ANNUAL REPORT 2022

First Atlantic Bank

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CORPORATE PROFILE

First Atlantic Bank is a full-scale commercial bank with over 26 years of experience in the Ghanaian market. Originally founded as a merchant bank, First Atlantic Bank has won several awards recognizing its leadership in customer care, advisory services, trade finance and corporate banking.

First Atlantic Bank offers three distinctive service categories: Prestige Banking, Personal & Business Banking and Corporate Banking.

Each category encompasses a range of innovative services designed to benefit our customers and delivered to our exacting levels of service excellence.

At First Atlantic Bank, we have set broad objectives to create an institution that competes effectively in the local and sub-regional financial market place in a manner that showcases the best of our collective talents. Our aspiration is borne out of a vision to be a global bank out of Ghana and the West African Sub-region.

We therefore pursue the agenda of creating a well differentiated brand with bespoke product and service offerings delivered by a knowledgeable and well motivated staff. First Atlantic Bank is positioned as a conduit for investment flows into Ghana while leading in the use of electronic and other alternative channels to promote financial inclusion.

Facilitating international trade and promoting trade within and between African countries also feature strongly on our agenda. First Atlantic Bank's value propositions are geared towards identifying customer needs and expectations and providing value added solutions for those needs. The overriding goal is to be at the forefront of banking innovation, defining the industry landscape and creating value for all our stakeholders, thereby living our mantra of being refreshingly different.

We offer our customers what we have termed the Purple Experience - which is our distinctly different and unparalleled customer service experience driven by a passionate workforce and process efficiency to create value for our customers.

VISION, MISSION & CORE VALUES

MISSION

Providing superior Financial Solutions and creating value for our stakeholders.

VISION

To be a Global Bank out of Ghana.

CORE VALUES

INTEGRITY

We strive to maintain honesty and sincerity in our business, abiding by the highest professional standards and ethics.

CUSTOMER CENTRIC

Our customers are the center of all we do.

AGILITY

Our dedication to fast, timely results is second to none.

RESILIENCE

We are resolute in our resolve to confront challenges head-on.

EXCELLENCE

We pursue distinction in our service delivery.


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CORPORATE INFORMATION

DIRECTORS

AMARQUAYE ARMAR	BOARD CHAIRMAN
ODUN ODUNFA	MD/CEO
DANIEL MARFO	MEMBER
PATIENCE ASANTE	MEMBER
PAPA MADIAW NDIAYE	MEMBER
MR. GEORGE YAW AMOAH	MEMBER
DR. AUGUSTINA AMAKYE	MEMBER
MRS IFEOLUWA ELIZABETH FASHOLA	MEMBER
MR LIADI ADEOYE AYOKU	MEMBER
MRS. THELMA EFUA QUAYE	MEMBER

REGISTERED OFFICE

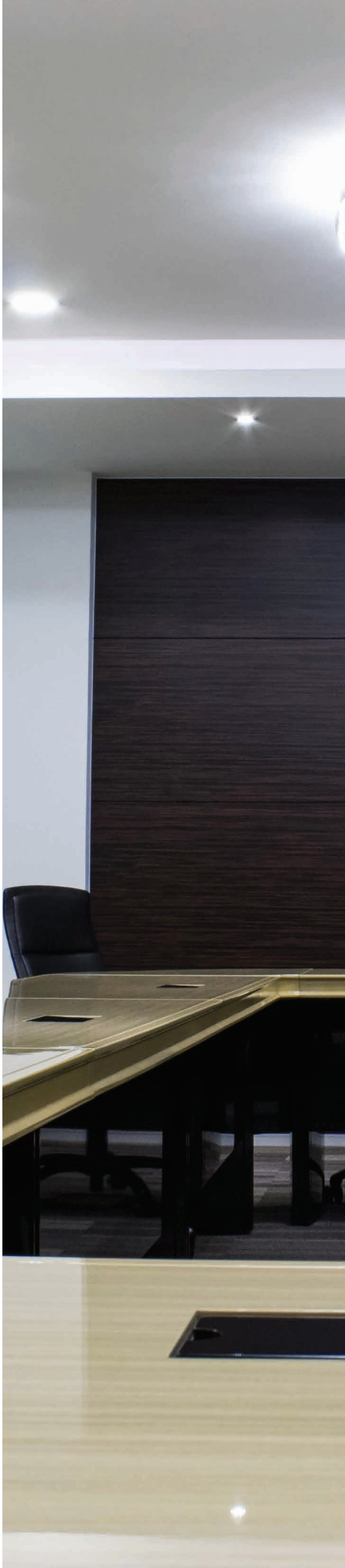
ATLANTIC PLACE
NO. 1 SEVENTH AVENUE RIDGE WEST
ACCRA, GHANA

COMPANY SECRETARY

MARK OFORI-KWAFO
P. O. BOX CT 1620 CANTONMENTS
ACCRA, GHANA

AUDITORS

PRICEWATERHOUSECOOPERS
PWC TOWER
A4 RANGOON LANE
CANTONMENTS CITY
PMB CT 42, CANTONMENTS
ACCRA, GHANA



BOARD OF DIRECTORS

AMARQUAYE AMAR
BOARD CHAIRMAN

Amarquaye Armar is an experienced energy consultant serving the World Bank Group's energy practice for 30 years where he managed a World Bank-administered multi-donor trust fund governed by a Consultative Group comprising 11 bilateral donor agencies and the World Bank. He led the Bank's energy lending operations in West Africa and Bosnia & Herzegovina. He has accumulated practical, wide-ranging know-how and expertise (covering Ghana and the ECOWAS sub-region) in the field of energy/power sector reform, petroleum supply-chain de-regulation and structured financing arrangements for infrastructure projects. He also served the Ghanaian government as a Presidential Adviser on Energy between July, 2010 and January, 2013. Mr. Armar is currently an Independent Member of the Board of Directors of the Transco CLSG (Supra-national Power Transmission Company of the West Africa Power Pool, jointly owned by Cote D'Ivoire, Liberia, Sierra Leone and Guinea), Chairman of the Board of Directors of Marinus Energy Limited and Executive Director of ANAVENTURES Limited. Additionally, he performs special assignments for the Government of Ghana. He holds a Master Degree in Chemical Engineering (Technology Policy Program) from the Massachusetts Institute of Technology (USA) and a First Class Honors Degree in Chemical Engineering and Fuel Technology from the University of Sheffield (UK).

ODUN ODUNFA
MD/CEO

Odun has over 3 decades banking experience spanning Treasury, Corporate, Investment and Retail Banking in various banks in West Africa. Prior to his appointment, he was the CEO/Managing Director at Kedari Capital Ltd and served in various non-executive capacities on the First Atlantic Bank Board of Directors.

PATIENCE ASANTE
EXECUTIVE DIRECTOR (RISK & CONTROL)

Patience is a consummate finance professional and results-driven Risk Management expert with over 22 years of demonstrable experience in credit governance, risk management, project finance, credit structuring, product development for corporate and retail markets. She is a skilled risk manager with proven senior-level experience in credit management and administration. Before joining First Atlantic Bank, Patience successfully managed the Risks Assets portfolios of over GH¢750 million and $250 million at both Universal Merchant Bank (UMB) as Director of Credit and Risk Management and as Head of Credit at the United Bank for Africa (UBA) respectively. She commenced her banking career as a financial Analyst in 1997 and rose to the rank of Deputy Manager, Risk Management in 2006 with Ecobank Ghana limited. From 2006 to 2012 she played various roles in Risk management and Finance functions at Woolwich Building Society, European Social Fund in the United Kingdom and the International Bank in Liberia as its Head of Credit. Patience holds a Bsc (Hons) Business Administration (Banking and Finance) degree and a Master of Business Administration (Finance) from the University of Ghana.

DANIEL MARFO
EXECUTIVE DIRECTOR (BUSINESS)

Daniel is a consummate Corporate & Investment Banker with over seventeen years of experience. He possesses excellent deal origination, structuring, credit and leadership capabilities. Prior to joining First Atlantic Bank he had worked in various capacities with Standard Chartered Bank, Barclays Bank, Ecobank Group, Cal Bank and Fidelity Bank where he was Director Corporate Banking. Daniel holds a BSC (Hons) Mining Engineering (First Class Honours), Postgraduate Diploma in Mining Engineering from the University of Science & Technology Kumasi. Daniel also holds an LLB degree (First Class) from Mountcrest University College and an MBA (Finance) from Lancashire Business School, England. He currently holds an LLM certificate in Corporate and Commercial Law from King's College, London. Daniel serves on the board of First Atlantic Assets Management Limited. He is a lawyer.

DR. AUGUSTINA AMAKYE
NON EXECUTIVE DIRECTOR

Dr. Augustina Amakye is a highly skilled communications expert with extensive experience in writing/editing, research, marketing, evaluation and critical analysis. She started her career as a Graduate Research Assistant at Regent University (USA) and thereupon proceeded to provide Consultancy services (specializing in editing and communications) for organizations such as Lionell Spruill, Jr. Campaign; Prymelex Entertainment and Armstrong-Hilton. Augustina has also lectured in Institutions such as South University, Rasmussen College and African University College of Communications where she rose to the rank of Dean, School of Communication Studies. Dr Amakye is currently a Senior Communications Specialist at Prime Communication Consulting where she provides editorial services; develops communications and marketing strategies, and is involved in education management for academic institutions in Ghana. She holds a Ph.D in Communication Studies from the Regent University, USA and a Master's Degree in Linguistics from Syracuse University, USA.

GEORGE YAW AMOAH
NON EXECUTIVE DIRECTOR

George Yaw Amoah, is a high achieving senior executive with experience in Technology and Investment Banking. He has effectively leveraged his United States Military background in leadership to accomplish organizational goals and compete efficiently in the ever-changing corporate environment. George has extensive entrepreneurial experiences as well as worked with prestigious firms such as Lehman Brothers Holdings Inc (New York), Citibank (New York), Banc One/IBM (USA), Verizon Science (New York), New York Air National Guard, JP Morgan Chase & Co (New York), He also chairs the Risk Committee of First Atlantic Bank. George holds a Master's Degree from The University of Pennsylvania, USA and a BA in Political Science from Pace University New York, USA. He is also a Law Graduate from Mount Crest University, Accra, Ghana.

MRS IFEOLUWA ELIZABETH FASHOLA
NON EXECUTIVE DIRECTOR

Mrs. Ifeoluwa Elizabeth Fashola is a highly skilled Investment Banker (trained Legal Practitioner) with experience spanning Financial Advisory, Corporate Governance, Financial Regulation, Regulatory Compliance, Risk Management, Corporate Finance, Investment Management, Company Secretariat, Human Resources Management. She is currently the Group Chief Executive Officer (GCEO) of Kedari Capital Limited and having oversight responsibilities for Kedari Ghana Limited and its subsidiaries; First Atlantic Asset Management Ltd and First Atlantic Brokers Limited. She joined Kedari Capital Limited in 2008 as the Head, Legal/Company Secretary/Chief Compliance Officer and was responsible for the operational set-up of Kedari Capital Limited. In 2009, she set-up the Kedari Securities Limited, member of the Nigerian Stock Exchange (via acquisition of Consortium Investments Ltd). Prior to joining Kedari Capital Limited, she was a Lead Consultant, Mortgage Capital Division LEHMAN BROTHERS (MORTGAGE CAPITAL DIVISION), London, UK and was in charge of a 14-man team comprising 7 individuals in London and 7 others in Mumbai handling projects involving Loan originations for Lehman's 3 sub-prime mortgage companies. Ifeoluwa holds a Bachelor of Laws degree from the University of Ile Ife, Barrister at Law from the Nigerian Law School, Master of Laws from the University of Wales and currently pursuing a Doctorate in Business Administration in UBIS, Geneva.

MRS. THELMA EFUA QUAYE
NON EXECUTIVE DIRECTOR

Mrs. Thelma Efua Quaye is a self-starter and results driven person with great ability to move projects into implementation phase. She has the ability to reinvent herself in a dynamic work environment and has good interpersonal and networking skills. She has fourteen (14) years' experience in different Senior Managerial roles and has diversified international and multicultural experience. She is currently the Chief Digital Infrastructure, Skills and Empowerment Officer at the Smart Africa Secretariat in Kigali, Rwanda. Her key activities include supporting Governments across Africa to transform their economies into a digital one through the building blocks of digital infrastructure, capacity building and inclusivity through empowerment of Women and Girls into ICT. Prior to joining Smart Africa Secretariat in 2019, she worked as the Head of Business at the Code Factory Africa, Accra. She also worked as the Technical Integration Director in Airtel Ghana Limited from November 2017 to January 2018. Thelma holds a Bachelor of Sciences (Electrical and Electronic Engineering) Degree from KNUST and a Master's Degree in Business Administration Laws degree from the Paris Graduate School of Management, Paris – France. She has also undertaken several professional development-training programs.

PAPA MADIAW NDIAYE
NON EXECUTIVE DIRECTOR

Papa Madiaw Ndiaye is the Chief Executive Officer and Founding Partner of AFIG Funds. He is responsible for managing all aspects of the investment process including deal sourcing and execution, pipeline evaluation, portfolio monitoring and portfolio company engagement. He is also a member of the Funds' investment committees. He is a citizen of Senegal. Papa was an Investment Director at Emerging Markets Partnership in Washington (EMP). He was one of three partners to raise the USD 407 million AIG African Infrastructure Fund, which when launched in 2000, was the largest ever pan-African Fund (about 30% net annual return to date). Prior to joining EMP, he held senior responsibilities for IFC's equity and debt investment activities in capital markets and financial institutions in Africa between 1996 and 2000. Papa spent the early part of his career at Salomon Brothers and joined JP Morgan's Emerging Markets Group in 1992. In 1994, he launched JP Morgan's securities trading in Africa and the Middle East. In 2000, Papa was named Special Advisor for Economic and Financial Affairs to the President of the Republic of Senegal and Chairman of the Senegalese Presidential Economic & Financial Advisory Council. In the same year, he launched MIDROC BVI, a direct investment vehicle for Sheikh Mohammed Al-Amoudi. He serves on the boards of a number of African companies and non-profit organizations involved with Africa. Papa holds an M.B.A. degree from the Wharton School of Business, an M.A. in International Affairs from the University of Pennsylvania's Lauder Institute, and a B.A. in economics from Harvard College.

AYOKU ADEOYE LIADI
NON EXECUTIVE DIRECTOR

Ayoku Adeoye Liadi has garnered knowledge and experience in banking and finance spanning over 25 years. Has held some senior executive positions in various departments including Business Transformation, Marketing, Operations, Finance control, and Risk management. Ayoku Adeoye Liadi is currently the pioneer Group Managing Director of Bay Holdings Limited. Bay Holdings has interest in Banking, Finance, and Insurance Brokerage. He was previously the Group Managing Director at the Sky Capital and Financial Allied International, a member of SIFAX Group, which has commercial Banking subsidiaries/ affiliates in three African Countries, Sierra Leone, Gambia, and Guinea. He was also Deputy Managing Director at UBA Plc where he oversaw over 490 branches of the bank in Nigeria. He also served as the MD/CEO of Guaranty Trust Bank Sierra Leone between 2011 and 2013 where he recorded outstanding achievements and led the bank to become the most profitable bank in 2013 and Best Customer Service Bank Award by KPMG in 2012. Ayoku Adeoye Liadi holds a BSc. and M.sc degree in Business Management and Marketing from University of Nigeria, Nsukka and University of Lagos, Lagos respectively. He is also a Fellow (FCA) of the Institute of Chartered Accountants of Nigeria (ICAN). He is an alumnus of Kellogg Business School USA, Cranfield Business School UK, IMD Business School, Switzerland, and other prestigious institutions.

BOARD CHAIRMAN'S STATEMENT

AMARQUAYE AMAR
BOARD CHAIRMAN

Cherished Stakeholders,

On behalf of the Board of Directors of First Atlantic Bank Limited (FABL), I extend warm greetings to all of you attending today's Annual General Meeting.

I am privileged to present for your consideration First Atlantic Bank's Annual Report and Audited Financial Statements for the fiscal year ending on 31 December 2022.

Last year proved to be another unusual year in which First Atlantic Bank had been exposed to an extraordinary cascade of global and domestic macro-economic challenges that had significant and diverse impacts on our business environment.

Nonetheless, First Atlantic Bank Limited (FAB) demonstrated its corporate resourcefulness by effectively adjusting our operational strategies to mitigate the impact of disruptions in the macro-economic environment, while also capitalizing on emerging business opportunities to generate increased value for our stakeholders.

I begin my report to you with a brief overview of the nature and scope of macro-economic and financial headwinds that First Atlantic Bank managed to successfully navigate to achieve a positive financial performance for the fiscal year ending on 31 December 2022, ranked to be 5th best in profitability within Ghana's banking industry for 2022.

Operating environment

During 2022, Ghana's economy run into multiple head winds, including global macroeconomic instability and tightening of financial markets associated mainly with the post-COVID 19 resumption of global trade activity, and exacerbated by the spillover effects of Russia's invasion of Ukraine.

Consequently, Ghana's economic growth rate slowed down (on a year-on-year basis) from 5.1 percent in 2021 to 3.1 percent in 2022; on a sector-by-sector basis, agriculture recorded the highest growth rate (4.6 percent), followed by the services (3.9 percent) and then industry (0.9 percent).

Ghana's overall fiscal deficit (on a cash basis) reached 9.9 percent of GDP, well above the target of 6.7 percent of GDP.

By December 2022, Ghana's inflation rate (year-on-year basis) had reached a two-decade high of 54.1 percent.

Due to persistent challenges throughout 2022 (mainly portfolio reversals, diminished inflows of foreign direct investment, and escalated demand in Ghana's foreign exchange market), the Ghanaian cedi depreciated by 30 percent against the US dollar in 2022, compared to a 4.1 percent depreciation realized in 2021.

These daunting macro-economic and fiscal challenges contributed in large measures to the announcement by government in December 2022 of an unprecedented default on the servicing of its debt obligations.

Banking Environment

At this juncture, permit me to highlight some key measures taken by government and the Bank of Ghana (in response to the above outlined macro-economic challenges) that adversely impacted the performance of Ghana's entire banking sector in 2022. The performance of the banking sector in 2022

In response to the 2022 surge in inflation, the Bank of Ghana's Monetary Policy Committee:

- increased the Policy Rate by 1250 basis points from 14.5 percent in January 2022 to 27 percent in December 2022; and
- moved the Cash Reserve Ratio for local currency from 8 percent in January 2022 to 14 percent in December 2022.

The Bank of Ghana continued with its regular interventions in Ghana's foreign exchange market. Consequently, Ghana's foreign exchange reserves depleted significantly in 2022. The country's international reserves fell to US$ 6.2 billion (2.7 months of import) in December 2022 from US$9.7 billion (4.3 months of import) in 2021.

As a condition precedent to securing access to resources needed from the International Monetary Fund (IMF), inter alia, to stabilize Ghana's economy, government had by December 2022 initiated another unprecedented measure - a Debt Exchange Program that impacted bonds and other commercial instruments held by the banking sector, leading to a massively adverse effect on asset quality, extreme market-to-market losses and provisioning. As a result, the banking industry recorded:

- a before-tax loss of GH¢8.0 billion in 2022, compared to a profit of GH¢7.4 billion in 2021.
- an after-tax loss for the year amounted to GH¢6.6 billion, contrasting with a profit-after-tax of GH¢4.8 billion in 2021.

At end-December 2022, total assets of the banking industry stood at GH¢212.0 billion representing a growth of 18.3 percent.

Total deposits in the banking industry also grew by 30.5 percent to GH¢165.6 billion, compared with 16.6 percent growth recorded last year.

Despite the regulatory relief measures implemented by the Bank of Ghana, key indicators of financial soundness of the banking industry moderated in 2022.

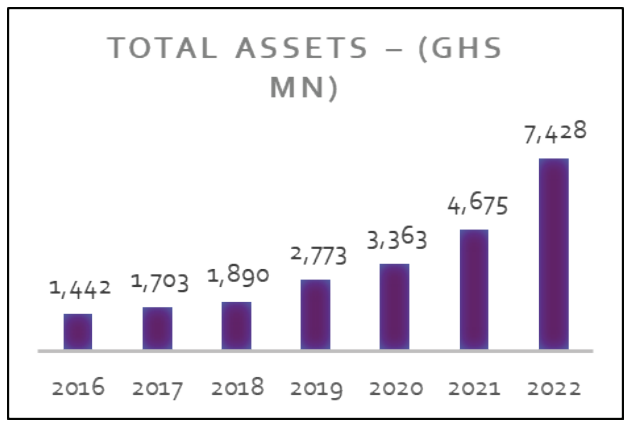
- Capital Adequacy Ratio (CAR) adjusted for regulatory reliefs was 16.2 percent, a decrease from the CAR of 19.6 percent in December 2021.
- Asset quality weakened, as indicated by the industry's Non-Performing Loans (NPL) ratio, which increased to 18.4 percent in December 2022 from 15.9 percent in December 2021.

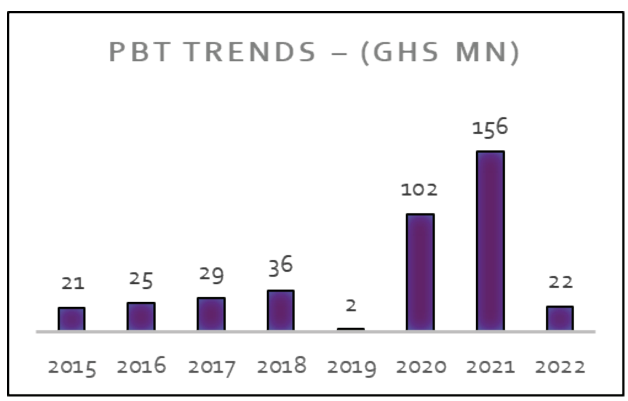
Financial Performance of FABL

Notwithstanding the above measures that adversely affected the entire banking industry in 2022, I am pleased to report to you that First Atlantic Bank managed to successfully operate in and achieve a commendable financial performance for the fiscal year ending on 31 December 2022.

First Atlantic Bank successfully grew our topline revenue and asset base, but due primarily to the impact of impairments imposed to accommodate the DDEP, First Atlantic Bank only managed overall to achieve a modest profit (ranked to be 5th best in Ghana's banking industry for 2022).

- The Bank's profit before tax declined by 85.9 percent from GHS156 million in 2021 to a profit of GHS22 million in 2022.
- The Bank posted a 100.1 percent decrease in profit after tax to a marginal loss of GHS157, 448 compared with profit of GHS116.4 million in 2021.
- However, total assets of the Bank increased by 58.9 percent from GHS4.7 billion 2021 to GHS7.4 billion in 2022 showing a significant strengthening and growth of the bank's business.





Corporate Governance

At First Atlantic Bank, we steadfastly adhere to efficient risk management practices and fully comply with corporate governance standards which are essential to the integrity of Ghana's financial services industry.

We at the Board maintain a zero-tolerance stance towards regulatory violations, and therefore can assure our stakeholders of strict adherence by First Atlantic Bank to all facets of the Bank of Ghana regulatory framework for effective corporate governance. Furthermore, our dedication to task of combating financial terrorism and preventing money laundering is reaffirmed through the implementation of an Anti-Money Laundering system that embodies robust measures that are comprehensively integrated into all business activities.

Changes in the Board of Directors

In 2022, First Atlantic Bank bid farewell to three Non-Executive Directors who had concluded their statutory tenures on the Board, namely Mrs. Karen Akiwumi-Tanoh, Mr. Oye Balogun, and Prof. Adewale Olawoyin. We salute them for their outstanding, dedicated, and invaluable service. Over the past decade, they collectively have provided exemplary, visionary, leadership at Board Level to enable the transformation and rebranding of First Atlantic Bank into a resilient, resourceful, and solutions-driven performer within Ghana's banking industry. No doubt, the importance of their contribution is clearly manifest in the bank's record of achievement in overcoming the daunting business environment of 2022.

In October, Bank of Ghana approved the appointments of Mrs. Thelma Efra Quaye, Mrs. Ifeoluwa Fashola, and Mr. Liadi Adeoye Ayoku as Non-Executive Directors of First Atlantic Bank. With their extensive experience and expertise, they have enabled a seamless transition at the Board, thereby reinforcing governance and oversight of Management's drive to further propel First Atlantic Bank towards the corporate goal to become a global bank out of Ghana.

Corporate Social Responsibility

In 2019, First Atlantic Bank pledged its commitment to adopt and apply Ghana Sustainable Banking Principles to guide the conduct of daily operations. During 2022, we continued the process of reviewing our policies and procedures to ensure alignment of our operations and lending practices with the Sustainable Banking Principles.

During 2022, First Atlantic Bank adopted various energy saving measures, including the use of fuel-efficient vehicles to reduce gas emissions. As part of our drive towards achievement of a low-carbon operational footprint, we accelerated action on business automation and the rolling out of digital banking products.

First Atlantic Bank also embarked on several major community development projects, including the renovation of an existing classroom block and the building of a six (6)-unit classroom which have been and handover to Abua D/A Primary School in the Pru West district of the Bono East Region.

Highlights of our yearly progress in applying Ghana Sustainable Banking Principles will be published as an integral part of Audited Financial Statements. Further, more detailed information will be made available to all stakeholders on the bank's website.

Macroeconomic Outlook

The outlook for Ghana's economy remains uncertain amid the heightened risk of a global economic recession. However, the implementation of the ongoing IMF-supported program of financial assistance and policy support aims to stabilize Ghana's economy and thereby restore investor confidence by addressing macroeconomic imbalances, enhancing fiscal discipline, and promoting structural reforms. Nevertheless, the headwinds that currently constrain economic recovery in Ghana remain strong - persistently high inflation, uncertain outcome for fiscal consolidation measures amid a tightening financial market outlook, and the impact of government's ongoing debt-restructuring program. Looking ahead for 2023, Ghana's economy is expected to grow at a subdued pace; the IMF projects a growth rate of 1.5 percent, while the government forecast is for a 2.8 percent growth rate.

First Atlantic Bank will redouble efforts to implement its robust and resilient business model, within the overall framework of its medium-term corporate growth objectives which are driven by a strong emphasis on business innovation and digitization of banking services and products. By leveraging technology throughout our network, First Atlantic Bank aims to enhance the quality of service delivery and thereby provide a consistently improved customer experience.

We fully recognizing the importance of our employee; our policies for human resource management give priority to assuring their well-being and welfare, and also supports the Management focus on attracting and retaining top talents in the banking industry.

Appreciation

Our successful journey through 2022 has been made possible by your continued business engagement and loyalty to us. On behalf of the Board, I thank our customers for maintaining their trust in us. I also take this opportunity to express sincere appreciation for the commitment of my colleague Board Members, and for the resilience and hard work of the entire Management Team and Staff of First Atlantic Bank during the very unusual and challenging times we have all experienced in 2022.

Notwithstanding global economic uncertainties we face this year, and challenges that remain with the domestic banking environment (primarily due to the government's ongoing debt-restructuring program), I am optimistic that we collectively will strive to maintain the resilience and profitability of First Atlantic Bank. God Bless Us All.

Thank you.

AMARQUAYE ARMAR
BOARD CHAIRMAN

MD/CEO'S STATEMENT

ODUN ODUNFA
MD/CEO

Dear Shareholders,

I am pleased to share with you the progress and achievements made during 2022.

In 2022, we focused on delivering our strategy aimed at achieving significant improvements in revenue, cost management, and customer experience through digital innovation. However, this year posed numerous challenges on multiple fronts, as global and domestic economic shifts derailed the achievement of our financial target.

Despite the challenges, First Atlantic Bank demonstrated resilience by effectively adjusting our strategies to capitalize on existing opportunities, all the while generating value for our stakeholders.

Operating environment

The year 2022 presented significant challenges in global economic conditions, characterized by considerable uncertainty and volatility. Lingering disruptions to supply chains, historic inflationary pressures, persistent lockdowns in China, and the Russia-Ukraine war combined to create a tumultuous environment for businesses and financial markets.

Economic growth in Ghana slowed to 3.4 percent year-on-year (YoY) in 2022 from 5.4 percent in 2021. The slowdown was mostly due to ongoing global macro-economic domestic challenges, notably the Domestic Debt Exchange Programme (DDEP).

The year ended with inflation reaching 54.1 percent, compared to 12.6 percent recorded in 2021. High inflation was fueled by a depreciation of the local currency and elevated global commodity prices. The Monetary Policy Committee (MPC) of the Bank of Ghana progressively increased the Policy rate from 14.5 percent in January 2022 to 27.0 percent at the end of the year to curtail inflation.

As of December 2022, the cedi had lost 30.0 percent of its value against the United States Dollar, 21.2 percent against the British Pound Sterling, and 25.3 percent against the Euro due to negative investor sentiments surrounding the Ghanaian economy.

In December 2022, the Ghanaian government initiated a debt exchange programme targeting GHS 130 billion worth of local bonds. This program served as a requirement to secure funding from the International Monetary Fund (IMF).

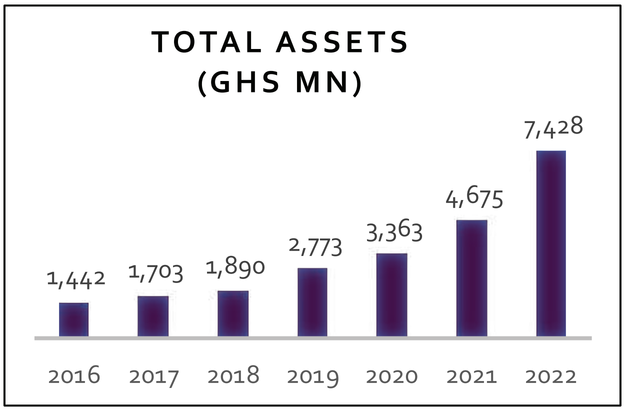
Financial Performance

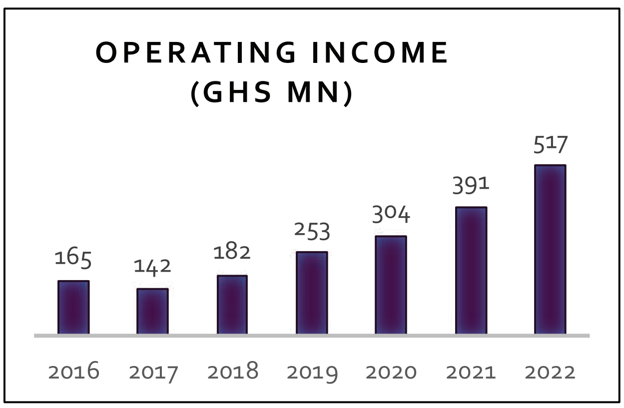
Despite a great deal of uncertainty in the macro climate — from inflation to the war in Ukraine, to regulatory headwinds and a potential economic downturn, the Bank continued to deliver on key strengths built over the past years.

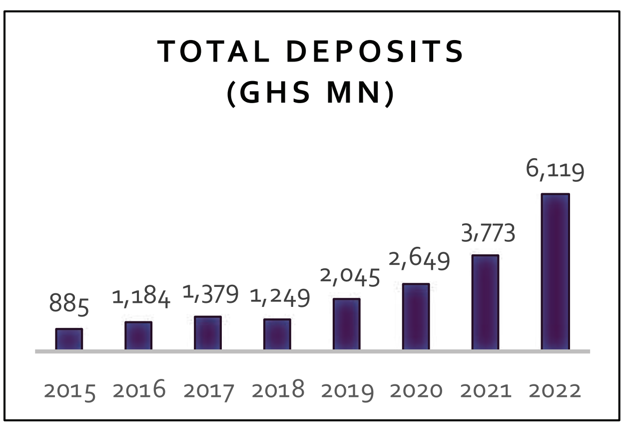
For the year ended 31 December 2022, FAB delivered operating income of GHS 516.5 million, 32.1 percent higher than the prior year. Net Interest Income also grew year on year by 38.1 percent to GHS 412.5 million. The net impairment charge of GHS 178.3 million arising from the debt restructuring announcement significantly affected our year-end profit. Against this backdrop, FAB demonstrated remarkable resilience, achieving a pre-tax profit of GHS 21.7 million. This commendable performance positioned our bank among the six out of the twenty-three (23) banks that reported profits before tax in 2022.

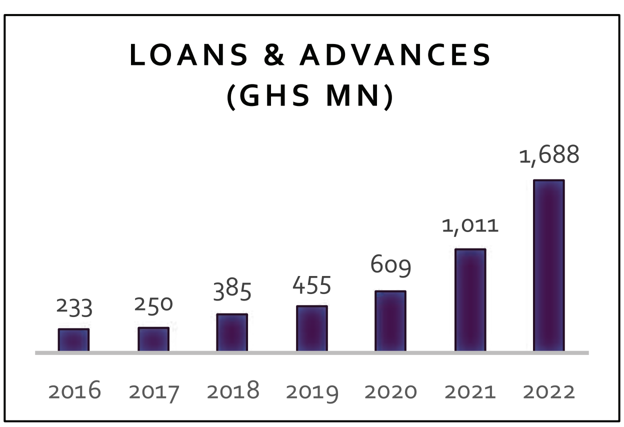
In this turbulent time, FAB continued to be recognised for being a safe and trusted bank. This was exemplified by 62.1 percent year-on-year growth in deposits to GHS6.1

billion. Loans and advances also increased by 47.1 percent to GHS 1.5 billion. Our Capital Adequacy level remained above regulatory minimums of 10 percent.









Becoming the Digital Bank

Digital technology is projected to continue reshaping Ghana's banking landscape, driven by the increasing adoption of digital channels for various activities. This shift is evident in the rising popularity of digital financial products like internet banking and mobile banking apps. To enhance customer service, we have introduced significant additions to our banking services, including the launch of our Internet banking application. This platform offers self-service capabilities, account transfers, statement services, and bill payments, among others. Our internet-banking platform, launched in the second semester of 2022, has been well received by both customers and the public. Additionally, we have implemented web-acquiring capabilities to facilitate seamless payment and collection processes, aiming to improve service delivery and customer convenience.

As a digital bank, we prioritize investing in our infrastructure to ensure a seamless banking experience. In 2022, we focused building resilience into our infrastructure for business continuity and upscaling the existing IT infrastructure to meet the ever-changing business processes and transaction processing needs.

Our commitment to information security and privacy is evident through our successful completion of the ISO/IEC 27001:2013 surveillance audit, ensuring compliance with international best practices. We have also enhanced the resilience and stability of our IT systems, achieving full compliance with regulatory requirements such as the E-Levy and Ghana Card Verification solutions.

We have also strengthened our digital and social media presence while maintaining brand consistency and standardization across our network. Looking ahead, we firmly believe in the future of digitalization in banking and remain dedicated to investing in the right technologies to effectively support our clients.

Governance and Culture

The bank has consistently prioritized sound and effective corporate governance as a means to achieve our strategic objectives. Supported by the Board, Management has diligently worked to ensure the implementation of comprehensive business practices by regularly reviewing policies and procedures.

We remain committed to our responsibility of maintaining appropriate systems that effectively address the inherent risks associated with the bank's operations. This commitment ensures that our organization is well prepared to navigate the challenges and uncertainties that may arise within the banking industry.

Outlook

The global economy is expected to face continued challenges in the year ahead as the near-term outlook remains uncertain. The initiation of the IMF program in 2023 is expected to play a facilitating role in Ghana's path to recovery.

As we close this second year of unprecedented disruption, FAB is strong, our businesses are growing, and we are well positioned for the future. With a robust balance sheet, prudent risk management practices, and a talented workforce, we are strategically positioned to support our customers and capitalize on growth prospects. As we embark on the New Year, we do so with confidence, striving for sustainable growth and providing enduring value to our stakeholders.

Acknowledgements

We would like to express our deepest appreciation to our fellow Board members for their invaluable insights, vision and excellent counsel. We welcome Mrs. Thelma Efua Quaye, Mrs. Ifeoluwa Fashola, and Mr. Liadi Adeoye Ayoku, to the Board and bid farewell to three Directors. They are Mrs. Karen Akiwumi Tanoh, Mr. Oye Balogun, and Dr. Adewale Olawoyin SAN. We thank them for their highly valuable contributions to the bank and wish them well.

To the management team and all our employees, we are grateful for your dedication, hard work and teamwork throughout 2022. Finally, our heartfelt thanks go to all our customers, shareholders, and the communities we serve in for their continued support of FAB.

Thank you for placing your trust in us.

ODUN ODUNFA
MD/CEO


www.firstatlanticbank.com.gh

EXECUTIVE COMMITTEE

ODUN ODUNFA
MD/CEO

DANIEL MARFO
EXECUTIVE DIRECTOR (BUSINESS)

PATIENCE ASANTE
EXECUTIVE DIRECTOR (RISK & CONTROL)

OLUGBENGA OGUNDELE
CHIEF OPERATING OFFICER

KWASI NIMAKO
CHIEF FINANCE OFFICER

MARY A. ANDERSON
HEAD, HUMAN RESOURCE

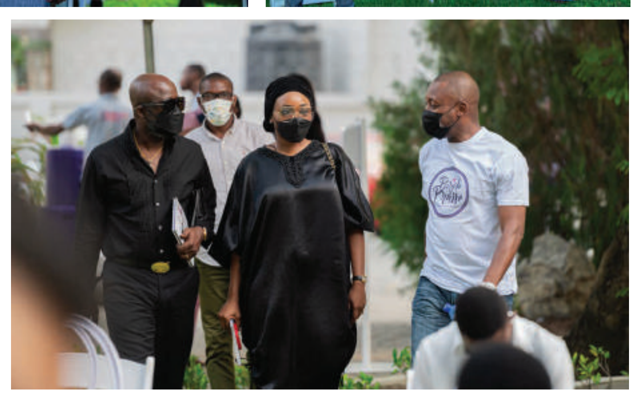
MARK OFORI-KWAFO
HEAD, LEGAL & COMPANY SECRETARY

GEORGE APPAW
HEAD, TREASURY

HENRY ASARE
CHIEF INTERNAL AUDITOR

DOREEN NKANSAH
HEAD, STRATEGY AND EXECUTION

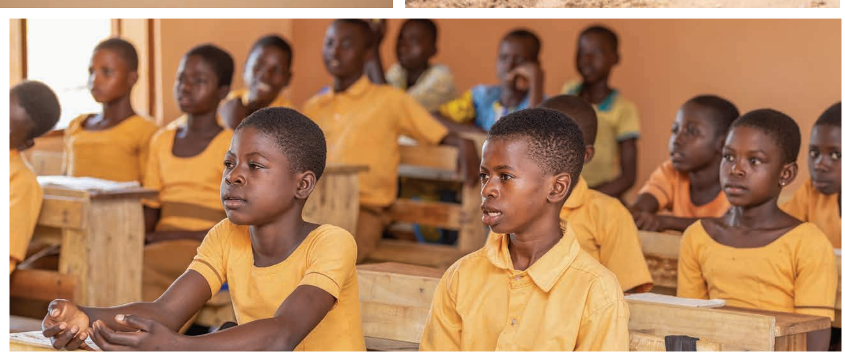
PURPLE PRAISE



AFRICAN UNION (AU) DAY

CORPORATE SOCIAL RESPONSIBILITY -

Commissioning and handing over of newly built and renovated units of classrooms to the Abua D/A primary School, Bono East.



ATLANTIC WALK

VALEDICTORY DINNER IN HONOUR OF OYE BALOGUN, KAREN AKIWUMI-TANOH & WALE OLAWOYIN

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of First Atlantic Bank Limited (the "Bank") for the year ended 31 December 2022.

Statement of directors' responsibilities

The directors are responsible for the preparation of the financial statements that give a true and fair view of First Atlantic Bank Limited's financial position at 31 December 2022, 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.

The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern.

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 results of the Bank are set out in the statement of profit or loss and other comprehensive income on page 16.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: GH¢15,000,000).

Directors' training

In line with Bank of Ghana's Corporate Governance Directive, there are structures in place to ensure continuous capacity building of the Board members. This includes an annual certification course facilitated by the Purple Almond Consulting Services on a range of relevant topics to boost the competence of board members on their duties and on prudential banking practices.

Interest in other body corporates

The Bank has non-controlling interests in First Atlantic Brokers Limited and First Atlantic Asset Management Limited as at 31 December 2022.

Corporate social responsibilities

The Bank spent GH¢1,789,894 (2021: GH¢2,203,757) on corporate social responsibilities during the year.

Auditor's remuneration

The auditor's remuneration for the audit of the financial statements of the Bank for the year ended 31 December 2021 is disclosed in note 15 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).

AMARQUAYE ARMAR	ODUN ODUNFA
BOARD CHAIRMAN	MD/CEO

17 April 2023

CORPORATE GOVERNANCE FRAMEWORK

First Atlantic Bank Limited is committed to adopting a robust corporate governance framework and applying the highest standards of business integrity and professionalism to safeguard the long-term interests of our stakeholders. To achieve this, the Bank has adopted global best practices in compliance with regulations and codes of corporate governance to establish accountability and transparency as well as preserve the integrity of the Board and Management. The Board not only pays attention to ethical conducts, value enrichment and the implementation of best practices, but also makes significant effort to understand and manage stakeholders' expectations.

First Atlantic Bank Limited believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notesto the financial statements, the Bank adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

BOARD OF DIRECTORS

The Board is responsible for setting the Bank's strategic direction and oversight of executive management. The Board presents a balanced and understandable assessment of the Bank's progress and prospects.

The Board consists of a Non-Executive Chairman, six (6) Non-Executive Directors and three (3) Executive Directors. The Non-Executive Directors are independent of Management and free from any constraints, which could materially interfere with the exercise of their independent judgement.They have the requisite experience and knowledge of the industry, markets, financial and other business sectors to make valuable contributions to the Bank's progress.

The Board has five (5) committees namely, Governance and General Purpose, Loans and and Investments, Audit, Risk Management, and Cyber and Information Security. The details of the Committees are set out below.

Governance and General Purpose Committee

The purpose of the Committee is to provide appropriate advice and recommendations on matters relating to governance, human resource and other general matters. The Committee is made up of four (4) non-executive members and it meets at least once a quarter.

The duties and responsibilities of the committee include orientation and education of new directors; development of policies to facilitate continuous education and development of directors; periodic assessment of the skills of directors; approval of special welfare schemes and proposals; and consideration of disciplinary matters involving top management staff and directors.

The Committee has authority to consider all matters relating to the acquisition, disposal, construction and or refurbishment of landed properties for or by the Bank. It also reviews the Bank's IT strategy and major technology related expenditures.

The Committee also has oversight responsibility of all legal matters and the authority and discretion to review any legal matter, issue, or document.

Loans and Investments Committee

The Loans and Investments Committee is made up of five (5) members of whom four (4) are nonexecutive directors. The Committee meets at least once a quarter.

The Committee assists the Board in fulfilling its oversight responsibility relating to loans and investments by providing appropriate advice and recommendations on relevant matters.

The duties and responsibilities of the Committee include recommending the membership of the Bank's Management Credit Committee; recommending credit policies and procedures to govern the authority delegated to the Management Credit Committee; and recommending loans, investments and other risk assets to the Board for approval.

Audit Committee

The Audit Committee was made up of four (4) non-executive directors until October 2022 when it was reconstituted to a membership of 3 non-executive directors. The Committee meets at least once a quarter.

The purpose of the Committee is to establish and operate adequate control systems and sound accounting policies, safeguard the Bank's assets and prepare accurate financial reports and statements that comply with applicable legal and regulatory requirements, and accounting standards.

The duties of the Audit Committee include recommending the selection, appointment, retention, compensation and oversight of the work of the Bank's external auditor; reviewing of quarterly, half-yearly and annual financial reports and considering the budget and strategic business plan of the Bank.

Risk Management Committee

The Risk Management Committee was made up of four (4) members of whom three (3) were non executive directors until October 2022 when it was reconstituted to a membership of 3 of whom two (2) are non-executive directors. The Committee meets at least once a quarter.

The purpose of the Committee is to oversee the Bank's overall risk management framework and to evaluate the adequacy of the Bank's risk management systems, the action plans in place to managethese risks and to monitor progress towards the achievement of these actions.

The duties and responsibilities of the Committee also include oversight of Enterprise Risk Management, Compliance and Internal controls.

Cyber and Information Security Committee

The Cyber and Information Security Committee is made up of four (4) members of whom three (3) are non-executive directors. The Committee meets at least once a quarter.

The purpose of the Board Cyber and Information Security Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the Bank's cybersecurity programs and risks.

The duties and responsibilities of the Committee also include developing and implementing institutional policies on cyber and information security, outsourcing, survivability, backup and recovery from cyber incidents, attacks and disaster events.

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 sets the professionalism and integrity required for the Bank's operations which covers compliance with the laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices.

Compliance with Corporate Governance Directive

The Bank's Directors are responsible and fully aware of their responsibilities, as people charged with governance, for ensuring that the bank's operations comply with relevant provisions of the Corporate Governance Directive, 2018. The Directors independently assessed and documented the corporate governance processes of the Bank and can assert that such processes are effective and successfully achieved their intended objectives, during the period under review.

Conflict of interest

There were no matters of conflict of interest or potential material conflicts of interest in the reporting period.

Report on board evaluation

In accordance with Section 47 and 48 of the Corporate Governance Directive, the independent external evaluation of the Board for the year is ongoing. The scope of the engagement included roles and responsibilities, competencies, structure and composition, processes and relationships, and other key governance issues.

Shares of the Bank held by Directors and other related parties

The details of shareholders' information is outlined in Appendix I.

BOARD MEETINGS ATTENDANCE

BOARD MEMBERS	AUDIT COMMITTEE	CYBER & INFORMATION SECURITY	GENERAL PURPOSE COMMITTEE	LOANS AND INVESTMENTS COMMITTEE	PROPERTY & INVESTMENTS COMMITTEE	RISK MANAGEMENT COMMITEE	BOARD MEETING
Armaquaye Armar	-	-	-	-	-	-	5/5
Karen Akiwumi Tanoh*	-	-	-	2/4	-	2/4	3/5
Odun Odunfa	-	-	-	4/4	-	-	5/5
Oye Balogun*	-	2/4	2/4	2/4	2/3	-	3/5
Dr. Adewale Olawoyin**	2/4	-	2/4	-	2/3	-	3/5
Papa Madiaw Ndiaye	4/4	4/4	4/4	4/4	-	4/4	5/5
Patience Asante	-	4/4	-	-	3/3	-	5/5
Daniel Marfo	-	-	-	-	-	4/4	5/5
George Amoah	4/4	4/4	-	4/4	-	-	5/5
Augustina Amakye	4/4	-	4/4	-	3/3	4/4	5/5
Thelma Quaye*	1/4	1/4	-	-	-	1/4	2/5
Ifeoluwa Fashola*	-	1/4	1/4	1/4	-	-	2/5
Liadi Ayoku	1/4	-	1/4	1/4	-	-	2/5

* Karen Akiwumi-Tanoh, Oye Balogun and Wale Olawoyin resigned from the Board in August 2022.

* Thelma Quaye, Ifeoluwa Fashola and Liadi Ayoku were appointed to the Board in October 2022.

* Board Property and Investment Committee (BPIC) was merged with Board Governance and General Purpose Committee (BGPC) in October 2022.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST ATLANTIC BANK 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 First Atlantic Bank Limited (the "Bank") as at 31 December 2022, 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 First Atlantic Bank Limited for the year ended 31 December 2022.

The financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- 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.

Key audit matters

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

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Expected credit losses on loans and advances to customers – GH¢96,976,158	
Gross loans and advances to customers as at 31 December 2022 amount to GH¢1,583,901,333 out of which an impairment allowance of GH¢96,976,158 was recorded.	We updated our understanding of the key controls within the loan origination, approval, monitoring and recovery processes and tested relevant controls.
The Expected Credit Loss (ECL) requires significant judgement in applying the methodology used in determining the following estimates:	We assessed the criteria applied by management in determining significant increase in credit risk and assessed a sample of loans for SICR.
- Significant increase in credit risk (SICR) focusing on both the qualitative and quantitative criteria used by the Bank.	We checked that the applied definition of default used is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator.
- Definition of default in assessing credit impaired assets.	We assessed the methodology and reasonableness of assumptions applied in determining the PD and LGD.
- Probability of Default (PD): the likelihood that borrowers will be unable to meet their debt obligations over a particular time horizon.	We checked that the projected EAD over the remaining lifetime of loans and advances to customers were reasonable.
- Loss given default (LGD): percentage exposure at risk that is not expected to be recovered in an event of default.	We checked that the off-balance sheet exposures and the projected EAD over the remaining lifetime of on-balance sheet exposures based on the behavioural life of revolving facilities were in compliance with the requirements of IFRS 9.
- Exposure at default (EAD): amount expected to be owed the bank at the time of default.	We assessed the reasonableness of forward-looking information used in the impairment calculations by challenging the multiple economic scenarios used and the weighting applied.
- Forward-looking economic information and scenarios used in the model.	We checked the completeness and accuracy of the respective credit exposures assessed for ECL and other inputs including collaterals.
The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.8.1, 3.1, 4.2, 13 and 20 to the financial statements.	We tested the appropriateness of disclosures set out in the financial statements.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Expected credit losses on investment securities – GH¢178,304,243	
The gross balance of investment securities at 31 December 2022 was GH¢1,839,439,122. The associated impairment allowance on the debt instruments was GH¢178,304,243.	We obtained an understanding of the DDEP based on the Exchange Memorandum issued by the Government of Ghana.
The Government of Ghana announced a voluntary Domestic Debt Exchange Programme (DDEP) which sought to exchange existing eligible domestic notes and bonds.	We assessed the appropriateness of management's segmentation of the portfolio of instruments eligible for the DDEP and those that are not.
The expected credit loss (ECL) for investment securities is material to the financial statements in terms of magnitude and level of subjective judgement applied by management.	We tested the appropriateness of the staging of the investment securities by independently assessing management's criteria for significant increase in credit risk and definition of default.
Management segmented the securities into a portfolio of instruments eligible for Ghana's Domestic Debt Exchange Programme (DDEP) and those instruments that are not eligible for the programme.	We evaluated the appropriateness of macro-economic inputs and forwardlooking information included in the ECL by comparing to independent industry data.
The key areas of significant management judgement within the ECL calculation are:	We assessed the assumptions relating to discount rate, estimated timing and amount of forecasted cashflows applied within the PD, EAD and LGD.
- Evaluation of significant increase in credit risk and definition of default focusing on both the qualitative and quantitative criteria used by the Bank;	We tested the mathematical accuracy of the impairment calculation on investment securities.
- Incorporation of macro-economic inputs and forward-looking information into the ECL model; and	We assessed the appropriateness of the ECL related disclosures for investment securities in the financial statements in accordance with IFRS 9.
- Input assumptions (discount rate and estimated timing and amount of forecasted cash flows) applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD).	
The accounting policies, critical estimates and judgements and impairment charge are set out in notes 3.5. 4.2.1.2, 13 and 19 to the financial statements.	

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.

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 the Bank's statement of profit or loss and other 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/2023/028)
Chartered Accountants
Accra, Ghana

16 May 2023

pwc

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are expressed in Ghana cedis)

	Note	2022	2021
Interest income	8	**571,957,682**	385,712,851
Interest expense	9	**(159,461,341)**	(86,961,792)
Net interest income		**412,496,341**	298,751,059
Fee and commission income	10	**136,635,527**	81,412,256
Fee and commission expense	10	**(41,449,271)**	(24,811,789)
Net fee and commission income		**95,186,256**	56,600,467
Net trading income	11	**6,847,112**	33,595,672
Other operating income	12	**2,056,279**	1,996,828
Operating income		**516,585,988**	390,944,026
Net impairment losses	13	**(229,824,486)**	(17,808,823)
Personnel expenses	14	**(112,945,145)**	(102,733,338)
Depreciation and amortisation	15	**(22,293,310)**	(23,023,155)
Other expenses	16	**(127,128,421)**	(88,045,716)
Finance cost on lease liability	25	**(2,738,181)**	(3,709,051)
Operating profit		**21,656,445**	155,623,943
Gain from associated companies	21	**298,501**	226,740
Profit before income tax		**21,954,946**	155,850,683
National Fiscal Stabilisation Levy	27	**(1,082,823)**	(7,792,534)
Financial Sector Recovery Levy	28	**(1,082,823)**	(5,844,401)
Income tax expense	17	**(19,946,748)**	(25,856,003)
(Loss)/Profit for the year		**(157,448)**	116,357,745
Other comprehensive income			
Items that will never be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**359,021,584**	-
Income tax relating to components of other comprehensive income		**(89,755,396)**	-
Other comprehensive income, net of tax		**269,266,188**	-
Total comprehensive income for the year		**269,108,740**	116,357,745
Earnings per share – (Ghana pesewas)	38	**(0.05)**	34.81

The notes on pages 21 to 87 are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in Ghana cedis)

	Note	2022	2021
Assets			
Cash and balances with banks	18	**1,990,143,317**	961,688,658
Non-pledged trading assets	19	**-**	462,282,305
Pledged assets	19	**-**	167,867,098
Investment securities	19	**1,661,134,879**	820,239,574
Loans and advances to customers	20	**1,486,925,175**	1,011,135,561
Investment in associates	21	**1,474,387**	1,175,886
Current income tax assets	26	**9,670,454**	13,568,730
Other assets	22	**1,699,885,155**	1,023,488,272
Intangible assets	23	**6,241,604**	5,992,070
Property and equipment	24	**553,614,697**	181,641,691
Right-of-use assets	25	**19,201,746**	25,920,890
Total assets		**7,428,291,414**	4,675,000,735
Liabilities			
Deposits from banks	31	**189,415,253**	88,726,272
Deposits from customers	30	**6,119,099,515**	3,772,886,340
Deferred income tax liabilities	29	**55,272,335**	11,219,342
Lease liabilities	25	**13,342,625**	18,414,853
Other liabilities	32	**81,908,022**	68,609,004
Total liabilities		**6,459,037,750**	3,959,855,811
Shareholders' funds			
Stated capital	33	**404,570,053**	404,570,053
Retained earnings – (deficit)	34	**35,688,846**	44,624,778
Revaluation reserve	35	**325,693,414**	56,427,226
Statutory reserve fund	36	**153,126,231**	153,126,231
Credit risk reserve	37	**50,175,120**	56,396,636
Total shareholders' funds		**969,253,664**	715,144,924
Total liabilities and shareholders' funds		**7,428,291,414**	4,675,000,735

The notes on pages 21 to 87 are integral part of these financial statements.

The financial statements on pages 16 to 87 were approved by the board of directors on 17 April 2023 and signed on its behalf by:

Amarquaye Armar
Board Chairman

Odun Odunfa
MD/CEO

STATEMENT OF CHANGES IN EQUITY

(All amounts are expressed in Ghana cedis)

Year ended 31 December 2022	Stated capital	Statutory reserve	Credit risk reserve	Revaluation reserve	Retained earnings	Total
At 1 January 2022	404,570,053	153,126,231	56,396,636	56,427,226	12,456,329	715,144,924
Loss for the year	-	-	-	-	(157,448)	(157,448)
Other comprehensive income net of tax	-	-	-	269,266,188	-	269,266,188
Total comprehensive income for the year	-	-	-	269,266,188	(157,448)	269,108,740
Transactions with equity holders						
Dividends paid	-	58,178,872	-	-	(15,000,000)	(15,000,000)
Total transaction with equity holders	-	-	-	-	(15,000,000)	(15,000,000)
Regulatory transfers						
Transfer to statutory risk reserve	-	-	-	-	-	-
Transfer to credit risk reserve	-	-	(6,221,516)	-	6,221,516	-
Total regulatory transfers	-	-	(6,221,516)	-	6,221,516	-
At 31 December 2021	404,570,053	153,126,231	50,175,120	325,693,414	44,624,778	715,144,924

The notes on pages 21 to 87 are an integral part of the financial statements.

Year ended 31 December 2021	Stated capital	Statutory reserve	Credit risk reserve	Revaluation reserve	Retained earnings	Total
At 1 January 2021	404,570,053	94,947,359	55,298,870	56,427,226	(12,456,329)	598,787,179
Profit for the year	-	-	-	-	116,357,745	116,357,745
Total comprehensive income for the year	-	-	-	-	116,357,745	116,357,745
Regulatory and other reserve transfers						
Transfer to statutory risk reserve	-	58,178,872	-	-	(58,178,872)	-
Transfer to credit risk reserve	-	-	1,097,766	-	(1,097,766)	-
	-	58,178,872	1,097,766	-	(59,276,638)	-
At 31 December 2021	404,570,053	153,126,231	56,396,636	56,427,226	44,624,778	715,144,924

The notes on pages 21 to 87 are an integral part of the financial statements.

STATEMENT OF CASH FLOW

(All amounts are expressed in Ghana cedis)

	Note	2022	2021
Cash generated from/ (used in) operating activities	39	**1,152,435,944**	(266,765,065)
Tax and levies paid	26	**(79,709,498)**	(39,635,183)
		--------------------------	--------------------------
Net cashflow generated from/ (used in) operating activities		**1,072,726,446**	(306,400,248)
Cashflows from investing activities			
Purchase of property and equipment	24	**(33,152,611)**	(29,275,403)
Purchase of intangible assets	23	**(1,515,416)**	(1,461,771)
Proceeds from asset disposal	24	**4,931,866**	614,134
Investment in associate	21	**-**	(500,000)
		--------------------------	--------------------------
Net cashflows used in investing activities		**(29,736,161)**	(30,623,040)
		--------------------------	--------------------------
Cashflow from financing activities			
Payments on lease liabilities	25	**(5,394,295)**	(12,705,627)
Dividends paid		**(15,000,000)**	-
		--------------------------	--------------------------
Net cashflows from financing activities		**(20,394,295)**	(12,705,627)
		--------------------------	--------------------------
Net (decrease)/increase in cash and cash equivalents		**1,022,595,990**	(349,728,915)
Cash and cash equivalents at 1 January	18	**439,747,065**	789,475,980
		--------------------------	--------------------------
Cash and cash equivalents at 31 December	18	**1,462,343,055**	439,747,065
		==============	==============

The notes on pages 21 to 87 are integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

First Atlantic Bank Limited (the "Bank") is a limited liability company incorporated and domiciled inGhana licensed to carry out universal banking activities. The address of the Bank's registered office is Atlantic Place, No. 1 Seventh Avenue, Ridge West, Accra, Ghana.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for the following:

- Buildings measured at fair value;
- Financial assets at fair value through profit or loss are measured at fair value; and
- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value.

2.1.3 Use of estimates and judgement

The preparation of the 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. The areas involving a higher degree of judgement or complexity, or areas where a ssumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.4. Going concern

These financial statements have been prepared on the basis that the Bank will continue to operate as a going concern.

2.1.5 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 2022. The nature and the impact of each new standards and amendments are described below.

(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.

(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 to 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.

(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.

(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 – 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.
- 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.

(b) New standards, amendments and interpretations issued/amended but not effective

(i) IFRS 17 – Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrumentby- instrument basis.

(ii) 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. Theymust be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(iii) 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 amendedIFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(iv) 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 aregenerally applied retrospectively to past transactions and other past events as well as the current period.

(v) 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 wereconsidered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the 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.

These amendments and clarifications are effective for reporting periods beginning on or after 1 January 2023.

2.2 Foreign currency translation

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss in net trading income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translationdifferences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.3 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.

2.4 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.

2.5 Fee and commission expense

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

2.6 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.

2.7 Dividend income

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

2.8 Financial assets and liabilities

2.8.1 Financial assets

Classification and subsequent measurement

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.

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.

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

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.

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 foreignexchange 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 'net trading income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

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.

Business model: The 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. Factorsconsidered 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.

SPPI: 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 contractualterms 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.

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 the exposure 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.

Note 4.2.1 provides more details of how the expected credit loss allowance is measured.

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.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.
- Change in the currency the loan is denominated in.

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 derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, 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 creditimpaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Bank:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain transactions in which the Bank retains a substantial residual interest.

2.8.2 Financial liabilities

Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified and subsequently measured at amortised cost except for financial guarantee contracts and loan commitments. 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.

2.8.3 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.

2.8.4 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on stock exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, yield curve of government securities, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

Valuation models such as present value techniques are used primarily to value unlisted debt securities and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Bank holds. Valuations are therefore adjusted, where appropriate, to allow foradditional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.8.5 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Bank. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Bank.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold tothird parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.8.6 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 assets 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.

2.8.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8.8 Collateral

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.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other shortterm highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise balances maturing within 91 days or less from the date of acquisition including cash and balances with Bank of Ghana, other eligible bills, money market placements and dealing securities.

2.10 Investment in associates

Associates are all entities over which the Bank has significant influence but not control or joint control. This is generally the case where the Bank holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Bank's share of the post-acquisition profits or losses of the investee in profit or loss, and the Bank's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Bank's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Bank.

The carrying amount of equity-accounted investments is tested for impairment.

2.11 Leases

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.

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 thefunds 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 equipment and vehicles and all 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.

Extension and termination options are included in a number of property and equipment 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.

2.12 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.13 Intangible assets

Intangible assets comprise computer software licenses. 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.

2.14 Property and equipment

Leasehold land and buildings are shown at fair value based on periodic, but at least 3 - 5 years, valuations by external independent valuers less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Freehold land is not depreciated. Leasehold land is amortised over the term of the lease and is included as part of property and equipment. Depreciation on other assets is calculated on the straight-line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Leasehold land and building	- Over lease period
Leasehold improvement	- Over the lease period
Fixtures, fittings and equipment	- 5 years
Computers	- 3 years
Motor vehicles	- 5 years

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

When revalued assets are sold, the amounts included in the capital surplus account are transferred to retained earnings.

2.15 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset thatwould have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognisedas transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Provisions and contingent liabilities

Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class 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 management's best estimate of the expenditure required to settle the present obligation as at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A provision for restructuring is recognised when the Bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

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

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.

2.18 Employee benefits

Short-term obligations

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

Post-employment obligations

The Bank operates defined contribution retirement benefit schemes, which is a three-tier pension scheme, for its employees. The Bank's contributions to tier one and tier two schemes are mandatory and are determined by law. The Bank and its employees also make contributions towards employees' pension under a voluntary third tier pension scheme which is privately managed.

Payment to the above defined contribution plans and state-managed retirement benefit plans are charged as an expense as the employees render service. The Bank has no further payment obligations once the contributions have been paid.

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.

2.19 Stated capital and dividend

Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

Dividend on ordinary shares

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

2.20 Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of issued 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.

2.21 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e.: when control is transferred to the Bank. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3. Critical accounting estimates, judgements and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies. 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.

3.1 Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance (ECL) for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g.: the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and
- establishing groups of similar financial assets for purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 4.2.

3.2 Determining fair values of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Inputs to these mathematical models is taken from observable markets where possible. However, where this is not feasible, a degree of judgement is required in establishing fair values.

3.3 Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinarycourse of business. The Bank recognises liabilities for anticipated tax audit issues 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 will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.4 Leases

In determining the lease term, management 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).

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

3.5 Impairment of investment securities

The Company considers evidence of impairment for investment securities at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Investment securities that are not individually significant are collectively assessed for impairment.

In assessing impairment for investment securities that are within the scope of the Government of Ghana's Domestic Debt Exchange Programme, impairment is calculated as the difference between carrying value of the old investments and the fair value of new investments calculated as the present value of future cash flows using an appropriate discount rate. Management has applied a range of valuation assumptions to arrive at a proxy for an appropriate discount rate due to the current complexities in Ghana's bond market.

4. Financial risk management

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

Risk management is carried out by the Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies, evaluates and manages financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as market risk, operational risk, credit risk and use of non-derivative financial instruments.

The most important types of risk are credit risk, liquidity risk, and market risk, comprising currency risk, interest rate and other price risk. These are principal risks of the Bank. This note presents information about the Bank exposure to these risks, including the objectives, policies and processes for measuring and managing the risks as well as their impact on earnings and capital.

4.1 Risk management framework

The Bank's risk management framework is based on the overall structure of the Bank which ensures that the Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established committees which are responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

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

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

4.2 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Bank by failing to pay amounts in full when due. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments such as committed facilities. Credit risk management and control is centralised in the Loans and Investment Committee, whose membership comprises both executive and non-executive members. The Committee reports regularly to the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

4.2.1 Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk to the Loans and Investment Committee. A separate Credit Department, reporting to the Credit Committee, is responsible for oversight of the credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit quality assessment, risk reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Regular reports are provided to Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken.

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. All write-off decisions are sanctioned by the Board of Directors with a subsequent approval in writing by Bank of Ghana before it is effected.

4.2.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgement and assumptions adopted by the Bank in addressing the requirements of the standard are discussed below.

(i) Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

The remaining Lifetime PD at the reporting date has increased, compared to the residual lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

For loan portfolios, if the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Direct debit cancellation;
- Extension to the terms granted; and
- Previous arrears within the last 12 months.
- Significant increase in credit spread
- Significant adverse changes in business, financial and/ or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflows/liquidity problems such as delay in servicing of trade credits/loans.

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

Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

(ii) Credit-impaired financial assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition ofcredit impaired.

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 or more of the following criteria:

Quantitative criteria

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

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;
- The borrower is insolvent;
- The borrower is 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.

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.

The criteria 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.

(iii) Measuring ECL- Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (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 Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- 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).
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure.

The ECL is determined by projecting the PD, LGD and EAD 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). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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 Lifetime PD is developed by applying a maturity profile to the current 12-month 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.

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 – are monitored and reviewed on a quarterly basis.

(iv) Forward-looking information

The assessment of 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.

The Bank considers GDP growth rates, inflation rates, interest rates and policy rates as the economic variables relevant for the determination of ECL estimates. The Bank also considers multiple scenarios in applying the economic variable assumptions.

- GDP growth rate – 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.
- Inflation and interest rates – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates have 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.
- Policy rate – The Monetary Policy Rate is used as a tool to target inflation and interest rates. It is an indicator of the likely trend of rates which is a key driver of economic activity.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate at 31 December 2022 and 2021 are set out below.

31 DECEMBER 2022

Scenario	**Weight**	**GDP Growth**	**Inflation**	**Policy rate**
Base Case	**50%**	**1.70%**	**16.0%**	**28.50%**
Upside	**10%**	**1.93%**	**13.83%**	**24.64%**
Downside	**40%**	**1.47%**	**18.17%**	**32.36%**

31 DECEMBER 2021

Scenario	Weight	GDP Growth	Inflation	Policy rate
Base Case	50%	0.9%	12.6%	14.5%
Upside	10%	2.0%	5.8%	13.1%
Downside	40%	0.4%	17.4%	15.9%

Sensitivity analysis

The most significant assumptions affecting the ECL allowance are as follows:

(i) GDP growth rate, given the significant impact on companies' performance and collateral valuations
(ii) Inflation rate, given its impact on companies' likelihood of default.

Set out below are the changes to ECL that would result from reasonably possible changes in these parameters from the actual assumptions used in the Bank's economic variable assumption.

AT 31 DECEMBER 2022

			GDP Growth	
		+5% GHS	No change GHS	-5% GHS
Inflation rate	+5%	91,798,014	99,297,787	107,895,005
	No change	90,188,124	96,976,158	107,090,845
	-5%	88,641,435	95,579,742	106,723,184

AT 31 DECEMBER 2021

			GDP Growth	
		+5% GHS	No change GHS	-5% GHS
Inflation rate	+5%	46,829,075	48,113,569	47,580,384
	No change	46,049,022	46,988,651	47,190,738
	-5%	45,299,592	46,312,034	47,012,592

Investment securities

The Bank's investments comprise investments in government securities and quasi government (Cocobod, ESLA, Daakye and Bank of Ghana) securities.

Impact of Ghana's Domestic Debt Exchange Programme (DDEP) on investment securities

On 5 December 2022, the Government of Ghana announced Ghana's Domestic Debt Programme (DDEP). The Programme invites eligible bondholders to voluntarily exchange eligible local currency bonds issued by the Government of Ghana, ESLA and Daakye bonds for a new series of bonds to be issued by the Government.

The Programme seeks to extend the tenures of the eligible securities and reduce their coupons to an effective rate of about 9%. The Government has also explained that there will be two distinct groups of bonds which will be exchanged as follows:

- Bonds maturing in 2023 replaced with 7 new bonds that matures from 2027 to 2033 inclusive; and
- All other bonds maturing after 2023 replaced with 12 new bonds that matures from 2027 to 2038 inclusive.

The Bank assessed the bonds eligible for exchange under the DDEP as credit-impaired. As a result, the carrying amounts of the existing bonds were reduced to the fair value of the new bonds calculated as the present value of the cash flows using the original effective interest rate.

The difference between the fair value of the new instruments and the gross carrying amount of the original assets was recognised as impairment charge in the statement of comprehensive income.

Sensitivity analysis

The sensitivity of the impairment provision to a 1% change in the discount rate is set out below:

31 DECEMBER 2022

Bank	ECL
1% decrease in discount rate	**167,054,215**
Base	**179,589,247**
1% increase in discount rate	**192,027,272**

4.2.2 Maximum exposure to credit risk

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.

	2022	2021
On-balance sheet financial assets subject to impairment		
Balances with banks	**1,848,759,210**	870,015,911
Non-pledged trading assets	**-**	462,282,305
Pledged trading assets	**-**	167,867,098
Investment securities	**1,661,134,879**	820,239,574
Loans and advances to customers	**1,486,925,175**	1,011,135,561
Other financial assets	**1,679,478,769**	1,014,243,370
	6,676,298,033	4,345,783,819
Off-balance sheet financial assets subject to impairment		
Letters of credit	**160,133,875**	77,814,406
Guarantees and indemnities	**371,901,628**	262,846,636
	532,035,503	340,661,042

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

- Stage 1 – At 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 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
At 31 December 2022				
Balances with banks	1,848,759,210	-	-	**1,848,759,210**
Investment securities	-	591,690,227	1,250,301,000	**1,841,991,227**
Loans and advances to customers	1,261,535,739	136,217,715	186,147,879	**1,583,901,333**
Other financial assets	1,679,478,769	-	-	**1,679,478,769**
Gross carrying amount	4,789,773,718	727,907,942	1,436,448,879	**6,954,130,539**
Allowance for impairment	(23,365,526)	(26,830,915)	(227,636,065)	**(277,832,506)**
Carrying amount	4,766,408,192	701,077,027	1,208,812,814	**6,676,298,033**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
At 31 December 2021				
Balances with banks	869,995,911	-	63,362,998	933,378,909
Non-pledged trading assets	462,282,305	-	-	462,282,305
Pledged trading assets	167,867,098	-	-	167,867,098
Investment securities	822,791,679	-	-	822,791,679
Loans and advances to customers	938,247,164	21,238,639	98,638,409	1,058,124,212
Other assets (excluding prepayments)	1,014,243,370	-	-	1,014,243,370
Gross carrying amount	4,275,447,527	21,238,639	162,001,407	4,458,687,573
Allowance for impairment	(18,099,051)	(583,412)	(94,221,291)	(112,903,754)
Carrying amount	4,257,348,476	20,655,227	67,780,116	4,345,783,819

4.2.3 Collaterals and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional ofthese 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. 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 to customers depends on the nature of the instrument. Longer-term finance and lending to individuals and corporate entities are generally secured. 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 to customers.

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. Financial assets that are credit impaired and the related collateral in order to mitigate potential losses are shown in the table of individually impaired loans above.

4.2.4 Loans and advances to customers with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The table below shows analysis of loans with renegotiated terms.

	2022	2021
Non-impaired after restructuring		
Gross loans and advances	**-**	15,268,753
Allowance for impairment	**-**	(578,703)
	-	14,690,050
Continuing to be impaired after restructuring		
Gross loans and advances	**22,491,762**	-
Allowance for impairment	**(22,491,762)**	-
	-	-

4.2.5 Repossessed assets

There are no repossessed assets during the year (2021: Nil).

4.3 Liquidity risk

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

4.3.1 Management of liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Bank of Ghana requires that the Bank maintains a cash mandatory reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The treasury department monitors liquidity ratios on a daily basis.

Liquidity management within the Bank has several strands. The first is day-to-day funding, managed by monitoring future cash flows to ensure that liquidity requirements can be met. This includes replenishment of funds as they mature or as they are borrowed by customers. The Bank maintains an active presence in the Ghanaian money markets to facilitate that. The second is maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow. Finally, the ability to monitor, manage and control intra-day liquidity in real time is recognised by the Bank as a mission critical process: any failure to meet specific intra-day commitments would be a public event and may have an immediate impact on the Bank's reputation.

An important source of structural liquidity is provided by our core private deposits, mainly term deposits, current accounts and call deposits. Although current accounts and call deposits are repayable on demand, the Bank's broad base of customers - numerically and by depositor type - helps to protect against unexpected fluctuations. Such accounts form a stable funding base for the Bank's operations and liquidity needs.

To avoid reliance on a particular group of customers or market sectors, the distribution of sources and the maturity profile of deposits are also carefully managed. Important factors in assuring liquidity are competitive rates and the maintenance of depositors' confidence. Such confidence is based on a number of factors including the Bank's reputation, the strength of earnings and the Bank's financial position.

4.3.2 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**
At 31 December 2022				
Deposits from banks	197,560,109	-	-	**197,560,109**
Deposits from customers	1,572,163,827	1,645,102,624	3,391,361,025	**6,608,627,476**
Other financial liabilities	78,725,875	-	-	**78,725,875**
Lease liabilities	2,487,483	3,547,196	9,309,340	**15,344,019**
Total liabilities	1,850,937,294	1,648,649,820	3,400,670,365	**6,900,257,479**
Cash and bank balances	1,990,143,317	-	-	**1,990,143,317**
Investment securities	275,365,879	2,942,209	1,382,826,791	**1,661,134,879**
Loans and advances to customers	438,036,753	309,984,142	738,904,280	**1,486,925,175**
Other financial assets	1,679,478,769	-	-	**1,679,478,769**
Total assets	4,383,024,718	312,926,351	2,121,731,071	**6,817,682,140**
Liquidity surplus/(deficit)	2,532,087,424	(1,335,723,469)	(1,278,939,294)	**(82,575,339)**

	Up to 3 months	3 to 12 months	Over 1 year	Total
At 31 December 2021				
Deposits from banks	88,759,101	-	-	88,759,101
Deposits from customers	899,362,176	941,087,087	1,940,040,713	3,780,489,976
Other financial liabilities	31,343,362	-	35,447,888	66,791,250
Lease liabilities	661,010	741,978	19,402,965	20,805,953
Total liabilities	1,020,125,649	941,829,065	1,994,891,566	3,956,846,280
Cash and bank balances	961,688,658	-	-	961,688,658
Non-pledged trading assets	-	-	462,282,305	462,282,305
Pledged trading assets	87,301,693	80,565,405	-	167,867,098
Investment securities	-	463,665,944	359,125,735	822,791,679
Loans and advances to customers	293,860,893	330,969,740	386,304,928	1,011,135,561
Other financial assets	66,921,282	91,161,756	856,160,332	1,014,243,370
Total assets	1,409,772,526	966,362,845	2,063,873,300	4,440,008,671
Liquidity surplus/(deficit)	389,646,877	24,533,780	68,981,734	483,162,391

4.4 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices and foreign exchange rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4.4.1 Management of market risk

Overall management of market risk is vested in Assets & Liability Committee (ALCO). The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The Bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of assets and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the Bank's exposure to changes in interest rates and liquidity.

Interest rates on advances to customers and other risk assets are pegged to the Bank's base lending rate. The Assets and Liability Committee (ALCO) closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

4.4.2 Interest rate risk

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the Bank's Treasury.

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

	Non-interest bearing	**Up to 12 months**	**Over 1 year**	**Total**
At 31 December 2022				
Cash and bank balances	1,599,787,018	390,356,299	-	**1,990,143,317**
Investment securities	-	278,308,088	1,382,826,791	**1,661,134,879**
Loans and advances to customers	-	748,020,895	738,904,280	**1,486,925,175**
Other financial assets	1,679,478,769	-	-	**1,679,478,769**
	3,279,265,787	1,416,685,282	2,121,731,071	**6,817,682,140**
Deposits from banks	-	189,415,253	-	**189,415,253**
Deposits from customers	3,886,345,461	1,646,800,874	585,953,180	**6,119,099,515**
Other financial liabilities	78,725,875	-	-	**78,725,875**
Lease liabilities	-	3,034,679	10,307,946	**13,342,625**
	3,965,071,336	1,839,250,806	596,261,126	**6,400,583,268**
Total interest repricing gap	**(685,805,549)**	**(422,565,524)**	**1,525,469,945**	**417,098,872**

	Non-interest bearing	Up to 12 months	Over 1 year	Total
At 31 December 2021				
Cash and bank balances	769,433,956	192,254,702	-	961,688,658
Non-pledged trading assets	-	-	462,282,305	462,282,305
Pledged trading assets	-	167,867,098	-	167,867,098
Investment securities	-	463,665,944	356,573,630	820,239,574
Loans and advances to customers	-	624,830,634	386,304,927	1,011,135,561
Other assets (excluding prepayments)	166,921,282	91,161,756	756,160,332	1,014,243,370
	936,355,238	1,539,780,134	1,961,321,194	4,437,456,566
Deposits from banks	-	88,726,272	-	88,726,272
Deposits from customers	898,399,876	938,929,371	1,935,557,093	3,772,886,340
Other liabilities	30,619,550	-	36,171,700	66,791,250
Lease liabilities	661,010	741,978	17,011,865	18,414,853
	929,680,436	1,028,397,621	1,988,740,658	3,946,818,715
Total interest repricing gap	6,674,802	511,382,513	(27,419,464)	490,637,851

An increase of 1% (100 basis points) in market interest rates from the rate applicable at 31 December 2022 would result in an increase in profit for the year by GH¢4,170,989 (2021: GH¢4,906,379) and vice-versa.

4.4.3 Currency risk

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

The table below summarises the Bank's exposure to foreign currency exchange rate risk. Included in the table are the Bank's financial assets and liabilities at carrying amounts categorised by currency.The amounts stated in the table are the cedi equivalent of the foreign currencies.

	USD	GBP	Euro	Total
At 31 December 2021				
Financial assets				
Cash and cash equivalents	453,396,027	24,767,560	133,971,424	**612,135,011**
Loans and advances to customers	468,850,957	-	-	**468,850,957**
Other financial assets	966,929	-	-	**966,929**
Total	923,213,913	24,767,560	133,971,424	**1,081,952,897**
Financial liabilities				
Deposits from banks	189,415,253	-	-	**189,415,253**
Deposits from customers	1,013,550,332	26,708,462	127,615,439	**1,167,874,233**
Other financial liabilities	1,229,245	-	-	**1,229,245**
Total	1,204,194,830	26,708,462	127,615,439	**1,358,518,731**
Net on balance sheet position	**(280,980,917)**	**(1,940,902)**	**6,355,985**	**(276,565,834)**
At 31 December 2021				
Financial assets				
Cash and cash equivalents	86,251,036	2,789,057	9,486,871	98,526,964
Loans and advances to customers	45,253,438	18	-	45,253,456
Other financial assets	27,104,416	-	-	27,104,416
Total	158,608,890	2,789,075	9,486,871	170,884,836
Financial liabilities				
Deposits from banks	5,003,542	-	2,000,375	7,003,917
Deposits from customers	149,794,666	2,854,095	10,104,818	162,753,579
Other financial liabilities	7,693,852	8,969	227	7,703,048
Total	162,492,060	2,863,064	12,105,420	177,460,544
Net on balance sheet position	(3,883,170)	(73,989)	(2,618,549)	(6,575,708)

Appreciation of 1% (100 basis points) in foreign currency rates against the Ghana Cedi from the rate applicable at 31 December 2022 would result in an decrease in profit for the year by GH¢27,656,583 (2021: GH¢65,757) and vice-versa.

The following mid interbank exchange rates were applied during the year:

	Average rate		Reporting rate	
GHC to	**2022**	**2021**	2022	2021
USD 1	**8.4468**	**5.8064**	8.5760	6.0061
GBP 1	**10.2958**	**7.9884**	10.3118	8.1272
EURO 1	**8.8216**	**6.8671**	9.1457	6.8281

4.5 Geographical concentration of financial assets and liabilities

The table below analyses the geographical location of financial instruments.

	2022		2021	
	In Ghana	**Outside Ghana**	In Ghana	Outside Ghana
Financial assets				
Cash and bank balances	**1,854,667,312**	**135,476,005**	767,502,430	194,186,228
Non-pledged trading assets	**-**	**-**	462,282,305	-
Pledged trading assets	**-**	**-**	167,867,098	-
Investment securities	**1,661,134,879**	**-**	820,239,574	-
Loans and advances to customers	**1,486,925,175**	**-**	1,011,135,561	-
Other financial assets	**1,679,478,769**	**-**	1,014,243,370	-
Total	**6,682,206,135**	**135,476,005**	4,243,270,338	194,186,228
Financial liabilities				
Deposits from banks	**189,415,253**	**-**	88,726,272	-
Deposits from customers	**6,119,099,515**	**-**	3,772,886,340	-
Lease liabilities	**13,342,625**	**-**	18,414,853	-
Other financial liabilities	**78,725,875**	**-**	66,791,250	-
Total	**6,400,583,268**	**-**	3,946,818,715	-

5. 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 measured at fair value, the Bank determines fair values using other valuation techniques.

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

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 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 modelinputs 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 table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
At 31 December 2021				
Non-pledged trading assets	-	-	-	-
Pledged trading assets	-	-	-	-
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Total	**-**	**-**	**-**	**-**
	============	=========	=========	============
At 31 December 2020				
Non-pledged trading assets	462,282,305	-	-	462,282,305
Investment securities	167,867,098	-	-	167,867,098
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Total	630,149,403	-	-	630,149,403
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Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value in the statement of financial position, analysed by reference to levels in the fair value hierarchy into which each fair value measurement is categorised:

	2022		2021	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Financial assets				
Cash and bank balances	**1,990,143,317**	**1,990,143,317**	961,688,658	961,688,658
Investment securities	**1,495,021,391**	**1,661,134,879**	839,718,911	820,239,574
Loans and advances to customers	**1,683,578,046**	**1,486,925,175**	1,172,063,722	1,011,135,561
Other financial assets	**1,679,478,769**	**1,679,478,769**		
	--------------------------	-------------------------	1,014,243,370	1,014,243,370
Total	**6,848,221,523**	**6,817,682,140**	-------------------------	---------------------------
	==============	=============	3,987,714,661	3,807,307,163
			=============	=============
Financial liabilities				
Deposits from banks	**189,415,253**	**189,415,253**	88,726,272	88,726,272
Deposits from customers	**6,119,099,515**	**6,119,099,515**	3,772,886,340	3,772,886,340
Lease liabilities	**14,276,609**	**13,342,625**	19,303,893	18,414,853
Other financial liabilities	**78,725,875**	**78,725,875**	66,791,250	66,791,250
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Total	**6,401,517,252**	**6,400,583,268**	3,947,707,755	3,946,818,715
	==============	=============	=============	=============

6. Capital management

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.

The Capital Requirements Directive (CRD) requires banks to implement Pillar 1 principles of Basel II. The Capital Requirement Directive (CRD) has four main parts. The first part provides principles for capital management and the constituents of eligible regulatory capital. The second, third and fourth parts provide guidance on the role of the board in the management of credit, operational and market risk respectively. Guidelines for the computation of credit risk weighted asset, operational and market risk capital charges are also detailed in the CRD document.

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on guidelines developed by the Basel Committee as implemented by Bank of Ghana for supervisory purposes. The required information is filed with Bank of Ghana on a monthly basis. 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 a required minimum as advised by the Bank of Ghana.

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.

The risk-weighted assets are measured using the standardised approach to reflect an estimate of credit, market and operational risks associated with each counterparty for on and off-balance sheet exposures.

The Bank of Ghana revised the required ratio of total regulatory capital to risk-weighted assets to 10% as part of regulatory reliefs for Banks to address the potential impact from participation in the Government Domestic Debt Exchange Programme.

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') and Section 4(d) of the Bank of Ghana Act, 2002 (Act 612) prescribes a risk-based capital adequacy requirement effective 1 January 2021. The tables below summarise the composition of regulatory capital adequacy ratios of the Bank.

	2022	2021
Tier 1 Capital		
Paid up capital (ordinary shares)	**404,570,053**	404,570,053
Statutory reserves	**153,126,232**	153,126,232
Retained earnings	**35,688,846**	44,624,778
Common Equity Tier 1 capital before adjustments	**593,385,131**	602,321,063
Regulatory adjustments to Tier 1 capital	**133,728,182**	(38,981,779)
	(99,028,900)	
Total qualifying tier 1 capital		563,339,284
	628,084,413	
Tier 2 Capital		
Property revaluation reserves	**126,669,675**	28,213,613
Other reserves	**-**	-
Total qualifying tier 2 capital	**126,669,675**	28,213,613
Total regulatory capital	**754,754,088**	591,552,897
Risk profile		
Total credit risk-weighted asset	**3,589,028,097**	2,116,106,654
Total operational risk-weighted asset	**609,353,088**	463,859,805
Total market risk-weighted asset	**23,941,331**	64,102,591
Total risk-weighted assets	**4,222,322,516**	2,644,069,050
Capital adequacy ratio	**17.88%**	22.37%

	2022	2021
8. Interest income		
Cash and cash equivalents	**11,534,009**	6,900,262
Loans and advances to customers	**260,157,849**	159,127,216
Investment securities	**300,265,824**	219,685,373
	571,957,682	385,712,851

	2022	2021
9. Interest expense		
Deposits from banks	**40,891,570**	14,025,137
Deposits from customers	**118,569,771**	72,936,655
	159,461,341	86,961,792

	2022	2021
10. Net fee and commission income		
Fee and commission income		
Retail banking customer fees	**43,819,602**	50,475,699
Corporate banking customer fees	**92,815,925**	30,936,557
	136,635,527	81,412,256
Fee and commission income		
Transaction and interchange	**(41,449,271)**	(24,811,789)
Net fee and commission income	**95,186,256**	56,600,467

	2022	2021
11. Net trading income		
Net foreign exchange gains	**24,263,762**	21,492,184
Fixed income trading	**14,347,821**	5,953,146
Net fair value gain on financial assets at fair value through profit or loss	**(31,764,471)**	6,150,342
	6,847,112	33,595,672

	2022	2021
12. Other operating income		
Gain on disposal of property and equipment (note 25)	**1,832,299**	353,694
Modification loss on restructured loans	**-**	1,054,878
Sundry (expense)/income	**223,980**	588,256
	2,056,279	1,996,828

13. Net impairment charge

	2022	2021
Loans and advances to customers (note 20)	**49,987,507**	16,102,849
Investment securities	**178,304,243**	1,225,735
Placements with financial institutions	**-**	26,389
Contingent liabilities	**1,532,736**	453,850
	229,824,486	17,808,823

14. Personnel expenses

	2022	2021
Wages and salaries	**36,662,746**	38,719,454
Pension contributions	**7,156,640**	6,634,521
Other staff benefits	**69,125,759**	57,379,363
	112,945,145	102,733,338

The number of persons employed by the Bank at the end of the year was 526 (2021: 485).

15. Depreciation and amortisation

	2022	2021
Intangible assets (note 24)	**1,265,882**	1,720,560
Property and equipment (note 25)	**17,101,622**	16,062,392
Right-of-use-assets (note 26)	**3,925,806**	5,240,203
	22,293,310	23,023,155

16. Other expenses

	2022	2021
Advertising and marketing	**6,074,522**	5,132,369
Training	**813,181**	863,130
Directors' emoluments	**2,602,213**	1,983,178
Professional fees	**9,847,946**	5,240,107
Auditor's remuneration	**601,000**	485,924
Fines and penalties	**-**	-
Corporate social responsibility	**1,789,894**	2,203,757
Repairs and maintenance	**16,592,335**	11,030,508
Insurance	**10,971,006**	6,381,740
General and administrative expenses	**77,836,324**	54,725,003
	127,128,421	88,045,716

17. Income tax expense

	2021	2021
Current income tax (note 26)	**65,817,494**	24,886,866
Deferred income tax (note 29)	**(45,870,746)**	969,137
	19,946,748	25,856,003

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

Profit before income tax	**21,954,946**	155,850,683
Tax using the enacted tax rate (25%)	**5,488,737**	38,962,671
Expenses not deductible for tax purposes	**60,817,741**	12,179,587
Income not subject to tax	**(46,359,730)**	(25,286,255)
	19,946,748	25,856,003

18. Cash and balances with banks

	2021	2021
Cash on hand	**141,384,107**	91,692,747
Unrestricted balances with banks	**946,492,959**	150,878,998
Restricted balances with Bank of Ghana	**611,909,952**	526,862,211
Money market placements	**290,356,299**	255,617,700
Impairment provision	**-**	(63,362,998)
	1,990,143,317	961,688,658
Cash and balances with banks are current.		
The movement in impairment provision is as follows:		
At 1 January	**63,362,998**	63,362,998
Write-offs	**(63,362,998)**	-
At 31 December	**-**	63,362,998
For the purposes of the statement of cash flows, cash and cash equivalents comprise:		
Cash on hand	**91,692,747**	91,692,747
Unrestricted balances with banks	**150,878,998**	150,878,998
Money market placements	**192,254,702**	192,254,702
Treasury bills with original maturities within 90 days	**4,920,618**	4,920,618
	439,747,065	439,747,065

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.

19. Investment securities

	2022	2021
Non-pledged trading assets		
Government bonds	**298,585,478**	163,696,827
Treasury bills	**163,696,827**	298,585,478
	462,282,305	462,282,305

All non-pledged trading assets are non-current.
Non-pledged trading assets are measured at fair value through profit or loss.

	2022	2021
Pledged trading assets		
Pledged trading assets	**-**	167,867,098

All pledged trading assets are current.

	2022	2021
Non-trading assets		
Treasury bills	**279,091,539**	123,091,799
Government bonds	**1,434,331,735**	559,862,659
Energy Sector Levy Act (ESLA) bonds	**128,567,953**	139,837,221
	1,841,991,227	822,791,679
Impairment provision	**(180,856,348)**	(2,552,105)
	1,661,134,879	820,239,574

Of which are:

	2022	2021
Current	**356,877,223**	463,665,944
Non-current	**1,304,257,656**	356,573,630
	1,661,134,879	820,239,574

The movement in impairment provision is as follows:

	2022	2021
At 1 January	**2,552,105**	1,326,370
Impairment charge	**178,304,243**	1,225,735
At 31 December	**180,856,348**	2,552,105

On 14 February 2023, the Bank exchanged GHS1,084,733,834 of its existing Government of Ghana bonds for a series of new bonds with maturity dates commencing from 2027 to 2038, through Ghana's Domestic Debt Exchange Programme. The new bonds were successfully settled on the 21 February 2023 and have been allotted to the Bank on the Central Securities Depository.

20. Loans and advances to customers

	2022	2021
Overdrafts	**214,182,097**	195,966,557
Term loans	**1,369,719,236**	862,157,655
Gross loans and advances to customers	**1,583,901,333**	1,058,124,212
Impairment provision	**(96,976,158)**	(46,988,651)
Net loans and advances to customers	**1,486,925,175**	1,011,135,561

The movement in impairment provision is as follows:

	2022	2021
At 1 January	**46,988,651**	30,885,802
Impairment charge	**49,987,507**	16,102,849
At 31 December	**96,976,158**	46,988,651

Analysis of gross loans by industry

	2022	2021
Mining and quarrying	**224,317,142**	-
Agriculture, forestry and fishing	**10,619,042**	24,988,052
Manufacturing	**316,009,210**	221,659,210
Construction	**289,738,051**	197,655,224
Electricity, oil and gas	**301,755,970**	374,447,154
Commerce and finance	**87,348,688**	38,274,966
Transport and communication	**39,750,507**	36,646,638
Services	**280,050,435**	146,345,042
Miscellaneous	**34,312,288**	18,107,926
	1,583,901,333	1,058,124,212

	2022	2021
Loan loss ratio (IFRS)	**11.75%**	9.32%
Composition of 50 largest exposures to gross loans	**83.89%**	86.01%

21. Investment in associate

	Ordinary shares %	2022	2021
First Atlantic Asset Management Limited	**35.60**	**141,384,107**	1,175,886

The movement in investment in associate is as follows:

	2022	2021
At 1 January	**1,175,886**	449,146
Additional capital invested	**-**	500,000
Share of profit from associate	**298,501**	226,740
At 31 December	**1,474,387**	1,175,886

The associate is incorporated and domiciled in Ghana.

22. Other assets

	2022	2021
Financial assets	**1,679,478,769**	1,014,243,370
Non-financial assets	**20,406,386**	9,244,902
At 31 December	**1,699,885,155**	1,023,488,272

Financial assets

	2022	2021
E-money	**1,594,069,476**	967,497,577
Clearing accounts	**3,032,411**	13,901,602
Sundry receivables	**82,376,882**	32,844,191
	1,679,478,769	1,014,243,370

Financial assets are current.

	2022	2021
Subscriptions	**2,239,274**	1,564,550
Prepayments	**18,167,112**	7,680,352
	20,406,386	9,244,902

23. Intangible assets

	2022	2021
Computer software		
At 1 January	**20,573,517**	17,935,265
Transfer from work in progress	**-**	1,176,481
Additions	**1,515,416**	1,461,771
At 31 December	**22,088,933**	20,573,517
Amortisation		
At 1 January	**14,581,447**	12,860,887
Charge for the year	**1,265,882**	1,720,560
At 31 December	**15,847,329**	14,581,447
Net book amount	**6,241,604**	5,992,07

24. Property and equipment

Year ended 31 December 2022 **Cost**	**Motor Vehicles**	**Furniture, fittings and equipment**	**Computers**	**Leasehold land and buildings**	**Capital work-in-progress**	**Total**
At 1 January 2022	27,370,613	35,042,585	24,346,229	172,653,301	202,927	**259,615,655**
Additions	8,941,223	2,615,250	2,559,976	1,115,481	17,920,681	**33,152,611**
Disposals	(3,287,525)	-	(20,317)	(2,440,782)	-	**(5,748,624)**
Revaluation gain	-	-	-	330,931,290	-	**330,931,290**
At 31 December 2020	**33,024,311**	**37,657,835**	**26,885,888**	**502,259,290**	**18,123,608**	**617,950,932**
Accumulated depreciation						
At 1 January 2020	13,284,048	25,961,848	16,201,292	22,526,776	-	**77,973,964**
Charge for the year	4,182,866	2,567,669	4,696,049	5,655,038	-	**17,101,622**
Disposals	(2,537,220)	-	(20,317)	(91,520)	-	**(2,649,057)**
Released on revaluation	-	-	-	(28,090,294)	-	**(28,090,294)**
At 31 December 2020	**14,929,694**	**28,529,517**	**20,877,024**	**-**	**-**	**64,336,235**
Net book amount	**18,094,617**	**9,364,019**	**6,008,864**	**502,259,290**	**17,887,907**	**553,614,697**

Year ended 31 December 2021 Cost	Motor Vehicles	Furniture, fittings and equipment	Computers	Leasehold land and buildings	Capital work-in-progress	Total
At 1 January 2020	19,510,114	32,171,787	21,680,507	154,451,252	9,024,998	236,838,658
Additions	9,757,808	2,488,533	2,223,059	3,703,108	11,102,895	29,275,403
Disposals	(1,897,309)	(98,937)	(3,325,679)	-	-	(5,321,925)
Transfers	-	481,202	3,768,342	14,498,941	(19,924,966)	(1,176,481)
At 31 December 2020	19,510,114	35,042,585	24,346,229	172,653,301	202,927	259,615,655
Accumulated depreciation						
At 1 January 2020	11,513,503	22,964,772	15,379,615	17,115,167	-	66,973,057
Charge for the year	3,407,423	3,096,013	4,147,347	5,411,609		16,062,392
Disposals	(1,636,878)	(98,937)	(3,325,670)	-	-	(5,061,485)
At 31 December 2020	13,284,048	25,961,848	16,201,292	22,526,776	-	77,973,964
Net book amount	14,086,565	9,080,737	8,144,937	150,126,525	202,927	181,641,691

	2022	2021
Disposal of property and equipment		
Cost	**5,748,624**	5,321,925
Accumulated depreciation	**(2,649,057)**	(5,061,485)
Net book value	**3,099,567**	260,440
Sales proceeds	**(4,931,866)**	(614,134)
Gain on disposal	**(1,832,299)**	(353,694)

25. Leases

	2022	2021
Right-of-use-assets		
Buildings	**19,201,746**	25,920,890

The movement in right-of-use-assets is as follows:

	2022	2021
Cost		
At 1 January	**40,218,896**	32,932,580
Additions	**547,880**	7,286,316
Derecognition	**(5,468,463)**	-
At 31 December	**35,298,313**	40,218,896
Accumulated depreciation		
At 1 January	**14,298,006**	9,057,803
Additions	**3,925,806**	5,240,203
Derecognition	**(2,127,245)**	-
At 31 December	**16,096,567**	14,298,006
Net book amount	**19,201,746**	25,920,890
Current	**3,034,679**	1,860,229
Non-current	**10,307,946**	16,554,624
	13,342,625	18,414,853

The movement in lease liabilities is as follows:

	2022	2021
At 1 January	**18,414,853**	20,125,113
Additions	**547,880**	7,286,316
Derecognition	**(2,963,994)**	-
Interest expense	**2,738,181**	3,709,051
Payments	**(5,394,295)**	(12,705,627)
At 31 December	**13,342,625**	18,414,853

26. Current income tax

Year ended 31 December 2022	At 1 January	Charge for the year	Payments	At 31 December
Year of assessment				
Up to 2021	**(13,568,730)**	**-**	**-**	**(13,568,730)**
2022	**-**	**65,817,494**	**(61,919,218)**	**3,898,276**
	(13,568,730)	**65,817,494**	**(61,919,218)**	**(9,670,454)**
Year ended 31 December 2021				
Year of assessment				
Up to 2020	(12,382,913	-	-	(12,382,913)
2021	-	24,886,866	(26,072,683)	(1,185,817)
	(12,382,913)	24,886,866	(26,072,683)	(13,568,730)

27. National fiscal stabilisation levy

Year ended 31 December 2022	At 1 January	Charge for the year	Payments	At 31 December
Year of assessment				
Up to 2021	**(447,844)**	**-**	**-**	**(447,844)**
2022	**-**	**1,082,823**	**(8,895,140)**	**(7,812,317)**
	(447,844)	**1,082,823**	**(8,895,140)**	**(8,260,161)**
Year ended 31 December 2021				
Year of assessment				
Up to 2020	(490,378)	-	-	(490,378)
2021	-	7,792,534	(7,750,000)	42,534
	(490,378)	7,792,534	(7,750,000)	(447,844)

Under the National Fiscal Stabilization Levy Act, 2009 (Act 185) a 5% levy is charged on profit before tax and payable quarterly. The levy is not allowable for tax deduction.

28. Financial sector recovery levy

Year ended 31 December 2022	**At 1 January**	**Charge for the year**	**Payments**	**At 31 December**
Year of assessment				
Up to 2021	**31,901**	**-**	**-**	**31,901**
2022	**-**	**1,082,823**	**(8,895,140)**	**(7,812,317)**
	------------------	-----------------	--------------------	--------------------
	-	**1,082,823**	**(8,895,140)**	**(7,812,317)**
	==========	==========	===========	===========
Year ended 31 December 2021				
Year of assessment				
Up to 2020	-	-	-	-
2021	-	5,844,401	(5,812,500)	31,901
	-------------------	-------------------	---------------------	-------------------
	-	5,844,401	(5,812,500)	31,901
	=========	=========	==========	=========

Under the Financial Sector Recovery Levy Act, 2021 (Act 1067) a 5% levy is charged on profit before tax and payable quarterly. The levy is not allowable for tax deduction.

29. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 25% (2021: 25%).

Year ended 31 December 2022	At 1 January	Movement during the year	At 31 December
Recognised in OCI			
Revaluation of properties	**14,106,807**	**89,755,396**	**103,862,203**
Recognised in profit or loss			
Accelerated depreciation	**23,998,287**	**664,541**	**24,662,828**
Right-of-use-asset and lease liabilities	**753,782**	**(201,241)**	**552,541**
Fair valuation of bonds – FVTPL	**1,801,381**	**(1,801,381)**	**-**
Impairment provision	**(29,440,914)**	**(29,162,737)**	**(58,603,651)**
Other temporary differences	**168,342**	**(15,369,928)**	**(15,201,586)**
	(2,719,122)	**(45,870,746)**	**(48,589,868)**
Net deferred tax liabilities	**11,387,685**	**43,884,650**	**55,272,335**
Year ended 31 December 2021			
Recognised in OCI			
Revaluation of properties	14,106,807	-	14,106,807
Recognised in profit or loss			
Accelerated depreciation	20,714,746	3,283,541	23,998,287
Right-of-use-asset and lease liabilities	(1,179,895)	1,933,677	753,782
Fair valuation of bonds – FVTPL	1,389,140	412,241	1,801,381
Impairment provision	(24,780,592)	(4,660,322)	(29,440,914)
Other temporary differences	168,342	-	168,342
	(3,688,259)	969,137	(2,719,122)
Net deferred tax liabilities	10,418,548	969,137	11,387,685

30. Deposits from customers	2022	2021
Current accounts	**3,886,345,461**	2,567,263,311
Savings accounts	**548,338,859**	432,836,073
Call deposits	**623,567,502**	180,941,865
Time deposits	**1,060,847,693**	591,845,091
	6,119,099,515	3,772,886,340

All deposits from customers are current.

The twenty largest depositors constitute 64% (2021: 28%) of the total amount due to customers.

31. Deposits from banks	2022	2021
Money market deposits	**189,415,253**	88,726,272

32. Other liabilities	2022	2021
Accruals and provisions	**24,595,118**	23,584,887
Managed funds	**792,684**	792,684
Other payables	**53,338,073**	42,413,679
Provision for off-balance sheet exposures	**3,182,147**	1,649,411
	81,908,022	68,440,661

33. Stated capital

The authorised shares of the Bank is 500 million ordinary shares of no par value (2021: 500 million ordinary shares) of which the following have been issued.

	2022		2021	
	No. of shares	**Proceeds**	No. of shares	Proceeds
At 1 January	**357,248,405**	**404,570,053**	318,330,371	339,976,282
Issued for consideration other than cash	**-**	**-**	38,918,034	64,593,771
At 31 December	**357,248,405**	**404,570,053**	357,248,405	404,570,053

There is no unpaid liability on shares issued. There are 23,074,512 shares in treasury.

34. Retained earnings

Retained earnings represents the accumulated profits over the years after appropriations. The movement in retained earnings account is shown as part of statement of changes in equity.

35. Revaluation reserves

Revaluation reserves are gains from the valuation of property owned by the Bank. These are not distributable but subject to regulatory approval, transfer can be made to stated capital in accordance with the Companies Act, 2019 (Act 992). The movement in revaluation reserves account is shown as part of statement of changes in equity.

36. Statutory reserve fund

Statutory reserve represents the cumulative amount set aside from annual profit after tax as required by Section 34 of the Banks and Special Deposit Taking Institutions Act, 2016 (Act 930). The movement in the statutory reserve fund is shown as part of statement of changes in equity.

37. Credit risk reserve

Regulatory credit risk reserve represents the cumulative amounts required to meet the Bank of Ghana guidelines for loan impairment allowance provision. The Bank of Ghana requires a transfer from retained earnings to regulatory credit risk reserve when the expected credit loss under IFRS 9 is less than the impairment allowance required by the Bank of Ghana prudential guidelines and in accordance with Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

	2022	2021
Bank of Ghana prudential guidelines	**147,151,278**	103,385,287
IFRS 9 expected credit loss	**(96,976,158)**	(46,988,651)
	---------------------	------------------------
Credit risk reserve	**50,175,120**	56,396,636
	============	===========

38. Earnings per share

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

	2022	2021
(Loss)/profit attributable to shareholders	**(157,448)**	116,357,745
Weighted average number of shares	**334,173,893**	334,173,893
Basic earnings per share (Ghana pesewas)	**(0.05)**	34.81
	---------------------	------------------------
Diluted earnings per share (Ghana pesewas)	**(0.05)**	34.81
	============	===========

39. Cash used in operations

	2022	2021
Profit before tax	**214,182,097**	155,850,683
Adjustments for:		
Depreciation and amortisation expense	**22,293,310**	23,023,155
Impairment on financial instruments	**229,824,486**	17,808,823
Gain on disposal of property and equipment	**(1,832,299)**	(353,694)
Interest charged on finance lease	**2,738,181**	3,709,051
Loss on derecognition of right-of-use asset	**377,224**	-
Share of profit of associate	**(298,501)**	(226,740)
Changes in operating assets and liabilities		
Loans and advances to customers	**(530,697,739)**	(417,824,392)
Non-pledged trading assets (maturing over 91 days)	**462,282,305**	(26,705,419)
Pledged trading assets (maturing over 91 days)	**167,867,098**	(52,272,842)
Investment securities	**(935,089,858)**	(371,129,819)
Other assets	**(660,772,249)**	(561,043,824)
Restricted cash	**(85,047,741)**	(233,362,870)
Deposits from customers	**2,346,213,175**	1,123,586,116
Deposits from banks and other financial institutions	**100,688,981**	46,356,861
Other liabilities	**11,934,625**	25,819,846
Cash generated from/(used in) operations	**1,152,435,944**	(266,765,065)

40. Contingencies and commitments

Contingencies

The Bank conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The value of these securities is not recognised in the statement of financial position.

	2022	2021
Letters of credit	**160,133,875**	77,814,406
Guarantees and indemnities	**371,901,628**	262,846,636
	532,035,504	340,661,042

Letters of credit commits the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by a bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customer's default.

Commitments

At the reporting date, the Bank had no capital commitments (2021: Nil) in respect of authorised and contracted projects.

Claims

There are legal proceedings against the Bank at 31 December 2022. No provision has been made in respect of these cases against the Bank (2021: Nil), and no contingent liability associated with legal actions has been disclosed as professional advice indicates that it is unlikely that any significant loss will arise.

41. Related party transactions

Bank's related party transactions comprise the dealings and transactions with its associates, directors and key management personnel.

The Bank's associate companies are First Atlantic Brokers Limited and First Atlantic Asset Management Limited, both incorporated in Ghana. In the normal course of business, current accounts were operated, and other transactions carried out with related parties. The balances outstanding as at year-end is as follows:

	2022	2021
Amounts due to related parties		
First Atlantic Brokers Limited - Customer deposits	**-**	-
	--------------------	--------------------
First Atlantic Asset Management Limited - Customer deposits	**12,236,389**	5,236,449
	===========	=========
Transactions with related parties		
Interest expense on deposits	**169,653**	192,691
	===========	=========

Transactions with directors and key management personnel

Directors and key management personnel refer to those personnel with authority and responsibility for planning, directing and controlling the business activities of the Bank. In the ordinary course of business, the Bank transacted business with companies where a director or any connected person is also a director or key management member of the Bank. These transactions were made on substantially the same criteria and terms, including rates and collaterals as those prevailing at the time for comparable transactions with other persons.

Advances to related parties

Advances to customers at 31 December 2022 and 31 December 2021 include loans to related parties(directors and associated companies) as follows:

Loans and advances to directors	**2022**	2021
At 1 January	**3,247,371**	3,836,440
Loans advanced during the year	**-**	1,160,034
Loans repayment received	**(747,590)**	(1,749,104)
	-------------------	-------------------
At 31 December	**2,499,781**	3,247,371
	==========	=========
Interest income earned	**208,632**	191,312
	=========	=========
Loans and advances to employees		
At 1 January	**29,932,243**	19,839,196
Loans advanced during the year	**16,469,835**	17,222,059
Loans repayment received	**(10,566,713)**	(7,129,012)
	---------------------	---------------------
At 31 December	**35,835,365**	29,932,243
	===========	==========
Interest income earned	**1,759,861**	1,361,822
	===========	==========

Key management compensation

Key management comprises members of the executive management, which includes all executive directors. Compensation of key management is as follows:

	2022	2021
Salaries, allowances and benefits in kind	**8,417,792**	8,328,437
Pension contributions	**948,556**	939,311
	9,366,348	9,267,748
Deposits from directors		
At 1 January	**6,447,342**	1,615,248
Net movement during the year	**926,106**	4,832,094
At 31 December	**7,373,448**	6,447,342
Interest expense incurred	**16,210**	23,422
Directors' remuneration		
Fees for service as directors	**1,086,847**	1,328,351
Other emoluments	**1,515,366**	654,827
	2,602,213	1,983,178

42. Operating segments

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

The Bank comprises the following main business segments:

- Corporate Banking comprises loans, deposits and other transactions and balances with corporate customers.
- Retail and business banking comprises loans, deposits and other transactions and balances with retail and business banking customers.
- Global markets undertakes the Bank's funding and risk management activities through borrowings, issues of debt securities and investing in liquid assets such as short-term placements and corporate and government debt securities.

The Bank's segment information is summarised in the table below.

Year ended 31 December 2022	**Corporate banking**	**Retail and business banking**	**Global markets**	**Total**
Interest income	**203,675,238**		**223,445,805**	**571,957,682**
Interest expense	**(41,322,999)**	**144,836,639**	**(93,600,345)**	**(159,461,341)**
	----------------------	**(24,537,997)**	----------------------	----------------------
Net interest income	**162,352,239**	----------------------	**129,845,460**	**412,496,341**
Net fee and commission income	**64,659,614**	**120,298,642**	**-**	**95,186,256**
Net trading income	**8,723,658**	**30,526,642**	**(16,448,270)**	**6,847,112**
Other operating income	**1,295,129**	**14,571,724**	**-**	**2,354,780**
	----------------------	**1,059,651**	----------------------	----------------------
Operating income	**237,030,640**	----------------------	**113,397,190**	**516,884,489**
	----------------------	**166,456,659**	----------------------	----------------------
Profit before income tax	**85,484,047**	----------------------	**(99,061,244)**	**21,954,946**
	----------------------	**35,532,142**	----------------------	

Income tax expense				**(19,946,748)**
FSRL				**(1,082,823)**
NFSL				**(1,082,823)**

				(157,448)
				============

Year ended 31 December 2022	Corporate banking	Retail and business banking	Global markets	Total
Interest income	107,296,465	101,159,793	177,256,593	385,712,851
Interest expense	(22,594,016)	(11,359,618)	(53,008,158)	(86,961,792)
	----------------------	----------------------	----------------------	----------------------
Net interest income	84,702,449	89,800,175	124,248,435	298,751,059
Net fee and commission income	31,124,044	21,990,890	3,485,532	56,600,467
Net trading income	6,636,559	13,206,744	13,752,370	33,595,672
Other operating income	1,170,092	826,736	-	1,996,828
	----------------------	----------------------	----------------------	----------------------
Operating income	123,633,144	125,824,545	141,486,337	390,944,026
	----------------------	----------------------	----------------------	----------------------
Profit before income tax	44,339,134	44,414,080	67,097469	155,850,683
	----------------------	----------------------	----------------------	
Income tax expense				(25,856,003)
FSRL				(5,844,401)
NFSL				(7,792,534)

				116,357,745
				============

43. Events after the reporting date

On 14 February 2023, the Company exchanged GHC1,084,733,834 of its existing Government of Ghana bonds for series of new bonds with maturity dates commencing from 2027 to 2038, through Ghana's Domestic Debt Exchange Programme. The new bonds were settled on the 21 February 2023 and have been allotted to the Company on the Central Securities Depository.

APPENDIX I

ANALYSIS OF SHAREHOLDING AS AT 31 DECEMBER 2022

Name of shareholder	Shareholding	% Holding
Kedari Nominees Limited	169,207,135	50.52%
AFIG Fund II	87,842,985	26.23%
A.A. Global Investments Limited	35,551,387	10.62%
Sir Sam Jonah	7,899,690	2.36%
Francis Kootu Edusei	9,329,048	2.79%
FABL Ownership Scheme (ESOP)	4,389,480	1.31%
Allied Investment Company Limited	4,073,365	1.22%
Mr. J. E. Amakye, Jnr.	3,673,769	1.10%
Kwaku Akosah-Bempah	2,800,517	0.84%
John K Agyemang	2,512,583	0.75%
F. M. Plastechnic Limited	1,874,026	0.56%
Mr. Odun Odunfa	1,710,614	0.51%
Buck Investments Limited	1,107,229	0.33%
Karen Akiwumi-Tanoh	1,102,930	0.33%
Mr. Jude Arthur	595,323	0.18%
Kuapa Kooko Co-operative Farmers Union	502,513	0.15%
Wilkins Investments	390,422	0.12%
Estate of the late Mr. Holdbrook Arthur	341,826	0.10%
	334,904,842	**100%**

APPENDIX II

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2022	2021
Interest earned and other operating income	**715,440,321**	500,720,779
Direct cost of services	**(330,777,214)**	(203,528,348)
	-----------------------	----------------------------
Value added by banking services	**384,663,107**	297,192,431
Non-banking income	**2,354,780**	2,223,568
Impairment loss on financial assets	**(228,824,486)**	(17,808,823)
	-----------------------	----------------------------
Value Added	**157,193,401**	281,607,176
	============	============
Distributed as follows: -		
To Employees:		
Directors (without executives)	**(2,602,213)**	(1,983,178)
Executive directors	**(6,808,494)**	(6,192,912)
Other employees	**(103,534,438)**	(94,557,248)
	-----------------------	--------------------------
	(112,945,145)	(102,733,338)
To Government:		
Income tax	**(22,112,394)**	(39,492,938)
	-----------------------	--------------------------
To providers of capital:		
Dividend to shareholders	**-**	-
	-----------------------	--------------------------
To expansion and growth:		
Depreciation	**(21,027,428)**	(21,302,595)
Amortisation	**(1,265,882)**	(1,720,560)
	------------------------	--------------------------
To retained earnings	**(157,448)**	116,357,745
	============	============

NOTES

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