	1,657,728	-	100,000	280,314	205,034	822,880	249,500
Investments (other than securities)	134,729	136,756	-	-	-	-	-	136,756
Loans and advances to customers	3,242,188	3,754,196	805,255	1,926,611	198,404	333,226	370,121	120,578
Assets held for managing liquidity risk	6,952,057	7,841,235	2,714,091	2,026,611	478,719	538,260	1,576,720	506,834
Net Liquidity gap	498,769	1,312,595	1,155,315	(50,169)	130,229	(401,930)	120,903	358,246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW – (CONTINUED)

5.6 Market risk

For the definition of market risk and information on the metrics (and their limitations) used by the Bank to manage the market risks of non-trading portfolios. All the bank's equity investments are not listed on the stock exchange.

5.6.1 Interest rate risk and foreign currency risk

The Bank uses the Reuters system to monitor live interest and exchange rates to facilitate trading by the treasury department. This helps the Bank to know what is happening at any moment in time on the markets and where opportunities are present to make gains from higher interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

As at 31 December 2023							
Financial assets	Up to 1 month	1-3 months	3 months less than 6 months	6 months less than 1 year	1-5 years	Over 5 years	Total
Cash and cash equivalent	3,304,715	-	-	-	-	-	3,304,715
Investment in Government securities	-	568,750	-	225,894	354,473	1,204,535	2,353,652
Loans and advances to customers (net)	678,459	58,395	1,767,927	36,824	209,819	186,212	2,937,636
Total financial assets	3,983,174	627,145	1,767,927	262,718	564,292	1,390,747	8,596,003
Financial liabilities							
Customer deposits	2,087,561	2,816,205	392,583	1,260,000	1,637,982	350,976	8,545,307
Borrowed funds	124,658	4	8,367	115,459	161,420	137,398	547,306
Total financial liabilities	2,212,219	2,816,209	400,950	1,375,459	1,799,402	488,374	9,092,613
Interest rate sensitivity gap	1,770,955	(2,189,064)	1,366,977	(1,112,741)	(1,235,110)	902,373	(496,610)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.1 Interest rate risk and foreign currency risk (Continued)

As at 31 December 2022							
Financial assets	Up to 1 month	1-3 months	3 months less than 6 months	6 months less than 1	1-5 years	Over 5 years	Total
Cash and cash equivalent	1,908,837	-	-	-	-	-	1,908,837
Investment in Government securities	-	100,000	280,314	68,046	205,375	662,849	1,316,584
Loans and advances to customers (net)	430,345	320,936	344,586	183,661	1,845,009	117,652	3,242,189
Total financial assets	2,339,182	420,936	624,900	251,707	2,050,384	780,501	6,467,610
Financial liabilities							
Customer deposits	1,422,498	1,929,142	334,978	849,982	1,086,792	241,459	5,864,851
Borrowed funds	132,762	144,126	10,000	86,696	114,726	100,128	588,438
Total financial liabilities	1,555,260	2,073,268	344,978	936,678	1,201,518	341,587	6,453,289
Interest rate sensitivity gap	783,922	(1,652,332)	279,922	(684,971)	848,866	438,914	14,321

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.6.1 Interest rate risk and foreign currency risk (Continued)

- Sensitivity analysis - Increase/decrease of 10% in net interest margin
  The interest rate risks sensitivity analysis is based on the following assumptions:
- Changes in the market interest rates affect the interest income or expenses of variable financial instruments;
- Changes in the market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if
- these are recognised at their fair values;
- The interest rate changes will have an effect on interest sensitive assets and liabilities and hence simulation modelling is applied to financial
- instruments which are quoted at variable interest rates; and
- The projections make other assumptions including that all positions run to maturity.

The table below sets out the impact on current profit after taxation and equity of an incremental 10% parallel fall or rise on all yield curves at the beginning of the financial years beginning on 01 January 2023 and 01 January 2022 respectively.

2023		Scenario 1	Scenario 2
	Base	Effect of 10% increase in variable interest rate	Effect of 10% decrease in variable interest rate
Loss after tax	(828,820)	(791,428)	(866,212)
Equity	(102,295)	(64,903)	(139,687)
		Scenario 1	Scenario 2
2022	Base	Effect of 10% increase in variable interest rate	Effect of 10% decrease in variable interest rate
Loss after tax	(371,280)	(329,048)	(413,512)
Equity	658,191	700,422	615,959

Assuming no management actions an increase in interest rates would improve the Bank's loss after tax for the year to GH¢ (791,428) (2022: improve after tax to GH¢ 329,048) and improve equity to GH¢ (64,903) (2022: GH¢ 700,422), while a fall would worsen loss after tax and equity by the same margins.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.2 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.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2023. The amounts stated in the table below are the Ghana Cedi equivalent of the foreign currencies.

As at 31 December 2023	USD	GBP	EUR	Other*	Total
Assets	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalent	446,774	45,672	162,822	-	655,268
Loans and advances to customers (net)	584,118	1	187,663	-	771,782
Investment Securities	54,756	-	306	-	55,062
Other assets	40,385	2	-	-	40,387
Total financial assets	**1,126,033**	**45,675**	**350,791**	**-**	**1,522,499**
Liabilities					
Deposits from customers	793,785	46,563	71,129	1,627	913,104
Borrowings	27,387	-	274,985	-	302,373
Other liabilities	203,835	52	58	143	204,087
Total financial liabilities	1,025,007	46,615	346,172	1,770	1,419,564
Net on balance sheet position	101,026	(940)	4,619	(1,770)	102,935
Contingent liabilities (2023)	125,613	-	-	-	125,613

Other* is CHF (Swiss-franc)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.6.2 Foreign exchange risk (continued)

As at 31 December 2022	USD	GBP	EUR	Other	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Total financial assets	854,042	19,616	314,228	-	1,187,886
Total financial liabilities	739,938	31,763	241,193	1,301	1,014,194
Net on balance sheet position	114,104	(12,147)	73,035	(1,301)	173,692
Contingent liabilities (2022)	280,590	-	-	-	280,590

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.2 Foreign exchange risk (continued)

The following mid inter-bank exchange rates were applied during the year:

	Average rate		Reporting rate	
	2023	2022	2023	2022
Cedis to				
USD 1	11.1579	8.2781	11.8800	8.5760
GBP 1	13.9221	10.0918	15.1334	10.3118
EUR 1	12.0834	8.6280	13.1264	9.1457

Sensitivity Analysis on Currency Risks

The following table shows the effect of the strengthening or weakening of the GH¢ against all other currencies on the company's income statement. This sensitivity analysis indicates the potential impact on the income statements based upon the foreign currency exposures recorded at 31 December 2023. (See "currency risk" above) and it does not represent actual or future gains or losses.

A strengthening/weakening of the GH¢ by 20% against the following currencies at 31 December 2023 would have increased/decreased equity and income statement by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant.

	2023				2022	
		Impact on Profit or Loss	Impact on Profit or Loss		Impact on Profit or Loss	Impact on Profit or Loss
	% Change	Strengthening	Weakening	% Change	Strengthening	Weakening
In GH¢'000						
US$	20%	(29,488)	29,488	5%	81	(81)
£	20%	188	(188)	5%	607	(607)
€	20%	(1,201)	1,201	5%	(1,137)	1,137

	2023				2022	
		Equity Impact	Equity Impact		Equity Impact	Equity Impact
	% Change	Strengthening	Weakening	% Change	Strengthening	Weakening
In GH¢'000						
US$	20%	(22,116)	22,116	5%	60	(60)
£	20%	141	(141)	5%	456	(456)
€	20%	(901)	901	5%	(853)	853

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.2 Foreign exchange risk (Continued)

All trading instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value, and all changes in market directions directly affect net trading income.

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

5.6.3 Cashflow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have increased/decreased profit or loss by amounts shown below. Each analysis assumes all other variables in particular foreign currency rates remain constant.

The analysis is performed on the same basis for 2023.

	Cashflow sensitivity analysis for variable rate instruments	
Effects in Cedis	100bp	100bp
	Increase	Decrease
	GH₵'000	GH₵'000
31-Dec-23		
Average for the Period	3,759	(3,759)
Maximum for the Period	10,456	(10,456)
Minimum for the Period	6,696	(6,696)
31-Dec-22		
Average for the Period	4,223	(4,223)
Maximum for the Period	8,924	(8,924)
Minimum for the Period	4,701	(4,701)

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier to later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.3 Cashflow sensitivity analysis for variable rate instruments (continued)

The rates above show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

5.7 CAPITAL MANAGEMENT

5.7.1 Regulatory Capital

The Central Bank of Ghana sets and monitors capital requirements for the Bank.

The Bank's objectives when managing capital are:

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders
- To maintain a strong capital base to support the current and future development needs of the business
- To comply with the capital requirements set by the Central Bank of Ghana

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

The Central Bank requires each bank to:

a) Hold the minimum level of regulatory capital of GH¢400 million.
b) Maintain a ratio of total regulatory capital; to risk weighted assets plus risk weighted off balance assets at above the required minimum of 10%.

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

- Tier 1 capital, which includes ordinary share capital, share premium, perpetual bonds (which are classified as innovative Tier 1 securities), retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes Tier 2 capital, which includes capitalised revaluations reserves, latent revaluation reserves, undisclosed reserves, revaluation reserves, subordinated Loans and Hybrid Capital subject to a limit of 100% of Tier 1 Capital.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.7 CAPITAL MANAGEMENT (CONTINUED)

5.7.2 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 Central Bank of Ghana regulations, a minimum ratio of 10% is to be maintained.

The Bank's regulatory capital position at 31 December 2023, was as follows:

	2023	2022
	GH¢'000	GH¢'000
Tier 1 Capital		
Ordinary share capital	698,700	698,700
Accumulated losses	(1,725,168)	(419,119)
Statutory reserve	182,015	182,015
Other regulatory adjustment	(253,170)	(277,463)
CET1 Capital after Deductions (B)	(1,097,623)	184,133
Fair Value Reserves	151,116	84,417
Revaluation reserve	74,592	109,209
Disallowed (limited to 3% of RWA)	(97,146)	(66,813)
Tier 2 Capital	128,562	126,814
Total Regulatory Capital (Tier 1 + Tier 2)	(969,061)	310,946
Credit risk		
Risk weighted assets		
On-balance sheet items	3,366,456	3,454,590
Off-balance sheet items	161,000	181,588
Credit Risk Reserve (CRR)	(466,722)	(245,351)
Total Credit Risk Equivalent Weighted Asset (RWA)	3,060,734	3,390,826
Operational Risk	1,218,727	821,484
Market Risk	5,943	14,813
Total Credit Risk Equivalent Weighted Asset (RWA)	4,285,404	4,227,123
Risk ratios		
1. Risk-based capital ratios		
1.1 Common Equity Tier 1 / RWA	(25.61)	4.36
1.2 Additional Tier 1 / RWA	-	-
1.3 Tier 1 / RWA	(25.61)	4.36
1.4 Tier 2 / RWA	3.00	3.00
1.5 Capital Adequacy Ratio (CAR)	(22.61)	7.36

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW – (CONTINUED)

5.7 CAPITAL MANAGEMENT (CONTINUED)

5.7.3 Review of capital adequacy ratio

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

Although maximization 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 also is 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

5. FINANCIAL RISK REVIEW – (CONTINUED)

5.7 CAPITAL MANAGEMENT (CONTINUED)

5.7.4 Minimum capital requirement

The Directive required all Banks to comply with the new capital requirement by the end of December 2018. Non-compliance with the new minimum paid up capital requirement shall be dealt with in accordance with section 33 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The Banks are required to meet the new capital requirements using either of the following methods:

- Fresh capital injection;
- Capitalisation of retained earnings; and
- A combination of fresh capital injection and capitalisation of retained earnings.

The Bank did not meet the regulatory minimum capital requirement of GHS 400million however, the Bank has started a Right Issue process to raise additional Capital. The major shareholder, the Government, has deposited GHS 1.3billion bonds in an escrow account and additional GHS 560million bonds are expected. These bonds when fair valued will give GHS 1.45billion to shore up the capital to meet the minimum capital.

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Valuation models

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Valuation models (continued)

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.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value - fair value hierarchy

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.

2023

	Level 1	Level 2	Level 3	Total fair value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment (Other than Securities)	-	208,385	-	208,385

2022

	Level 1	Level 2	Level 3	Total fair value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment (Other than Securities)	-	134,729	-	134,729

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments measured at fair value – fair value hierarchy (continued)

Equity instruments - Investment (Other than Securities)

The bank has equity in non-listed entities, the investment is initially recognized at transaction price and re-measured (to the extent information is available) and valued on case by case basis. The fair values of equity instruments are determined using market proxy.

2023				Core range of inputs		
GHS'000						
	Level 2 Assets	Valuation Technique		Low	High	Unit
	GHS'000					
			Significant unobservable inputs			
Equity	208,835	Market Proxy	EV/EBITDA proxy	10	15.6	Basis point
			Price /Book proxy	0.6	1.4	Basis point

2022				Core range of inputs		
GHS'000						
	Level 2 Assets	Valuation Technique		Low	High	Unit
	GHS'000					
			Significant unobservable inputs			
Equity	134,729	Market Proxy	EV/EBITDA proxy	10.5	11.5	Basis point
			Price/Book proxy	0.6	1.2	Basis point

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities:

Fair value of financial instruments not measured at fair value					
2023		Fair Value			
In GH¢'000	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Due from other Banks	-	-	-	-	-
Investment securities	2,353,652	-	2,430,916	-	2,430,916
Loans and advances to customers	2,937,636	-	4,294,709	-	4,294,709
Total	5,291,288	-	6,725,625	-	6,725,625
Financial liabilities					
Borrowed funds	547,306	-	606,116	-	606,116
Deposits from customer	8,545,307	-	8,560,984	-	8,560,984
Total	9,092,613	-	9,167,100	-	9,167,100

2022		Fair Value			
In GH¢'000	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Due from other Banks	349,719	-	-	383,719	383,719
Investment securities	1,316,584	-	485,348	1,172,380	1,657,728
Loans and advances to customers	3,242,189	-	3,263,496	490,699	3,754,195
Total	4,908,492	-	3,748,844	2,046,798	5,795,642
Financial liabilities					
Borrowed funds	588,438	-	373,589	269,131	642,720
Deposits from customer	5,864,850	-	5,885,920	-	5,885,920
Total	6,453,288	-	6,259,509	269,131	6,528,640

Any other financial instruments not disclosed on the table above have their carrying amount approximate to the fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

6. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Loans and advances to customers

The fair values of loans and advances are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates.

Borrowed funds

The fair value of borrowed funds is estimated by a discounted cash flow model using market rate for similar instruments trading in the market.

7.a OPERATING SEGMENTS

Operating segments

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

Business segments pay and receive interest to and from the Central Treasury on an arm's length basis to reflect the borrowing from or placement into the pool of investments.

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

The Bank does not have reliance on a single major customer. The total revenue of the Bank during the year was not earned from transactions with a single external customer. No single customer contributed 10 per cent or more of an entity's revenues.

Business segments

The Bank has the following main business segments:

- Corporate Banking: includes loans, deposits and other transactions and balances with corporate customers including the Agricultural sector.

- Retail Banking: includes loans, deposits and other transactions and balances with retail customers.

- Central Treasury: undertakes the Bank's funding and centralized risk management activities through borrowings, issues of debt securities for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

7.a OPERATING SEGMENTS - (CONTINUED)

The Bank also has a central Shared Services operation that provides support services to the above-mentioned segments, manages the Bank's premises and certain corporate costs. Cost-sharing agreements are used to allocate central costs to business segments on a reasonable basis.

2023	Corporate Banking	Retail Banking	Central Treasury	Shared Services	Unallocated	Consolidated
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net Interest Income	80,673	(103,828)	412,035	-	(14,959)	373,920
Net fee and commission income	14,296	116,961	4,622	-	616	136,495
Net trading income	12,492	45,908	73,321	-	9,139	140,861
Other operating income	-	589	-	-	15,365	15,954
Inter segment revenue	(50,232)	620,304	(570,072)	-	-	-
Total segment revenue	57,229	679,934	(80,093)	-	10,161	667,230
Segment result						
Income tax expense	-	-	-	-	30,308	30,308
Loss for the period	(491,332)	78,866	(33,633)	-	(382,721)	(828,820)
Total assets	2,191,546	746,090	5,748,660	-	716,645	9,402,941
Total Segment liabilities	2,916,231	5,953,694	183,854	-	451,458	9,505,236
Impairment losses on loans and advances	(527,340)	(310,577)	-	-	(390)	(838,307)
Impairment losses on other financial assets			51,381			51,381
Depreciation and amortisation	(2,094)	(23,693)	(446)	-	(36,951)	(63,184)
Capital expenditure	(108)	(6,950)	(127)	-	(13,062)	(20,247)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

7.a OPERATING SEGMENTS - (CONTINUED)

Business segments (Continued)

2022	Corporate Banking	Retail Banking	Central Treasury	Shared Services	Unallocated	Consolidated
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Net Interest Income	90,101	40,045	352,309	-	(60,139)	422,318
Net fee and commission income	11,020	86,288	4,399	-	(5,927)	95,779
Net trading income	7,034	59,434	56,385	-	-	122,854
Other operating income	440	48	-	-	6,257	6,745
Inter segment revenue	(15,173)	405,979	(390,806)	-	-	-
Total segment revenue	93,422	591,794	22,288	-	(59,809)	647,695
Segment result						-
Income tax expense	-	-	-	-	(6,922)	(6,922)
Profit for the period	40,756	329,486	(356,803)	-	(384,719)	(371,280)
						-
Total assets	2,496,099	746,090	3,575,140	-	595,391	7,412,720
						-
Total Segment liabilities	1,339,514	4,452,105	70,959	-	891,952	6,754,530
Impairment losses on financial assets	(26,457)	(16,596)	(375,147)	-	(12,012)	(430,212)
Depreciation and amortisation	(2,531)	(20,105)	(472)	-	(35,274)	(58,382)
Capital expenditure	(205)	(13,150)	(241)	-	(19,677)	(33,273)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

7.b INTEREST INCOME

	2023	2022
	GH¢'000	GH¢'000
Loans and advances	442,212	452,446
Investment in Government securities	400,170	343,315
Inter bank placement	67,674	54,546
Leases (including agric inputs)	133,508	42,060
	1,043,564	892,367

8. INTEREST EXPENSE

(a) On deposits:

	2023	2022
Interest expense calculated using effective interest method	**GH¢'000**	GH¢'000
Fixed/time deposits	**125,793**	81,912
Savings deposits	**19,127**	12,704
Demand & call deposits	**467,956**	273,622
Total interest expense on deposits	**612,876**	368,238

(b) On borrowed funds:

Inter-Bank Borrowing	**2,762**	13,973
Long-Term Borrowings	**38,576**	23,729
Interest and exchange loss on lease liability	**15,430**	64,109
	56,768	101,811
Total (a+b)	669,644	470,049

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

9. NET FEE AND COMMISSION INCOME

	2023	2022
Fee and commission Income	GH¢ '000	GH¢ '000
Commission on Turnover	33,607	23,151
Fees and Charges	122,532	87,955
Sale of Cheque Book Charges	1,256	1,380
Guarantees Charges & Commission	952	1,224
Total Fee and Commission Income	158,347	113,710
Fee and commission expense		
Cost of Services	(21,852)	(17,931)
Total Fee and Commission Expense	(21,852)	(17,931)
Net Fee and Commission Income	136,495	95,779

All fees and commission income were earned at a point in time.

10. NET TRADING INCOME

	2023	2022
	GH¢'000	GH¢'000
Foreign Exchange		
Revaluation gains less losses on assets and liabilities	80,741	91,554
Exchange gains less losses on Treasury Trading	60,120	31,300
Total	140,861	122,854

11. OTHER OPERATING INCOME

	2023	2022
	GH¢'000	GH¢'000
Bad debts recovered	7,696	4,261
Other income	8,258	2,484
Total	15,954	6,745

* Other income is made up of unutilized provisions on expenses and disposal of assets

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

12. IMPAIRMENT LOSS ON FINANCIAL ASSETS

The table below shows the Expected Credit Loss charges on financial instruments for the year recorded in Profit or loss Statement:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Letter of credit and guarantee	(5,774)	-	-	(5,774)
Undrawn commitments	(985)	-	-	(985)
Bills and Bonds	-	(51,381)	-	(51,381)
Loans and advances	(3,254)	101,356	746,964	845,066
At 31 December 2023	(10,013)	49,975	746,964	786,926

*the ECL on Bills and Bonds is due to the impact of the Domestic Debt Exchange Program (DDEP)

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Letter of credit and guarantee	5,167	-	-	5,167
Undrawn commitments	965	-	-	965
Bills and Bonds	341,145	-	-	341,145
Due from Banks	34,003	-	-	34,003
Loans and advances	33,864	19,928	(4,860)	48,932
At 31 December 2022	415,144	19,928	(4,860)	430,212

13. PERSONNEL EXPENSES

	2023	2022
	GH¢'000	GH¢'000
Salaries and wage	171,277	156,349
Pension costs - (Defined contribution scheme to SSNIT)	18,762	17,204
Staff Provident Fund (Defined Contribution Scheme)	10,878	9,975
Staff fuel expenses	82,091	69,856
Medical expenses	19,315	13,129
Canteen expenses	13,394	13,622
Training expenses	1596	977
Uniform	28,513	26,113
Other staff related costs	42,157	28,804
	387,983	336,029

*Other staff related costs comprise insurance expenses on personnel, discount on staff loans and others. The number of persons employed by the Bank at the year-end was 1,456(2022: 1,482).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

14. OTHER OPERATING EXPENSES

	2023	2022
	GH₵'000	GH₵'000
Occupancy Cost	31,039	21,973
Directors' Remuneration	1642	1,253
Donations and Social Responsibility	5,314	3,778
Motor Vehicle Running Expenses	34,706	17,879
General and Administrative Expenses	59,331	38,875
Information Technology Expenses	113,207	79,277
Others	43,025	24,396
	288,264	187,431

Others* consist of deposit insurance premium and clearing house expenses.

15. DEPRECIATION AND AMORTIZATION

	2023	2022
	GH₵'000	GH₵'000
Depreciation of Property, Plant and equipment	22,079	15,421
Amortisation of intangible	6,673	10,010
Depreciation of Right of use asset	34,432	32,951
	63,184	58,382

16. EARNINGS PER SHARE

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

	2023	2022
	GH₵'000	GH₵'000
Loss after tax	(828,820)	(371,280)
Number of ordinary shares	346,952	346,952
Weighted average number of shares	346,952	346,952
Earnings per share:		
Basic (GH₵)	(2.39)	(1.07)
Diluted (GH₵)	(2.39)	(1.07)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

17. CASH AND BANK BALANCE

	2023	2022
	GH¢'000	GH¢'000
Cash on hand	344,986	295,328
Balances with Bank of Ghana	1,765,300	1,365,581
Nostro Balances	335,008	90,101
Deposits and balances due from banking institution	859,421	157,827
Cash and bank balance	3,304,715	1,908,837

*Included in the Nostro balance is a restricted amount of GH¢ 73,425(2022: GH¢ 25,304), these restricted Nostro amounts have been excluded from cash and cash equivalents in note 29.

18. DUE FROM OTHER BANKS

	2023	2022
	GH¢'000	GH¢'000
Placements with other banks	349,719	387,219
Transfer to Investment Securities	(387,219)	-
Allowance for impairment losses	37,500	(37,500)
	-	349,719

The credit risk quality of due from other banks is disclosed in note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

19. CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES

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

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Performing				
Grade 1-3: low fair risk	-	-	-	-
Grade 4-5	-	-	-	-
Non-performing	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2023	-	-	-	-
2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Performing				
Grade 1-3: low fair risk	387,219	-	-	387,219
Grade 4-5	(387,219)	387,219	-	-
Non-performing	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2022	-	387,219	-	387,219

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

19. CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES (CONTINUED)

An analysis of changes in the gross carrying amount in relation to due from banks measured at amortised cost is, as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	-	-	-	-
New assets originated or purchased	-	-	-	-
Interest accrued	-	-		-
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	-	-	-	-
2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	387,219	-	-	387,219
New assets originated or purchased	-	-	-	-
Interest accrued	-	(37,500)		(37,500)
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(387,219)	387,219	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	-	349,719	-	349,719

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

19. CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES (CONTINUED)

An analysis of changes in the ECL allowances in relation to due from banks is, as follows:

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Gross carrying amount as at 1 January 2023	37,500	-	-	37,500
New assets originated or purchased	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2-transfer to Investment securities	(37,500)	-	-	(37,500)
Transfers to Stage 3	-	-	-	-
Written off/ recovery	-	-	-	-
At 31 December 2023	-	-	-	-
2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Gross carrying amount as at 1 January 2022	3,498	-	-	3,498
New assets originated or purchased	-	34,002	-	34,002
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(3,498)	3,498	-	-
Transfers to Stage 3	-	-	-	-
Written off/ recovery	-	-	-	-
At 31 December 2022	-	37,500	-	37,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

20. INVESTMENT SECURITIES

	2023	2022
	GH¢'000	GH¢'000
Treasury bills (a)		
91 Day Treasury Bills	568,750	100,000
182 Day Treasury Bills	-	280,315
Treasury Notes	200,000	68,046
	768,750	448,361
Government bonds (b)		
2-5-year fixed rate notes	588,228	205,374
Above 5 years fixed rate note	1,073,938	1,012,569
Transfer from due from Bank	250,000	-
	1,912,166	1,217,943
Total (a+b)	2,680,916	1,666,304
ECL on bonds	(327,264)	(349,720)
	2,353,652	1,316,584

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

20. INVESTMENT SECURITIES (CONTINUED)

	2023	2022
	GH₵'000	GH₵'000
Maturing within 90 days of date of acquisition	568,750	100,000
Maturing between 90 days - 1 year of date of acquisition	225,894	348,360
Maturing above 5 years of date of acquisition	1,559,008	868,224
	2,353,652	1,316,584

Government bonds as well as Treasury Bills are classified as financial assets at amortized cost as the business model is to hold the financial assets to collect contractual cash flows representing solely payments of principal and interest.

The average interest rate on treasury bills at 31 December 2023 was 28.77% (2022: 23.44%) and the rate for treasury bonds at 31 December 2023 was 9.18% (2022: 35.36%).

20 (i) Ghana Debt Exchange Program

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme, an invitation for the voluntary exchange of approximately GHS137 billion of the domestic notes and bonds of the Republic, including E.S.L.A. and Daakye bonds, for a package of New Bonds to be issued by the Republic. The Exchange excludes Treasury Bills in totality, and notes and bonds held by individuals (natural persons).

The Ghana Debt Exchange Program resulted in direct and indirect additional impairment on bonds amounting broken down as follows:

S/N	Description	Dec-22	Movement	Dec-23
		(Ghc'000)	(Ghc'000)	(Ghc'000)
1	GoG Bonds	331,180	(67,925)	263,255
2	Local dollar bonds	6,433	(2,391)	4,042
3	Cocoa bills	3,532	18,843	22,375
4	Due from other banks	37,592	92	37,684
	Total	378,737	(51,381)	327,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

20. INVESTMENT SECURITIES (CONTINUED)

2022

S/N	Description	Impairment Charge (Ghc'000)
1	GoG Bonds	331,180
2	Local dollar bonds	6,433
3	Cocoa bills	3,532
4	Due from other banks	37,592
	Total	**378,737**

Net carrying amount of bonds impaired by the GDDEP is analyzed below:

2023	GoG Bonds	GoG Bills	Local dollar bonds	Cocoa bills	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross Carrying Amount	903,354	100,000	36,448	276,782	1,316,584
Additions	289,032	468,750	-	-	757,782
Interest	15,405	-	-	-	15,405
Impairment release/(charge)	30,333	-	2,390	(18,842)	13,881
Transfer from due from banks	250,000	-	-	-	250,000
Net Carrying Amount	1,488,124	568,750	38,838	257,940	2,353,652

2022	GoG Bonds	GoG Bills	Local dollar bonds	Cocoa bills	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross Carrying Amount	1,234,534	100,000	42,880	280,314	1,657,728
Impairment	(331,180)	-	(6,432)	(3,532)	(341,144)
Net Carrying Amount	903,354	100,000	36,448	276,782	1,316,584

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

20. INVESTMENT SECURITIES (CONTINUED)

20.1 CREDIT RISK QUALITY OF INVESTMENT SECURITIES (DEBT INSTRUMENT)

The table below shows the credit quality and the maximum exposure to credit risk of investment Securities (Debt Instruments) measured at amortised cost based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	-	2,353,652	-	2,353,652
Grade 4-5	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2022	-	2,353,652	-	2,353,652
2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	1,316,584	-	-	1,316,584
Grade 4-5	(1,316,584)	1,316,584	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2021	-	1,316,584	-	1,316,584

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

20. INVESTMENT SECURITIES (CONTINUED)

20.1. CREDIT RISK QUALITY OF INVESTMENT SECURITIES (DEBT INSTRUMENT) (CONTINUED)

An analysis of changes in the gross carrying amount in relation to Debt instruments measured at amortised cost is, as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross amount as at 1 January 2023	1,657,729			1,657,729
Expected Credit Loss(ECL)	(341,145)			(341,145)
Carrying amount as at 1 January 2023	**1,316,584**	-	-	**1,316,584**
New assets originated or purchased		1,593,187	-	1,593,187
Assets derecognised or repaid (excluding write offs)		(835,405)		(835,405)
Transfer from Due from Banks		250,000		250,000
Interest accrued		15,405	-	15,405
		-	-	-
Expected Credit Loss(ECL)		51,381		51,381
Expected Credit Loss(ECL)-due from banks		(37,500)		(37,500)
Transfers to Stage 1				-
Transfers to Stage 2	(1,316,584)	1,316,584		-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	-	2,353,652	-	2,353,652

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	2,400,654	-	-	2,400,654
New assets originated or purchased	1,418,858	-	-	1,418,858
Interest accrued	360,357	-	-	360,357
Assets derecognised or repaid (excluding write offs)	(2,522,141)	-	-	(2,522,141)
Expected Credit Loss(ECL)		(341,144)		(341,144)
Transfers to Stage 1				-
Transfers to Stage 2	(2,400,654)	2,400,654		-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	(742,926)	2,059,510	-	1,316,584

An analysis of changes in the ECL allowances in relation to Debt instruments measured at amortised cost is, as follows:

Instruments under this category were issued by the central bank and government.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS

	2023	2022
	GH₵'000	GH₵ '000
Overdrafts	769,165	601,499
Loans	3,233,839	2,809,625
Lease receivable	291,706	343,072
Gross loans and advances	4,294,710	3,754,196
Provision for impaired loans and advances		
- Specific	(1,157,966)	(411,002)
- Collective	(199,108)	(101,005)
Total ECL	(1,357,074)	(512,007)
Net loans and advances	2,937,636	3,242,189

The above constitute loans and advances to customers and staff.

Staff loans amounted to **GH₵ 108,524** (2022: GH₵116,250).

Lease receivable* this refers to new facilities given to customers which foreign currency denominated.

The investment in lease receivables is analyzed as follows:

	2023	2022
	GH₵'000	GH₵'000
Less than 1 year	91,226	30,854
Between 1 year and 5 years	200,480	312,217
	291,706	343,071

Key ratios on loans and advances.

The total impairment for the year represents 31.39% of gross loans at the year-end (2022: 12.72%)
Loan loss provision ratio is 31.39% of gross advances (2022: 12.72%)
Gross Non-performing loans ratio per Bank of Ghana requirement is 70.25% (2022:29.74%)
Total gross non-performing loans is GHS 3,510 million (this includes interest in suspense of GHS 672 million)
Fifty (50) largest exposures (gross funded and non-funded) to total exposures is 57.75% (2022: 59.96%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2023	2022
a) Analysis By maturity	**GH¢'000**	GH¢'000
Maturing Within one year	1,610,897	2,930,270
Between one to five years	2,324,323	703,348
More than five years	359,489	120,578
	4,294,709	3,754,196
Impairment of loans and advances		
At 1 January	512,007	463,075
Additional impairment charge during the year	845,067	48,932
	1,357,074	512,007

The table below shows an analysis of the gross loans and advances based the class of financial assets.

2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	147,273	497,106	402,522	1,046,901
Corporate Loans	289,140	37,200	1,899,619	2,225,959
Retail Loans	712,535	106,558	202,756	1,021,849
Total	**1,148,948**	**640,864**	**2,504,897**	**4,294,709**
2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	746,828	30,624	249,163	1,026,616
Corporate Loans	648,957	806,793	394,344	1,850,094
Retail Loans	735,603	9,802	132,082	877,486
Total	**2,131,388**	**847,219**	**775,589**	**3,754,196**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.1. IMPAIRMENT ALLOWANCE FOR LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST

21.1.1 Expected credit losses on loans and advances

The table below shows an analysis of the expected credit losses on loans and advances based the class of financial assets.

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	3,028	166,948	245,695	415,671
Corporate Loans	1,697	2,072	710,769	714,538
Retail Loans	21,599	3,764	201,502	226,865
Total	**26,324**	**172,784**	**1,157,966**	**1,357,074**
2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	11,875	1,681	166,230	179,785
Corporate loans	17,259	69,726	113,840	200,825
Retail loans	444	20	130,932	131,397
Total	**29,578**	**71,427**	**411,002**	**512,007**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE

21.2.1 Agric loans

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

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	147,406	-	-	147,406
Grade 4-5	-	148,387	-	148,387
Grade 6:	-	-	252,373	252,373
Grade 7	-	-	175,851	175,851
Grade 8	-	-	322,884	322,884
At 31 December 2023	147,406	148,387	751,108	1,046,901

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	598,254	-	-	598,254
Grade 4-5	-	167,226	-	167,226
Grade 6:	-	-	53,413	53,413
Grade 7	-	-	158	158
Grade 8	-	-	207,565	207,565
At 31 December 2022	598,254	167,226	261,136	1,026,616

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.1 Agric loans (continued)

An analysis of changes in the gross carrying amount in relation to Agric loan is as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	598,254	167,226	261,136	1,026,616
New assets originated or purchased	5,699	801	-	6,500
Assets derecognised or repaid (excluding write offs)	(456,547)	(19,640)	489,972	13,785
At 31 December 2023	**147,406**	**148,387**	**751,108**	**1,046,901**

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	337,316	24,257	189,777	551,349
New assets originated or purchased	404,994	7,863	-	412,857
Assets derecognised or repaid (excluding write offs)	(144,055)	135,106	71,359	62,409
At 31 December 2022	598,254	167,226	261,136	1,026,616

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.1 Agric loans

An analysis of changes in the ECL allowances in relation to Agric loan is, as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Gross carrying amount as at 1 January 2023	11,875	1,681	166,230	179,786
New assets originated or purchased	1,451			1,451
Assets derecognised or repaid (excluding write offs)	(10,298)	165,267	79,465	234,434
At 31 December 2023	3,028	166,948	245,695	415,671

2022	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Gross carrying amount as at 1 January 2022	4,277	4,140	141,743	150,160
New assets originated or purchased	5,504			5,504
Assets derecognised or repaid (excluding write offs)	2,093	(2,459)	24,487	24,121
At 31 December 2022	11,875	1,681	166,230	179,785

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.2 Corporate loans

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

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	300,134			300,134
Grade 4-5		53,718		53,718
Grade 6:			675,182	675,182
Grade 7			438,328	438,328
Grade 8	-	-	758,597	758,597
At 31 December 2023	300,134	53,718	1,872,107	2,225,959

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	632,207			632,207
Grade 4-5		620,464		620,464
Grade 6:			278,563	278,563
Grade 7			108,295	108,295
Grade 8	-	-	210,564	210,564
At 31 December 2022	632,207	620,464	597,423	1,850,094

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

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	632,207	620,464	597,423	1,850,094
New assets originated or purchased	6,673	24,598	-	31,271
Assets derecognised or repaid (excluding write offs)	(338,745)	(591,345)	1,274,684	344,594
At 31 December 2023	300,135	53,717	1,872,107	2,225,959

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.2 Corporate loans (continued)

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	738,269	344,002	399,016	1,481,287
New assets originated or purchased	373,408	436,266	-	809,674
Assets derecognised or repaid (excluding write offs)	(479,470)	(159,805)	198,407	(440,867)
At 31 December 2022	632,207	620,464	597,423	1,850,094

An analysis of changes in the ECL allowances in relation to Corporate loan is, as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	17,259	69,726	113,840	200,825
New assets originated or purchased	1,891	-	-	1,891
Assets derecognised or repaid (excluding write offs)	(17,453)	(67,654)	596,929	511,822
At 31 December 2023	1,697	2,072	710,769	714,538

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	**17,259**	**69,726**	**113,840**	**200,825**
New assets originated or purchased	**34,142**	-	-	**34,142**
Assets derecognised or repaid (excluding write offs)	**(34,142)**	-	-	**(34,142)**
At 31 December 2022	17,259	69,726	113,840	200,825

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.3 Retail loans

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

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	714,182	-	-	714,182
Grade 4-5	-	105,395	-	105,395
Grade 6:	-	-	35,471	35,471
Grade 7	-	-	7,395	7,395
Grade 8	-	-	159,406	159,406
At 31 December 2023	714,182	105,395	202,272	1,021,849

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	735,268	-	-	735,268
Grade 4-5	-	8,439	-	8,439
Grade 6:	-	-	5,547	5,547
Grade 7	-	-	744	744
Grade 8	-	-	127,488	127,488
At 31 December 2022	735,268	8,439	133,779	877,486

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

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	596,871	9,904	105,976	712,751
New assets originated or purchased	434,137	4,293	-	438,430
Assets derecognised or repaid (excluding write offs)	(295,740)	(5,758)	27,802	(273,695)
At 31 December 2022	735,268	8,439	133,779	877,486

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	735,268	8,439	133,779	877,486
New assets originated or purchased	416,324	9,249	-	425,573
Assets derecognised or repaid (excluding write offs)	(437,410)	87,707	68,493	(281,210)
At 31 December 2023	714,182	105,395	202,272	1,021,849

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.3 Retail loans (continued)

An analysis of changes in the ECL allowances in relation to Retail loan is, as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	444	21	130,932	131,397
New assets originated or purchased	12,798	-	-	12,798
Assets derecognised or repaid (excluding write offs)	8,357	3,743	70,570	82,670
At 31 December 2023	21,599	3,764	201,502	226,865

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	1,170	77	105,837	107,084
New assets originated or purchased	1,447	-	-	1,447
Assets derecognised or repaid (excluding write offs)	(2,173)	(57)	25,095	22,865
2At 31 December 2022	444	20	130,932	131,397

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

22. INVESTMENT (OTHER THAN SECURITIES): FAIR VALUE THROUGH OCI

	2023	2022
	GH¢'000	GH¢ '000
At 1 January	**134,729**	99,926
Fair value adjustments (note 38)	88,933	34,749
Revaluation on SWIFT	92	54
Separation of Shareholder loan	(15,369)	-
At 31 December	**208,385**	134,729

Institution	Balance as at 2022	Movement to Shareholder loan	Fair value movement	Market value
Ghana International Bank Limited	118,989	-	48,778	167,767
Agridev Real Estates Limited	14,812	(14,812)	39,598	39,598
Cocoa Processig Company	32	-	-	32
Ghana Textile Manufacturing Company	544	-	-	544
SDC Finance Limited	137	-	-	137
Society for World wide Interbank Financial Telecomunication(SWIFT)	215	92	-	307
Total	**134,729**	**(14,720)**	**88,376**	**208,385**

Assumptions underlying the fair valuations is in note 6b.

Investment (other than securities)			
Institution	**Balance as at 2021**	**Fair value movement**	**Market value**
Ghana International Bank Limited	79,842	39,147	118,989
Agridev Real Estates Limited	19,211	(4,399)	14,812
Metro Mass Transportation Ltd	-	-	-
Cocoa Processig Company	34	-	34
Ghana Textile Manufacturing Company	544	-	544
SDC Finance Limited	137	-	137
Society for Worldwide Interbank Financial Telecommunication(SWIFT)	159	54	213
Acitivity Venture Finance Company Limited	-	-	-
Ayensu Starch Company	-	-	-
TOTAL	**99,926**	**34,803**	**134,729**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

22. INVESTMENT (OTHER THAN SECURITIES): FAIR VALUE THROUGH OCI (CONTINUED)

Breach in investment holding limits

The Bank's holdings in four (4) non-subsidiary institutions (in the table below) are in breach of section 73(3) which states that "Bank or Specialised Deposit-taking Institution shall not invest or hold investments in the share capital of a body corporate other than a subsidiary of the bank or specialized deposit-taking institution that represents more than five percent interest in the body corporate".

The bank's holding in Ghana International Bank Limited is also in breach of section 73(1) of the Banks and Specialised Deposit-taking Institutions Act, 2016 (Act, 930), which state that "Bank or Specialised Deposit-taking Institution shall not invest or hold investments in the share capital of a body corporate other than a subsidiary of the bank or specialized deposit-taking institution if the amount of investment exceeds ten percent of the net own funds of the bank or specialized deposit-taking institution."

Investment in Equities	
Description	**% Holdings**
Equity in Ghana International Bank	9%
Equity in GTMC	5%
Equity in Securities Discount House	1%
Equity in Ayensu Starch Company Ltd.	
Equity in Cocoa Processing Company	0%
Equity Metro Mass Transport	16.6%
Activity Venture Finance Co. ltd.	20%
Equity in Agridev	10%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

23. INVESTMENT IN ASSOCIATE COMPANIES

The Bank has one associate, Activity Venture Finance Company (AVF) that is immaterial to the Bank, which is equity accounted for.

	Activity Venture Finance Co
The relationship with the Bank	To help start-ups with high potential and risk
Principal place of business/country of incorporation	Accra, Ghana
Ownership interest/voting rights	20%/20%
Fair value of ownership interest (if listed)	N/A

The entity has been dormant for the past 84 months, the investment has been fully impaired.

24. INCOME TAX

24.1 INCOME TAX EXPENSE RECOGNISED IN PROFIT OR LOSS

	2023	2022
	GH¢'000	GH¢'000
Current year income tax	(10,000)	(20,059)
Deferred tax	40,307	13,138
	30,307	(6,922)

24.2 CORPORATION TAX ASSET

	Balance at 1 January	Payment during the year	Charge/credit for the year	Prior year adjustment	Balance at 31 December
Income tax	GH¢'000	GH¢'000	GH¢'000		GH¢'000
2022	(6,279)	-	-	-	(6,279)
2023	-	(8,198)	10,000	-	1,802
Sub-total	(6,279)	(8,198)	10,000	-	(4,477)
					-
National Stabilization Levy/Financial Recovery Levy	(4,572)	-	-	-	(4,572)
					-
Total tax	(10,851)	(8,198)	10,000	-	(9,049)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

24. INCOME TAX (CONTINUED)

24.3 EFFECTIVE TAX RECONCILIATION

EFFECTIVE TAX RECONCILIATION		
	2023	2022
	GH¢'000	GH¢'000
Profit before tax	(859,127)	(364,358)
Income tax using domestic tax rate (25%)	(214,782)	(91,090)
Non-deductible expenses	224,721	127,066
Tax on non-deductible income	(13,423)	(12,194)
Movement in deferred tax recognised in P&L: PPE	2,901	(174)
Tax impact of Capital allowance	(9,725)	(6,757)
Tax effect of tax assets (25% of Tax Loss c/fwd.)	13,194	
Movement in deferred tax recognised in P&L: Impairments	(42,528)	(17,267)
Movement in deferred tax recognised in P&L: Tax Assets	(13,194)	
National fiscal stabilization levy /Financial sector recovery levy(5%)	-	
	(52,836)	(417)
Effective Income Tax rate	6.1%	0.1%

24.4 DEFERRED TAX ASSET

The following table shows deferred tax recorded in the statement of financial position

Deferred tax assets	As at 1 January 2023	Income statement	OCI	As at 31 December 2023
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property, plant and equipment	2,411	(2,901)		(490)
Impairment allowance for loans and advances	104,586	30,181	-	134,766
Investment (other than securities)	(28,139)		(22,233)	(50,372)
Revaluation Reserve	(40,312)		(545)	(40,857)
Deferred tax Chargeable loss		13,027		13,027
Balance 31 December	38,546	40,307	(22,778)	56,074

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

24. INCOME TAX (CONTINUED)

24.4 DEFERRED TAX ASSET (CONTINUED)

Deferred tax assets	As at 1 January 2022	Income statement	OCI	As at 31 December 2022
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property, equipment, and intangible assets	1,506	905	-	2,411
Impairment allowance for loans and advances	92,353	12,233	-	104,586
Investment (other than securities)	(19,452)	-	(8,687)	(28,139)
Revaluation Reserve	(18,594)	-	(21,718)	(40,312)
Balance 31 December	**55,813**	**13,138**	**(30,405)**	**38,546**

	2023	2022
	GH¢'000	GH¢'000
Balance at 1 January	38,546	55,813
Charged to profit or loss	40,308	13,138
Charged to OCI	(22,778)	(30,405)
Balance 31 December	56,074	38,546

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

25. INTANGIBLE ASSETS

	Software	Work in-Progress	Total
	GH¢'000	GH¢'000	GH¢'000
Cost			
At 1 January 2023	96,033	386	96,419
Acquisitions	1,717	500	2,217
Transfers from work in progress	516	(516)	-
Transfer from Tangible	3,402	-	3,402
	101,668	**370**	**102,038**
Amortisation			
At 1 January 2023	76,327	-	76,327
Charge for the year	6,673	-	6,673
At 31 December 2023	83,000	-	83,000
Net Book Value			
At 31 December 2023	18,668	370	19,038

	Software	Work in-Progress	Total
	GH¢'000	GH¢'000	GH¢'000
Cost			
At 1 January 2022	94,122	228	94,350
Acquisitions	1,584	485	2,069
Transfers from work in progress	327	(327)	-
	96,033	**386**	**96,419**
Amortisation			
At 1 January 2022	66,317	-	66,317
Charge for the year	10,010	-	10,010
At 31 December 2022	76,327	-	76,327
Net Book Value			
At 31 December 2022	19,706	386	20,092

Work-in-progress

- Work-in-progress at the end of the year.GHS 370 (2022:386).
- No impairment losses on intangible assets were recognized during the year (2022: Nil)
- There were no capitalized borrowing costs related to intangible assets during the year (2022: Nil)
- There were no restrictions on title and intangible assets pledged as security for liabilities during the year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

26. OTHER ASSETS

	2023	2022
	GH¢'000	GH¢'000
Advance payment	941	421
Prepayments	16,670	14,322
Sundry receivables	47,289	15,318
Lease deposits from Agridev	39,832	28,754
Stationery stock	3,519	2,827
Others**	9,079	2,276
31-Dec	117,330	63,918
Current	77,840	42,848
Non-current	39,490	21,070
	117,330	63,918

* Sundry receivables are carried at amortised cost, expected credit loss for these instruments were assessed to be insignificant.

**Others represent reimbursable from money transfer counterparties and stationery stock.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

27. PROPERTY AND EQUIPMENT

2023	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Capital W I P	Leasehold Improvement	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost/Valuation							
At 1 January 2023	146,578	42,768	31,580	12,555	38,333	36,732	308,546
Additions	-	7,001	4,960	-	5,874	195	18,030
Disposal	-	(60)	(597)	(2,244)	-	-	(2,901)
Transfer to intangible	-	-	-	-	(3,402)	-	(3,402)
Transfers from WIP	-	24,531	595	10,353	(38,097)	2,618	-
Reversal to expenses	279	(50)	(1)	(1)	(3)	(3)	221
Revaluation	2,180	-	-	-	-	-	2,180
At 31 December 2023	**149,037**	**74,190**	**36,537**	**20,663**	**2,705**	**39,542**	**322,674**
At 1 January 2023	601	29,856	22,372	9,522	-	30,464	92,816
Charge for the year	7,213	5,503	3,474	3,009	-	2,279	21,478
Disposal	-	(60)	(473)	(2,227)	-	-	(2,761)
At 31 December 2023	**7,814**	**35,299**	**25,373**	**10,304**	**-**	**32,743**	**111,533**
Net Book Value							
At 31 December 2023	**141,223**	**38,892**	**11,164**	**10,359**	**2,705**	**6,798**	**211,141**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

27. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2022	Land & Building	Computers	Furniture & Equipment	Motor Vehicles	Capital W I P	Leasehold Improvement	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost/Valuation							
At 1 January 2022	93,554	35,752	28,962	12,475	19,281	34,633	224,657
Additions	41	2,436	2,242	80	26,360	45	31,204
Disposal	-	(184)	-	-	-	-	(184)
Reversal to expenses	-	-	-	-	6	(74)	(68)
Transfers from WIP	46	4,764	376	-	(7,313)	2,127	-
Transfers to Intangible	-	-	-	-	-	-	-
Revaluation	86,871	-	-	-	-	-	86,871
At 31 December 2022	**180,512**	**42,768**	**31,580**	**12,555**	**38,334**	**36,731**	**342,480**
Accumulated Depreciation							-
At 1 January 2022	29,150	26,559	19,142	8,038	-	28,034	110,922
Charge for the year	4,784	3,481	3,230	1,484	-	2,430	15,410
Disposal	-	(184)	-	-	-	-	(184)
Write Offs	-	-	-	-	-	-	-
At 31 December 2022	33,934	29,856	22,372	9,522	-	30,464	126,148
Net Book Value							-
At 31 December 2022	146,578	12,912	9,208	3,033	38,333	6,267	216,332

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

27. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

Cost component of revalued property

If the land and buildings were stated on a historical cost basis, the amounts would have been as follows:

	2023	2022
	GH¢'000	GH¢'000
Cost	200,160	106,650
Accumulated depreciation	(72,957)	(38,612)
	127,203	68,038

Disposal Schedule

Cost and Accumulated depreciation

The cost and accumulated depreciation of assets disposed is made up of cost of disposals and write-offs and their corresponding accumulated depreciation.

2023	Computers	Furniture &Equipment	Motor& Vehicle	Total
		GH¢'000	GH¢'000	GH¢'000
Cost	60	597	2,244	2901
Accumulated depreciation	(60)	(473)	(2,227)	(2,761)
Net book value	-	124	17	140
Proceeds	-	36	262	299
Profit/(Loss) on disposal	-	-88	246	159

2022	Computers	Furniture &Equipment	Motor& Vehicle	Total
		GH¢'000	GH¢'000	GH¢'000
Cost	184	-	-	184
Accumulated depreciation	(184)	-	-	(184)
				-
Net book value	-	-	-	-
Proceeds	19	-	-	19
	-			-
Profit/(Loss) on disposal	19	-	-	19

None of the property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date and at the end of the previous year. Capital commitments not provided for in the financial statements as at 31 December 2023 was nil. (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

28. RIGHT OF USE ASSETS

The Bank leases land and buildings. Information about leases for which the Company is a lessee is presented below.

2023	Rental space	Total
	GH¢'000	GH¢'000
Cost/Valuation		
At 1 January 2023 (Transfer from prepayment)	255,293	255,293
Additions	19,135	19,135
At 31 December 2023	**274,428**	**274,428**
Depreciation		
At 1 January 2023	144,370	144,370
Charge for the year	34,431	34,431
At 31 December 2023	178,801	178,801
Net Book Value		
At 31 December 2023	95,627	95,627

2022	Rental space	Total
	GH¢'000	GH¢'000
Cost/Valuation		
At 1 January 2022 (Transfer from prepayment)	261,970	261,970
Additions	7,186	7,186
Effect of modification	(13,862)	(13,862)
At 31 December 2022	**255,293**	**255,293**
Depreciation		
At 1 January 2022	111,415	111,415
Charge for the year	32,955	32,955
At 31 December 2022	144,370	144,370
Net Book Value		
At 31 December 2022	110,923	110,923

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

29. CASH AND CASH EQUIVALENTS

	CASH AND CASH EQUIVALENTS	
	2023	2022
	GH¢'000	GH¢' 000
Cash	344,986	295,328
Bank Balances	2,886,304	1,588,204
14-Day/91-Day Treasury Bill	568,750	100,000
Cash and cash equivalent in statement of cash flows	3,800,040	1,983,532

Included in the cash and cash equivalent is an amount of GH¢ 568,750 (2022: GH¢ 100,000) which has been disclosed as part of Investments Securities in Note 20.

Included in the bank balances above is a mandatory reserve deposits of GH¢1,291,156(2022: GH¢703782) with Bank of Ghana representing 15% the Bank's total deposits.

30. BORROWED FUNDS

	2023	2022
	GH¢'000	GH¢'000
Government of Ghana	74,035	68,556
Central Bank of Ghana	57,258	51,979
Other Financial Institutions	134,254	274,692
AFD/Rubber Phase IV and V	281,759	193,211
Total	547,306	588,438

2023	Government of Ghana	Central Bank	Financial Institutions	AFD/Rubber Phase IV&V	Total
Balance as at 1 January 2023	68,556	51,979	274,692	193,211	588,438
Additions	4,035	3,325	1,860,547	82,550	1,950,457
Interest	3,422	2,122	2,796	5,998	14,338
Payment	(1,978)	(167)	(2,003,782)	-	(2,005,927)
Balance as at 31 December 2023	74,035	57,259	134,253	281,759	547,306

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

30. BORROWED FUNDS (CONTINUED)

2022	Government of Ghana	Central Bank	Financial Institutions	AFD/Rubber Phase IV&V	Total
Balance as at 1 January 2022	65,324	19,311	38,181	171,742	294,559
Additions	2,571	36,362	12,581,959	106,459	12,727,351
Interest	2,208	1,976	6,519	464	11,167
Payment	(1,547)	(5,670)	(12,351,968)	(85,454)	(12,444,639)
Balance as at 31 December 2022	**68,556**	**51,979**	**274,692**	**193,211**	**588,438**

30.a Government of Ghana

This consists of multiple facilities granted to the Bank to finance food crops, non-traditional exports, agro industry as well as institutional support. Interest rates range from 1.8% - 5% with maturities ranging from 2018 to 2051. The disclosure is based on the specific project the loan was meant for.

Details of these borrowings are shown below:

Government of Ghana		
	2023	2022
	GH¢'000	GH¢'000
ADF Projects	55,175	50,404
EDAIF	2,593	2,836
AFD/MOFA	15,011	14,987
AfDB/KP.IRR. Projects	1,186	992
AFD/MOFA COCONUT DEV'T	71	(662)
TOTAL	**74,036**	**68,556**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

30. BORROWED FUNDS (CONTINUED)

30.b Central Bank

These borrowings are for on-lending purposes. Interest rate ranges from 3% to 20% and maturity is usually long term.

CENTRAL BANK	2023	2022
	GH¢'000	GH¢'000
IFAD SCIMP	2,076	1,958
IDA/BADEA	1,973	1,890
SMALL SCALE IRR.DEV PROJECTS	691	676
CFD Loan to GREL	389	381
IFAD/MEST Rural Ent.	534	534
IFAD /UWADEP	754	652
ADB/BADEA/BOVID	15,020	10,493
OVCF	13	196
FARM DIRECT	35,809	34,504
AFD/MOFA COCONUT DEV'T	-	695
TOTAL	57,259	51,979

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

30. BORROWED FUNDS (CONTINUED)

30.c Financial institutions

These borrowings are for liquidity management purposes. Interest rate ranges from 15% to 30% and maturity is usually within one year.

Details of the borrowings from financial institutions are shown below:

Financial institutions		
	2023	2022
	GH¢'000	GH¢'000
GHANA ARMED FORCES	104,369	92,273
SUNU ASSURANCES GHANA LIMITED	11,392	1,452
GIFEC - Ghana Investment Fund for Electronic Communication	-	10,329
GHANA INTERNATIONAL BANK	-	56,599
OmniBSIC Bank Ghana Ltd	-	9,146
UNITED BANK FOR AFRICA	-	87,469
ACCESS BANK	-	17,152
OTHERS	194	273
INVESTITURE FUND MANAGERS	8,527	
PRUDENTIAL LIFE INSURANCE GHANA	9,420	
GHANA ARMED FORCES PROVIDENT FUND	353	
	134,255	274,692

30.d Others

AFD - The general purpose of the credit facility is to finance long term loans dedicated to the Rubber Out Grower Plantation Programme (ROPP). Average Interest is at a rate of 2.07% maturing in 2027.
Details of other borrowings are shown below:

	2023	2022
	GH¢'000	GH¢'000
AFD/Rubber Phase IV	281,759	193,211

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

31. DEPOSITS FROM CUSTOMERS

	2023	2022
	GH¢'000	GH¢'000
Savings Deposits	1,195,835	919,695
Demand and Call Deposits	6,738,930	4,416,691
Fixed/Time Deposits	610,542	528,465
	8,545,307	5,864,851

	2023	2022
	GH¢'000	GH¢'000
Customer deposits		
Maturity analysis of customer deposits		
From Government and Parastatals:		
Payable within 90 days	772,471	460,959
Payable after 90 days and within one year	684,277	328,706
	1,456,748	789,665
From Private Sector and individuals:		
Payable within 90 days	4,131,294	2,890,682
Payable after 90 days and within one-year	2,957,265	2,184,504
	7,088,559	5,075,186
Total	8,545,307	5,864,851

Twenty largest depositors to total deposit ratio is **21.60%** (2022: 19.47%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

32. OTHER LIABILITIES

	2023	2022
	GH¢'000	GH¢'000
Financial Guarantee Contracts	1,101	7,860
Managed funds	3,126	3,297
Payables	94,692	91,130
Provident fund	4,520	4,296
Statutory Deductions	2,551	2,641
Visa and Point of sales settlement	16,511	14,797
Accruals	33,627	25,086
Staff long service awards (i)	2,382	2,507
	158,510	151,614
Current	142,265	36,726
Non-current	16,245	114,888
Total	158,510	151,614

Payables* consist of Payment orders and unclaimed credit items.
Accruals** comprise unpaid maintenance and utility expenses

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

32. OTHER LIABILITIES (CONTINUED)

(i) Movement in the liability for staff long service awards

The Bank has a long service award for its employees. These are long service awards which accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the Bank after 5 years through retirement (both voluntary and compulsory) or resignation become eligible for these awards based on their current entitlement at the time of retirement or resignation based on their length of service. The bank has no further obligations once the staff leaves employment.

	2023	2022
	GH¢'000	GH¢'000
Liability for staff awards at 1 January	2,507	3,383
Benefits paid by the plan	(124)	(124)
Past service cost	1,236	(774)
Expenses recognised in profit or loss	(1,237)	22
Liability for staff awards at 31 December	2,382	2,507

	2023	2022
Expenses recognised in profit and loss	**GH¢'000**	GH¢'000
Current Service Cost	526	643
Interest Cost	(1,763)	(621)
	(1,237)	22

Actuarial assumptions

The following are the principal assumptions at the reporting date.

Discount rate	29.49%	35.48%
General inflation rate	23.2%	54.1%

Assumptions regarding future mortality rates are based on published statistics and mortality tables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

33. LEASE LIABILITY

	2023	2022
	GH¢'000	GH¢'000
As at 1 January	**149,627**	162,820
Additions	**4,040**	2,280
Modification	**-**	(36,176)
Accretion of interest	**7,947**	7,211
Realised revaluation gain	**54,750**	56,898
Payments	**(52,544)**	(43,406)
As at 31 December	**163,820**	149,627

The Bank's total cash outflows with regard to leases liabilities is **GH¢52,544** (2022: GH¢43,406).

Future minimum lease payments under non-cancellable operating leases as at 31 December were as follows:

Maturity analysis of lease liability	**2023**	**2022**
	GHS'000	**GHS'000**
Within one year	40,689	29,690
After one year but not more than five years	123,131	115,183
More than five years	-	4,754
Total	163,820	149,627

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

34. STATED CAPITAL

Reconciliation

	2023		2022	
	No. of Shares	Proceeds	No. of Shares	Proceeds
Authorized:		GH¢'000		GH¢'000
Ordinary shares of no par value	10,000,000,000		10,000,000,000	
Issued:				
Issued for cash	192,401,081	624,050	192,401,081	624,050
For Consideration other than cash	638,772	320	638,772	320
Transfer from retained earnings	23,460,876	74,230	23,460,876	74,230
Bonus issue	130,451,524	100	130,451,524	100
Right Issue	-	-	-	-
	346,952,253	698,700	346,952,253	698,700

	2023		2022	
	No. of Shares	Proceeds	No. of Shares	Proceeds
Authorized:		GH¢'000		GH¢'000
Ordinary shares of no par value	10,000,000,000		10,000,000,000	
Issued:				
Issued for cash	346,952,253	698,700	346,952,253	698,700
	346,952,253	698,700	346,952,253	698,700

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

35. ACCUMULATED LOSSES

	2023	2022
	GH₵'000	GH₵'000
At 1 January	(674,978)	(236,645)
Transfer to credit risk reserve	(221,371)	(67,054)
Profit for the year	(828,820)	(371,280)
Total	(1,725,169)	(674,978)

36. REVALUATION RESERVE

This reserve comprises the cumulative net change in the fair value of property and equipment.

	2023	2022
	GH₵'000	GH₵'000
At 1 January	122,684	57,531
Additions	2,180	86,871
Deferred Tax	(545)	(21,718)
At 31 December	124,319	122,684

37. STATUTORY RESERVE

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under section 34(i) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The proportion of net profits transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the relationship that the balance on statutory reserves bears to paid up capital.

	2023	2022
	GH₵'000	GH₵'000
At 1 January	182,015	182,015
Transfer from Retained earnings	-	-
At 31 December	182,015	182,015

38. CREDIT RISK RESERVE

The credit risk reserve is a non-distributable reserve required by Bank of Ghana to account for difference between impairment loss on financial assets as per IFRS and the specific and the general impairment loss on loans and advances and contingent liabilities per the Central Bank's prudential guidelines.

	2023	2022
	GH₵'000	GH₵'000
At 1 January	245,352	178,298
Transfer from Retained earnings	221,371	67,054
At 31 December	466,723	245,352

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

38. CREDIT RISK RESERVE (CONTINUED)

Reconciliation between Bank of Ghana impairment allowance and IFRS impairment

	2023	2022
	GH¢'000	GH¢'000
Bank of Ghana impairment allowance for loans and advances	1,823,796	757,359
IFRS Impairment for loans and advances at 31 December	(1,357,073)	(512,007)
Credit risk reserve at 31 December	466,723	245,352

39. FAIR VALUE THROUGH OCI

	2023	2022
	GH¢'000	GH¢'000
At 1 January	84,417	58,356
Fair value adjustment, net of tax (Note 38ii)	66,699	26,062
At 31 December	151,116	84,417

The Fair Value Reserves includes the cumulative change in the fair value of equity investments until the investment is derecognized or impaired. Fair value through other comprehensive income net of tax is made up of:

	2023	2022
	GH¢'000	GH¢'000
Investment (other than securities)	88,932	34,749
Deferred Tax	(22,233)	(8,687)
Total	66,699	26,062

40. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS

In common with other banks, the Bank conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The Bank also holds certain securities in its own name on behalf of customers. The values of these securities are not recognized in the statement of financial position.

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

Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of customer's default.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

40. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS (CONTINUED)

Contingencies and commitments in the financial statements as at 31 December 2023 in respect of the above amounted to **GH¢ 191,604** (2022: GH¢462,748), as detailed below:

	2023	2022
	GH¢'000	GH¢'00
Guanrantees and indemnities	24,972	49,851
Undrawn Overdraft	44,078	134,767
Letters of credit	122,554	278,130
	191,604	462,748

40.1 CREDIT RISK QUALITY OF LETTER OF CREDIT, UNDRAWN OVERDRAFT, COMMITMENTS AND GUARANTEES

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

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	122,554	-	-	122,554
Grade 4-5	24,972	-	-	24,972
Grade 6:	44,078	-	-	44,078
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2023	191,604	-	-	191,604

	Stage 1	Stage 2	Stage 3	Total
2022	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	278,130	-	-	278,130
Grade 4-5	49,851	-	-	49,851
Grade 6:	134,767	-	-	134,767
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2022	462,748	-	-	462,748

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

40.1 CREDIT RISK QUALITY OF LETTER OF CREDIT, COMMITMENTS AND GUARANTEES (CONTINUED)

An analysis of changes in the gross carrying amount in relation to credit, commitments and guarantees is as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	462,748	-	-	462,748
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(271,145)	-	-	(271,145)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2023	191,603	-	-	191,603

	Stage 1	Stage 2	Stage 3	Total
2022	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	140,982	-	-	140,982
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	321,766	-	-	321,766
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2022	462,748	-	-	462,748

An analysis of changes in the ECL allowances in relation to credit, commitments and guarantees are as follows:

2023	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2023	7,860	-	-	7,860
Assets derecognised or repaid (excluding write offs)	(6,759)	-	-	(6,759)
At 31 December 2023	1,101	-	-	1,101

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

40.2 CREDIT RISK QUALITY OF LETTER OF CREDIT, COMMITMENTS AND GUARANTEES (CCONTINUED)

2022	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2022	1,728	-	-	1,728
Assets derecognised or repaid (excluding write offs)	6,132	-	-	6,132
At 31 December 2022	7,860	-	-	7,860

40.3 CONTINGENT LIABILITY (GHS 000)

Pending Legal Claims

The possible claims and lawsuits against the Bank at the year-end amounted to GH¢ 8,517 (2022: GH¢ 3,122) should judgment go in favor of the plaintiffs. A provision of GH¢8,517 is held in the books as at year end.

40.3 CONTINGENT ASSET

At the reporting date, there were no contingent asset (2022: Nil)

41. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions, or one other party controls both. Shareholders of the entity are as follows:

Shareholders

Name of shareholder	No. of shares in thousand	Percentage holding (%)
Financial Investment Trust	222,218	64.05%
Government of Ghana	74,579	21.50%
Ghana Amalgamated Trust PLC	39,077	11.26%
Others	11,078	3.19%
Total	346,952	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

41. RELATED PARTY TRANSACTIONS (CONTINUED)

At 31 December 2022 the following amounts related to transactions with the Government of Ghana:

	2023	2022
	GH¢'000	GH¢'000
Government Securities	2,353,652	1,316,584
Loans and Advances	286,468	891,141
Borrowings	74,035	68,556
Others	11,395	11,395

Associated Company

The Bank provides general banking services to its associated company. These transactions are conducted on similar terms to third-party transactions. There were no transactions with associated company during the period under consideration.

Details of investments in associated company are provided in Note 23.

Transactions with executive directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank (directly or indirectly) and comprise the Directors and Senior Management of the Bank.

The Bank has advanced loans to some past directors as well as key management staff. No provisions have been made in respect of loans to the Executive Director or other members of key management personnel (or any connected person).

Remuneration of Executive Directors and other key management personnel

The remuneration of executive directors and other key management personnel during the year were as follows

Short term employee benefits	2023	2022
	GH¢'000	GH¢'000
Salaries and other short- term benefits	26,829	22,296
Social security contributions(Pensions)	2,627	2,238
	29,456	24,534

Remuneration of executive directors during the year amounted to GH¢ **1,684** (2022 GH¢1,614).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

41. RELATED PARTY TRANSACTIONS (CONTINUED)

Details of transactions and balances between the Bank and Executive Directors and other key management personnel are as follows:

	2023	2022
	GH¢'000	GH¢'000
Loans		
Loans outstanding at 31 December	3,166	3,100
Interest income	174	145

Interest rates charged on loans to staff are below market rates. These loans are secured over the assets financed of the respective borrowers. These loans are fair valued at the year end. There were no loans to the Executive Director in the current year.

	2023	2022
	GH¢'000	GH¢'000
Deposits	16,171	18,266
Key Management's shareholding		
	No. of shares	% Holding
Key management	20,127	0.006%

Transactions with companies in which a Director or other members of key management personnel is related

The Executive Director is a non-executive board member of Ghana International Bank Plc (GIB). Details of transactions and balances between the Bank and GIB are as follows:

	2023	2022
	GH¢'000	GH¢'000
Borrowings	-	56,599
Bank balance	129,767	31,342
Transactions with non- executive directors		
	2023	2022
	GH¢'000	GH¢'000
Directors' remuneration		
Fees and allowances for services as directors	1,614	1,722

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

41. RELATED PARTY TRANSACTIONS (CONTINUED)

Past Directors' Shareholding

At 31 December 2023, the past directors named below held shares in the Bank.

Directors	No. of shares	% Holding
Nana Soglo Alloh IV	54,800	0.00016
Daniel Asiedu	2,000	0.000006
Dr. Adu Anane Antwi	800	-
	57,600	0.000166

42. DEFINED CONTRIBUTION PLAN

	GH¢'000	GH¢'000
Pension scheme, the National Social Security Fund	18,762	17,204
Provident Fund	10,878	9,975
	29,640	27,179

43. ASSETS PLEDGED AS SECURITY

At 31 December 2023 the value of government securities pledged as collateral was **GH¢ 152,282** (2022: **GH¢** 210,800)

44. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

At 31 December 2023 the value of government securities accepted as collateral that the Bank is permitted to sell or re-pledge in the event of default was **GH¢ 8,656** (2022: GH¢**120,393**).

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowings and lending activities.

45. NATIONAL FISCAL STABILISATION LEVY AND FINANCIAL RECOVERY LEVY

The National Fiscal Stabilisation Levy Act 862, became effective from 12 July 2014. Under the Act, a 5% levy will be charged on profit before tax and is payable quarterly. The Financial recovery levy became effective from January, 2021. Under the Act, a 5% levy will be charged on profit before tax and is payable quarterly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

46. REGULATORY DISCLOSURES

(i) Non-Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross): **70.25%** (2022: **29.74%**).

(ii) Capital Requirement Directive (CRD)

The Capital Adequacy Ratio of the Bank at the end of December 31, 2023 was negative 22.61% (2022: 7.36%) which is below the minimum required by the regulator of 10 %.
Also the Bank's impaired capital of negative GHS 844m was below the minimum capital of GH¢400m.

To address this capital deficiency, the major Shareholder, the Government, has granted GHS 1.3billion bonds with a fair value of GHS1.01billion. The said bonds have been credited to an Escrow account at CBG awaiting completion of all processes. The bank expects additional GHS 560million bonds to be fair valued to GHS 435million. The fair value of total expected capital is GHS1.45billion.

The Bank expect to meet the minimum capital adequacy ratio by year end 2024 and build a buffer through organic growth.

(iii) Liquid Ratio

Percentage of liquid assets to volatile liabilities: **90.88%** (2022: 86.11%).

47. SUBSEQUENT EVENTS

The Bank embarked on Renounceable Right Issue to raise additional capital to shore up the regulatory minimum capital to GHS 400million and to meet the regulatory capital ratio of 13%.

After the 31 December 2023 year end, the Bank has received GHS 1,3billion fair valued to GHS 1.01billion in an Escrow account from the Government awaiting completion of processes of the Right Issue.

The Bank expects additional GHS 560million bonds to be fair valued to GHS 435million. The fair value of total expected capital is GHS1.45billion.

48. ADJUSTMENT FOR NON-CASH ITEMS

	2023	2022
	GH¢'000	GH¢'000
Depreciation on PPE	22,079	15,421
Amortisation on Software	6,673	10,010
Depreciation on Right of use	34,432	32,951
Impairment charge on loans and advances	838,307	55,064
Impairment write back on investment securities	(51,381)	375,147
Dividend received	(970)	-
Unrealised exchange differences	6,860	50,674
(Gain)/loss on disposal of property and equipment	(158)	(19)
Net interest income	(373,920)	(422,317)
	481,922	116,931

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

48. ADJUSTMENT FOR NON-CASH ITEMS (CONTINUED)

48.1 Changes in operating assets and liabilities

	2023	2022
	GH¢'000	GH¢'000
Loans & advances	(372,109)	(959,466)
Other assets	(46,646)	(11,657)
Deposits from customers	2,676,682	925,263
Restricted cash	(48,120)	(13,472)
Other liabilities	19,345	49,485
	2,229,152	(9,847)

Default in statutory requirements and accompanying sanctions:

For the period under review, the bank did not record any statutory liquidity breaches and therefore did not incur any sanctions.

	2023	2022
	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	-	-
(ii) Default in statutory liquidity	-	-

Other regulatory breaches (including onsite examination)

	2023	2022
	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	12,204	-
(ii) Number of breaches	17	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

Appendix I

Value Added Statement	**2023**	2022
	GH¢'000	GH¢'000
Interest earned and other operating income	1,342,773	1,128,932
Direct cost of services	(979,761)	(675,414)
Value added by banking services	363,012	453,518
Non-banking income	15,953	6,746
Impairment	(786,926)	(430,212)
Value Added	(407,961)	30,052
Distributed as follows:		
To employees:		
Directors (without executives)	(1,614)	(1,722)
Executive Directors	1,447	1,447
Other employees	(387,816)	(335,753)
	(387,983)	(336,028)
To Government:		
Income tax	30,308	(6,922)
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth:		
Depreciation	(56,511)	(48,372)
Amortization	(6,673)	(10,010)
	(63,184)	(58,382)
Profit for the period	(828,820)	(371,280)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

APPENDIX II
Shareholders' Information - Unaudited

Number of shareholders

The Bank had 459 ordinary shareholders at 31 December 2023 distributed as follows:

Category	No. of shareholders	No of shares	% of shares held
1-1,000	419	114,937	0.03
1,001-5,000	24	49,606	0.01
5,001-10,000	3	23,560	0.01
Above 10,000	13	346,764,150	99.95
Total	459	346,952,253	100.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2023

Twenty Largest Shareholders

Control rights: Each share is entitled to the same voting rights.

No.	NAME	NO. OF SHARES	%
1	FINANCIAL INVESTMENT TRUST	222,218,113	64.05
2	GOVERNMENT OF GHANA	74,579,327	21.50
3	GHANA AMALGAMATED TRUST PLC	39,076,924	11.26
4	ESOP	5,983,828	1.72
5	DOE, OSCAR YAO O. Y. D.	2,595,181	0.75
6	COFIE, MARK BLEWUNYO KODJO M. B. K. C.	2,100,629	0.61
7	NANA, SOGLO ALLOH IV	54,800	0.02
8	PARACELSUS PHARMACY & MARKETING CONSULTANCY LTD, P. P. M. C. L.	50,000	0.01
9	DOE, OSCAR YAO O. Y. D.	36,500	0.01
10	BONDZI-SIMPSON, LESLIE	26,600	0.01
11	MR, JOHN BEKUIN-WURAPA	20,000	0.01
12	GOGO, BENJAMIN AKUETE	12,000	0.00
13	LAING, ARCHIBALD FERGUSON	10,248	0.00
14	ARMAH-MENSAH, EDWARD IAN NII AYITEY E. I. N. A. A.	10,000	0.00
15	FIADJOE, ABLA GRACE A. G. F.	7,500	0.00
16	MARY EMMELINE SAAH, M. E. S	6,060	0.00
17	MR, ISAIAH OFFEI-DARKO	5,000	0.00
18	DUAH, EUGENE KWAKU	4,500	0.00
19	ODAME, DESMOND YAW DYO	3,424	0.00
20	OFFEI-DARKO, ISAIAH	2,500	0.00
	SUBTOTAL of TOP 20	346,803,134	99.96
	Others	149,119	0.04
	Total	**346,952,253**	**100.00**