OMNIBSIC BANK GHANA LIMITED

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Simeon Patrick Kyei (Chariman) Teresa Effie Cooke Abdulsalam Eltayef Afua Adubea Koranteng Miguel Fiifi R. Brandful Mohamed Khaled Shalbek Mustapha Abuhmaira Daniel Asiedu Philip Oti-Mensah
SECRETARY	Akyaa Afreh Arhin Addo-Kufuor (Esq) 12 Angelica Street, Diamond Hill Gate 1 Regimanuel Estate East Airport Accra, Ghana
INDEPENDENT AUDITOR	PricewaterhouseCoopers PwC Tower A4 Rangoon Lane Cantonments City PMB CT 42, Cantonments Accra, Ghana
REGISTERED OFFICE	Atlantic Towers Airport City Accra, Ghana GPS Address: GL-126-3809

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of OmniBSIC Bank Ghana Limited (the "Bank") for the year ended 31 December 2021.

Statement of directors' responsibilities

The Bank's directors are responsible for the preparation of the financial statements that give a true and fair view of OmniBSIC Bank Ghana Limited's financial position at 31 December 2021, and of the profit or loss and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

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

Going concern

The financial statements of the Bank have been prepared on a going concern basis notwithstanding the loss after tax of GH¢8.99 million for the year ended 31 December 2021 and the capital shortfall of GH¢29.07 million as at the reporting date. The directors are confident that the shareholders will contribute the remaining GH¢127 million to complete the capitalisation plan approved by Bank of Ghana within the next twelve months.

Principal activities

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

Financial results

The financial results of the Bank for the year ended 31 December 2021 are summarised below.

	GH¢'000
Loss after tax (attributable to equity holders)	(8,993)
to which is added the retained earnings deficit brought forward of	(539,416)
of which is transferred from the credit risk reserve	27,427
leaving a deficit to be carried forward on the retained earnings of	(520,982)

REPORT OF THE DIRECTORS (continued)

Dividend

The directors do not recommend dividend for the year ended 31 December 2021.

Directorship

The details of the Bank's directors is shown on page 1. There was no change in directorship during the year.

No director had any interests in the contracts or proposed contracts with the Bank during the year ended 31 December 2021, hence there were no entries recorded in the Interests Register as required by section 194 (6), 195 (1) (a) and 196 of the Companies Act, 2019 (Act 992).

Capacity of directors

The Bank ensures that only fit and proper persons are appointed to the Board after obtaining consent from the Bank of Ghana.

Directors' training

On appointment, directors are provided a formal and tailored programme of induction to familiarise them with the Bank's businesses, the risks and strategic challenges the Bank faces, as well as the economic, competitive, legal and regulatory environment in which the Bank operates.

The Bank implements its policy on training to ensure that all Directors are trained and certified on regulatory policies and directives to ensure that all decisions made by board members are sound and backed by relevant and up-to-date knowledge of regulatory and governance frameworks. Directors' trainings are facilitated by the National Banking College and the Bank of Ghana in line with the Corporate Governance Directive, 2018.

Interest in other body corporates

The Bank had no subsidiaries or associate entities during the year or as at year end.

Corporate social responsibilities

Corporate social responsibility activities can be found at note 33.

Audit fee payable

Professional fees agreed in respect of the audit of the financial statements of the Bank for the year ended 31 December 2021 has been disclosed in note 13 to the financial statements.

Auditor

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

Simeon Patrick Kyei	**Daniel Asiedu**
Chairman	**Managing Director**

CORPORATE GOVERNANCE FRAMEWORK

Corporate governance relates to the systems, rules, processes and laws by which businesses are operated, regulated, directed and controlled with the view of achieving the long term goals of the organisation while maintaining the right balance with stakeholders' interests. The stakeholders comprise both internal and external parties.

Corporate Governance practice at OmniBSIC Bank

The Bank is guided in its Corporate Governance practices mainly by the Bank of Ghana, through the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and Corporate Governance Directive 2018. The Bank's Corporate Governance philosophy encompasses not only regulatory and legal requirements, but also various internal rules, policies, procedures and practices established by the Board and anchored on the best practices of both local and international banks.

Key principles the Bank's Corporate Governance considers critical for the achievement of long term objectives are transparency and accountability, backed by a strong system of internal controls, compliance, risk management and information system capabilities.

Board of Directors

The Bank's Board of Directors constitutes nine (9) members, among whom seven (7) are Non-Executives Directors, including the Chairman, and two (2) Executive Directors namely the Managing Director and Executive Director (Operations and Shared Services)

Board members are made up of high calibre individuals with relevant academic and professional qualifications, as well as vast experience in banking and other related endeavours for the effective discharge of their duties and responsibilities.

The Board approves the strategic plan and annual budget of the Bank through a rigorous review process to ensure that the corporate, functional, and business level strategies are cogent, clear and feasible.

In addition, the Board regularly monitors and evaluates the Bank's performance at a Sub-Committee level and at the main Board to ensure that the strategic goals and objectives of the Bank are achieved.

The Board performs these functions in line with its clearly defined responsibilities of governance, accountability, and business performance.

Role of the Board of Directors

The Board of Directors have oversight responsibility for the long term success of the Bank. They determine the strategic direction of the Bank and ensure that strategies are cascaded through Executive Management to all departments and strategic business units of the Bank for optimal performance. The Board ensures that the Bank's operations fairly combine commercial, risk management and control objectives to ensure that the risk-adjusted return on investment meets regulatory and shareholders' expectations.

The Board exercises its agenda by delegating strategy execution to the Managing Director who works with the Executive Committee (EXCO) to achieve the Bank's objectives.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Appointment of Directors

The members of the Board are appointed in accordance with the provisions of the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Corporate Governance Directive, 2018 and other applicable directives.

Directors' Other Engagements

To ensure that Directors give greater time commitment to their oversight function of the Bank, the Board ensures that members' other directorship roles in other companies are few and limited in line with the Corporate Governance Directive issued by the Bank of Ghana.

Profile of Directors

Non-executive	Position	Outside Board and Management Affiliation
Simeon Patrick Kyei	Chairman	None
Afua Adubea Koranteng	Member	Koranteng & Koranteng Legal Advisors Cedon Farms Limited Summit Industries Limited Okuapeman Senior High School
Teresa Effie Cooke	Member	Top Planners Construction
Mohammed Khaled Shalbek	Member	Banque Sahelo-Saharienne pour l'Investissement et le Commerce
Miguel Ribeiro Fiifi Brandful	Member	Feranaef Limited
Abdusalam El Tayef	Member	None
Mustapha Ali Abuhmaira	Member	None
Executive		
Daniel Asiedu	Managing Director	Al Energy Petroleum Limited CTT Consult Limited G4S (Ghana) Limited Jospong Group Limited
Philip Oti-Mensah	Executive Director	Aqua Safari Resort Limited Chamber of Small and Medium Enterprises Ghana (LBG) Ekofin Consult Limited Icon Hostels Company Limited

CORPORATE GOVERNANCE FRAMEWORK (continued)

Separation of Chairman and Managing Director roles

In accordance with the Corporate Governance Directive, 2018, the Bank maintains a clear separation between the Board Chairman and the Managing Director roles. There are clear and defined roles and responsibilities of the Chairman and the Managing Director.

Meetings of the Board of Directors

The Board meets quarterly but may hold extraordinary sessions as the business of the Bank demands.

During 2021, 4 Board meetings were held and the meeting attendance register is as follows:

Director	Status	Meetings held	Meetings attended
Simeon Patrick Kyei	Chairman	4	4
Daniel Asiedu	Managing Director	4	4
Philip Oti-Mensah	Executive Director	4	4
Afua Adubea Koranteng	Member	4	4
Teresa Effie Cooke	Member	4	4
Mohammed Khaled Shalbek	Member	4	4
Miguel Ribeiro Fiifi Brandful	Member	4	4
Abdusalam El Tayef	Member	4	2
Mustapha Ali Abuhmaira	Member	4	-

Conflicts of interest

The Bank maintains a conflict of interest policy which seeks to protect the interest of the Bank, promote honest and ethical conduct, as well as provide the guidelines and procedures for handling conflict of interest situations. The Board maintains an up-to-date register for documenting and managing conflict of interest situations where members declare matters that are potential sources of conflict of interest. During the year, no such conflicts arose.

External evaluation of the Board

The Board's effectiveness is evaluated by the quality of its annual plan, meetings, information design, policy direction, performance monitoring, risk management and controls, as well as governance structures. The 2021 external evaluation of the Board is ongoing.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Board Committees

The Board of Directors executes its functions through various committees which have been set up in accordance with statutory requirements. Each committee has well defined Terms of Reference to guide their functions. The committees consider only matters that fall within their purview to avoid decision overlaps. The committees of the Board meet each quarter but may hold extraordinary meetings to address urgent issues that may arise.

The Board has the following five (5) committees:

- Audit Committee
- Risk Committee
- HR, Ethics & Compliance Committee
- Credit Committee
- Finance, Operations and ICT Committee

Audit Committee

In accordance with Section 56 of the Bank's and Specialised Deposit-Taking Institution Act 2016(Act 930), an Audit committee comprising members of the Board and Chaired by an Independent Director, has been established. The Audit Committee assist the Board in fulfilling its oversight responsibility of assurance that policies, processes, systems and structures are in place in line with best practice and are working well at all levels of the Bank.

The purpose of the Audit Committee is to:

- Assist the Board in its oversight of the Bank's internal and external audit functions.
- Advise the Board on the integrity of the Bank's financial reporting, including supporting the Board in meeting its responsibilities regarding financial statements.
- Monitor, on behalf of the Board, the effectiveness and objectivity of internal and external auditors;
- Provide inputs to the Board in its assessment of enterprise risk and determination of risk appetite as part of the overall Risk Management Strategy;
- Assist the Board in its oversight of the risk management framework and governance.

The composition and meeting attendance of the Audit Committee during the year is outlined below.

Director	Role	Year appointed	Meetings held	Meetings attended
Abdusalam El Tayef	Chairperson	2021	4	1
Miguel Ribeiro Fiifi Brandful	Member	2021	4	4
*Afua Adubea Koranteng	Member	2021	4	1
**Daniel Asiedu	Member	2021	4	3

*Afua Adubea Koranteng was appointed as a member of the Committee in November 2021.

**Daniel Asiedu ceased to be a member of the Committee when he was appointed as the Managing Director.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Risk Committee

The purpose of the Risk Committee is to assist the Board of Directors to define the Bank's risk appetite and overall Risk Management Strategy. The committee ensures that senior management and all departments of the Bank are answerable to the Board for risk exposures across the Bank.

The role of the Committee includes:

- Oversight of the Bank's risk management framework, including the policies and procedures used in managing credit, market, operational and other risks
- Oversight of the Bank's policies and procedures relating to risk management.
- Oversight of the performance of the credit review function of the Bank.
- Oversight of the operational risk function of the Bank

The composition and meeting attendance of the Risk Committee during the year is outlined below.

Director	Role	Year appointed	Meetings held	Meetings attended
Teresa Effie Cooke	Chairperson	2021	4	4
Afua Adubea Koranteng	Member	2021	4	4
Mahamed Khaleb Shalbek	Member	2021	4	4
Daniel Asiedu	Member	2021	4	4

Human Resource (HR), Ethics & Compliance Committee

The purpose of the Human Resource (HR), Ethics & Compliance Committee is to assist the Board to fulfil its oversight responsibility over Human Resource, Ethics and Compliance of the Bank. The Committee is expected to work on specific tasks assigned by the Board as well as other relevant tasks and projects to ensure that the strategic objectives of the Bank in relation to Human Resources, Ethics and Compliance are met.

The Committee's responsibilities are as follows:

- Recommend the approval of the Organisational Structure of the Bank and the annual man power plan.
- Discharge the responsibility of the Board relating to compensation for Executive Director, Deputy Managing Director and the Managing Director.
- Oversee the design and operation of a compensation system which is consistent with the culture and Strategy of the Bank.
- Evaluate and recommend to the Board for approval, the compensation for Board members.
- Evaluate or coordinate the evaluation of the Managing Director as well as that of the Executive Director and the Deputy Managing Director.
- Review Executive Management succession plans and make recommendations to the Board.
- Recommend the approve of disengagement (resignation, retirement, termination, dismissal, redundancy and invalidation on medical grounds) of the Managing Director, Executive Director and the Deputy Managing Director of the Bank.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Human Resource (HR), Ethics & Compliance Committee (continued)

The composition and meeting attendance of the Human Resource (HR), Ethics & Compliance Committee during the year is outlined below.

Director	Role	Year appointed	Meetings held	Meetings attended
Afua Adubea Koranteng	Chairperson	2021	4	4
Mustapha Abuhmaira	Member	2021	4	-
Teresa Effie Cooke	Member	2021	4	4
*Philip Oti-Mensah	Member	2021	4	2

*Philip Oti-Mensah was appointed as a member of the Committee in August 2021.

Credit Committee

The Credit Committee is responsible for oversight of the credit risk. The primary responsibilities of the Committee are to:

- Review and approve the Credit Policy and Procedure manual.
- Review and discuss any significant internal audit findings related to the Credit function.
- Review and evaluate the adequacy of the work performed by the Heads of Credit and ensure that they are independent and have adequate resources to perform their duties.
- The Credit Committee is responsible for approving credit facilities of the Bank.
- Review the provisioning methodology for credit losses and adequacy of the Bank's provisions for credit losses.
- Approve credit exposures in line with the credit approval limits approved by the Board
- Review and recommend write off for Board and Regulatory approval.

The composition and meeting attendance of the Credit Committee during the year is outlined below.

Director	Role	Year appointed	Meetings held	Meetings attended
Miguel Fiifi R. Brandful	Chairperson	2021	4	4
Mohamed Khaleb Shalbek	Member	2021	4	3
Philip Oti-Mensah	Member	2021	4	4

CORPORATE GOVERNANCE FRAMEWORK (continued)

Finance, Operations and ICT Committee

The purpose of the Committee is to assist the board to discharge its obligations in connection with issues relating to the Bank's Domestic and Foreign Operations, Information and Communication Technology, Cyber and Information Security, Financial Performance, Service Quality and E-Banking.

The role of the Committee is to:

- Review the annual budget and recommend same for the Board's approval.
- Assess and review the financial performance of the Bank.
- Assess and review the business and operational performance of the Bank.
- Assess and review other factors that may affect the performance of the Bank.
- Provide overview and scrutiny in other areas of financial and operational performance referred to the committee by the Board.
- Assess and review Information and Technology (IT) matters and their impact on the Bank.
- Assess and review Cyber Security matters and its impact on the Bank.
- Annual review of the medium to long term strategies of the Bank, their implementation and outcome.
- Consider and refer any issues of concern to the Board.
- Undertake any other responsibilities delegated by the Board.

The composition and meeting attendance of the Finance, Operations and ICT Committee during the year is outlined below.

Director	Role	Year appointed	Meetings held	Meetings attended
Mohamed Khaleb Shalbek	Chairperson	2021	4	4
Simeon Patrick Kyei	Member	2021	4	4
Miguel Fiifi R. Brandful	Member	2021	4	4
Daniel Asiedu	Member	2021	4	4
Philip Oti-Mensah	Member	2021	4	4

Benefits provided to directors

The benefits provided to directors are outlined in note 35.

Annual certification

The Bank has completed the 2021 Annual Governance Certification required by the Bank of Ghana's Corporate Governance Directive. The Board has independently assessed the corporate governance process of the Bank and certify that, it is effective and has largely achieved its objectives. The purpose of the certification is to ensure that, directors understand the requirements of the corporate governance directive and are aware of their responsibilities for the overall governance of the Bank.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Role of the Managing Director

The Managing Director, being the Head of the Management team, is accountable to the Board and its Committees. He manages the bank in accordance with the prescribed policies, principles and strategic direction established by the Board, as well as rules, regulations, and guidelines from the Bank of Ghana and other regulatory authorities.

Responsibilities of the Managing Director

The main responsibilities and authorities of the MD are outlined below:

- Business development, operational efficiency, risk management and for institutionalising the right control systems, to achieve sustainable profitability in line with the Bank's short-, medium- and long-term goals and objectives.
- Ensuring that the Bank's brand and reputation are positive at all times and maintaining maximum compliance with all Board directives, policies and regulatory requirements.
- Ensuring that employees of the Bank are capable and committed to deliver value for the Bank and also creating an environment of continuous learning and capacity building to meet current and future requirements of best practice in banking.

Annual evaluation of the Managing Director by the Board.

The Board of Directors in line with the Bank's mission and vision, define the roles and responsibilities of the Managing Director and the Executive Director. The Managing Director and the Executive Director are evaluated by the Board on the basis of goals set for the Bank at the beginning of each year. The annual financial budget and other job objectives are discussed, reviewed and finalised by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

Evaluation based on financial performance

Financial performance evaluation focuses on balance sheet growth and profitability of the Bank. In addition to growth and profitability objectives, the Board sets portfolio quality (NPL) as well as efficiency targets in line with regulatory prudential ratios and internal policies.

Evaluation based on non-financial goals

The Managing Director is also evaluated on an ongoing basis based on non-financial goals which include but not limited to customer confidence (as reflected through continuous business growth), employee engagements, relationship of the Bank with regulators and the general stakeholder confidence.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Management Committees

The Bank has in place, other Management Committees to assist the Managing Director in the day to day running of the bank.

Executive Committee (EXCO)

The Executive Committee is chaired by the Managing Director; other members are Executive Director, Deputy Managing Director, Head of Finance and Strategic Planning Department, Chief Risk Officer, Head of Operations Department, Head of Credit Department, Head of Human Capital Management Department, Head of Legal and Recoveries Department, Head of Corporate Banking Department. The Committee meets weekly.

The role of the Committee includes:

- Develop and implement the strategies and policies of the Bank.
- Manage the day-to-day business affairs of the Bank
- Prioritise and allocate the Bank's capital, technical and human resources.
- Establish best management practices and functional standards.
- Maintain a Bank-wide system of internal control to manage all Enterprise risks.
- Maintain a Bank-wide legal compliance structure.
- Ensure the overall Functional and Business performance of the Bank are in line with the approve Strategy.

Assets and Liability Committee (ALCO)

The Assets and Liability Committee is chaired by the Managing Director. Other members are Executive Director, Deputy Managing Director, Head of Treasury Department, Head of Finance and Strategic Planning Department, Chief Risk Officer, Head of Operations Department, Head of Credit Department and Heads of the Strategic Business Units (SBU's). The Committee meets weekly.

The role of the Committee includes:

- Review of the Bank's Assets and Liabilities to ensure proper matching of duration and margins.
- Liquidity Management.
- Review of key economic indicators and the impact on the Bank's Balance Sheet and profitability.
- Review cost of funds and other key ratios in relation to market developments and internal targets.

Management Committee

The Management Committee is chaired by the Managing Director; other members are Executive Director, Deputy Managing Director, Head of Treasury Department, Head of Finance & Strategic Planning Department, Chief Risk Officer, Head of Operations Department, Head of Credit Department, Head of Human Management Capital Department, Head of Compliance & AMLRO/CFT Department, Head of Legal and Recoveries Department, Head of Information Technology Department, Head information and Cyber Security Department, Head of Service Quality Department, Heads of the Strategic Business Units, Head of Internal Control and Due Diligence Department, Head Corporate Communications Department, Head of Facility Department, and Head of Administration Department.

CORPORATE GOVERNANCE FRAMEWORK (continued)

Management Committee (continued)

The Committee meets weekly.

The responsibilities of the Committee are to:

- Ensure information flows and cohesion among executive committee members and other heads of department /SBU's.
- Share information, educate and keep departments and unit heads fully informed about developments within the Bank.
- Follow up on projects and business performance of departments and unit heads.
- Provide support to managers and engender interdepartmental cooperation.

Systems of Internal Control

The Bank has well-established internal control systems for identifying, managing and monitoring risks. These are designed to provide reasonable assurance of effectiveness of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Internal Control and Audit functions of the Bank play key roles in providing objective view and continuing assessment of the effectiveness and efficiency of the internal control systems. The systems of internal control are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined.

Code of Business Ethics

Management has communicated the principles in the Bank's Code of Conduct to its employees in the discharge of their duties.

The Code defines the professionalism and integrity required for operations and covers compliance with the law, conflict of interest, environmental issues, reliability of financial reporting, and strict adherence to the principles so as to eliminate the possibility for illegal and unethical practices.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OMNIBSIC BANK GHANA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of OmniBSIC Bank Ghana Limited for the year ended 31 December 2021.

The financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Emphasis of matter

We draw attention to note 2.1.1 to these financial statements, which indicates that the Bank incurred a net loss of GH¢8.99 million for the year ended 31 December 2021 and as at that date, the Bank had a capital shortfall of GH¢29.07 million. The directors are confident that they will be able to complete the approved capitalisation plan within the next twelve months. Our opinion is not modified in respect of this matter.

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 Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Emphasis of Matter section, we have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment allowance on loans and advances to customers
The expected credit loss in respect of loans and advances to customers of the Bank at 31 December 2021 are as follows;
<table>
<tr><th>Financial assets measured at amortised cost</th><th>Gross amount</th><th>Expected Credit Loss</th></tr>
<tr><td></td><td>GH¢'000</td><td>GH¢'000</td></tr>
<tr><td>Loans and advances to customers</td><td>485,905</td><td>(103,088)</td></tr>
</table>
We have focused on the following significant judgements and estimates:

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

Given the subjectivity and reliance on estimates and judgements inherent in the determination of the impairment of financial assets, we determined that this was a matter of most significance in our audit.
Notes 2.9, 3.2, 5 and 16 in the financial statements set out the accounting policies, critical estimates and related judgements used in the calculation of ECL.
</td><td>
We obtained an understanding of controls over the origination, monitoring and impairment process.
We assessed the criteria applied by management in determining significant increase in credit risk and assessed a sample of loans for SICR.
We tested the appropriateness of the definition of default and credit impaired assets.
We assessed the reasonableness of assumptions applied in determining the PD and LGD.
We checked that the projected EAD over the remaining lifetime of financial assets were reasonable.
We assessed the reasonableness of forward-looking information used in the impairment calculations.
We reperformed the calculation of ECL to check consistency with the adopted ECL model and compliance with IFRS 9 requirements.
We tested the appropriateness of disclosures set out in the financial statements.
</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Framework, Shareholders' Information and the Value Added Statement but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

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

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

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

With respect to the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and the Regulations made under these enactments, we did not identify any instances of non-compliance based on procedures we performed.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2022/028)

Chartered Accountants

Accra, Ghana

30 March 2022

pwc

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in thousands of Ghana cedis)

		Year ended 31 December	
	Note	**2021**	2020
Interest income	6	**175,215**	96,749
Interest expense	6	**(122,646)**	(77,364)
Net interest income		**52,569**	19,385
Fee and commission income	7	**15,762**	21,223
Fee and commission expense	7	**(3,684)**	(656)
Net fee and commission income		**12,078**	20,567
Net trading income	8	**4,786**	1,600
Other income	9	**1,633**	19,114
Operating income		**71,066**	60,666
Net impairment release	10	**33,150**	16,500
Personnel expenses	11	**(43,194)**	(48,534)
Depreciation and amortisation expense	12	**(18,026)**	(18,454)
Other operating expenses	13	**(51,989)**	(60,742)
Loss before tax		**(8,993)**	(50,564)
Income tax expense	14	**-**	(1,086)
Loss after tax		**(8,993)**	(51,650)
Other comprehensive income		**-**	-
Total comprehensive income		**(8,993)**	(51,650)
Earnings per share (pesewas) – basic	31	**(1.79)**	(4.43)
Earnings per share (pesewas) – diluted	31	**(1.79)**	(4.43)

The notes on pages 23 to 88 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands of Ghana cedis)

		As at 31 December	
Assets	Note	**2021**	2020
Cash and balances with banks	15	**349,331**	256,111
Loans and advances to customers	16	**382,817**	314,210
Investments	17	**1,040,801**	613,618
Other assets	18	**47,748**	49,303
Current tax assets	14	**5,737**	5,737
Non-current assets held for sale	19	**15,987**	6,626
Right-of-use assets	20	**69,630**	78,111
Intangible assets	21	**10,431**	1,321
Property and equipment	22	**63,640**	61,978
Total assets		**1,986,122**	1,387,015
Liabilities			
Deposits from banks and other financial institutions	23	**70,488**	105,865
Deposits from customers	24	**1,448,616**	1,081,000
Other liabilities	25	**14,409**	12,921
Lease liabilities	20	**81,683**	82,310
Total liabilities		**1,615,196**	1,282,096
Shareholders' funds			
Stated capital	26	**694,948**	479,948
Contribution towards capital	27	**100,000**	40,000
Statutory reserve	28	**3,893**	3,893
Credit risk reserve	29	**93,067**	120,494
Retained earnings – (deficit)	30	**(520,982)**	(539,416)
Total shareholders' funds		**370,926**	104,919
Total liabilities and shareholders' funds		**1,986,122**	1,387,015

The notes on pages 23 to 88 are an integral part of these financial statements.

The financial statements on pages 18 to 88 were approved by the Board of Directors on 24 March 2022 and signed on its behalf by:

Simeon Patrick Kyei
Chairman

Daniel Asiedu
Managing Director

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2021	Stated capital	Contribution towards capital	Statutory reserve	Credit risk reserve	Retained earnings (deficit)	Total
At 1 January 2021	479,948	40,000	3,893	120,494	(539,416)	**104,919**
Loss for the year	-	-	-	-	(8,993)	**(8,993)**
Other comprehensive income, net of tax	-	-	-	-	-	**-**
Total comprehensive income	-	-	-	-	(8,993)	**(8,993)**
Transactions with shareholders						
Contributions towards capital	-	276,075	-	-	-	**276,075**
Issue of shares	216,075	(216,075)	-	-	-	-
Transaction cost	(1,075)	-	-	-	-	**(1,075)**
	215,000	60,000	-	-	-	**275,000**
Regulatory transfers						
Transfer from credit risk reserve	-	-	-	(27,427)	27,427	-
	-	-	-	(27,427)	27,427	-
At 31 December 2021	**694,948**	**100,000**	**3,893**	**93,067**	**(520,982)**	**370,926**

The notes on page 23 to 88 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
(All amounts are in thousands of Ghana cedis)

Year ended 31 December 2020	Stated capital	Contribution towards capital	Statutory reserve	Credit risk reserve	Retained earnings (deficit)	Total
At 1 January 2020	349,948	-	3,893	187,947	(555,219)	(13,431)
Loss for the year	-	-	-	-	(51,650)	(51,650)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(51,650)	(51,650)
Transactions with shareholders						
Contributions towards capital	-	170,000	-	-	-	170,000
Issue of shares	130,000	(130,000)	-	-	-	-
	130,000	40,000	-	-	-	170,000
Regulatory transfers						
Transfer from credit risk reserve	-	-	-	(67,453)	67,453	-
	-	-	-	(67,453)	67,453	-
At 31 December 2020	479,948	40,000	3,893	120,494	(539,416)	104,919

The notes on page 23 to 88 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
(All amounts are in thousands of Ghana cedis)

	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Cash used in operations	32	**(195,008)**	(175,202)
Tax paid	14	**-**	(2,040)
Net cash used in operating activities		**(195,008)**	(177,242)
Cash flows from investing activities			
Purchase of intangible assets	21	**(110)**	(704)
Purchase of property and equipment	22	**(19,872)**	(5,041)
Proceeds from disposal of property and equipment	22	**264**	200
Net cash used in investing activities		**(19,718)**	(5,545)
Cash flows from financing activities			
Finance lease payments	20	**(6,863)**	(3,805)
Proceeds from issue of ordinary share capital	26	**215,000**	120,000
Proceeds from issue of preference shares	26	**-**	10,000
Contribution towards capital	27	**60,000**	40,000
Net cash from financing activities		**268,137**	166,195
Increase/(decrease) in cash and cash equivalents		**53,411**	(16,592)
Analysis of changes in cash and cash equivalents			
Cash and cash equivalents at 1 January	15	**181,054**	197,646
Increase/(decrease) in cash and cash equivalents		**53,411**	(16,592)
Cash and cash equivalents at 31 December	15	**234,465**	181,054

The accompanying notes on pages 23 to 88 are an integral part of these financial statements.

NOTES

1. Reporting entity

OmniBSIC Bank Ghana Limited is a limited liability company incorporated and domiciled in Ghana. The registered office is Atlantic Towers, Airport City, Accra. The Bank operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

The disclosures on risks from financial instruments are presented in the financial risk management section in note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

2.1.1 Going concern basis of accounting

The financial statements of the Bank have been prepared on a going concern basis notwithstanding the loss after tax of GH¢8.99 million for the year ended 31 December 2021 and the capital shortfall of GH¢29 million as at the reporting date. The directors are confident that the shareholders will contribute the remaining GH¢127 million to complete the capitalisation plan approved by Bank of Ghana within the next twelve months.

2.2 Changes in accounting policies and disclosures

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

The Bank considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2021. The nature and the impact of each new standards and amendments are described below.

(i) Covid-19-related Rent Concessions – Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

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

(i) Covid-19-related Rent Concessions – Amendments to IFRS 16 (continued)

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022.

If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so.

The amendment did not have an impact on the results or financial position of the Bank for the year ended 31 December 2021.

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

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition.

Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

The amendment did not have any material impact on the results or financial position of the Bank for the year ended 31 December 2021.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(i) Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for annual reporting periods beginning on or after 1 January 2022

(ii) Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

This amendment is effective for annual reporting periods beginning on or after 1 January 2022

(iii) Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

This amendment is effective for annual reporting periods beginning on or after 1 January 2022

(iv) Annual Improvements to IFRS Standards 2018 – 2020

The following improvements were finalised in May 2020:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 Leases – the amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretations not yet adopted (continued)

(iv) Annual Improvements to IFRS Standards 2018 – 2020 (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

These amendments and clarifications are effective for reporting periods beginning on or after 1 January 2022.

(v) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

This amendment is effective for annual reporting periods beginning on or after 1 January 2023

(vi) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that
immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This amendment is effective for annual reporting periods beginning on or after 1 January 2023

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) New standards, amendments and interpretations not yet adopted (continued)

(vii) Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

This amendment is effective for annual reporting periods beginning on or after 1 January 2023

(viii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

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

This amendment is effective for annual reporting periods beginning on or after 1 January 2023.

(ix) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. The Bank of Ghana interbank exchange rates are used to translate foreign currency items into the functional currency.

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

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.4 Interest income and expense

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

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

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

2.5 Fee and commission income

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

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

2.6 Fee and commission expense

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Net trading income

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

2.8 Dividend income

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

2.9 Financial assets and liabilities

2.9.1 Measurement methods

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

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

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences are deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Financial assets

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(i) Financial assets (continued)

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

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

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other operating income'. interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(i) Financial assets (continued)

Debt instruments (continued)

Other factors considered in the determination of the business model include:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

The Bank may decide to sell financial instruments held under the hold to collect category with the objective to collect contractual cash flows without necessarily changing its business model.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(i) Financial assets (continued)

Equity instruments

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

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

Impairment of financial assets

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

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

Modification of loans

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(i) Financial assets (continued)

Modification of loans (continued)

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de-recognition.

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

Derecognition other than on a modification

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.1 Measurement methods (continued)

(i) Financial assets (continued)

Financial guarantees contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

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

(ii) Financial liabilities

Classification

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Measurement

The 'amortised cost' of a financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Derecognition

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.2 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 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 at 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 at 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 that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.3 Reclassification of financial assets

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

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

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to hold to collect categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

2.9.4 Impairment of financial assets

The Bank records an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with lease receivables loan commitments and financial guarantee contracts. No impairment loss is recognised on equity investments.

The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL. The Bank generally considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets and liabilities (continued)

2.9.5 Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

2.10 Collaterals

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

2.11 Leases

The Bank leases several properties. Rental contracts are typically made for fixed periods of up to five years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Leases (continued)

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

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

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

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

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

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

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

Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value leases comprise residential premises for management.

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Income tax

Current income tax

Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

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

- where deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in the statement of changes in equity and not in the statement of comprehensive income.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date 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.

2.14 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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.

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.

Subsequent costs

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.14 Property and equipment (continued)

Depreciation

Land is not depreciated. Depreciation is recognised in profit or loss on a straight line basis to write off the gross value less residual amounts over their estimated useful lives. The estimated useful lives for the current and comparative periods are:

Leasehold land and buildings	30 - 50 years
Furniture, fittings and equipment	5 years
Computers and accessories	4 years
Motor vehicles	4 - 5 years

Capital work in progress

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate class of property and equipment when commissioned and ready for its intended use.

Derecognition

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Bank from either their use or disposal. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised directly in profit or loss.

2.15 Intangible assets

Computer software

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

2.16 Non-current assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property and equipment are no longer amortised or depreciated.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.17 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred income 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. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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, and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.18 Deposits and borrowings

Deposits from customers and borrowings from other banks are the Bank's sources of debt funding. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.19 Employee benefits

Defined contribution plans

The Bank operates a defined contribution plan. The Bank and its employees contribute to a defined contribution pension scheme. The Bank pays contributions on a mandatory basis and has no further payment obligations on the contributions to be made. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Short-term benefits

Short-term employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.19 Employee benefits (continued)

Short-term benefits (continued)

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

Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.20 Provisions and contingent liabilities

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. The unwinding of the discount due to the passage of time should be included as part of interest expense in profit or loss.

Contingent liabilities

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.21 Stated capital

Ordinary shares

Ordinary shares are classified as equity and presented as stated capital. All shares are issued at no par value. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period.

2.22 Earnings per share

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

2.23 Post balance sheet events

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

3. Financial risk management

The Bank's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. Under this framework, the Board has established separate independent bodies responsible for managing and monitoring risks. These include, Board sub-committees, Management Credit Committee (MCC), Risk Management Department, and the Asset and Liability Management Committee (ALCO) which are responsible for developing and monitoring the Bank's risk management policies in their specified areas. All committees report regularly to the Board of Directors on their activities.

NOTES (continued)

3. Financial risk management (continued)

The Bank's risk management policies are established to analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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 risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk and market risk.

3.1 Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from debt securities credit enhancements, financial guarantees, letters of credit, endorsements and acceptances.

Credit risk is the single largest risk for the Bank's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team headed by the Chief Risk Officer, who reports to the Board of Directors.

3.1.1 Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Lending limits are reviewed in response to changing market and economic conditions and assessments of probability of default.

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

Collaterals

The principal collateral types for loans and advances are:

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

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument.

NOTES (continued)

3. Financial risk management (continued)

3.1 Credit risk management (continued)

3.1.1 Risk limit control and mitigation policies (continued)

Collaterals (continued)

The Bank closely monitors collateral held for financial assets considered to be credit impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

Impairment and provisioning policies

A provision for expected credit losses is established for all financial assets, except for financial assets classified or designated as FVPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans and advances to customers, non-trading debt securities and other financial assets. These are carried at amortised cost and presented net of the provision for expected credit losses on the consolidated and separate statements of financial position.

Off-balance sheet items subject to impairment assessment include financial guarantees, letters of credit and undrawn loan commitments. The provision for expected credit losses for off-balance sheet products subject to impairment assessment is separately calculated and recognised as provisions in other liabilities.

The Bank measures the provision for expected credit losses at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition.

Write-off policy

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

3.2 Expected credit loss measurement

Expected credit loss impairment model

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

NOTES (continued)

3. Financial risk management (continued)

Credit risk management (continued)

3.2 Expected credit loss measurement

Expected credit loss impairment model

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

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

(i) Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

(ii) Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

(iii) Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

(i) Measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

(ii) Measurement

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

(iii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

(iv) Credit-impaired financial assets

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

Quantitative criteria

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

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

Qualitative criteria

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

(v) Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:

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

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

(vi) Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(vii) Explanation of inputs, assumptions and estimation techniques: Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD)

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. This 12M PD is used to calculate 12-month ECLs. The Lifetime PD is used to calculate lifetime ECLs for stage 2 and 3 exposures.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e.: the exposure has not prepaid or defaulted in an earlier month). The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

(v) Explanation of inputs, assumptions and estimation techniques: Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) (continued)

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

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

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a semi-annual basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(vi) Significant Increase in Credit Risk (SICR)

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

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

(vii) Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

The forward-looking economic information affecting the ECL model are as follows:

- GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.
- Consumer price index (CPI) – CPI is used due to its influence on monetary policy and on interest rates. Interest rate has an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next three quarters.

(viii) Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2021 are set out below.

Scenario	**Weight**	**GDP growth**	**Consumer Price Index**
	%	**%**	**%**
Base case	40%	5	12.6
GDP up; CPI up	10%	6	17.3
GDP down; CPI down	10%	4	7.9
GDP up; CPI down	8%	6	7.9
GDP down; CPI up	32%	4	17.3

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

3.2.1 Maximum exposure to credit risk before collateral held

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

	2021	2020
	GH¢'000	GH¢'000
On-balance sheet financial assets subject to impairment		
Balances with banks	**310,853**	214,047
Loans and advances to customers	**382,817**	314,210
Non-trading assets	**1,040,801**	613,618
Other financial assets	**43,636**	41,216
	1,778,107	1,183,091
Off-balance sheet financial assets subject to impairment		
Letters of credit	**745**	33,322
Guarantees	**128,473**	18,898
	129,218	52,220

NOTES (continued)

3. Financial risk management (continued)

Expected credit loss measurement (continued)

3.2.2 Credit quality analysed by class of financial instrument

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

- Stage 1 – At initial recognition and no significant increase in credit risk after initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

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

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December 2021				
Balances with banks	310,853	-	-	310,853
Loans and advances to customers	229,872	5,759	250,274	485,905
Non-trading assets	905,641	-	143,289	1,048,930
Other financial assets	43,636	-	6,727	50,363
Gross carrying amount	1,490,002	5,759	400,290	1,896,051
Expected credit loss	(977)	(1,254)	(115,713)	(117,944)
Carrying amount	1,489,025	4,505	284,577	1,778,107
Off-balance sheet exposures				
Letters of credit	745	-	-	745
Guarantees	128,473	-	-	128,473
Gross carrying amount	129,218	-	-	129,218
Expected credit loss on off-balance sheet exposures	(336)	-	-	(336)

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

3.2.2 Credit quality analysed by class of financial instrument (continued)

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December 2020				
Balances with banks	214,047	-	-	214,047
Loans and advances to customers	97,529	11,060	325,338	433,927
Non-trading assets	530,912	-	146,390	677,302
Other financial assets	41,216	-	6,727	47,943
Gross carrying amount	883,704	11,060	478,455	1,373,219
Expected credit loss	(2,199)	(228)	(187,701)	(190,128)
Carrying amount	881,505	10,832	290,754	1,183,091
Off-balance sheet exposures				
Letters of credit	33,322	-	-	33,322
Guarantees	13,753	-	5,145	18,898
Gross carrying amount	47,075	-	5,145	52,220
Expected credit loss on off-balance sheet exposures	(77)	-	-	(77)

The table below shows the analysis of the credit quality of loans and advances and allowance for impairment losses held by the Bank.

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
At 31 December 2021				
Overdrafts	**83,718**	**64,911**	**60,924**	**209,553**
Term loans	**142,415**	**28,138**	**105,799**	**276,352**
Gross carrying amount	**226,133**	**93,049**	**166,723**	**485,905**
Expected credit loss	**(977)**	**(1,254)**	**(100,857)**	**(103,088)**
Carrying amount	**225,156**	**91,795**	**65,866**	**382,817**

NOTES (continued)

3. Financial risk management (continued)

3.2 Expected credit loss measurement (continued)

3.2.2 Credit quality analysed by class of financial instrument (continued)

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December 2020				
Overdrafts	28,954	500	63,147	92,601
Term loans	78,123	10,562	252,641	341,326
Gross carrying amount	107,077	11,062	315,788	433,927
Expected credit loss	(2,199)	(228)	(117,290)	(119,717)
	104,878	10,834	198,498	314,210

3.2.3 Collaterals and other credit enhancements

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior year.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

3.2.4 Repossessed collateral

The type and carrying amount of collateral that the Bank has taken possession of in the period are measured at the lower of its carrying amount and fair value less costs to sell. The details of repossessed collateral held by the Bank as at the reporting date was as follows:

	2021	2020
	GH¢'000	GH¢'000
Commercial properties	**15,987**	6,626

NOTES (continued)

3. Financial risk management (continued)

3.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset when they fall due.

3.3.1 Management of liquidity risk

The Bank maintains a portfolio of 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 in order to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments when they fall due.

The Bank's treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Sources of liquidity are regularly reviewed by the Treasury Department to maintain a wide diversification by currency, provider, product and term.

Liquidity policies and procedures are subject to review and approval by ALCO.

NOTES (continued)

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

3.3.2 Exposure to liquidity risk

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

	Up to 3 months	3 to 12 months	Over 1 year	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December 2021				
Deposits from banks and other financial institutions	**70,488**	-	-	**70,488**
Customer deposits	**942,508**	**411,458**	**176,645**	**1,530,611**
Other financial liabilities	**13,658**	-	-	**13,658**
Lease liabilities	-	-	**87,401**	**87,401**
	1,026,654	**411,458**	**264,046**	**1,702,158**
Cash and balances with banks	**349,331**	-	-	**349,331**
Loans and advances to customers	**81,693**	**50,006**	**251,118**	**382,817**
Non-trading assets	**902**	**277,177**	**762,722**	**1,040,801**
Other financial assets	**43,636**	-	-	**43,636**
	475,562	**327,183**	**1,013,840**	**1,816,585**
Liquidity gap	**(551,092)**	**(84,275)**	**749,794**	**114,427**
At 31 December 2020				
Deposits from banks and other financial institutions	105,865	-	-	105,865
Customer deposits	414,553	260,689	421,306	1,096,548
Other liabilities	12,844	-	-	12,844
Lease liabilities	9,054	4,116	86,425	99,595
	542,316	264,805	507,731	1,314,852
Cash and balances with banks	256,111	-	-	256,111
Loans and advances to customers	237,532	39,921	36,757	314,210
Non-trading assets	150,058	463,560	-	613,618
Other financial assets	41,216	-	-	41,216
	684,917	503,481	36,757	1,225,155
Liquidity gap	142,601	238,676	(470,974)	(89,697)

NOTES (continued)

3. Financial risk management (continued)

3.4 Market risk

Market risk is the risk of loss arising from adverse changes in market conditions (interest rates, exchange rates and equity prices) during the year. Positions that expose the Bank to market risk can be trading or non-trading related. Trading risk comprises positions that the Bank holds as part of its trading or market-making activities, whereas non-trading risk includes discretionary positions that the Bank undertake for liquidity.

3.4.1 Risk identification

Overall responsibility for management of market risk rests with Assets and Liability Committee (ALCO). The Risk Department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day-to-day implementation of those policies. The Board Sub-Committee on Risk Management has oversight responsibility for market risk management.

3.4.2 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

(i) Differences between the timing of market interest rate changes and the timing of cash flows (repricing risk);

(ii) Changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and

(iii) Changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar repricing characteristics (basis risk).

NOTES (continued)

3. Financial risk management (continued)

3.4 Market risk (continued)

3.4.2 Interest rate risk (continued)

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

	Up to 3 months GH¢'000	3 to 12 months GH¢'000	Over 1 year GH¢'000	Non-interest bearing GH¢'000	Total GH¢'000
At 31 December 2021					
Balances with banks	**191,414**	**-**	**-**	**157,917**	**349,331**
Loans and advances	**235,632**	**37,438**	**109,747**	**-**	**382,817**
Non-trading assets	**145,899**	**894,902**	**-**	**-**	**1,040,801**
Other financial assets	**-**	**-**	**-**	**43,636**	**43,636**
	572,945	**932,340**	**109,747**	**201,553**	**1,816,585**
Deposits from banks and other financial institutions	**70,488**	**-**	**-**	**-**	**70,488**
Customer deposits	**1,161,229**	**287,387**			**1,448,616**
Other liabilities	**-**	**-**	**-**	**13,658**	**13,658**
Lease liabilities	**733**	**609**	**80,341**	**-**	**81,683**
	1,232,450	**287,996**	**80,341**	**13,658**	**1,614,445**
Interest re-pricing gap	**(659,505)**	**644,344**	**29,406**	**187,895**	**202,140**
At 31 December 2020					
Balances with banks	108,104	-	-	148,007	256,111
Loans and advances	237,532	39,921	36,757	-	314,210
Non-trading assets	150,058	463,560	-	-	613,618
Other financial assets	-	-	-	41,216	41,216
	495,694	503,481	36,757	189,223	1,225,155
Deposits from banks and other financial institutions	105,865	-	-	-	105,865
Customer deposits	412,509	187,777	480,714	-	1,081,000
Other liabilities	-	-	-	12,844	12,844
Lease liabilities	7,903	3,890	70,517	-	82,310
	526,277	191,667	551,231	12,844	1,282,019
Interest re-pricing gap	(30,583)	311,814	(514,474)	176,379	(56,864)

NOTES (continued)

3. Financial risk management (continued)

3.4 Market risk (continued)

3.4.3 Foreign exchange risk

Foreign exchange risk is measured through the statement of comprehensive income. 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 table below summarises the Bank's exposure by currency exchange rates on its financial position and cash flows.

	USD	EUR	GBP	Others	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 31 December 2021					
Cash and balances with banks	11,025	1,428	312	613	13,378
Loans and advances	6,362	25	10	135	6,532
Non-trading assets	35,120	4,658			39,778
Other financial assets	2,084				2,084
	54,591	6,111	322	748	61,772
Deposits from banks and other financial institutions	4,075	-	-	-	4,075
Customer deposits	15,586	1,161	170	817	17,734
Other liabilities	35,218	4,818	218	-	40,254
Lease liabilities	-	-	-	-	-
	54,879	5,979	388	817	62,063
Net on-balance sheet exposure	(288)	132	(66)	(69)	(291)
Increase in currency rate (cedi depreciation 3%)	(297)	136	(68)	(71)	(300)
Effect on profit before tax	(9)	4	(2)	(2)	(9)

NOTES (continued)

3. Financial risk management (continued)

3.4 Market risk (continued)

3.4.3 Foreign exchange risk (continued)

	USD GH¢'000	EUR GH¢'000	GBP GH¢'000	Others GH¢'000	Total GH¢'000
At 31 December 2020					
Cash and balances with banks	32,184	10,572	2,964	1,199	46,919
Loans and advances	41,595	-	-	-	41,595
Non-trading assets	1,210	-	-	-	1,210
Other financial assets	15,068	15,286	2,118	-	32,472
	90,057	25,858	5,082	1,199	122,196
Deposits from banks and other financial institutions	11,520	-	-	-	11,520
Customer deposits	59,199	5,506	1,281	118	66,104
Other liabilities	42,814	13,354	2,125	-	58,293
Lease liabilities	71,538	-	-	-	71,538
	185,071	18,860	3,406	118	207,455
Net on-balance sheet exposure	(95,014)	6,998	1,676	1,081	(85,259)
Increase in currency rate (cedi depreciation 3%)	(97,864)	7,208	1,726	1,113	(87,817)
Effect on profit before tax	2,850	(210)	(50)	(32)	2,558

NOTES (continued)

3. Financial risk management (continued)

3.5 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. OmniBSIC seeks to ensure that key operational risks are managed in a timely and effective manner through the implementation of appropriate policies, procedures and tools to identify, assess, monitor, control and report such risks.

The Management Risk Committee (MRC) has been established to supervise and direct the management of operational risks across the Bank and report same to the Board Risk Committee (BRC) which is responsible for ensuring adequate and appropriate policies, and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The BRC is responsible for establishing and maintaining the overall operational risk framework and for monitoring the Bank's key operational risk exposures.

To enhance effectiveness of operational risk management, strategic business units of the bank are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures and guidance of their staff on operational risk.

3.6 Fair value of financial instruments

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

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

Valuation models

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

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

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs

NOTES (continued)

3. Financial risk management (continued)

3.6 Fair value of financial instruments (continued)

used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates and foreign currency exchange rates and expected price volatilities and correlations.

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

The Bank did not have any financial instruments measured at fair value as at 31 December 2021 (2020: Nil).

NOTES (continued)

4. Capital management (continued)

The Bank's objectives when managing capital include:

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

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by Bank of Ghana for supervisory purposes. Bank of Ghana requires each bank to:

(a) hold a minimum capital of GH¢400 million; and

(b) maintain a ratio of total regulatory capital to risk-weighted assets above the temporarily revised minimum of 11.5% as part of Covid-19 mitigation measures.

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

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

NOTES (continued)

4. Capital management (continued)

The Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialised Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act') prescribes a risk-based capital adequacy requirement effective 1 January 2019.

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

	2021	2020
	GH¢'000	GH¢'000
Tier 1 Capital		
Paid up capital (ordinary shares)	**694,948**	469,948
Statutory reserves	**3,893**	3,893
Retained earnings	**(520,982)**	(539,416)
Common Equity Tier 1 capital before adjustments	**177,859**	(65,575)
Regulatory adjustments to Tier 1 capital	**(19,936)**	(8,748)
Additional Tier 1 capital	**8,699**	7,924
Total qualifying Tier 1 capital	**166,622**	(66,399)
Tier 2 Capital		
Property revaluation reserves	-	-
Other reserves	-	-
Total qualifying tier 2 capital	-	-
Total regulatory capital	**166,622**	(66,399)
Risk profile		
Total credit risk-weighted asset	**483,608**	321,740
Total operational risk-weighted asset	**92,584**	87,768
Total market risk-weighted asset	**3,775**	118,766
Total risk-weighted assets	**579,967**	528,274
Capital adequacy ratio	**28.73%**	(12.6%)

NOTES (continued)

5. Critical accounting estimates and judgements

The Bank's financial statements and financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparing the financial statements.

The Bank makes estimates and assumptions that affect reported amounts of assets and liabilities. All estimates and assumptions required in conformity with IFRS are based on best estimates undertaken in accordance with applicable standards. Estimates and judgements are evaluated on a continuous basis, based on experience and other factors, including expectations regarding future events.

Impairment losses on loans and advances

The Bank reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank considers observable data that may indicate measurable decreases in estimated future cash flows from a portfolio of loans before decreases can be identified with individual loans in that portfolio. This evidence may include observable data indicating adverse changes in the payment status of borrowers in a group, or economic conditions that correlate with defaults on assets in a group. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence

Income taxes

Significant estimates are required in determining provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are adjusted in the period in which such determination is made.

Leases

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

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

		2021	2020
6.	**Net interest income**		
	Interest income		
	Loans and advances to customers	**36,151**	51,251
	Placement with other banks	**6,946**	4,463
	Investment securities	**132,118**	41,035
		175,215	96,749
	Interest expense		
	Savings	**49,706**	32,776
	Time and other deposits	**39,982**	28,312
	Call	**8,953**	3,429
	Deposits from banks and other financial institutions	**19,258**	8,885
	Leases	**4,747**	3,962
		122,646	77,364
	Net interest income	**52,569**	19,385

		2021	2020
7.	**Net fee and commission income**		
	Fee and commission income		
	Service fees	**5,583**	**4,136**
	Processing and facility fees	**5,052**	**3,281**
	Other fees and commissions	**5,127**	**13,806**
		15,762	**21,223**
	Fee and commission expense		
	Visa charges	**1,902**	**518**
	Other fees and commissions	**1,782**	**138**
		3,684	**656**
	Net fee and commission income	**12,078**	**20,567**

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

8. Net trading income

	2021	2020
Transaction gains less losses	**4,926**	2,592
Translation gains less losses	**(140)**	(992)
	4,786	1,600

9. Other income

	2021	2020
Gain on disposal of equipment – note 22	**193**	195
Recoveries on loans and investments written-off	**-**	15,368
Lease remeasurements and cancellations	**1,771**	3,071
Sundry (expense)/income	**(331)**	480
	1,633	19,114

10. Net impairment release

	2021	2020
Loans and advances to customers – note 16	**22,146**	(23,297)
Non-trading assets – note 17	**(55,555)**	3,195
Other assets – note 18	**-**	3,895
Contingent liabilities – note 25	**259**	(293)
	(33,150)	(16,500)

11. Personnel expenses

	2021	2020
Wages and salaries	**19,900**	29,796
Contribution to defined benefit plans	**3,593**	3,731
Other staff costs	**19,701**	15,007
	43,194	48,534

The number of persons employed by the Bank at the end of the year was 660 (2020: 704).

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

12. Depreciation and amortisation expense

	2021	2020
Right-of-use assets – note 20	**8,220**	8,165
Intangibles – note 21	**879**	1,541
Property and equipment – note 22	**8,927**	8,748
	18,026	18,454

13. Other operating expenses

Other operating expenses include:

	2021	2020
Advertising and business promotion	**7,267**	3,216
Repairs and maintenance	**4,676**	3,402
Security expenses	**2,127**	2,219
Utilities	**537**	2,188
Professional fees	**13,842**	15,396
Directors' emoluments	**850**	938
Insurance	**3,387**	2,478
Travel and transport	**1,772**	1,519
Auditor's remuneration	**555**	555
Donations	**-**	20
Training	**15**	93
Communication	**3,409**	3,620
Motor vehicle expense	**6,312**	3,840
IT services and software	**2,685**	1,786
Printing and publication expenses	**729**	676
Other expenses	**3,826**	18,796
	51,989	**60,742**

14. Income tax

Income tax credit

	2021	2020
Current income tax expense	-	1,086

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

14. Income tax (continued)

Income tax expense (continued)

The tax on the Bank's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2021	2020
Loss before tax	**(8,993)**	(50,564)
Corporate tax rate at 25% (2020: 25%)	**(2,248)**	(12,641)
Non-deductible expenses	**2,732**	9,920
Other timing differences	**(484)**	3,807
	-	1,086

Current income tax

The movement in current income tax is as follows:

	At 1 January	Charge for the year	Payments	At 31 December
Year of assessment				
Up to 2020	(5,737)	-	-	**(5,737)**
2021	-	-	-	**-**
	(5,737)	-	-	**(5,737)**
Up to 2019	(4,783)	1,086	(1,086)	(4,783)
2020	-	-	(954)	(954)
	(4,783)	1,086	(2,040)	(5,737)

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

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

14. Income tax (continued)

Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2020: 25%).

	At 1 January	Charged/ (credited)	At 31 December
Year ended 31 December 2021			
Accelerated depreciation	2,821	-	2,821
Impairment provision on financial instruments	(47,550)	-	(47,550)
Tax losses	(31,157)	-	(31,157)
Leases	(5,252)	-	(5,252)
	(81,138)	-	(81,138)
Year ended 31 December 2020			
Accelerated depreciation	2,457	364	2,821
Impairment provision on financial instruments	(40,623)	(6,927)	(47,550)
Tax losses	(21,894)	(9,263)	(31,157)
Leases	(3,879)	(1,373)	(5,252)
	(63,939)	(17,199)	(81,138)

Deferred income taxes are calculated on temporary differences using the liability method and using a principal tax rate of 25%. At 31 December 2021, the Bank's deferred tax asset of GH¢81.1 million have not been recognised because taxable profits are not available against which they can be utilised.

15. Cash and balances with banks

	2021	2020
Cash on hand	**38,478**	42,064
Unrestricted balances with banks	**3,550**	30,677
Restricted balances with Bank of Ghana	**115,889**	75,266
Money market placements	**191,414**	108,104
	349,331	256,111

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

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

15. Cash and balances with banks (continued)

For the purposes of the statement of cash flow, cash and cash equivalents comprise the following:

	2021	2020
Cash on hand	**38,478**	42,064
Unrestricted balances with banks	**3,550**	30,677
Money market placements	**191,414**	108,104
Investment securities maturing within 90 days of acquisition	**1,023**	209
	234,465	181,054

16. Loans and advances to customers

	2021	2020
Overdrafts	**137,225**	92,601
Term loans	**342,975**	330,258
Staff loans	**5,705**	11,068
Gross loans and advances	**485,905**	433,927
Expected credit loss allowance	**(103,088)**	(119,717)
Net loans and advances	**382,817**	314,210

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

	2021	2020
At 1 January	**119,717**	143,014
Amounts written-off as uncollectible	**(38,775)**	-
Impairment charge/release	**22,146**	(23,297)
	(103,088)	119,717

The fifty largest exposures constitute 59% (2020: 67%) of the total loans and advances.

The non-performing loans constitute 51% (2020: 73%) of the total loans and advances.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

16. Loans and advances to customers (continued)

Analysis of loans and advances by industry

	2021	2020
Agriculture	**1,675**	663
Manufacturing	**189,907**	119,208
Commerce and finance	**66,322**	42,822
Transport and communications	**15,335**	53,102
Mining and quarrying	**66,935**	63,785
Building and construction	**23**	3,861
Services	**143,189**	146,919
Electricity, oil, gas, energy and water	**2,519**	3,567
	485,905	433,927

17. Investments

Non-trading assets

	2021	2020
Government securities	**948,421**	530,912
Fixed deposits	**100,509**	146,390
	1,048,930	677,302
Expected credit loss allowance	**(8,129)**	(63,684)
	1,040,801	613,618

The movement on impairment allowance on investments is as follows:

	2021	2020
At 1 January	**63,684**	60,489
Impairment (release)/charge	**(55,555)**	3,195
At 31 December	**8,129**	63,684

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

18. Other assets

	2021	2020
Financial assets	**43,636**	41,216
Non-financial assets	**4,112**	8,087
	47,748	49,303
Financial assets		
E-money	**37,285**	22,805
Clearing accounts	**2,995**	9,312
Sundry receivables	**10,083**	15,826
	50,363	47,943
Expected credit loss allowance	**(6,727)**	(6,727)
	43,636	41,216

The movement on impairment allowance on financial assets is as follows:

	2021	2020
At 1 January	**6,727**	2,832
Impairment charge	**-**	3,895
At 31 December	**6,727**	6,727
Non-financial assets		
Prepayments	**3,138**	7,151
Stationaries	**974**	936
	4,112	8,087

19. Non-current assets held for sale

	2021	2020
Commercial properties	**15,987**	**6,626**

Assets repossessed due to loan default are classified as a non-current asset held for sale and are presented separately in the statement of financial position.

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

20. Leases

The statement of financial position shows the following amounts in relation to leases:

	2021	2020
Right-of-use assets		
Buildings	**69,630**	78,111
Lease liabilities		
Current	**2,672**	2,105
Non-current	**79,011**	80,205
	81,683	82,310
The movement in right-of-use assets is as follows:		
Cost		
At 1 January	**93,858**	108,764
Additions	**8,746**	-
Lease remeasurement	**1,423**	(1,891)
Lease terminations	**(13,559)**	(13,015)
At 31 December	**90,468**	93,858
Accumulated depreciation		
At 1 January	**15,747**	9,900
Depreciation charge	**8,220**	8,165
Lease terminations	**(3,129)**	(2,318)
At 31 December	**20,838**	15,747
	69,630	78,111

The movement in lease liabilities is as follows:

	2021	2020
At 1 January	**82,310**	95,800
Additions	**8,746**	-
Lease remeasurements	**1,423**	(15,659)
Interest expense	**4,747**	3,962
Payments	**(6,863)**	(3,805)
Lease terminations	**(12,201)**	-
Foreign exchange loss on lease liabilities	**3,521**	2,012
	81,683	82,310

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

21. Intangible assets

	Software	Work in progress	Total
Year ended 31 December 2021			
At 1 January	6,045	-	**6,045**
Additions	-	110	**110**
Transfers from other assets	-	667	**667**
Transfers from CWIP in plant and equipment	-	9,212	**9,212**
At 31 December	**6,045**	**9,989**	**16,034**
Amortisation			
At 1 January	**4,724**	-	**4,724**
Amortisation for the year	**879**	-	**879**
At 31 December	**5,603**	-	**5,603**
Carrying amount	**442**	**9,989**	**10,431**
Year ended 31 December 2020			
At 1 January	5,341	-	5,341
Additions	704	-	704
Transfers from CWIP in plant and equipment	-	-	-
At 31 December	6,045	-	6,045
Amortisation			
At 1 January	3,183	-	3,183
Amortisation for the year	1,541	-	1,541
At 31 December	4,724	-	4,724
Carrying amount	1,321	-	1,321

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

22. Property and equipment

	Leasehold land & buildings	Furniture, fittings & equipment	Computer & accessories	Motor vehicles	Capital work in progress	Total
Year ended 31 December 2021						
Cost						
At 1 January 2021	54,659	27,354	6,976	7,532	2,146	**98,667**
Additions	1,897	1,544	496	503	15,432	**19,872**
Transfers	-	28	-	-	(9,240)	**(9,212)**
Disposals	-	-	-	(635)	-	**(635)**
At 31 December 2021	**56,556**	**28,926**	**7,472**	**7,400**	**8,338**	**108,692**
Accumulated depreciation						
At 1 January 2021	9,869	16,036	4,979	5,805	-	**36,689**
Depreciation for the year	3,282	3,724	877	1,044	-	**8,927**
Disposals	-			(564)	-	**(564)**
At 31 December 2021	**13,151**	**19,760**	**5,856**	**6,285**	-	**45,052**
Net carrying amount	**43,405**	**9,166**	**1,616**	**1,115**	**8,338**	**63,640**
Year ended 31 December 2020						
Cost						
At 1 January 2020	52,022	25,739	5,917	7,880	2,616	94,174
Additions	2,167	1,809	1,065	-	-	5,041
Transfers	470	-	-	-	(470)	-
Disposals	-	(68)	(6)	(348)	-	(422)
Write-offs	-	(126)	-	-	-	(126)
At 31 December 2020	54,659	27,354	6,976	7,532	2,146	98,667
Accumulated depreciation						
At 1 January 2020	8,043	11,810	3,961	4,544	-	28,358
Depreciation for the year	1,826	4,294	1,019	1,609	-	8,748
Disposals	-	(68)	(1)	(348)	-	(417)
At 31 December 2020	9,869	16,036	4,979	5,805	-	36,689
Net carrying amount	44,790	11,318	1,997	1,727	2,146	61,978

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

22. Property and equipment (continued)

	2021	2020
Cost	**635**	422
Accumulated depreciation	**(564)**	(417)
Carrying amount	**71**	5
Proceeds from disposal	**(264)**	(200)
Gain on disposal	**(193)**	(195)

23. Deposits from banks and other financial institutions

	2021	2020
Deposits from local banks	**1,013**	-
Deposits from foreign banks	**116**	-
Deposits from other financial institutions	**69,359**	105,865
	70,488	105,865

24. Deposits from customers

	2021	2020
Current accounts	**626,287**	591,282
Savings accounts	**45,988**	208,173
Term deposits	**776,341**	281,545
	1,448,616	1,081,000

The 20 largest depositors constitute 38.6% (2020: 28.8%) of total deposits.

25. Other liabilities

	2021	2020
Accruals	**7,616**	6,163
Sundry creditors	**2,233**	6,234
Deferred income	**415**	447
Provision for off-balance sheet exposures	**336**	77
Others	**3,809**	-
	14,409	12,921

The movement on impairment allowance on off-balance sheet items are as follows:

	2021	2020
At 1 January	**77**	370
Impairment charge/(release)	**259**	(293)
At 31 December	**336**	77

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

26. Stated capital

	2021		2020	
	No. of shares ('000)	**Proceeds**	No. of shares ('000)	Proceeds
Ordinary shares				
Issued for cash consideration	**3,299,366**	**478,752**	842,223	263,752
Issued for consideration other than cash	**1,732,625**	**216,196**	416,836	206,196
	5,031,991	**694,948**	1,259,059	469,948
Preference shares				
Issued for cash consideration	**-**	**-**	46,215	10,000
	5,031,991	**694,948**	**1,305,274**	**479,948**

The movement in ordinary shares is as follows:

	2021		2020	
	No. of shares ('000)	**Proceeds**	No. of shares ('000)	Proceeds
At 1 January	**1,259,059**	**469,948**	1,259,059	349,948
Issued for cash consideration	**2,457,143**	**215,000**	-	-
Preference shares converted	**1,315,789**	**10,000**	-	-
Cash settlement on unpaid liability of shares previously issued	**-**	**-**	-	120,000
	5,031,991	**694,948**	1,259,059	469,948

The movement in preference shares is as follows:

	2021		2020	
	No. of shares ('000)	**Proceeds**	No. of shares ('000)	Proceeds
At 1 January	**46,215**	**10,000**	-	-
Issued for cash consideration	**-**	**-**	46,215	10,000
Converted to ordinary shares	**(46,215)**	**(10,000)**		-
	-	**-**	46,215	10,000

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

26. Stated capital (continued)

The Bank's authorised ordinary shares as at 31 December 2021 is 30 billion shares of no par value (2020: 30 billion ordinary shares of no par value).

The Bank's authorised preference shares as at 31 December 2021 is 5 billion shares of no par value (2020: 5 billion preference shares of no par value).

In December 2021, the Bank issued 1,315,789,474 ordinary shares to Ghana Amalgamated Trust Plc in respect of the conversion of 46,215,135 non-cumulative preference shares.

In December 2021, the Bank issued 2,382,857,143 ordinary shares to Joseph Siaw Agyapong for consideration of GH¢208,500,000.

In December 2021, the Bank issued 74,285,714 ordinary shares to Adelaide Agyapong for consideration of GH¢6,500,000.

There is no liability and no call or instalment unpaid on any share. There is no share in treasury.

During the year the Bank converted the preference shares of Ghana Amalgamated Trust Plc to 1,315,789,474 ordinary shares.

There is no liability and no call or instalment unpaid on any share. There is no share in treasury.

27. Contribution towards capital

	2021	2020
Cash contribution	**100,000**	40,000

28. Statutory reserve

Statutory reserve represents cumulative amounts set aside from annual profits after tax in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movements are included in the statements of changes in equity.

29. Credit risk reserve

Credit risk reserve is the amount set aside from retained earnings to meet the minimum regulatory requirements in respect of allowance for credit losses for loans and advances to customers in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement in credit risk reserve is included in the statement of changes in equity.

	2021	2020
ECL provision per Bank of Ghana guidelines	**196,155**	240,211
Impairment loss provision per IFRS	**(103,088)**	(119,717)
At 31 December	**93,067**	120,494

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

30. Retained earnings

The amount in retained earnings represents profits retained after appropriations which is attributable to shareholders.

31. Earnings per share

Basic and diluted 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
Loss attributable to equity holders	**(8,993)**	(51,650)
Number of ordinary shares ('000)	**5,031,992**	1,259,059
Weighted average number of ordinary shares ('000)	**3,145,525**	1,166,629
Basic earnings per share (expressed in Ghana pesewas)	**(1.79)**	(4.43)
Diluted earnings per share (expressed in Ghana pesewas)	**(1.79)**	(4.43)

32. Cash used in operations

	2021	2020
Loss before tax	**(8,993)**	(50,564)
Adjustments for:		
Depreciation and amortisation expense	**18,026**	18,454
Net impairment release	**(33,150)**	(16,500)
Gain on disposal of property and equipment	**(193)**	(195)
Write-off of property and equipment	**-**	126
Interest charged on finance lease	**4,747**	3,962
Unrealised exchange loss on lease liability	**3,521**	2,012
Lease remeasurements and terminations	**(1,771)**	(3,071)
Changes in operating assets and liabilities		
Restricted funds	**(40,623)**	(75,266)
Loans and advances to customers	**(100,114)**	(16,798)
Non-trading assets (maturing over 91 days)	**(370,814)**	(427,525)
Other assets	**888**	(21,060)
Deposits from customers	**367,616**	394,575
Deposits from banks and other financial institutions	**(35,377)**	62,460
Other liabilities	**1,229**	(45,812)
Cash used in operations	**(195,008)**	(175,202)

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

33. Contingent liabilities

Legal proceedings

There are legal proceedings against the Bank. There are no contingent liabilities as at 31 December 2021 associated with legal actions as professional advice indicates that it is unlikely that any significant loss will arise (2020: Nil).

Capital commitments

At the reporting date, the Bank had no significant capital commitments in respect of authorised and contracted projects.

Off-balance sheet items

The contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantees and other facilities are as follows:

	2021	2020
Financial guarantees	**128,473**	18,898
Letters of credit	**745**	33,322
	129,218	52,220

34. Corporate social responsibility

During the year, the Bank committed a total of GH¢25,000 (2020: Nil) to CSR activities.

35. Related parties

Parties are considered to be related if one party has control or significant influence over the other party or is a member of its key management personnel.

	2021	2020
Transactions carried out with related parties		
Costs for services from BSIC Head Office	-	1,370

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

35. Related parties (continued)

	2021	2020
Transactions carried out with related parties		
Interest income on loans		
JSA Logistics Limited	**37**	-
Plus 2 Pub and Kitchen	**23**	-
Waste Landfills Company Limited	**84**	-
	144	-
Interest expense on loans		
Able Consult International Limited	**1**	-
Accra Compost and Recycling Plant Limited	**3**	-
Waste Landfills Company Limited	**52**	-
	56	-
Due from related parties		
Nostro balances		
Alwaha Bank	**2,205**	2,265
BSIC Togo	**1,574**	-
Banco De Sabadell-Eur	**2,659**	-
Bank Of Beirutl-Usd	**9**	-
BSIC Burkina Faso	**8**	8
BSIC Cote D'Ivoire	**68**	71
BSIC Libya (Head Office)	**26**	25
BSIC Mali	**-**	687
BSIC Sudan	**-**	3,993
	6,549	7,049

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

35. Related parties (continued)

	2021	2020
Loans and advances		
Cosmopolitan Health Insurance Limited	-	129
Jospong Group of Companies	-	2,230
JSA Logistics Limited	2,000	-
Plus 2 Pub and Kitchen	1,430	172
Waste Landfills Company Limited	60,000	-
Zoomlion Ghana Limited	-	8,425
	63,430	10,956

Due to related parties

	2021	2020
Customer deposits		
Able Consult International Limited	28	-
Able Environmental Cleanliness Technology Limited	11	-
Accra Compost and Recycling Plant	22,111	-
Adehyeman Waste and Allied Services Limited	86	-
Adroit Pro Ghana Limited	384	-
Africa Institute of Sanitation and Waste Management	4	-
Agyepong Joseph Siaw	14	-
Advocate Publishing Limited	3	-
Africa Environmental Sanitation Consult Limited	1,500	-
AH Hotel and Conferences Limited	316	1,045
Appointed Time Screen Printing	2,040	-
Ashanti Waaste & Environmental Services Ltd	4	-
Ayensu Starch Company Limited	99	287
Better Ghana Management Service Ltd	67	-
Budox Construction Company Limited	1	-
CA Logistics Limited	82	-
Cosmopolitan Health Insurance Limited	2,027	2,006
Docupro Limited	242	152
Dredge Masters Limited	7139	5,447
Excellent Builders Construction Co.Ltd	1	-
Great Consolidated Diamonds Ghana Limited	1	-
Haven Crystals	40	-
Haven Crystals Travel & Tour Limited	346	-
Amount carried forward	**36,546**	8,937

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

35. Related parties (continued)

Due to related parties (continued)	2021	2020
Customer deposits (continued)		
Amount brought forward	**36,546**	8,937
Integrated Recycling and Compost Plant Limited	**99**	-
J A Hiring Limited	**1**	-
J. A. Plant Pool (Ghana) Limited	**2,522**	-
J. A. Plantpool-Weichai	**1**	-
J.S.A Farms Limited	**69**	-
Jospong Group of Companies	**43**	2,720
JSA Logistics Limited	**1,028**	-
Kimpton Trust Limited	**124**	-
Kumasi Compost and recycling plant limited	**18**	-
Kingdom Business Link Venture Capital Limited	**3**	-
Landfill Technologies Limited	**602**	-
Las Liberty School	**12**	-
Media T.V. Limited	**107**	1,130
Meridian Waste Management Limited	**24**	829
Metropolitan Waste & Allied Services (ODCB)	**2**	-
Millenium Life Insurance Limited	**-**	1,910
Millenium Insurance Co. Ltd	**5,487**	-
Nerasol Ghana Limited	**33**	-
S.A Automobile Ltd	**222**	-
Sewerage Systems Ghana Limited	**-**	2,091
Sino Africa Development Company Ltd	**2,406**	-
Street Naming Ghana Admin Account	**6**	-
Subah Holding Company Limited	**85**	-
Subah Infosolutions Ghana Limited	**34**	-
Tiberias Ghana Limited	**57**	-
Tropical Waste Management Limited	**329**	408
UCS Ghana Limited	**54**	-
Union Client Millenium Insurance Co. Ltd	**-**	4726
Universal Plastic Products & Recycling Ltd	**50**	94
Vectorpes Company Limited	**99**	-
Vehicle Assembling Plant Ghana Limited	**20**	-
Amount carried forward	**50,083**	22,845

NOTES (continued)
(All amounts are in thousands of Ghana Cedis unless otherwise stated)

35. Related parties (continued)

Due to related parties (continued)	**2021**	2020
Customer deposits		
Amount carried forward	**50,083**	22,845
Volta Waste Limited	**1**	4,726
Waste Landfills Company Limited	**60,205**	18,383
Zoil Services Limited	**1,021**	733
Zoomlion - RI & D	**5**	
Zoomlion Domestic Services	**44**	191
Zoomlion Ghana Limited	**1,678**	22,908
Zoompak Ghana Limited	**52**	95
	113,089	69,881
Other payables		
BSIC Head office	**1,479**	160
BSIC Benin	**301**	311
	1,780	471

Transactions with directors

Emoluments, pensions and other compensation of directors amount to GH¢2.19 million (2020: GH¢1.34 million). Remuneration paid to non-executive directors in the forms of fees, allowances and other related expenses are disclosed in note 13.

36. Non-compliance with sections of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

There were no instances of non-compliance during the year.

37. Events occurring after the reporting period

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

The Directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of approval, that may require adjustment of, or disclosure in, the financial statements.

Appendix I

Shareholders' information

	2021		2020	
	No. of shares	**% of shares**	No. of shares	% of shares
Banque Sahelo-Saharienne Pour L'Investment et Le Commerce (BSIC)	**393,636,043**	**7.82%**	393,636,043	31.26%
Joseph Siaw Agyepong	**2,689,698,743**	**53.45%**	306,841,600	24.37%
Cynthia Agyepong	**78,285,714**	**1.56%**	4,000,000	0.32%
Ghana Amalgamated Trust Plc	**1,870,371,080**	**37.17%**	554,581,606	44.05%
	5,031,991,580	**100%**	1,259,059,249	100%

Appendix II

VALUE ADDED STATEMENT

(All amounts are in thousand Ghana cedis)

	2021	2020
Interest earned and other operating income	**195,763**	119,572
Direct cost of services and other costs	**(178,319)**	(138,762)
Value added by banking services	**17,444**	(19,190)
Non-banking income	**1,633**	19,114
Impairments	**33,150**	16,500
Value added	**52,227**	16,424
Distributed as follows:		
To employees		
Directors (without executives)	**(850)**	(938)
Executive directors	**(2,196)**	(1,413)
Other employees	**(40,148)**	(46,183)
	(43,194)	(48,534)
To Government		
Income tax	**-**	(1,086)
To providers of capital		
Dividends to shareholders	**-**	-
To expansion and growth		
Depreciation and amortisation	**(18,026)**	(18,454)
Retained earnings	**(8,993)**	(51,650)