AGRICULTURAL DEVELOPMENT BANK PLC

ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2021

REPORT OF THE DIRECTORS

TABLE OF CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Alex Bernasko	Chairman (Resigned on August 31, 2021)
	Daasebre Akuamoah Agyapong II	Chairman (September 1,2021)
	Dr. John Kofi Mensah	Managing Director
	Mr. George Kwabena Abankwah Yeboah	Non- Executive Director
	Mrs. Mary Abla Kessie	Non-Executive Director
	Prof. Peter Quartey	Non-Executive Director
	Mrs. Abena Osei-Asare	Non- Executive Director
	Prof. Eric Yirenkyi Danquah	Non- Executive Director (September 1,2021)
	Hon Dr. Mark Assibey-Yeboah	Non-Executive Director (Resigned on August 31,2021)
	Mr. Evron Rothschild Hughes	Non-Executive Director
	Hon. Habib Iddrisu	Non-Executive Director (September 1,2021)

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 at 31 December 2021, 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.

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.

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¢4m** (2020: **GH¢4m**). These included best farmer sponsorship, donations to schools and others of national interest.

Financial statements review

The financial results of the Bank for the year ended 31 December 2021 are set out in the attached financial results, highlights of which are as follows:

	2021	2020
	GH¢'000	GH¢'000
Profit after tax (attributable to equity holders)	81,602	65,403
to which is added the balance brought forward		
On accumulated losses	(252,236)	(289,349)
	(170,633)	(223,946)
Out of which is transferred to:		
The statutory reserve in accordance with section 34 of the Banking Act.	(40,801)	(32,702)
Transaction cost related to Right issue	-	(327)
Transfer from/(to) credit risk reserve	(25,210)	4,739
Leaving a balance to be carried forward of	(236,645)	(252,236)

REPORT OF THE DIRECTORS

Five-year financial highlights

	2021	2020	2019	2018	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Total assets	6,454,649	5,715,794	4,577,659	3,597,395	3,545,143
Loans and advances to customers (net)	2,282,312	1,911,988	1,468,653	1,068,814	1,139,356
Deposits from customers	4,927,216	4,281,037	3,392,209	2,586,265	2,541,010
Shareholders' equity	938,784	850,623	793,384	639,711	479,013
Profit/(Loss)before tax	126,097	97,690	17,884	34,057	47,339
Profit/(Loss) after tax	81,602	65,403	14,823	5,908	26,510
Earnings per share (Ghana pesewas):					
Basic	23.52	18.85	6.00	3.00	11.00
Diluted	23.52	18.85	4.00	3.00	11.00
Return on equity (%)	12.09	7.69	1.87	0.92	6.00
Return on assets (%)	1.81	1.14	0.32	0.16	1.00
Number of staff	1,481	1,460	1,489	1,195	1,179
Number of branches and agencies	84	82	82	82	78

The Bank recorded profit after tax of GH¢81,602 (2020: GH¢65,403) for the year under review and there was transfer to the Statutory Reserve from Retained earnings during the year GH¢40,801 (2020: GH¢32,702). The cumulative balance on the Statutory Reserve Fund at the year-end was GH¢182,015 (2020: GH¢141,214).

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.

REPORT OF THE DIRECTORS

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%

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 indicate their willingness to continue in 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 2021 was GH¢816,000.

Particulars of entries in the interest register

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

REPORT OF THE DIRECTORS

Board of Directors

Profile

Name	Nationality	Age	Position	Other Directorships Held
Daasebre Akuamoah Agyapong II	Ghanaian	38	Board Chairman *(from 01/09/2021)*	• Sejukab Company Limited Medlab Plus Limited
Alex Bernasko	Ghanaian	69	Board Chairman *(Retired on August 31, 2021)*	
Mrs. Mary Abla Kessie	Ghanaian	66	Independent/Non-Executive Director	• Family Health Medical School
Prof. Peter Quartey	Ghanaian	53	Independent/ Non-executive Director	• Startrite Montessori School • Institute of Statistical, Social and Economic Research
Hon. Mrs. Abena Osei-Asare	Ghanaian	43	Non-Executive Director	• Social Security and National Insurance Trust • Ghana Export-Import Bank (GEXIM) • Ghana Integrated Aluminium Development Corporation (GIADEC).
Mr. George Kwabena Abankwah-Yeboah	Ghanaian	61	Non-executive Director	• Sharp Pharmaceuticals Ltd • Gulf Consolidated Limited • Kyauto Ghana Limited
Hon. Dr. Mark Assibey-Yeboah	Ghanaian	47	Non-executive Director *(retired on August 31, 2021)*	
Mr. Evron Rothschild Hughes	Ghanaian	51	Non-Executive Director	
Dr. John Kofi Mensah	Ghanaian	60	Managing Director	• Ghana International Bank Plc • Enyan Denkyira Rural Bank • GETFund • Venture Capital Trust Fund
Hon. Habib Iddrisu	Ghanaian	36	Non-Executive Director	
Prof. Eric Yirenkyi Danquah	Ghanaian	63	Independent/Non-Executive Director	• Eric Danquah Foundation • African Plant Breeders Association • West Africa Centre for Crop Improvement (University of Ghana)

REPORT OF THE DIRECTORS

Biographical information of directors

The Board consists of a Non-Executive Chairman, seven (7) other Non-Executive Directors and one (1) Managing Director. The 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.

Daasebre Akuamoah Agyapong II (Independent Non-Executive Director)

Daasebre Akuamoah Agyapong II was appointed the Chairman of the Board in July 2021. He is 38 years old. 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. Daasebre previously worked as Audit Associate at KPMG (2006 - 2009) Account Clerk at Health Net (MHNGS), San Rafael, CA, USA (02/2010- 01/2011 and Inventory Manager at SEJUKAB Enterprise. He was the Superintendent Management Accountant (Capital and Cost) of Abosso Goldfields Ltd Ghana (09/2011 -08/2013), Consultant for Thonket Company Ltd. / Thonket Plantpool Ltd (1/1/2015- 31/08/2016) and Director of KAYROCK Co. Ltd.

Daasebre is a Chartered Accountant by profession (Association of Chartered Certified Accountants (ACCA)-UK - Member) and further holds BSc. Administration-(Accounting Option) University of Ghana and MBA-Finance and Investment Banking from Lincoln University - California, USA. He is currently pursuing a law degree from the GIMPA Law School.

Alex Bernasko - Board Chairman (Independent Non-Executive Director)

Mr. Bernasko was appointed the Chairman of the Board in August 2017. He is 69 years old. He is a Legal Practitioner and Notary Public. He has served on several Boards including the Export Development and Investment Fund (EDIF) and Ghana Tourist Development Company. His work experience includes former Secretary to the Bank of Ghana and then Advisor and member of the Bank of Ghana's top management.

He holds a BA (Hons Social Sciences) from KNUST, Qualifying Certificate in Law from the University of Ghana, Legon and Barrister-at-Law from the Ghana School of Law. He also holds certificates for courses attended in several institutions including the Royal Institute of Public Administration U.K. and the International Monetary Fund, U.S.A. He is a member of the Ghana Bar Association, International Bar Association and the Institute of Directors, Ghana.

Mr. Bernasko retired in August 2021.

Mary Abla Kessie - Independent Non-Executive Director

Mrs. Mary Abla Kessie was appointed to the Board of the Bank in August 2018. She is 66 years old. 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 Services sector and held several 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.

REPORT OF THE DIRECTORS

Biographical information of directors (cont'd)

Peter Quartey - Independent Non-Executive Director

Prof. Peter Quartey was appointed to the Board of the Bank in August 2018. He is 53 years old. He is currently the Director of 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 Board, and the Faculty of Social Studies at the University of Ghana, where he was a member of the University of Ghana Strategy Committee.

Prof. Quartey has also provided consultancy services to various institutions including NEPAD, 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.

Abena Osei-Asare - Non-Executive Director

Hon. Mrs. Abena Osei-Asare was appointed to the Board in August 2018. She is 43 years old. She is the Deputy Minister of Finance and Member of Parliament for Atiwa-East Constituency. Abena previously worked with the New York University (NYU) Ghana and Barclays Bank (Ghana) Limited. She is a director of Ghana Exim Bank, Social Security and National Insurance Trust and Ghana Integrated Aluminium Development Corporation. She previously served as a Director of National Health Insurance Authority and Coastal Development Authority.

She holds a BA (Economics and Geography) and an MSc (Development Finance) from the University of Ghana, Legon. She is also a Chartered Accountant.

George Kwabena Abankwah-Yeboah - Non-Executive Director

Mr. Abankwah-Yeboah was appointed to the Board of the Bank in August 2017. He is 61 years old. He is the Chief Executive Officer of Sharp Pharmaceuticals Limited. He is currently a director of United Perfumery and Pharmaceuticals Limited, and Gulf Construction Limited. He has previously served on several boards including Accra Technical University, CSRI STEPRI, Koforidua Technical University, and the Association of Ghana Industries.

He holds a Bachelor of Pharmacy (Hons) from KNUST, MBA (Finance) and an LLB (Hons) from the University of Ghana, Legon.

Mark Assibey-Yeboah - Non-Executive Director

Dr. Mark Assibey-Yeboah was appointed to the Board of the Bank in August 2018. He is 46 years old. He is the immediate past Member of Parliament for New Juaben South. He is also the immediate past Chairman of the Finance Committee of the Parliament of Ghana. He previously worked as a Senior Economist at the Bank of Ghana.

He holds a BSc (Hons Agricultural Economics) from KNUST, and an MS (Agricultural and Resource Economics) from the University of Delaware, USA. He also holds an MA and a Ph.D. both in Economics from the University of Tennessee, USA.

He retired in August 2021.

REPORT OF THE DIRECTORS

Biographical information of directors (cont'd)

Evron Rothschild Hughes - Non -Executive Director

Mr. Evron Rothschild Hughes was appointed to the Board on June 12, 2020. He is 51 years old. He is a Development Economist, Investment Banker, and Branding & Communications Expert with more than two decades of multi-industry, professional experience at the management, executive, consulting, and entrepreneurial levels. He has 360-degree expertise in developing solutions to complex issues across various strategic and functional areas in Public Policy, Business, Finance, International Financial Transactions & Deal Structuring, and Corporate Finance Deals, with experience from the United Kingdom, South Africa, Rwanda, and Ghana. He is currently an Economic Advisor at The Presidency (Republic of Ghana).

He holds MPhil degree in Development Studies from the Cambridge University, United Kingdom, EMBA Finance from the University of Ghana Business School and BA (Hons) in Political Science with Philosophy from the University of Ghana

Habib Iddrisu (Non-Executive Director)

Hon. Alhaji Habib Iddrisu was appointed to the Board in July 2021. He is 36 years old. He is the Member of Parliament for the Tolon Constituency and the Deputy Majority Chief Whip in the Parliament of Ghana. Prior to his election as a Member of Parliament, he 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 - date).

He holds Bachelor's Degree in Communication Studies from African University College of Communications (AUCC) other 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.

Eric Yirenkyi Danquah (Independent Non-Executive Director)

Prof. Eric Yirenkyi Danquah was appointed to the Board in July 2021. Prof. Eric Yirenkyi Danquah is a 63-year-old Professor of Plant Genetics at the University of Ghana. He holds BSc. Agric (Crop Science), University of Ghana, MPhil Plant Breeding, University of Cambridge, England and PhD Genetics, University of Cambridge, England.

He is a former Head of Department, Department of Crop Science (2005- 2006), University of Ghana, Legon and Dean, International Programmes, University of Ghana (2006-2009). He is the founding Director of West Africa Centre for Crop Improvement, University of Ghana (2007 - to date) and the 2018 Laureate, Global Confederation of Higher Education Associations for the Agricultural and Life Sciences (GCHERA), World Agriculture Prize (WAP).

From 2019 to 2021, Professor Danquah worked as a visiting Scientist, Department of Global Development, College of Agriculture and Life Sciences, Cornell University, Ithaca, USA and adjunct Professor, Institute of Agriculture, University of Western Australia, Perth, Australia. He is the President, African Plant Breeders Association, (APBA) (2019 - date), Chairman, Advisory and Oversight Board, Samira Empowerment and Humanitarian Projects (SEHP) (2017 to date) and Founder, Eric Danquah Foundation. He was the Chairman of the Governing Council, University of Mines and Technology (UMaT), Tarkwa, Ghana, (2014 to 2016) and Director, Biotechnology Centre, College of Basic and Applied Sciences, University of Ghana (2014 to 2019). Professor Danquah has over 130 published scholarly articles to his credit.

REPORT OF THE DIRECTORS

Biographical information of directors (cont'd)

John Kofi Mensah – Managing Director

Dr. John Kofi Mensah is the Managing Director of the Bank. He was appointed Managing Director of the Bank on August 1, 2017. He is 60 years. Dr. John Kofi Mensah is a renowned Economist and Banker with 29 years of experience in different sectors of banking ranging from start-up and delinquent banks operations, credit and treasury management of universal banks. Prior to this appointment, he held various roles at the Bank for Housing and Construction, Securities Discount Company (SDC), International Commercial Bank (Now FBN Bank), Unibank, First Capital Bank and also served as board member at Cocoa Processing Company, Ghana Telecom University and Family Fountain Assets & Securities Limited

He holds a Doctorate in Business Administration (Finance) from the University of Zurich, Switzerland. He holds an MSc (Banking and Finance), Cum Laude from Finafrica in Milan, Italy and a BA (Economics & Statistics) from the University of Ghana-Legon.

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 should have majority of its membership as either Independent or Non-Executive. Directors. Independent directors may be broadly defined as Non-Executive director who has the ability to exercise objective, independent judgment after fair consideration of all relevant information and views without undue influence from management or from inappropriate external parties or interests. These principles have been articulated in a number of corporate documents, including the Bank's Constitution and the Board Charter.

iv. There is a Board Charter which spells out the functions and powers of the Board and Board Sub-Committees. There are also various policies which define the role of the Board and the Managing Director with regard to certain specific matters including staff hiring and discipline.

REPORT OF THE DIRECTORS

The Board of Directors

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 2021, 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.

These Board members have wide range of experiences and in-depth knowledge in management, economics, finance, law and industry, which enable them to make informed decisions and valuable contributions to the Bank's progress.

The Board has delegated various aspects of its work to the Risk and Credit, Audit, IT, Research & Strategy, Human Resource and Governance and Cyber and Information Security Sub-Committee Board Sub-Committees.

Board Risk and Credit Committee

The role of the committee includes:

i. Assisting Management in the recognition of risks and also to ensure that the Board is made aware of inherent and emerging risks and to review all risks to which the Bank is exposed, assess from time to time their relative importance and evaluate whether the resources and controls designed to manage each risk are proportionate to the quantum of risk involved.

ii. It reviews and approves the credit risk strategy and credit risk policies of the Bank. It assists Management in evaluating the overall credit risks faced by the Bank and sets an acceptable risk appetite and tolerance the Bank is willing to engage and the level of profitability the Bank expects to achieve for booking the various credits. The management of Credit Risk largely encompasses activities relating to loans and advances, albeit that credit risks exists throughout the other activities of the Bank both on and off balance sheet. These activities include acceptances, inter-bank transactions, trade financing, foreign exchange transactions, futures, swaps, options and guarantees etc.;

iii. It reviews operational and market risks faced by the Bank and the management of such risks;

iv. It ensure the establishment in the Bank of a compliance culture including Anti-Money Laundering and Combating the Financing of Terrorism ("AML/CFT") risk management culture and promote the adoption of an appropriate ethical and compliance standards in the conduct of the business of the Bank.

v. The review of risks with a frequency that it judges to be proportionate to their materiality to the Bank paying particular attention to new risks arising from changes in the Bank's business strategy and those arising from the wider current commercial, economic and political environment. The Committee reviews the comprehensiveness of record of risks from time to time and updates it where appropriate.

vi. The consideration prior to implementation of all new products, significant changes in the balance of the business of the Bank or scale of its operations in any area. The consideration of all proposed changes to key systems and operational controls, management structure and key responsibilities of the senior management team.

vii. Assisting management in the recognition of risks and also to ensure that the Board is made aware of changes in the risk profile arising from:

REPORT OF THE DIRECTORS

- Asset quality concentration
- Counterparty limits
- Currency, maturity and interest rate mismatches
- The external environment, including country risk for any country where the Bank has a significant exposure
- Business strategy and competition
- Operational risk, including vulnerability to fraud, human resources and business continuity
- Legal, compliance and reputational risk

viii. The committee annually reviews its terms of reference and modus operandi and makes recommendations for changes that it considers appropriate to the Board.

The composition of the Committee is as follows:

Name of Director	*Position*
Hon. Mrs. Abena Osei-Asare	Chairperson
Mrs. Mary Abla Kessie	Member
Mr. Kwabena Abankwah-Yeboah	Member
Mr. Evron R. Hughes	Member
Prof. Eric Yirenkyi Danquah (from September 2021)	Member
Dr. John Kofi Mensah	Member

Board Audit Committee

The role of the committee includes:

i. Providing oversight for the financial reporting process including the establishment of accounting policies and practices by the Bank;

ii. Providing oversight for Internal and external audit functions;

iii. Reviewing and approving the audit scope, depth, coverage and frequency and overall effectiveness;

iv. Review and monitor the external auditors' independence and objectivity, taking into consideration relevant professional and regulatory requirements;

v. Review coordination between the internal audit function and external auditors;

vi. 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;

vii. Providing a linkage between the Board and the Bank of Ghana, reviewing inspection reports, reviewing guidelines and circulars and ensuring compliance;

viii. Annually recommending to the Board and Annual General Meeting (AGM), the appointment of the External Auditor, the audit fee and to advise the Board on any questions of resignation or dismissal of the External Auditors.

REPORT OF THE DIRECTORS

ix. To keep under review the Bank's policy on non-audit services provided by the External Auditors and recommend this to the Board having due regard to ensuring that the provision of such services does not impair the External Auditor's independence or objectivity.

The composition of the Committee is as follows:

Name of Director	*Position*
Prof. Peter Quartey	Chairman
Mrs. Mary Abla Kessie	Member
Mr.Evron R. Hughes	Member
Prof. Eric Yirenkyi Danquah	Member
Dr. John Kofi Mensah	Member

IT, Research and Strategy Sub-Committee:

The role of the committee includes:

i. Providing leadership in the implementation of IT policy strategy for the entire Bank that will lead to effective use of IT to drive the Bank's business;

ii. Reviewing and recommending for full Board approval all IT Policies recommended by the Management;

iii. Overseeing the deployment of new and cost-effective IT solutions with a view to monitoring enhancing product quality, customer service delivery and reviewing their risk exposures to the Bank;

iv. Reviewing any significant IT incidents that have occurred and monitor trends in repeat incidences;

v. Recommending for the approval of the full Board, any sourcing/introduction of new IT solutions in the Bank with a view to determining their sustainability for the Bank's business;

vi. Reviewing the formulation and monitoring of the implementation of approved Strategic Plan of the Bank;

vii. Clearly determining for full Board approval, the annual Key Performance Indicators for Executive Management based on the approved Strategic Plan;

viii. Proposing for full Board approval, the reward for Executive Management upon attainment of approved performance targets and Key Performance Indicators;

ix. Advising the Board, in accordance with the approved Strategic Plan, in the allocation of resources of the Bank on a rational basis for sound commercial reasons;

Name of Director	*Position*
Mr. Kwabena Abankwah-Yeboah	Chairperson
Prof. Peter Quartey	Member
Daasebre Akuamoah Agyapong II	Member
Hon. Habib Iddrisu	Member
Dr. John Kofi Mensah	Member

REPORT OF THE DIRECTORS

Board Human Resource and Governance Committee

The role of the committee includes:

i. Reviewing and making recommendations to the Board with respect to the size and composition of the Board, including reviewing Board succession plans;

ii. Assisting the Board as required in relation to the performance evaluation of the Board, its Committees and individual Directors;

iii. Making recommendation to the Board on the appointment of the Managing Director, other Executives and Key Management Personnel;

iv. Reviewing and making recommendations on the remuneration strategy and packages of the Managing Director and other Key Management Personnel;

v. Reviewing reports on Senior Staff grievance and discipline and making recommendations to the Board.

vi. Considering and recommending to the Board an overall employment, compensation, performance management, retention and severance policy and philosophy for the Bank that is aligned with the Bank's medium- and long-term business strategy.

vii. Having a strategic oversight of matters relating to the development of the Bank's human resources with the main objective of attracting and retaining a competitive human resources base for the Bank

The composition of the Committee is as follows:

Name of Director	*Position*
Mr. Evron R. Hughes	Chairman
Prof. Peter Quartey	Member
Mrs. Mary Abla Kessie	Member
Hon. Habib Iddrisu	Member
Dr. John Kofi Mensah	Member

Cyber and Information Security Sub-Committee Committee

The role of the committee includes:

i. Determining the nature and extent of the significant cyber and information security risks the Bank is willing to take in achieving its strategic objectives;

ii. Identifying the cyber and information Security risks inherent in the business of the Bank, the control processes with respect to such risks and countermeasures;

iii. Outlining the enterprise and overall cyber and information security risk profile of the Bank;

iv. Ensuring the adequacy and effectiveness of the Cyber and Information Security risk management framework of the Bank;

v. Effectiveness of the information technology governance and its operations in the Bank;

vi. Determining the cyber and information security risk management strategy of the Bank; and

vii. The composition of the Committee is as follows:

REPORT OF THE DIRECTORS

The composition of the Committee is as follows:

Name of Director	*Position*
Mr. Kwabena Abankwah-Yeboah	Chairperson
Prof. Peter Quartey	Member
Daasebre Akuamoah Agyapong II	Member
Hon. Habib Iddrisu	Member
Dr. John Kofi Mensah	Member

Schedule of attendance at Board and Committee Meetings

The Board met seventeen (17) times during the year and the Board Sub-Committees, cumulatively, twenty-two (22) times.

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

*Board (B), Audit Committee (AC), Risk and Credit Committee (RCC), Human Resource and Governance Committee (HRGC), IT, Research and Strategy/Cyber & Information Security Sub-Committee (ITRS/CIS), N/A as used above implies 'Not applicable' that is, the Director in question was not a member of the stated committee and hence could not have been expected to attend the Committee meeting.

Director	B	AC	CRC	HRCH	ITRS/CIS
Daasebre Akuamoah Agyapong II	6	N/A	N/A	N/A	2
Mr. Alex Bernasko	11	N/A	N/A	N/A	3
Dr. John Kofi Mensah	17	6	6	5	5
Mr. Evron Hughes	17	6	6	5	N/A
Mr. George Kwabena Abankwah-Yeboah	13	3	5	N/A	5
Dr. Mark Assibey-Yeboah	10	N/A	N/A	2	2
Hon. Mrs. Abena Osei-Asare	11	N/A	6	0	N/A
Prof. Peter Quartey	17	6	N/A	3	5
Mrs. Mary Abla Kessie	17	6	4	5	N/A
Hon. Habib Iddrisu	5	N/A	N/A	N/A	1
Prof. Eric Yirenkyi Danquah	6	2	2	N/A	N/A

Board balance and independence

The composition of the Board of Directors and its Sub-Committees is regularly reviewed to ensure that the balance and mix of skills, independence, knowledge and experience is maintained. The Board considers that the Chairman is independent on appointment and all non-Executive Directors are independent as it pertains to the management of the Bank. The continuing independent and objective judgment of the non-Executive Directors has been confirmed by the Board of Directors.

Code of Conduct, Ethics Charter and Conflict of Interest Policies

The Board has approved 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. Management has communicated the principles in the Bank's Code of Conduct to its employees to provide guidance in the discharge of their duties. The above-mentioned policies set the standards of professionalism and integrity 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 principles, to eliminate the potential for illegal practices.

REPORT OF THE DIRECTORS

Anti-Money Laundering and Anti-Terrorism

The Bank also has an established anti-money laundering and anti-terrorism system in place in compliance with 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 and training and sensitisation of staff on money laundering, which assist in reducing regulatory and reputational risks to its business.

Internal control systems

The directors have overall responsibility for the company's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve 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 this review.

Directors' performance evaluation

At the end of the Financial Year, The Board of Directors, in accordance with Section 47 of the Bank of Ghana's Corporate Governance Directives, engaged the services of an External Facilitator to perform a formal evaluation of Board's performance. The formal evaluation will assess the performance and effectiveness of the Board, its Sub-committees individual directors.

Professional development and training

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Bank's business, the risks and strategic challenges it faces, and the economic, competitive, legal and regulatory environment in which the company operates. Under the auspices of the National Banking College, the directors underwent a corporate governance certification programme that covered Corporate Governance in Perspective, Regulatory Response to Corporate Governance - Challenges in Banks and Financial Institutions, Balance Sheet Framework for Board of Directors and Risk Management, Prudential Requirements and Reporting. These trainings, together with the other training provided during the year, ensured that directors continually updated their skills, their knowledge and familiarity with the company's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

Conflicts of interest

The Bank has established appropriate conflicts authorization procedures, whereby actual or potential conflicts are regularly reviewed and authorizations sought as appropriate. During the year, no such conflicts arose and no such authorizations were sought.

REPORT OF THE DIRECTORS

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 March 29, 2022 and signed on their behalf by:

....	....
CHAIRMAN	DIRECTOR
Date: 31.03.2022	Date: 31.03.2022

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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 22 to 139, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss, 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 a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and also in the manner required by the provisions 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 company 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 35% 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₵64m 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 2021 in accordance with IFRS 9 impairment rules were GH₵463m. 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 139-page document titled "Agricultural Development Bank Plc, Annual Report and Financial Statements, 31 December 2021", 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) 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.

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- 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 of this financial statement
- 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.

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

Ernst & Young

Ernst & Young (ICAG/F/2022/126)
Chartered Accountants
Accra, Ghana

Date: 31 March 2022

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GH¢'000	2020 GH¢'000
Interest income	7b	728,235	628,959
Interest expense	8	(247,909)	(213,546)
Net interest income		480,326	415,413
Fees and commission income	9	101,319	87,585
Fees and commission expense	9	(10,116)	(12,171)
Net fees and commission income		91,203	75,414
Net trading income	10	55,874	52,612
Other operating income	11	12,412	10,533
Operating Income		639,815	553,972
Impairment loss on financial assets	12	(41,781)	(23,163)
Personnel expenses	13	(250,281)	(233,468)
Other operating expenses	14	(154,710)	(138,096)
Depreciation and amortization	15	(66,946)	(61,556)
Profit before tax		126,097	97,689
Income tax expense	24	(44,495)	(32,286)
Profit after tax		81,602	65,403

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 GH¢'000	2020 GH¢'000
Profit after tax		81,602	65,403
Other comprehensive income, net of tax of Items that will not be reclassified to profit or loss:			
Fair value through Other Comprehensive Income	40(i)	6,030	(7,837)
Other comprehensive income for the year		6,030	(7,837)
Total comprehensive income for the year		87,632	57,566
Earnings per share			
Basic earnings per share (in Ghana pesewas)	16	23.5	18.85
Diluted earnings per share (in Ghana pesewas)	16	23.5	18.85

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
Assets	**Note**	**GH¢'000**	**GH¢'000**
Cash and bank balances	17	924,619	755,756
Due from other banks	18	346,219	309,098
Investment securities	20	2,400,655	2,222,139
Loans and advances to customers	21	2,282,312	1,911,988
Investment (other than securities)	22	99,926	91,892
Corporate tax assets	24	-	2,399
Other assets	26	52,253	61,742
Intangible assets	25	28,032	37,701
Property and equipment	27	113,735	95,800
Right of use assets	28	150,555	183,525
Deferred tax assets	24.4	55,813	43,754
Total Assets		**6,454,119**	**5,715,794**
Liabilities			
Deposits from customers	31	4,927,216	4,281,037
Corporate tax liability	24.2	35,273	-
Other liabilities	32	95,996	89,137
Borrowed funds	30	294,559	313,173
Lease Liability (IFRS 16)	33	162,820	181,824
		5,515,864	**4,865,171**
Equity			
Stated capital	34	698,700	698,700
Accumulated losses	35	(236,645)	(252,236)
Revaluation reserve	36	57,531	57,531
Statutory reserve	37	182,015	141,214
Credit risk reserve	38	178,298	153,088
Fair value through OCI	39	58,356	52,326
Shareholders' funds		**938,255**	**850,623**
Total liabilities and Shareholders' Funds		**6,454,119**	**5,715,794**

These financial statements were approved by the Board of Directors on 29 March 2022 and signed on its behalf by:

....

CHAIRMAN **DIRECTOR**

Date: 31.03.2022 Date: 31.03.2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory reserve	Revaluation Reserve	Other Reserves	Retained earnings	Total
Balance at 1 January 2021	698,700	-	153,088	141,214	57,531	52,325	(252,235)	850,623
Profit for the year	-	-	-	-	-	-	81,602	81,602
Other Comprehensive Income net of tax								
Net Change in fair value of Equity Investments	-	-	-	-	-	6,030	-	6,030
Transfer from retained earnings to statutory reserve	-	-	-	40,801	-	-	(40,801)	-
Transfer (from) credit risk reserve	-	-	25,210	-	-	-	(25,210)	-
Balance at 31 December 2021	698,700	-	178,298	182,015	57,531	58,355	(236,644)	938,255

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

In thousands of GH¢	Stated Capital	Deposit for Shares	Credit Risk Reserve	Statutory reserve	Revaluation Reserve	Other Reserves	Accumulated losses	Total
Balance at 1 January 2020	421,700	277,000	157,827	108,512	57,531	60,163	(289,349)	793,384
Additional Capital								
Transfer from deposit for shares to stated capital	277,000	(277,000)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	65,403	65,403
Cost of Stamped duty	-	-	-	-	-	-	(326)	(326)
Other Comprehensive Income net of tax								
Net Change in fair value of Equity Investments	-	-	-	-	-	(7,838)	-	(7,838)
Transfer from retained earnings to statutory reserve	-	- -		32,702	-	-	(32,702)	-
Transfer (from) credit risk reserve	-	-	(4,739)	-	-	-	4,739	-
Balance at 31 December 2020	698,700	-	153,088	141,214	57,531	52,325	(252,235)	850,623

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		GH¢'000	GH¢'000
Cash flows from operating activities			
Profit before tax		126,097	97,689
Adjustment for non-cash items	48	(371,863)	(330,880)
(Loss) before working capital changes		(245,766)	(233,191)
Changes in operating assets and liabilities		278,645	438,887
Interest Income received		650,811	542,903
Interest expense paid		(240,656)	(201,558)
Dividend Income		-	186
Taxes paid (NFSL)	24.2	-	(1,507)
Income Tax Paid	24.2	(20,893)	(9,796)
Net cash generated from operating activities		**422,139**	535,924
Cash flows from investing activities			
Purchase of property and equipment		(32,789)	(12,751)
Purchase of medium and long term government securities		(10,067,284)	(1,340,315)
Redemption of medium and long term government securities		9,447,737	368,003
Proceeds from the sale of property and equipment	27	270	-
Purchase of intangible assets	25	(2,764)	(25,882)
Net cash used in investing activities		**(654,830)**	(1,010,945)
Cash flows from financing activities			
Payments in borrowed funds		(641,191)	(137,256)
Receipts in borrowed funds	30	618,764	(34,660)
Payments of Principal portion of Lease liability		(20,502)	169,947
Payments of right of use assets	28	(5,196)	(17,008)
Net cash generated from financing activities		**(48,125)**	(18,977)
Increase in cash and cash equivalents		(280,816)	(493,998)
Cash and cash equivalents at 1 January		1,392,493	1,885,508
Effect of exchange rate fluctuation on cash held		-	983
Cash and cash equivalents at 31 December	29	1,111,677	1,392,493

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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) all of which have been measured at fair value.

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 naratives, except when otherwise indicated.

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.

2.2. New and amended standards and interpretations issued but not yet effective

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 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

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

2.2. New and amended standards and interpretations (Continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework - *Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use - *Amendments to IAS 16*

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

Onerous Contracts - Costs of Fulfilling a Contract - *Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Bank will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

2.2. New and amended standards and interpretations (Continued)

IFRS 1 *First-time Adoption of International Financial Reporting Standards* - Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

IFRS 9 *Financial Instruments* - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

IAS 41 *Agriculture* - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Bank.

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

2.2. New and amended standards and interpretations (Continued)

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.

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 Bank is currently in the process of assessing the impact of adopting IFRS 17 on its financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, 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 amendments are not expected to have a material impact on the Bank.

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

In February 2021, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bank is currently assessing the impact of the amendments to determine the impact they will have on the Bank's accounting policy disclosures.

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 significant 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
(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

a. Foreign currency transaction (continued)

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

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

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.

3. SUMMARY OF SIGNIFICANT 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.

3. SUMMARY OF SIGNIFICANT 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
31 DECEMBER 2021

3. SUMMARY OF SIGNIFICANT 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.

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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 SIGNIFICANT 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 SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

I. Property, plant 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 is 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

n. **Impairment of non-financial assets (Continued)**

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

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

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.

3. SUMMARY OF SIGNIFICANT 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 41.1.

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 41.1.

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.

3. SUMMARY OF SIGNIFICANT 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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.

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

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 sound worth 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.

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.

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 12mECL or LTECL, 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 50% (2020: 70%) probability of occurring, and
- two less likely scenarios;
- one upside 15% (2020: 15%) and
- one downside 35% (2020:15%) 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, and interest rates.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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 2021

Key Drivers	Scenario	2021
GDP	Base case	6.30%
	Upside	6.50%
	Downside	5.50%
Inflation	Base case	9.00%
	upside	8.90%
	downside	10.80%
Interest rates	Base case	19.00%
	upside	16.50%
	downside	20.60%
Non Performing loan ratio	Base case	21.59%
	upside	20.25%
	downside	22.80%

As at 31 December 2020

Key drivers		2020
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
31 DECEMBER 2021

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	
	2021	2020	2021	2020	2,021	2020	2021	2020	2021	2020
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross amount	735,718	603,607	2,745,387	2,318,364	2,400,655	2,222,139	610,779	1,085,063	174,527	354,752
Allowance for impairment	-	-	(463,075)	(406,376)	-	-	(3,497)	(3,122)	(1,728)	(24,811)
	735,718	603,607	2,282,312	1,911,988	2,400,655	2,222,139	607,282	1,081,941	172,799	329,941

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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		Undrawn Overdraft, Commitments & financial guarantees**	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	735,718	603,607	1,672,456	1,462,533	2,400,655	2,222,139	610,779	1,085,063	174,527	354,752
Grade 4-5: watch list - OLEM			378,163	134,777		-	-	-	-	-
Grade 6: substandard			43,748	70,755	-	-	-	-	-	-
Grade 7: doubtful			98,809	160,893	-	-	-	-	-	-
Grade 8: loss	-	-	551,171	489,406	-	-	-	-	-	-
Total gross amount	735,718	603,607	2,745,387	2,318,364	2,400,655	2,222,139	610,779	1,085,063	174,527	354,752
Allowance for impairment	-	-	(463,075)	(406,376)	-	-	(3,497)	(3,122)	(1,728)	(24,811)
Net carrying amount	735,718	603,607	2,282,312	1,911,988	2,400,655	2,222,139	607,282	1,081,941	172,799	329,941

**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
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4.13 Loans with renegotiated terms

Loans with renegotiated terms	2021	2020
	GH¢'000	GH¢'000
Gross carrying amount	247,822	189,080
Expected credit loss	-	(5)
Net carrying amount	247,822	189,074

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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 adjust 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
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

5.4.13 Loans with renegotiated terms (Continued)

Loans and advances to customers

	2021	2020
	GH¢'000	GH¢'000
Continuing to be impaired after restructuring (included in non-performing loans)	-	13,928
Impairment	-	5
	-	13,933
Non-impaired after restructuring - would otherwise have been impaired	-	3,592

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 2021. 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

	2021	2020
Against individually impaired	GH¢'000	GH¢'000
Property	666,908	690,922
Others	8,803	20
Against neither past due nor impaired		
Property	1,166,035	782,820
Others	251,754	113,862
Total	2,093,501	1,587,624

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

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

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 loans and advances at the reporting date (2019: nil). The carrying amount of the property are based on court judgments and valuation by the court.

	Loans and advances to customers	
	2021	2020
	GH¢'000	GH¢'000
Against individually impaired property	56,390	400

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Credit Risk (Continued)

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

	2021		2020	
Gross amount	**GH¢'000**	%	GH¢'000	%
Concentration by industry:				
Agriculture	642,834	23.4	516,646	22.3
Manufacturing	43,070	1.6	34,135	1.5
Commerce & Finance	529,768	19.3	573,380	24.7
Transport & communications	168,098	6.1	153,636	6.6
Mining and quarrying	142	0.0	0	0.0
Building & construction	358,122	13.0	186,302	8.0
Services	1,003,353	36.5	802,441	34.6
Electricity, GAS and water	-	0.0	51,823	2.2
	2,745,387	100	2,318,364	100

Concentration by product

	2021	2020
	GH¢'000	GH¢'000
a) Loans and advances to individual customers:		
Overdraft	99,251	65,197
Term loans	874,783	500,733
	974,034	565,930
b) Loans to corporate entities:		
Overdrafts	448,861	447,091
Terms loans	1,322,492	1,305,343
	1,771,353	1,752,434
Gross loans and advances (a+b)	2,745,387	2,318,364

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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

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 grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month.

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:

	2021	2020
	%	%
At 31 December	1.87	44.98
Maximum for the period	16.73	44.98
Minimum for the period	1.87	23.06
Average for the period	9.51	32.75

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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

2021	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	4,927,216	4,938,347	1,195,941	1,732,182	282,647	679,267	1,048,310	-
Borrowed Funds	294,559	334,324	78,709	225	-	321	67,543	187,527
Total financial liabilities	5,221,775	5,272,671	1,274,651	1,732,407	282,647	679,587	1,115,853	187,527
Financial assets by type								
Cash and bank balance	924,619	924,619	924,619	-	-	-	-	-
Due from other Banks	346,219	383,719	-	-	-	-	383,719	-
Investment securities	2,400,655	2,400,655	198,891	-	911,716	326,778	804,321	158,950
Investments (other than securities)	99,926	99,926	-	-	-	-	91,886	-
Loans and advances to customers	2,282,312	2,745,387	667,992	198,094	246,148	155,356	1,238,790	239,007
Assets held for managing liquidity risk	6,053,731	6,554,306	1,791,502	198,094	1,157,864	482,134	2,518,715	397,957
Net Liquidity gap	831,956	1,281,882	516,887	(1,534,259)	875,233	(197,398)	1,402,949	210,430

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2020	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	4,281,037	4,291,292	959,079	1,405,200	312,306	632,810	981,897	-
Borrowed Funds	313,173	377,621	54,511	42,930	1,070	-	16,252	262,859
Total financial liabilities	4,594,210	4,668,913	1,013,589	1,448,130	313,376	632,810	998,149	262,859
Financial assets by type								
Cash and bank balance	755,756	755,756	755,756	-	-	-	-	-
Due from other Banks	309,098	312,220	-	-	-	-	312,220	-
Investment securities	2,531,237	2,531,237	359,992	305,280	1,012,224	91,102	294,541	159,000
Investments (other than securities)	91,892	102,342	-	-	-	-	102,342	-
Loans and advances to customers	1,911,988	2,318,364	618,649	152,574	225,906	167,847	722,251	431,136
Assets held for managing liquidity risk	5,599,970	6,019,919	1,734,398	457,854	1,238,130	258,949	1,431,354	590,136
Net Liquidity gap	1,005,760	1,351,006	720,809	(990,276)	924,755	(373,862)	433,205	327,277

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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,

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 2021

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	924,619	-	-	-	-	-	924,619
Investment in Government securities	198,891	-	911,715	326,778	804,321	158,950	2,400,655
Loans and advances to customers (net)	296,767	146,011	1,203,567	238,107	188,549	209,311	2,282,312
Total financial assets	1,420,277	146,011	2,115,283	564,885	992,869	368,261	5,607,587
Financial liabilities							
Customer deposits	1,194,417	1,727,401	279,188	678,384	857,718	190,577	4,927,685
Borrowed funds	78,709	216.29	-	306	62,376	135,359	276,966
Total financial liabilities	1,273,126	1,727,617	279,188	678,690	920,094	325,936	5,204,651
Interest rate sensitivity gap	147,151	(1,581,607)	1,836,095	(113,804)	72,775	42,325	402,935

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.1 Interest rate risk and foreign currency risk (Continued)

2020
As at 31 December 2020

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	755,756	-	-	-	-	-	755,756
Investment in Government securities	359,992	305,280	1,012,224	91,102	294,541	159,000	2,222,139
Loans and advances to customers (net)	263,613	160,335	700,415	216,217	149,056	422,352	1,911,988
Total financial assets	1,379,361	465,616	1,712,639	307,319	443,597	581,352	4,889,883
Financial liabilities							
Customer deposits	958,471	1,401,948	306,518	632,351	803,370	178,527	4,281,184
Borrowed funds	54,511	42,930	1,070	-	13,311	201,353	313,173
Total financial liabilities	1,012,982	1,444,877	307,587	632,351	816,681	379,879	4,594,357
Interest rate sensitivity gap	366,379	(979,262)	1,405,052	-325,031	(373,084)	201,472	295,526

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (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 2021 and 01 January 2020 respectively.

2021		Scenario 1	Scenario 2
	Base	Effect of 10% increase in variable interest rate	Effect of 10% decrease in variable interest rate
Profit after tax	81,602	129,635	33,570
Equity	938,784	986,817	890,752

2020		Scenario 1	Scenario 2
	Base	Effect of 10% increase in variable interest rate	Effect of 10% decrease in variable interest rate
Profit after tax	65,403	81,883	48,924
Equity	850,623	867,102	834,143

Assuming no management actions an increase in interest rates would increase the Bank's profit after tax for the year by GH¢ 33,570 (2020: increase after tax by GH¢ 48,924) and increase equity by GH¢ 890,752 (2020: GH¢ 834,143), while a fall would decrease profit after tax and equity by the same amounts.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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 2021. The amounts stated in the table below are the Ghana Cedi equivalent of the foreign currencies.

As at 31 December 2021	USD	GBP	EUR	Other	Total
Assets	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalent	136,640	22,197	15,883	-	174,721
Loans and advances to customers (net)	284,619	1	208,254	-	492,873
Investment Securities	30,247	-	159	-	30,406
Other assets	20,452	1	-	-	20,453
Total financial assets	471,958	22,199	224,296	-	718,453
Liabilities					
Deposits from customers	438,237	18,426	32,355	768	489,786
Borrowings	13,409	-	170,087	-	183,496
Other liabilities	14,558	27	31	80	14,696
Total financial liabilities	466,204	18,453	202,473	848	687,978
Net on balance sheet position	5,754	3,746	21,823	-848	30,475
Contingent liabilities (2021)	109,024	218	424	-	109,666

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2020	GH¢'000	GH¢'000	GH¢'000		GH¢'000
Total financial assets	388,202	14,848	238,322	2	641,374
Total financial liabilities	383,089	14,546	238,844	1	636,480
Net on balance sheet position	5,113	302	(522)	1	4,894
Contingent liabilities (2020)	82,740	-	-	-	82,740

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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	
	2021	2020	2021	2020
Cedis to				
US$ 1	5.8137	5.6129	6.0061	5.7602
GBP 1	7.9793	7.2521	8.1272	7.8742
EUR 1	6.8431	6.4437	6.8281	7.0643

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 2021. (See "currency risk" above) and it does not represent actual or future gains or losses.

A strengthening/weakening of the GH¢ by 5% against the following currencies at 31 December 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.

		2021			2020	
		Income Statement/Equity Impact	Income Statement/Equity Impact		Income Statement/Equity Impact	Income Statement/Equity Impact
	% Change	Strengthening	Weakening	change	Strengthening	Weakening
In GH¢'000						
US$	5%	(94)	94	5%	(256)	256
£	5%	(187)	187	5%	(15)	15
€	5%	(238)	238	5%	26	(26)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

5. FINANCIAL RISK REVIEW - (CONTINUED)

5.6.2 Foreign exchange risk (Continued)

Market Risk

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 2021.

Effects in Cedis	100bp Increase GH¢'000	100bp Decrease GH¢'000
31-Dec-21		
Average for the Period	4,803	(4,803)
Maximum for the Period	7,282	(7,282)
Minimum for the Period	2,479	(2,479)
31-Dec-20		
Average for the Period	4,154	(4,154)
Maximum for the Period	6,290	(6,290)
Minimum for the Period	2,135	(2,135)

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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
31 DECEMBER 2021

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 2021, was as follows:

	2021 GH¢'000
Tier 1 Capital	
Ordinary share capital	698,700
Retained earnings	(236,645)
Statutory reserve	182,015
Other regulatory adjustment	(235,999)
CET1 Capital after Deductions (B)	408,071
Fair Value Reserves	58,356
Revaluation reserve	28,766
Disallowed (limited to 2% of RWA)	(21,775)
Tier 2 Capital	65,347
Total Regulatory Capital (Tier 1 + Tier 2)	473,418
Credit risk	
Risk weighted assets	
On-balance sheet items	2,559,977
Off-balance sheet items	49,354
On & Off-Balance Sheet Trading Book RWA	
1.4 Credit Risk Reserve (CRR)	178,298
1.5 Total Credit Risk Equivalent Weighted Asset (RWA)	2,431,033
Operational Risk	821,484
Market Risk	14,813
Total Credit Risk Equivalent Weighted Asset (RWA)	3,267,329
Section C: Risk ratios	
1. Risk-based capital ratios	
1.1 Common Equity Tier 1 / RWA	12.49
1.2 Additional Tier 1 / RWA	-
1.3 Tier 1 / RWA	12.49
1.4 Tier 2 / RWA	2.00
1.5 Capital Adequacy Ratio (CAR)	14.49

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

5.7 CAPITAL MANAGEMENT (CONTINUED)

5.7.2 Capital adequacy ratio

	2020
	GH₵'000
Tier 1 Capital	
Ordinary share capital	698,700
Retained earnings	(252,235)
Statutory reserve	141,214
Other regulatory adjustment	(203,476)
CET1 Capital after Deductions (B)	384,203
	GH₵'000
Fair Value Reserves	52,326
Revaluation reserve	28,766
Unaudited Profit	-
Disallowed (limited to 2% of RWA)	(21,371)
Tier 2 Capital	59,721
Total Regulatory Capital (Tier 1 + Tier 2)	443,924
Credit risk	
Risk weighted assets	
On-balance sheet items	2,166,040
Off-balance sheet items	230,404
On & Off-Balance Sheet Trading Book RWA	
1.4 Credit Risk Reserve (CRR)	(153,088)
1.5 Total Credit Risk Equivalent Weighted Asset (RWA)	2,243,356
Operational Risk	734,162
Market Risk	8,465
Total Credit Risk Equivalent Weighted Asset (RWA)	2,985,983
Section C: Risk ratios	
1. Risk-based capital ratios	
1.1 Common Equity Tier 1 / RWA	12.87
1.2 Additional Tier 1 / RWA	-
1.3 Tier 1 / RWA	12.87
1.4 Tier 2 / RWA	2.00
1.5 Capital Adequacy Ratio (CAR)	14.87

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

5.7.4 MINIMUM CAPITAL REQUIREMENT

In accordance with Section 28 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana (BOG) increased the minimum capital requirement for commercial banks from GH¢ 120 million to GH¢ 400 million.

5.7 CAPITAL MANAGEMENT (CONTINUED)

5.7.5 MINIMUM CAPITAL REQUIREMENT (CONTINUED)

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).

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.

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 2021

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.

2021

	Level 1	Level 2	Level 3	Total fair value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment (Other than Securities)	-	99,926	-	99,926
	-	99,926	-	99,926

2020

	Level 1	Level 2	Level 3	Total fair value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Investment (Other than Securities)	-	91,892	-	91,892
		91,892		91,892

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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.

2021 GH¢'000				Core range of inputs		
				Low	High	Unit
	Level 2 Assets GH¢'000	Valuation Technique	Significant unobservable inputs			
Equity	100,631	Market Proxy	EV/EBITDA proxy	11.9	14.9	Basis point
			Price /Book proxy	0.65	1.57	Basis point

2020 GH¢'000				Core range of inputs		
				Low	High	Unit
	Level 2 Assets GH¢'000	Valuation Technique	Significant unobservable inputs			
Equity	91,892	Market Proxy	EV/EBITDA proxy	12.2	13.0	Basis point
			Price /Book proxy	0.7	1.1	Basis point

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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:

2021			Fair Value		
In GH¢'000	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Due from other Banks	346,219	-	-	383,719	383,719
Investment securities	2,400,655		1,238,494	794,489	2,032,983
Loans and advances to customers	2,282,312	-	1,267,590	1,477,797	2,745,387
	5,029,186	-	2,506,084	2,656,005	5,162,089
Financial liabilities					
Borrowed funds	294,559	-	79,255	255,069	334,324

2020			Fair Value		
In GH¢'000	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets:					
Due from other Banks	309,098	-	-	262,395	262,395
Loans and advances to customers	1,911,988	-	1,173,376	1,301,765	2,475,141
	2,221,086	-	1,173,376	1,564,160	2,737,536
Financial liabilities					
Borrowed funds	313,173	-	96,535	131,584	228,119

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

Due from other Banks
The fair values of these instrument are estimated by a discounted cash flow model based on contractual cash flows using estimated yields incorporating the counterparties' credit risk.

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 2021

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.

2021	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	38,067	68,763	389,377	(15,881)	-	480,326
Net fee and commission income	14,123	72,846	1,967	2,268	-	91,204
Net trading income	2,880	15,934	37,061	-	-	55,875
Other operating income	377	57	-	11,978	-	12,412
Inter segment revenue	9,120	239,506	(248,626)	-	-	-
Total segment revenue	64,567	397,105	179,778	(1,635)	-	639,815
Segment result						
Income tax expense	-	-	-	(44,494)	-	(44,494)
Profit for the period	16,297	190,370	176,407	(301,472)	-	81,602
Total assets	887,582	1,394,730	3,671,493	500,844	-	6,454,649
Total Segment liabilities	1,339,514	3,487,471	70,958	323,831	294,090	5,515,864
Impairment losses on financial assets	(31,814)	(9,967)	-	-	-	(41,781)
Depreciation and amortisation	(2,680)	(19,121)	(500)	(44,644)	-	(66,946)
Capital expenditure	(205)	(13,150)	(241)	(21,984)	-	(35,579)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

7.a OPERATING SEGMENTS - (CONTINUED)

Business segments (Continued)

2020	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	56,553	29,847	334,559	(5,546)	-	415,413
Net fee and commission income	14,717	48,649	1,248	10,801	-	75,414
Net trading income	2,765	12,043	37,804	-	-	52,611
Other operating income	644	887	-	9,001	-	10,533
Inter segment revenue	(5,863)	229,518	(223,655)	-	-	0
Total segment revenue	68,816	320,944	149,957	14,256	-	553,972
Segment result						
Income tax expense	(5,077)	(13,269)	(13,940)	-	-	(32,286)
Profit for the period	53,626	140,153	147,240	(243,329)	-	97,690
Total assets	**817,675**	**1,055,765**	**3,286,993**	**516,813**	**38,548**	5,715,794
Total Segment liabilities	1,263,665	2,954,757	62,614	313,173	270,961	4,865,171
Impairment losses on financial assets	(23,163)	-		-		(23,163)
Depreciation and amortization	(1,941)	(13,235)	(372)	(46,009)	-	(61,556)
Capital expenditure	(127)	(6,243)	(14)	(32,251)	-	(38,635)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

7.b INTEREST INCOME

	2021	2020
	GH¢'000	GH¢'000
Loans and advances	296,705	265,451
Investment in Government securities	359,215	292,911
Inter bank placement	49,713	53,572
Leases (including agric inputs)	22,602	17,025
	728,235	628,959

7.c. INTEREST INCOME ANALYSIS

	2021	2020
	GH¢'000	GH¢'000
Interest revenue calculated using effective interest method	705,633	611,934
Other interest and similar income	22,602	17,025
	728,235	628,959

8. INTEREST EXPENSE

(a) On deposits:

	2021	2020
Interest expense calculated using effective interest method	GH¢'000	GH¢'000
Fixed/time deposits	59,762	50,758
Savings deposits	12,176	9,816
Demand & call deposits	152,452	132,977
Total interest expense on deposits	224,390	193,551

(b) On borrowed funds:

Inter-Bank Borrowing	540	433
Long-Term Borrowings	9,348	7,574
Interest on lease liability	13,631	11,988
	23,519	19,995
Total (a+b)	247,909	213,546

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

9. NET FEE AND COMMISSION INCOME

	2021	2020
Fee and commission Income	GH¢ '000	GH¢ '000
Commission on Turnover	23,633	26,441
Fees and Charges	75,292	58,080
Sale of Cheque Book Charges	1,169	812
Guarantees Charges & Commission	1,225	2,252
Total Fee and Commission Income	101,319	87,585

Fee and commission expense		
Cost of Services	(10,116)	(12,171)
Total Fee and Commission Expense	(10,116)	(12,171)
Net Fee and Commission Income	91,203	75,414

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

10. NET TRADING INCOME

	2021	2020
	GH¢'000	GH¢'000
Foreign Exchange		
Translation gains less losses	15,730	18,089
Transaction gains less losses	40,144	34,523
	55,874	52,612

11. OTHER OPERATING INCOME

	2021	2020
	GH¢'000	GH¢'000
Bad debts recovered	4,263	5,944
Dividends from investments	-	186
Other income	8,149	4,403
Total	12,412	10,533

* Other income is made up of unutilized provisions on expenses

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

12. IMPAIRMENT LOSS ON FINANCIAL ASSETS

The table below shows the Expected Credit Loss charges on financial instruments for the year recorded in the income statement:

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Letter of credit and guarantee	(16,847)			(16,847)
Undrawn commitments	(6,237)	-	-	(6,237)
Due from Banks	375	-	-	375
Loans and advances	(13,990)	27,114	51,366	64,490
At 31 December 2021	(36,699)	27,114	51,366	41,781

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Letter of credit and guarantee	14,591	-	-	14,591
Undrawn commitments	(1,503)	-	-	(1,503)
Due from Banks	376	-	-	376
Loans and advances	(31,624)	4,284	37,039	9,699
December 2020	(18,160)	4,284	37,039	23,163

13. PERSONNEL EXPENSES

	2021	2020
	GH¢'000	GH¢'000
Salaries and wage	129,231	128,518
Pension costs - (Defined contribution scheme to SSNIT)	14,225	12,889
Staff Provident Fund (Defined Contribution Scheme)	8,238	7,474
Staff fuel expenses	39,529	33,613
Medical expenses	9,472	6,566
Canteen expenses	10,690	8,042
Training expenses	738	452
Uniform	21,537	19,501
Other staff related costs	16,621	16,413
	250,281	233,468

*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 1,481(2020: 1,460).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

14. OTHER OPERATING EXPENSES

	2021	2020
	GH₵'000	GH₵'000
Occupancy Cost	20,708	22,966
Auditors Remuneration	1,100	1,511
Donations and Social Responsibility	1,094	4,025
Motor Vehicle Running Expenses	10,684	10,527
General and Administrative Expenses	39,460	31,243
Information Technology Expenses	58,183	49,231
Others	23,481	18,593
	154,710	138,096

Others* consist of deposit insurance premium and clearing house expenses

15. DEPRECIATION AND AMORTIZATION

	2021	2020
	GH₵'000	GH₵'000
Depreciation of Property, Plant and equipment	13,813	12,769
Amortisation of intangible	13,469	8,979
Depreciation of Right of use asset	39,664	39,808
	66,946	61,556

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.

	2021	2020
	GH₵'000	GH₵'000
Profit after tax	81,602	65,403
Number of ordinary shares ('000)	346,952	346,952
Weighted average number of shares ('000)	346,952	346,952
Earnings per share:		
Basic (GH₵)	0.2352	0.1885
Diluted (GH₵)	0.2352	0.1885

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

17. CASH AND BANK BALANCE

	2021	2020
	GH¢'000	GH¢'000
(i) Cash on hand	188,902	152,149
Balances with Bank of Ghana	570,969	366,673
Nostro Balances	65,670	107,571
Deposits and balances due from banking institution	99,078	129,363
Cash and bank balance	924,619	755,756

* Included in balances with bank of Ghana is mandatory reserve of GH¢ 394,197 (2020 GH¢ 342,482)
**Included in the Nostro balance is a restricted amount of GH¢ 11,833 (2020: GH¢ 28,537), these restricted Nostro amounts have been excluded from cash and cash equivalents in note 29.

18. DUE FROM OTHER BANKS

	2021	2020
	GH¢'000	GH¢'000
Placements with other banks	349,716	312,220
Less: Write off	-	-
Allowance for impairment losses	(3,497)	(3,122)
	346,219	309,098

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

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.

19.1 CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES (CONTINUED)

2021

Gross Amount	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Performing				
Grade 1-3: low fair risk	349,716	-	-	349,716
Grade 4-5	-	-	-	-
Non-performing	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2021	349,716	-	-	349,716

2020

Gross Amount	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Performing				
Grade 1-3: low fair risk	312,220	-	-	312,220
Grade 4-5	-	-	-	-
Non-performing	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2020	312,220	-	-	312,220

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

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	312,220	-	-	312,220
New assets originated or purchased	-	-	-	-
Interest accrued	37,496			37,496
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2021	349,716		-	349,716

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

19.1 CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES (CONTINUED)

2020

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Gross carrying amount as at 1 January 2020	274,642		-	274,642
New assets originated or purchased	-	-	-	-
Interest accrued	37,578			37,578
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2020	312,220	-	-	312,220

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

2021

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Gross carrying amount as at 1 January 2021	3,122	-	-	3,122
New assets originated or purchased	-	-	-	-
Interest accrued	375	-	-	375
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Written off/ recovery	-	-	-	-
At 31 December 2021	3,497	-	-	3,497

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

19.1 CREDIT RISK QUALITY OF DUE FROM BANKS BALANCES (CONTINUED)

2020

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	2,747	-	-	2,747
New assets originated or purchased	-	-	-	-
Interest accrued	375	-	-	375
Transfers to Stage 1		-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Written off/ recovery	-	-	-	-
At 31 December 2020	3,122	-	-	3,122

20. INVESTMENT SECURITIES

	2021	2020
	GH¢'000	GH¢'000
Treasury bills (a)		
14 Day Treasury Bills	198,891	359,992
56 Day Treasury Bills	-	305,280
91 Day Treasury Bills	-	-
182 Day Treasury Bills	911,716	1,012,224
Treasury Notes	326,778	91,102
	1,437,385	1,768,598

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

20. INVESTMENT SECURITIES (CONTINUED)

	2021	2020
	GH¢'000	GH¢'000
Government bonds (b)		
2-5-year fixed rate notes	804,320	294,541
Above 5 years fixed rate note	158,950	159,000
	963,270	453,541
Maturing within 90 days of date of acquisition	198,891	665,273
Maturing between 90 days - 1 year of date of acquisition	1,238,494	1,103,325
Maturing within 1-5 years of date of acquisition	963,270	453,541
	2,400,655	2,222,139

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 2021 was 12.11% (2020: 15.11%) and the rate for treasury bonds at 31 December 2021 was 24.75% (2020: 19.97%).

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.

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	2,400,655	-	-	2,400,655
Grade 4-5	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2020	2,400,655	-	-	2,400,655

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

20. INVESTMENT SECURITIES (CONTINUED)

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

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	2,223,189	-	-	2,223,189
Grade 4-5	-	-	-	-
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2020	2,223,189	-	-	2,223,189

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

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	2,222,139	-	-	2,222,139
New assets originated or purchased	10,067,285	-	-	10,067,285
Interest accrued	371,433	-	-	371,433
Assets derecognised or repaid (excluding write offs)	(10,260,202)	-	-	(10,260,202)
Transfers to Stage 1				-
Transfers to Stage 2				-
Transfers to Stage 3	-	-	-	-
At 31 December 2021	2,400,655	-	-	2,400,655

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	1,522,828	-	-	1,522,828
New assets originated or purchased	2,005,588	-	-	2,005,588
Interest accrued	292,911	-	-	292,911
Assets derecognised or repaid (excluding write offs)	(1,599,187)	-	-	(1,599,187)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2020	2,222,140	-	-	2,222,140

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.

21. LOANS AND ADVANCES TO CUSTOMERS

	2021	2020
	GH¢'000	GH¢ '000
Overdrafts	527,209	515,946
Loans	2,166,826	1,689,092
Lease receivable	51,352	113,326
Gross loans and advances	2,745,387	2,318,364
Provision for impaired loans and advances		
- Specific	(392,072)	(348,497)
- Collective	(71,003)	(57,879)
	2,282,312	1,911,988

The above constitute loans and advances to customers and staff.

Staff loans amounted to GH¢ 69,302 (2020: GH¢93,404).

The investment in lease receivables is analyzed as follows:

	2021	2020
	GH¢'000	GH¢'000
Less than 1 year	27,319	10,947
Between 1 year and 5 years	142,480	102,379
	169,799	113,326

Key ratios on loans and advances

- The total impairment for the year represents 16.87% of gross loans at the year-end (2020: 17.53%)
- Loan loss provision ratio **is 16.87%** of gross advances (2020: 17.53%)
- Gross Non-performing loans ratio per Bank of Ghana requirement is **31.21%** (2020:34.4%)
- Total gross non-performing loans is GHS 930,849 (this includes interest in suspense of GHS 236,080)
- Fifty (50) largest exposures (gross funded and non-funded) to total exposures is **51.56%** (2020: 39.54%)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

a) Analysis By maturity	2021 GH¢'000	2020 GH¢'000
Maturing Within one year	1,112,234	997,130
Between one to five years	1,394,146	890,098
More than five years	239,007	431,136
	2,745,387	2,318,364

Impairment of loans and advances

At 1 January	406,376	448,122
Additional impairment charge during the year	64,490	9,699
Write off	(7,791)	(51,445)
	463,075	406,376

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 gross loans and advances based the class of financial assets.

2021

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Agric Loans	337,316	24,257	189,776	551,349
Retail loans	596,871	9,904	105,976	712,751
Corporate loans	738,269	344,002	399,016	1,481,287
	1,672,456	378,163	694,768	2,745,387

2020

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Agric Loans	278,897	17,053	153,732	449,682
Retail loans	480,838	12,193	79,407	572,438
Corporate loans	702,798	105,531	487,915	1,296,244
	1,462,533	134,777	721,054	2,318,364

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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

2021

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	4,277	4,140	141,743	150,160
Retail loans	1,170	77	105,837	107,084
Corporate loans	15,137	46,202	144,492	205,831
	20,584	50,419	392,072	463,075

2020

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Agric Loans	4,907	2,773	87,803	95,483
Retail loans	2,555	322	79,446	82,323
Corporate loans	27,112	20,211	181,247	228,570
	34,574	23,306	348,496	406,376

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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.

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	337,316	-	-	337,316
Grade 4-5	-	24,257	-	24,257
Grade 6:	-	-	2,826	2,826
Grade 7	-	-	1,530	1,530
Grade 8	-	-	185,420	185,420
At 31 December 2020	337,316	24,257	189,776	551,349

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	278,897	-	-	278,897
Grade 4-5	-	17,053	-	17,053
Grade 6:	-	-	2,057	2,057
Grade 7	-	-	2,894	2,894
Grade 8	-	-	148,781	148,781
At 31 December 2020	278,897	17,053	153,732	449,682

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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:

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	278,897	17,053	153,732	449,682
New assets originated or purchased	109,851	-	-	109,851
Assets derecognised or repaid (excluding write offs)	(8,184)	-	-	(8,184)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(43,249)	19,104	24,145	-
Transfers to Stage 3	-	(11,900)	11,900	-
Amount written off	-	-	-	-
At 31 December 2021	337,315	24,257	189,777	551,349

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	265,187	7,249	233,617	506,053
New assets originated or purchased	39,321	-	-	39,321
Assets derecognised or repaid (excluding write offs)	(25,611)	9,804	(57,400)	(73,207)
Transfers to Stage 1				-
Transfers to Stage 2		-		-
Transfers to Stage 3				-
Amount written off	-	-	(22,485)	(22,485)
At 31 December 2020	278,897	17,053	153,732	449,682

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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:

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	4,907	2,773	87,804	95,484
New assets originated or purchased	1,248			1,248
Assets derecognised or repaid (excluding write offs)	(235)		-	(235)
Impact on Expected Credit loss	-	-	25,829	25,829
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(1,643)	3,764	20,234	22,355
Transfers to Stage 3	-	(2,397)	7,876	5,479
Loan Written off	-	-	-	-
At 31 December 2021	4,277	4,140	141,743	150,160

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	4,465	1,802	100,357	106,624
New assets originated or purchased	577	558	-	1,135
Assets derecognised or repaid (excluding write offs)	(389)	-	(13,802)	(14,191)
Re -measurement of loss allowance	254	413	1,248	1,915
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Loan Written off	-	-	-	-
At 31 December 2020	4,907	2,773	87,803	95,483

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2021

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.

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	738,269			738,269
Grade 4-5		344,002		344,002
Grade 6:			34,238	34,238
Grade 7			99,679	99,679
Grade 8	-	-	265,099	265,099
At 31 December 2021	738,269	344,002	399,016	1,481,287

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	762,212			762,212
Grade 4-5		105,532		105,532
Grade 6:			68,441	68,441
Grade 7			86,664	86,664
Grade 8	-	-	273,395	273,395
At 31 December 2020	762,212	105,532	428,500	1,296,244

An analysis of changes in the gross carrying amount in relation to Corporate loan is, as follows:
2021

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	702,798	105,532	487,915	1,296,245
New assets originated or purchased	297,912	-	-	297,912
Assets derecognised or repaid (excluding write offs)	-23,971	-	-81,108	-105,079
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-238,470	238,470	-	-
Transfers to Stage 3	-	-	-	-
Amount written off	-	-	-7,791	-7,791
At 31 December 2021	738,269	344,002	399,016	1,481,287

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.2 Corporate loans

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	561,451	48,735	354,040	964,226
New assets originated or purchased	529,794	56,796	160,590	747,180
Assets derecognised or repaid (excluding write offs)	(388,447)	-	-	(388,447)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amount written off	-	-	(26,715)	(26,715)
At 31 December 2020	702,798	105,531	487,915	1,296,244

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

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	27,112	20,211	181,247	228,570
New assets originated or purchased	4,674	-	-	4,674
Assets derecognised or repaid (excluding write offs)	(13,419)	-	(28,964)	(42,383)
Impact on Expected Credit loss	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(3,230)	25,991	-	22,761
Transfers to Stage 3	-	-	-	-
Loan Written off	-	-	(7,791)	(7,791)
At 31 December 2021	15,137	46,202	144,492	205,831

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.2 Corporate loans

2020	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Gross carrying amount as at 1 January 2020	34,458	15,636	191,218	241,312
New assets originated or purchased	14,686	2,462	5,225	22,373
Assets derecognised or repaid (excluding write offs)	(37,596)	-	-	(37,596)
Transfers to Stage 1	15,564	2,113	11,519	29,196
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amount written off	-	-	-	-
At 31 December 2021	-	-	(26,715)	(26,715)
Gross carrying amount as at 1 January 2020	27,112	20,211	181,247	228,570

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.

2021

2021	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Grade 1-3: low fair risk	596,871	-	-	596,871
Grade 4-5	-	9,904	-	9,904
Grade 6:	-	-	4,354	4,354
Grade 7	-	-	807	807
Grade 8	-	-	100,815	100,815
At 31 December 2021	596,871	9,904	105,976	712,751

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

21.2 CREDIT RISK QUALITY OF LOANS AND ADVANCE (CONTINUED)

21.2.3 Retail loans (continued)

2020	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Grade 1-3: low fair risk	480,838	-	-	480,838
Grade 4-5	-	12,193	-	12,193
Grade 6:	-	-	12,619	12,619
Grade 7	-	-	2,657	2,657
Grade 8	-	-	64,131	64,131
At 31 December 2021	480,838	12,193	79,407	572,438

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

2021	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Gross carrying amount as at 1 January 2020	480,838	12,193	79,408	572,439
New assets originated or purchased	372,502	-	-	372,502
Assets derecognised or repaid (excluding write offs)	(229,901)	(2,289)	-	(232,190)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(26,568)	-	26,568	-
Amount written off	-	-	-	-
At 31 December 2021	596,871	9,904	105,976	712,751

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	312,670	15,714	118,111	446,495
New assets originated or purchased	342,573	-	-	342,573
Assets derecognised or repaid (excluding write offs)	(174,405)	(3,521)	(36,459)	(214,385)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amount written off	-	-	(2,245)	(2,245)
At 31 December 2020	480,838	12,193	79,407	572,438

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:

2021	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	2,555	322	79,447	82,324
New assets originated or purchased	713	-	-	713
Assets derecognised or repaid (excluding write offs)	(1,964)	(245)	-	(2,209)
Impact on Expected Credit loss	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(134)	-	26,390	26,256
Loan Written off	-	-	-	-
At 31 December 2021	1,170	77	105,837	107,084

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	10,058	1,583	88,546	100,187
New assets originated or purchased	13,839	-	-	13,839
Assets derecognised or repaid (excluding write offs)	(33,973)	(2,025)	(15,175)	(51,223)
Re-measurement of loss allowance	12,631	764	8,320	21,715
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Loan Written off	-	-	(2,245)	(2,245)
At 31 December 2020	2,555	322	79,446	82,323

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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

	2021 GH¢'000	2020 GH¢ '000
At 1 January	91,892	102,322
Exchange Difference	(6)	20
Fair value adjustments (note 38)	8,040	(10,450)
At 31 December	99,926	91,892

Investment (other than securities)

Institution	Balance as at 2020	Fair value movement	Market value as at 2021
Ghana International Bank Limited	70,170	9,672	79,842
Agridev Real Estates Limited	20,843	(1,632)	19,211
Cocoa Processing Company	33	-	33
Ghana Textile Manufacturing Company	544	-	544
SDC Finance Limited	137	-	137
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	165	(6)	159
TOTAL	91,892	8,040	99,926

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."

Institution	% Holding
Ghana International Bank Limited	9%
Agridev Real Estates Limited	10%
Metro Mass Transportation Ltd	16%
Activity Venture Finance Company	20%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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 60 months, the investment has been fully impaired.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

24. INCOME TAX

24.1 INCOME TAX EXPENSE RECOGNISED IN PROFIT OR LOSS

	2021	2020
	GH¢'000	GH¢'000
Current year income tax -	58,563	14,538
Deferred tax	(14,068)	17,748
	44,495	32,286

24.2 CORPORATION TAX LIABILITY

Income tax	Balance at 1 January GH¢'000	Payment during the year GH¢'000	Charge/credit for the year GH¢'000	Balance at 31 December GH¢'000
Up to 2020	(5,161)	-	-	(5,161)
2021	-	(14,129)	45,953	31,824
	(5,161)	(14,129)	45,953	26,663
National Stabilization Levy/Financial Recovery Levy	2,764	(6,764)	12,610	8,610
Total tax	(2,397)	(20,893)	58,563	35,273

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

24. INCOME TAX (CONTINUED)

24.3 EFFECTIVE TAX RECONCILIATION

	2021	2020
	GH¢'000	GH¢'000
Profit before tax	126,097	97,689
Income tax using domestic tax rate (25%)	31,525	24,422
Non-deductible expenses*	638	26,841
Tax on exempt income	-	(35,054)
Income subjected to tax at a different rate @20%	(278)	(63)
Allowable expenses (not through P&L)	-	(6,492)
National fiscal stabilization levy /Financial sector recovery levy(5%)	12,610	4,884
Deferred tax	-	17,748
	44,495	32,286
Effective Income Tax rate	35.3%	33.0%

***Non-deductible expenses includes fines and penalties disallowed for tax purpose**

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 2021	Income statement	OCI	As at 31 December 2021
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property, plant and equipment	(16,982)	(107)	-	(17,089)
Impairment allowance for loans and advances	78,178	14,175	-	92,353
Investment (other than securities)	(17,442)	-	(2,010)	(19,452)
Balance 31 December	43,754	14,068	-2,010	55,812

Deferred tax assets	As at 1 January 2020	Income statement	OCI	As at 31 December 2020
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property, equipment, and intangible assets	(15,892)	(1,090)		(16,982)
Impairment allowance for loans and advances	94,836	(16,658)	-	78,178
Investment (other than securities)	(20,055)	-	2,613	(17,442)
Balance 31 December	58,889	(17,748)	2,613	43,754

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

24. INCOME TAX (CONTINUED)

	2021	2020
	GH¢'000	GH¢'000
Balance at 1 January	43,754	58,889
Charged to profit or loss	14,068	(17,748)
Charged to OCI	(2,010)	2,613
Balance 31 December	55,812	43,754

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

25. INTANGIBLE ASSETS

	Software	Work In-Progress	Total
	GH¢'000	GH¢'000	GH¢'000
Cost			
At 1 January 2021	90,549	-	90,549
Acquisitions	2	2,762	2,764
Transfers from Plant, property and equipment		1,036	1,036
Transfers from work in progress	3,570	(3,570)	-
	94,121	228	94,349
Amortisation			
At 1 January 2021	52,848	-	52,848
Charge for the year	13,469	-	13,469
At 31 December 2021	66,317	-	66,317
Net Book Value			
At 31 December 2021	27,804	228	28,032

	Software	Work In-Progress	Total
	GH¢'000	GH¢'000	GH¢'000
Cost			
At 1 January 2020	64,667	-	64,667
Acquisitions	153	25,729	25,882
Transfer	25,729	(25,729)	-
	90,549	-	90,549
Accumulated amortization			
At 1 January 2020	43,869	-	43,869
Charge for the year	8,979	-	8,979
At 31 December 2020	52,848	-	52,848
Net Book Value			
At 31 December 2020	37,701	-	37,701

Work-in-progress

- Work-in-progress at the end of the year.GHS 228 (2020: nil).
- No impairment losses on intangible assets were recognized during the year (2020: Nil)
- There were no capitalized borrowing costs related to intangible assets during the year (2020: Nil)
- There were no restrictions on title and intangible assets pledged as security for liabilities during the year (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

26. OTHER ASSETS

	2021 GH¢'000	2020 GH¢'000
Advance payment	65	662
Prepayments	12,472	11,902
Sundry receivables*	14,320	27,590
Lease deposits from Agridev	20,138	19,313
Others**	5,259	2,275
31-Dec	52,254	61,742
Current	39,577	50,282
Non-current	12,677	11,460
	52,254	61,742

* 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
31 DECEMBER 2021

27. PROPERTY, PLANT AND EQUIPMENT

2021	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 2021	93,399	33,570	23,759	7,811	5,771	30,969	195,279
Additions	14	1,729	5,900	-	25,020	126	32,789
Disposal	-	(1,423)	(907)	(45)	-	-	(2,375)
Transfers from WIP	141	1,876	210	4,709	(10,474)	3,538	-
Transfers to Intangible	-	-	-	-	(1,036)	-	(1,036)
At 31 December 2021	**93,554**	**35,752**	**28,962**	**12,475**	**19,281**	**34,633**	**224,657**
Accumulated Depreciation							
At 1 January 2021	24,593	25,422	17,108	6,671	-	25,685	99,479
Charge for the year	4,557	2,559	2,936	1,412	-	2,349	13,813
Disposal	-	(1,422)	(903)	(45)	-	-	(2,370)
Write Offs	-	-	-	-	-	-	-
At 31 December 2021	**29,150**	**26,559**	**19,141**	**8,038**	**-**	**28,034**	**110,922**
Net Book Value							
At 31 December 2021	**64,404**	**9,193**	**9,820**	**4,437**	**19,281**	**6,599**	**113,735**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

27. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020	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 2020	93,221	29,812	20,783	7,745	2,225	28,714	182,500
Additions	21	1,659	2,470	-	8,504	97	12,751
Disposal	-	28	-	-	-	-	28
Reversal	-		-	-		-	-
Transfers	157	2,071	506	66	(4,958)	2,158	0
Write Offs	-	-	-	-	-	-	-
At 31 December 2020	93,399	33,570	23,759	7,811	5,771	30,969	195,279
Accumulated Depreciation							-
At 1 January 2020	20,042	23,395	14,615	5,358	-	23,328	86,738
Charge for the year	4,551	2,055	2,493	1,313	-	2,357	12,769
Disposal	-	(28)	-	-	-	-	(28)
At 31 December 2020	24,593	25,422	17,108	6,671	-	25,685	99,479
Net Book Value							-
At 31 December 2020	68,806	8,148	6,651	1,140	5,771	5,284	95,800

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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:

	2021	2020
	GH¢'000	GH¢'000
Cost	13,052	13,001
Accumulated depreciation	(4,267)	(3,614)
	8,785	9,387

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.

2021

	Computers	Furniture &Equipment	Motor& Vehicle	Total
		GH¢'000	GH¢'000	GH¢'000
Cost	1,423	907	45	2,375
Accumulated depreciation	(1,422)	(902)	(45)	(2,369)
Net book value	1	5	-	6
Proceeds	-	260	10	270
Gain/(Loss) on disposal	(1)	255	10	264

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

27. PROPERTY, PLANT AND EQUIPMENT - (CONTINUED)

2020

	Computers	Motor& Vehicle	Total
	GH¢'000	GH¢'000	GH¢'000
Cost	28	-	28
Accumulated depreciation	(28)	-	(28)
Net book value	-	-	-
Proceeds	-	-	-
Gain/(Loss) on disposal	-	-	-

None of the property,plant 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 2021 was nil. (2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

28. RIGHT OF USE ASSETS

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

2021	Rental space	Total
	GH¢'000	GH¢'000
Cost/Valuation		
At 1 January 2021	255,276	255,276
Additions	6,694	6,694
Termination of lease	-	-
At 31 December 2021	**261,970**	**261,970**
Depreciation		
At 1 January 2020	71,751	71,751
Charge for the year	39,664	39,664
At 31 December 2020	111,415	111,415
Net Book Value		
At 31 December 2021	150,555	150,555

2020	Rental space	Total
	GH¢'000	GH¢'000
Cost/Valuation		
At 1 January 2020	68,351	68,351
Additions	186,925	186,925
At 31 December 2020	**255,276**	**255,276**
Depreciation		
At 1 January 2020	31943	31,943
Charge for the year	39,808	39,808
Termination of lease	-	-
At 31 December 2019	71,751	71,751
Net Book Value		
At 31 December 2020	183,525	183,525

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

29. CASH AND CASH EQUIVALENTS

	2021	2020
	GH¢'000	GH¢' 000
Cash	188,902	152,149
Bank Balances	723,884	575,072
14-Day/91-Day Treasury Bill	198,891	665,272
Cash and cash equivalent in statement of cash flows	1,111,677	1,392,493

Included in the cash and cash equivalent is an amount of GH¢ 198,891 (2020: 665,272) 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¢394,197 (2020: GH¢357,000) with Bank of Ghana representing 8% the Bank's total deposits.

30. BORROWED FUNDS

	2021	2020
	GH¢'000	GH¢'000
Government of Ghana	65,324	65,440
Central Bank of Ghana	19,311	11,988
Other Financial Institutions	38,182	46,673
AFD/Rubber Phase IV and V	171,742	189,072
Total	294,559	313,173

	Government of Ghana	Central Bank	Financial Institutions	AFD/Rubber Phase IV&V	Total
Balance as at 1 January 2021	65,440	11,988	46,673	189,072	313,173
Additions	908	6,333	606,004	5,519	618,764
Interest	1,965	990	800	58	3,813
Payment	(2,989)	-	(615,295)	(22,907)	(641,191)
Balance as at 31 December 2021	65,324	19,311	38,182	171,742	294,559

30. BORROWED FUNDS (CONTINUED)

2020	Government of Ghana	Central Bank	Financial Institutions	AFD/Rubber Phase IV&V	Total
Balance as at 1 January 2020	65,720	11,668	39,235	160,995	277,618
Additions	1,170	132	137,586	31,059	169,947
Interest	1,782	344	313	425	2,864
Payment	(3,232)	(156)	(130,461)	(3,407)	(137,256)
Balance as at 31 December 2020	65,440	11,988	46,673	189,072	313,173

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:

	2021 GH¢'000	2020 GH¢'000
ADF Projects	46,510	44,523
EDAIF	3,600	6,471
AFD/MOFA	14,246	13,502
AfDB/KP.IRR. Projects	968	944
	65,324	65,440

30.b Central Bank

	2021 GH¢'000	2020 GH¢'000
IFAD SCIMP	1,839	1,720
IDA/BADEA	1,807	1,724
SMALL SCALE IRR.DEV PROJECTS	664	653
CFD Loan to GREL	373	364
IFAD/MEST Rural Ent.	534	534
IFAD /UWADEP	602	564
ADB/BADEA/BOVID	7,134	6,429
OVCF	6,357	-
	19,310	11,988

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

30.c BORROWED FUNDS (CONTINUED)

Financial institutions

These borrowings are for liquidity management purposes. Interest rate ranges from 15% to 16.5% and maturity is usually within one year.

Details of the borrowings from financial institutions are shown below:

	2021	2020
	GH¢'000	GH¢'000
EXIMBANK	20,980	-
First Banc	-	1,095
CIDAN Investment	-	2,439
GHIB	17,201	43,139
	38,181	46,673

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:

	2021	2020
	GH¢'000	GH¢'000
AFD/Rubber Phase IV	171,742	189,072

31. DEPOSITS FROM CUSTOMERS

	2021	2020
	GH¢'000	GH¢'000
Savings Deposits	751,256	704,128
Demand and Call Deposits	3,537,070	3,163,107
Fixed/Time Deposits	638,890	413,802
	4,927,216	4,281,037

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

31. DEPOSITS FROM CUSTOMERS (CONTINUED)

	2021 GH¢'000	2020 GH¢'000
Customer deposits		
Maturity analysis of customer deposits		
From Government and Parastatals:		
Payable within 90 days	535,098	274,063
Payable after 90 days and within one year	258,944	188,468
	794,042	462,531
From Private Sector and individuals:		
Payable within 90 days	2,386,409	1,997,856
Payable after 90 days and within one-year	1,746,765	1,820,650
	4,133,174	3,818,506
	4,927,216	4,281,037

Twenty largest depositors to total deposit ratio is 19.47% (2020: 23.52%)

32. OTHER LIABILITIES

	2021 GH¢'000	2020 GH¢'000
Expected Credit losses on contingent liabilities	1,728	24,811
Managed funds	9,846	5,356
Payables	52,697	23,397
Provident fund	3,126	2,912
Statutory Deductions	1,694	7,243
Visa and Point of sales settlement	8,460	10,100
Accruals	15,062	13,305
Staff long service awards (i)	3,383	2,013
	95,996	89,137
Current	21,100	49,243
Non-current	74,896	39,894

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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.

	2021	2020
	GH¢'000	GH¢'000
Liability for staff awards at 1 January	2013	2,060
Benefits paid by the plan	(113)	(124)
Past service cost	1,319	(405)
Expenses recognised in profit or loss*	164	482
Liability for staff awards at 31 December	3,383	2,013

	2021	2020
*Expenses recognised in profit and loss	**GH¢'000**	GH¢'000
Current Service Cost	132	391
Interest Cost	32	91
	164	482

Actuarial assumptions

The following are the principal assumptions at the reporting date.

Discount rate	21.01%	19.1%
General inflation rate	9.28%	10.4%
	===	===

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

33. LEASE LIABILITY

	2021	2020
	GH¢'000	GH¢'000
As at 1 January	181,824	34,205
Additions	1,498	169,917
Accretion of interest	7,724	11,988
Exchange difference	5,907	374
Payments	(34,133)	(34,660)
As at 31 December	162,820	181,824

The Bank's total cash outflows with regard to leases liabilities is GH¢34,133 (2020: GH¢34,660).

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

Maturity analysis of lease liability	2021	2020
	GHS'000	GHS'000
Within one year	33,984	39,070
After one year but not more than five years	144,648	166,619
More than five years	-	100,200
Total	178,632	305,889

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

34. STATED CAPITAL (CONTINUED)

Reconciliation

	2021		2020	
	No. of Shares	Proceeds	No. of Shares	Proceeds
Authorized:		GH¢'000		GH¢'000
Balance as at 1 January	261,721,483	421,700	261,721,483	421,700
Issued Shares	85,230,770	277,000	85,230,770	277,000
Balance as at 31 December	346,952,253	698,700	346,952,253	698,700

35. ACCUMULATED LOSSES

	2021	2020
	GH¢'000	GH¢'000
At 1 January	(252,236)	(289,349)
Transfer to credit risk reserve	(25,210)	4,739
Transfer to statutory reserve	(40,801)	(32,702)
Transaction cost related to right issue	-	(327)
Profit for the year	81,602	65,403
TOTAL	(236,645)	(252,236)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

36. REVALUATION RESREVE

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

	2021	2020
	GH¢'000	GH¢'000
At 1 January	57,531	57,531
Movement	-	-
At 31 December	57,531	57,531

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.

	2021	2020
	GH¢'000	GH¢'000
At 1 January	141,214	108,512
Transfer from Retained earnings	40,801	32,702
At 31 December	182,015	141,214

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.

	2021	2020
	GH¢'000	GH¢'000
At 1 January	153,088	157,827
Transfer (to)/from Retained earnings	25,210	(4,739)
At 31 December	178,298	153,088

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

38. CREDIT RISK RESERVE (CONTINUED)

Reconciliation between Bank of Ghana impairment allowance and IFRS impairment

	2021 GH¢'000	2020 GH¢'000
Bank of Ghana impairment allowance for loans and advances	641,373	559,464
IFRS Impairment for loans and advances at 31 December	(463,075)	(406,376)
Credit risk reserve at 31 December	178,298	153,088

39. FAIR VALUE THROUGH OCI

	2021 GH¢'000	2020 GH¢'000
At 1 January	52,326	60,163
Fair value adjustment, net of tax (Note 38ii)	6,030	(7837)
At 31 December	58,356	52,326

(ii). 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:

	2021 GH¢'000	2020 GH¢'000
Investment (other than securities)	8,040	(10,450)
Deferred Tax	(2,010)	2,613
Total	6,030	(7,837)

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
31 DECEMBER 2021

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

Contingencies and commitments in the financial statements as at 31 December 2021 in respect of the above amounted to GH¢ 140,982 (2020: GH¢298,111), as detailed below:

	2021	2020
	GH¢'000	GH¢'00
Guarantees and indemnities	33,702	244,331
Undrawn Overdraft	33,546	56,641
Letters of credit	107,279	53,780
	174,527	354,752

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.

2021

	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	140,825	-	-	140,825
Grade 4-5	33,702	-	-	33,702
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2020	174,527,	-	-	174,527

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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

	Stage 1	Stage 2	Stage 3	Total
2020	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grade 1-3: low fair risk	110,421	-	-	110,421
Grade 4-5	244,331	-	-	244,331
Grade 6:	-	-	-	-
Grade 7	-	-	-	-
Grade 8	-	-	-	-
At 31 December 2020	354,752	-	-	354,752

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

	Stage 1	Stage 2	Stage 3	Total
2021	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2021	354,752	-	-	354,752
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(180,225)	-	-	(180,225)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2021	174,527	-	-	174,527

	Stage 1	Stage 2	Stage 3	Total
2020	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Gross carrying amount as at 1 January 2020	367,101	-	-	367,101
New assets originated or purchased	56,641	-	-	56,641
Assets derecognised or repaid (excluding write offs)	(68,990)	-	-	(68,990)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	354,752	-	-	354,752
At 31 December 2020				

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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

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

2021	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Gross carrying amount as at 1 January 2021	24,811	-	-	24,811
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(23,083)	-	-	(23,083)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2021	1,728	-	-	1,728

2020	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Gross carrying amount as at 1 January 2020	11,723	-	-	11,723
New assets originated or purchased	13,088	-	-	13,088
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
At 31 December 2020	24,811	-	-	24,811

40.3 CONTINGENT LIABILITY

Pending Legal Claims

At the year-end there were 14 (2020: 16) legal cases pending against the Bank. Should judgment go in favour of the plaintiffs, likely claims against the Bank have been estimated at GH¢3,821 (2020: GH¢ 1,277). A provision of GH¢1,300 is held in the books.

40.3 CONTINGENT ASSET

At the reporting date, there were no contingent asset (2020: 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%
	346,952	100%

At 31 December 2021 the following amounts related to transactions with the Government of Ghana

	2021 GH¢'000	2020 GH¢'000
Government Securities	2,400,655	2,222,139
Loans and Advances	59,727	71,583
Borrowings	65,324	65,440
Others	11,395	30,973

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

41. RELATED PARTY TRANSACTIONS (CONTINUED)

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	2021	2020
	GH¢'000	GH¢'000
Salaries and other short- term benefits	16,681	15,950
Social security contributions	1,145	1,641
	17,826	17,591

Remuneration of executive directors during the year amounted to GH¢ 1,447 (2020 GH¢1,453).

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

	2021	2019
	GH¢'000	GH¢'000
Loans		
Loans outstanding at 31 December	2,363	2,385
Interest income	124	80

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

41. RELATED PARTY TRANSACTIONS (CONTINUED)

	2021	2020
	GH¢'000	GH¢'000
Deposits	11,149	11,110

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:

	2021	2020
	GH¢'000	GH¢'000
Borrowings	17,201	42,930
Bank balance	14,705	52,364

Transactions with non- executive directors

	2021	2020
	GH¢'000	GH¢'000
Directors' remuneration		
Fees and allowances for services as directors	1,740	1,693

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

41. RELATED PARTY TRANSACTIONS - (CONTINUED)

	2021	2020
	GH¢'000	GH¢'000
Deposits	11,149	11,110

Directors' Shareholding

At 31 December 2021, 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

	2021	2020
	GH¢'000	GH¢'000
Pension scheme, the National Social Security Fund	14,225	12,889
Provident Fund	8,238	7,474
	22,463	20,363

43. ASSETS PLEDGED AS SECURITY

At 31 December 2021 the value of government securities pledged as collateral was GH¢ 13,500 (2020: NIL).

44. COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

At 31 December 2021 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¢ 70,200(2020: GH¢116,445).

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
31 DECEMBER 2021

46. REGULATORY DISCLOSURES

(i) Non-Performing Loans Ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross): 31.21% (2020: 34.40%).

(iv) Capital Requirement Directive (CRD)

The capital requirement directive at the end of December 2021 was calculated at approximately 14.49% (2020: 14.87%).

(v) Liquid Ratio

Percentage of liquid assets to volatile liabilities: 101.87% (2020: 117.76%).

47. SUBSEQUENT EVENTS

There were no material significant events after the reporting date that require disclosure in or adjustment to the financial statements for the year ended 31 December 2021.

48. Adjustment for non-cash items

	2021	2020
	GH¢'000	GH¢'000
Depreciation and amortization	66,946	61,556
Impairment charge on financial assets	41,781	23,163
Dividend received	-	(186)
(Gain)/loss on disposal of property and equipment	(264)	-
Net interest income	(480,326)	(415,413)
	(371,863)	-330,880

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

48.1 Changes in operating assets and liabilities

	2021	2020
	GH¢'000	GH¢'000
Loans & advances	(420,232)	(445,674)
Other assets	9,490	5,635
Deposits from customers	642,739	890,656
Restricted cash	16,704	(7,537)
Other liabilities	29,942	(4,193)
	278,643	438,887

49. 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.

	2021	2020
	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	-	-
(ii) Default in statutory liquidity	-	-

Other regulatory breaches (including onsite examination)

	2021	2020
	GH¢'000	GH¢'000
(i) Sanctions (GHS'000)	374	24
(ii) Number of breaches	1	2

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

Appendix I

Value Added Statement	2021	2020
	GH¢'000	GH¢'000
Interest earned and other operating income	885,429	769,156
Direct cost of services	(412,736)	(363,804)
Value added by banking services	472,693	405,352
Non-banking income	12,412	10,533
Impairment	(41,781)	(23,163)
Value Added	443,324	392,722
Distributed as follows:		
To employees:		
Directors (without executives)	(1,740)	(1,693)
Executive Directors	1,447	1,454
Other employees	(249,988)	(233,236)
	(250,281)	(233,475)
To Government:		
Income tax	(44,494)	(32,286)
To providers of capital		
Dividends to shareholders	-	-
To expansion and growth:		
Depreciation	(53,477)	(52,577)
Amortization	(13,469)	(8,979)
	(66,946)	(61,556)
Profit for the period	81,602	65,403

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

APPENDIX II

Shareholders' Information - Unaudited

Number of shareholders

The Bank had 446 ordinary shareholders at 31 December 2021 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
31 DECEMBER 2021

20 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
		346,952,253	100.00