ZENITH BANK (GHANA) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS **Page**

CORPORATE INFORMATION

BOARD OF DIRECTORS	Freda Duplan (Chairperson) Henry Chinedu Onwuzurigbo (Managing director) - Appointed March 25, 2022 Gabriel Ukpeh (Non executive director) Dr. Juliette Tuakli (Independent non executive director – (INED)) Kwasi Agyeman Boatin (INED) Clifford Mensah (Executive director) – Appointed March 25, 2022 Anthony Oteng-Gyasi (INED) - Resigned August 31, 2022 Anthony A. Oguranti – Resigned April 30, 2022
SECRETARIES	Michael O. Otu Daniel Agamah
AUDITOR	PricewaterhouseCoopers Chartered Accountants PwC Tower A4 Rangoon Lane Cantonments City PMB CT 42, Cantonments Accra – Ghana
SOLICITORS	Corporate Legal Concepts Rehoboth Place No.1 North Labone Estates Accra
REGISTERED OFFICE	Zenith Heights No. 37 Independence Avenue PMB CT 393 Accra

REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2022 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Zenith Bank (Ghana) Ltd'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). In addition, the directors are responsible for the preparation of this directors' report.

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.

Financial results and dividend

The financial results of the Bank for the year ended 31 December 2022 are set out in the attached financial statements, highlights of which are as follows:

31 December	**2022**	2021
	GH¢'000	*GH¢'000*
(Loss)/ profit before tax is	(554,584)	334,204
from which is added/(deducted) tax of	134,814	(114,099)
giving a (loss)/ profit after tax for the year of	(419,770)	220,105
Add/(less) net transfer to statutory reserve fund and other reserves of	9,735	(41,081)
leaving a balance of	(410,035)	179,024
less dividend paid of	(152,000)	(122,762)
to which is added a balance brought forward on retained earnings of	689,799	633,537
leaving a balance of	127,764	689,799

In accordance with Section 34(1) (b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), no amount (2021: GH¢55,026,124) was transferred to the statutory reserve fund. The cumulative balance on the statutory reserve fund remains at GH¢444,898,488 (2021: GH¢444,898,488) at the year end.

REPORT OF THE DIRECTORS (continued)

Financial results and dividend (continued)

The directors do not recommend the payment of dividend for the year ended 31 December 2022. A dividend of GH¢0.038 per share amounting to GH¢152,000,000 was recommended and paid for the year ended 31 December 2021.

Nature of Business

The Bank is authorised by Bank of Ghana to carry on the business of universal banking. There was no change in the nature of business of the Bank during the year.

Holding Company

The Bank is a subsidiary of Zenith Bank Plc, a company incorporated in the Federal Republic of Nigeria and licensed to undertake all banking and related services.

Interest in other Body Corporates

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

Corporate Social Responsibilities

The Bank spent a total of GH¢609,662 (2021: GH¢ 974,627) on corporate social responsibilities during the year. These are mainly in the form of educational scholarship for needy children and major social events.

Audit fee payable

Audit fee for the year ended 31 December 2022 is disclosed in Note 14 to the financial statements.

Capacity of directors

The Bank ensures that only fit and proper persons are appointed to the Board after obtaining the necessary approval from the regulator, Bank of Ghana. Relevant training and capacity building programs, facilitated by the Ghana Banking College and the Bank of Ghana, are put in place to enable the directors discharge their duties. All the directors have been certified for attending such training during the year.

Directors

The names of the directors who served during the year are provided on page 3. No director had any interest at any time during the year, in any contract of significance, other than a service contract with the Bank. No director had interest in the shares of the Bank.

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).

REPORT OF THE DIRECTORS (continued)

Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on **24 March 2023** and were signed on their behalf by:

....	....
Freda Duplan (Chairperson)	**Henry Chinedu Onwuzurigbo (MD/CEO)**

CORPORATE GOVERNANCE REPORT

Annual Certification

The Board hereby certifies that it has complied with the requirements of the Corporate Governance Directive for the period ending December 2022. Additionally, the Board certifies that it has independently assessed and documented the corporate governance process of the Bank and can confirm that the Bank's directors are aware of their responsibilities to the institution as persons charged with governance.

ZENITH

ZENITH BANK (GHANA) LIMITED

HEAD OFFICE
Zenith Bank (Ghana) Limited
Zenith Heights, No. 37 Independence Avenue, Accra
GPS Address: (GA-030-7585)
P.M.B. CT 393, Accra-Ghana
Tel: +233 302 429700 / 302 611500 / 302 680884
Email: info@zenithbank.com.gh
Website: www.zenithbank.com.gh / SWIFT: ZEBLGHAC

March 8, 2023

BANK OF GHANA
RECEIVED
09 MAR 2023
12146
Banking Supervision Dept.

The Head,
Banking Supervision Department,
Bank of Ghana,
1 Thorpe Road,
Accra.

Dear Sir,

ANNUAL CERTIFICATION OF COMPLIANCE PURSUANT TO SECTION 12 OF THE CORPORATE GOVERNANCE DIRECTIVE 2018

Pursuant to the foregoing Zenith Bank Ghana Limited wishes to certify that:

1. The Board has independently assessed that the corporate governance processes of the Bank are effective and have achieved their objectives;
2. The directors are aware of their responsibilities towards the Bank as persons charged with governance;
3. The Board will report to the Bank of Ghana any material deficiencies and weaknesses that it identifies in the course of the year, along with action plans and time-tables for corrective action by the Board; and
4. Members of the Board participated in a Governance Certification programme at the National Banking College on corporate governance and director's responsibilities for 2022.

Thank you.

Yours faithfully,
For: **ZENITH BANK (GHANA) LIMITED**

DANIEL AGAMAH	**HENRY C. ONWUZURIGBO**
Company Secretary	Managing Director/CEO

ZENITH BANK(GHANA) LIMITED
COMPANY SECRETARY

Directors | Mrs. Freda Y. Duplan (Board Chair), Henry Onwuzurigbo (Managing Director / Chief Executive Officer) Clifford Mensah (Executive Director), Gabriel Ukpeh, Anthony Oteng-Gyasi, Dr. Juliette Tuakli, Kwasi Boatin

CORPORATE GOVERNANCE REPORT (continued)

The Board can further confirm that for the year 2022, as confirmed by the National Banking College on November 25, 2022, all directors successfully participated and completed the annual corporate governance certification program comprising three modules, being: Risk Governance and Implications of the Risk Management Directive; Ethical Leadership and Conduct Challenges in the Boardroom; and Internal Board Evaluation: Actions before, during and after, as shown below.

NATIONAL BANKING COLLEGE

Private Mail Bag KIA, Accra-Ghana | Tel: 0302 760006/7 Fax: 0302 773109 | Location: No. 3 Odoi Kwao Road Airport Residential Area | Email: info@nbc.edu.gh Website: www.nbc.edu.gh

Our Ref: NBC/CG/ZBG/2022-053

November 25, 2022

The Company Secretary
Zenith Bank, Ghana
Accra.

Attention: Mr. Daniel Agamah

Dear Sir,

2022 CORPORATE GOVERNANCE CERTIFICATION FOR DIRECTORS

In line with its mandate to annually certify Corporate Boards of Directors in the Regulated Financial Institutions (RFIs), the National Banking College delivered three (3) modular courses to the Directors of Zenith Bank, Ghana.

The topics that constitute the modules were:

1. Risk Governance and Implications of the Risk Management Directive
2. Ethical Leadership and Conduct Challenges in the Boardroom
3. Internal Board Evaluation: Actions Before, During and After

Please find enclosed the Director Participation Transcript and **eight (8) Certificates of Participation** for Directors who successfully completed the **Annual Corporate Governance Certification Program, 2022.**

We thank all Directors for committing to the learning modules and we look forward to engaging them further in **2023.**

Yours sincerely,

Dr. Stephen Antwi
DIRECTOR OF STUDIES & TRAINING

Gloria Darline Quartey (Ms.)
PRINCIPAL

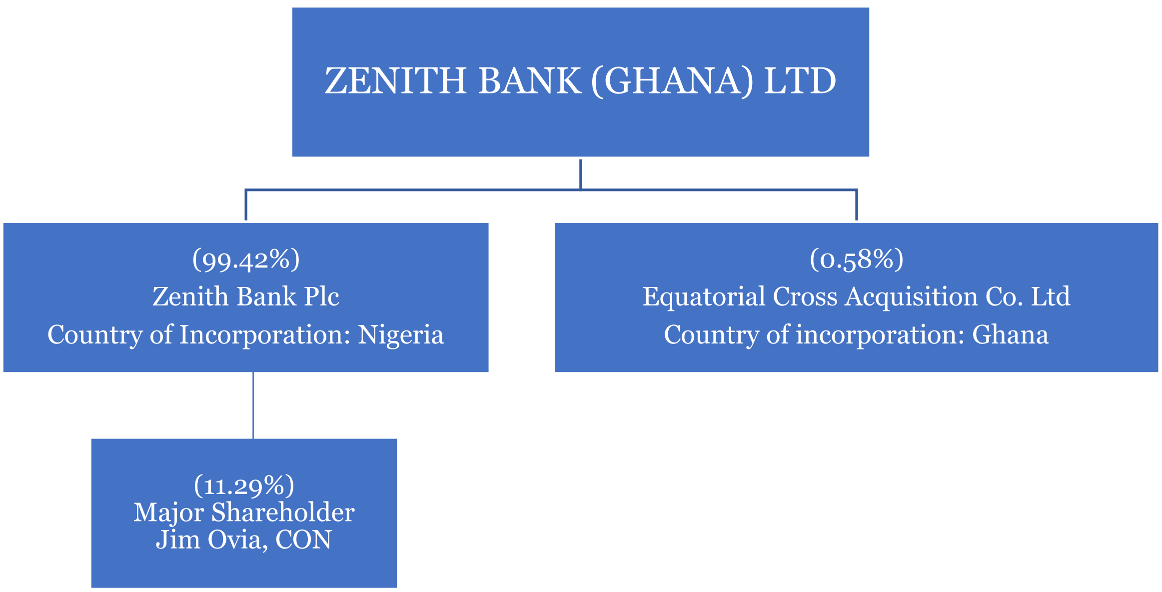
cc: Second Deputy Governor (BOG)
Head, Banking Supervision Department (BOG)

Encl. Certificates (8); 2022 Transcript (1)

CORPORATE GOVERNANCE REPORT (continued)

Governance Structure

- The Board confirms that the Bank has a code of conduct which all directors have signed, and which directs and guides the conduct and values expected of directors.
- The Board further confirms that every new director is taken through induction organised by the Group Head Office through PricewaterhouseCoopers. Key Management personnel are taken through induction as organised by the Bank's HR Department and involving key area of focus.
- The Bank's shareholding structure is as follows:



- No other shares are held by the Board of directors and key management personnel.
- The Board confirms the size and composition of the Board as at December 31, 2022 as follows:

Name of Board Member	Designation	Date of Appointment	Nationality
Mrs. Freda Duplan	Board Chair – Independent Non-Executive Director (INED)	December 3, 2019	Ghanaian
Mr. Gabriel Ukpeh	Non-Executive Director (NED)	July 15, 2016	Nigerian
Dr. Juliette Tuakli	INED	December 3, 2019	Nigerian
Mr. Kwasi Boatin	INED	March 25, 2020	Ghanaian
Mr. Clifford Mensah	ED	March 25, 2022	Ghanaian
Mr. Henry Onwuzurigbo	MD/CEO	March 25, 2022	Nigerian

- As at December 31, 2022:
    - The Ghanaian membership on the Board was 50%.
    - The Ghanaian membership on the Audit and Risk, Cyber & Information Security Committees was 33%.
    - Independent directors form 50% of the Board.
- The Board confirms that no two related persons were serving on the Board and any financial holding company.

CORPORATE GOVERNANCE REPORT (continued)

Resignations (Board)

Mr. Anthony Oteng-Gyasi resigned from the Board on August 31, 2022, after 5 years of service. He was an Independent Non-Executive member of the Board and Chair of the Risk, Cyber & Information Security Committee of the Board. His replacement is going through the approval process at the Bank of Ghana. Mr. Anthony A. Oguranti, the immediate past MD/CEO, also resigned from the Board on April 30, 2022 following his promotion to Executive Director at Zenith Bank Plc.

Retirements (Key Management Personnel)

For the year under review, Mr. Aaron Chukwu retired from his position as Head of Internal Audit. The approval of his replacement, Mr. Segun Oketade was granted by the Bank of Ghana on August 3, 2022. Also, Mr. Ernest Owusu Aboagye, Head of Legal, resigned from the Bank on December 30, 2021.

Profile of Board Members

The profile of the Board members is as follows:

- **Mrs. Freda Yahan Duplan: Board Chair**

  Mrs. Freda Yahan Duplan is the past Managing Director of Nestle Pakistan Limited. Prior to her stint in Pakistan, she was the MD of Nestle Ghana and briefly the Head of Nestle Business Services in Manila, Philippines. Freda is a trained Computer Scientist with over twenty-seven years working experience with the Nestle Group having risen through the ranks to become the first African Female Market Head in the Nestle Group and the First Female and Ghanaian Managing Director of Nestle Ghana Limited.

  Prior to joining the Nestle Group in 1992, Freda worked briefly with Paul Hastings Janofsky & Walker in the USA as an IT Systems Analyst, as well as an IT Consultant with Quistron Ghana Limited in Ghana.

- **Henry Chinedu Onwuzurigbo: Managing Director / Chief Executive Officer**

  Mr. Henry C. Onwuzurigbo is the Managing Director/Chief Executive Officer (MD/CEO) of Zenith Bank (Ghana) Ltd. Before his appointment, he was the Executive Director of the Bank and prior to joining Zenith Bank Ghana, Henry was an Executive Director in charge of Business Development and Treasury at Zenith Bank UK.

  He comes into this role with over twenty-four (24) years broad-based wealth of experience in banking, spanning across various business development functions. He has held Senior Management positions ranging from Head of Operations, Head of Marketing, Branch Management, Regional/Zonal Management, Head of Inspection and Deputy Group Chief Inspector in Zenith Bank Plc as well as the Head of Internal Audit of Zenith Pensions Custodian Limited (a subsidiary of Zenith Bank PLC). He was also the Pioneer Head of Internal Audit in Zenith Bank (UK) Ltd.

  He is a Chartered Accountant and holds a Bachelor's Degree in Accounting. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), a Member of the Institute of Internal Auditors (UK), an Associate of the Chartered Institute of Taxation, Nigeria, a Senior Member of the Chartered Institute of Bankers, Nigeria as well as a Member of the Financial Reporting Council.

- **Clifford Mensah: Executive Director**

  Clifford Mensah is an Executive Director at Zenith Bank (Ghana) Ltd. He is a qualified Chartered Enterprise Risk Actuary with over a decade experience across the insurance and banking sectors in West Africa, with expertise in large-scale corporate modelling.

  Prior to joining Zenith Bank Ghana, Clifford was an Executive Director at Zenith General Insurance in Lagos, Nigeria, where he oversaw Business Development, Operations and Profitability of the firm. He also worked as an Associate Director at Ernst and Young (EY), Senior Manager at PwC Nigeria and has worked for several

CORPORATE GOVERNANCE REPORT (continued)

Insurance firms in Nigeria, Ghana, Cameroon and Cote D'Ivoire (CIMA region).

He holds a master's degree with distinction in Actuarial Science from Heriot-Watt University, UK, and a Bachelor of Science Degree in Mathematics and Statistics from the University of Ghana. He is a Fellow of the Institute of Actuaries in the UK (FIA) and a Fellow of the Society of Actuaries in the USA (FSA). He holds a Chartered Enterprise Risk Actuary qualification (CERA) with the Institute and Faculty of Actuaries in the UK.

- **Dr. Juliette Modupe Tuakli**

  Dr. Juliette Tuakli has been a leader in women's, children's and public health for over three decades. In this last decade, at the helm of CHILDAccra Medical Group, she has managed the organisation's expansion from a small paediatric clinic into a widely recognised regional medical conglomerate providing medical care, community health research and development, medical training for workers, students and researchers in Africa, England and the USA. Her work has ranged from comprehensive health of women, children and families to tackling neglected tropical diseases.

  Dr. Tuakli is an alumnus of the University of Zambia Medical School and the University of California, Los Angeles.

- **Gabriel Ita Asuquo Ukpeh**

  Gabriel Ukpeh is an internationally acclaimed consultant in business strategy, risk management, process re-engineering and financial services, who was, until recently, a Senior Partner and Risk Quality Leader for Africa at PricewaterhouseCoopers (PwC).

  He is a fellow of the Institute of Chartered Accountants of Nigeria with over thirty-five (35) years' experience in Financial Audit and Reporting, as well as a member of the Institute of Taxation of Nigeria.

  A graduate of accounting, Gabriel holds a Graduate Diploma in Business Administration from the University of Warwick, Coventry, United Kingdom. He obtained a Master of Science (MSc) Degree in Contemporary Accounting from the Leeds Metropolitan University, UK in 2009.

- **Kwasi Agyeman Boatin**

  Mr. Kwasi Agyeman Boatin is a seasoned investment consultant and a Chartered Certified Accountant with almost four decades of experience in accounting and finance. He holds an MBA from the Henley Business School in the UK with concentration in Finance, Entrepreneurship and Strategic Management. Prior to branching out into consultancy, Mr. Boatin was the Director-General of the Social Security and National Insurance Trust (SSNIT) from 2008 – 2010.

  Mr. Boatin is a Fellow of the Association of Chartered Certified Accountants and has served on several notable boards in Ghana and abroad including the Ghana International Bank and Ecobank Transnational Incorporated (ETI), where he has held the positions of Non-Executive Director.

Assessment of Board Performance and Capacity Building

The Board confirms that the performance criteria used to assess the effectiveness of the Board as a whole and of individual directors are the internal and external assessments that are employed as per the requirements of the Corporate Governance Directive. Regarding training and capacity building, locally, the Board was trained over three modules by the National Banking College where they obtained the required certification. In addition, the Bank organised offshore training for the Board in 2022 in Corporate Governance and Effective Risk Oversight.

CORPORATE GOVERNANCE REPORT (continued)

Executive Committee (EXCO)

The Bank has in place an Executive Committee which has oversight responsibility for the implementation of strategies approved by the Board. It is chaired by the Managing Director/Chief Executive Officer. It meets once every week to discuss and adopt policy decisions. It also provides direction for the staff of the Bank and ensures effective and efficient use of the Bank's resources.

The Executive Committee is made up of the following members:

Name of Member	Position
Mr. Henry Onwuzurigbo	Chairman
Mr. Clifford Mensah	Member
Mrs Maebelle Nortey	Member
Mr Abiodun Durosinmi	Member
Mr Daniel Agamah	Member
Mr Kwame Adadey	Member
Mr James Wiafe Akenten	Member
Mr George Imbrah	Member
Mrs. Charlotte Impraim	Member
Mr. Abdul-Jalil Alidu	Member

Profile of EXCO Members

A profile of the Executive Management Committee is as follows:

- **Henry Chinedu Onwuzurigbo**: Managing Director / Chief Executive Officer (see profile above)

- **Clifford Mensah:** Executive Director (see profile above)

- **Maebelle Nortey:** General Manager, Marketing

  Maebelle is a Divisional Head with oversight responsibilities for Corporate Banking, some selected branches and marketing sectors of the Bank. She has a wealth of experience in Product Development, Brand Strategy, Channel Management, and Business Planning spanning over eighteen (18) years.

  Maebelle holds a degree in Administration (Management) and a Master in Business Administration (Marketing) both from the University of Ghana, Legon.

- **Abiodun Durosinmi**: General Manager, Operations

  Abiodun Durosinmi is a General Manager with direct responsibility for banking operations, Information Technology, Information Security, Finance as well as other support departments of the Bank. He had over two decades of experience in the Nigerian Banking Industry was the group's Deputy Chief Compliance Officer (CCO) at Zenith Bank Plc before his secondment to Zenith Bank Ghana in 2016.

  Abiodun is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), and a Fellow of the Institute of Credit Administration (FICA), Nigeria. He has obtained an MBA in Project Management from Manchester Business School and an MSc. in Finance from University of Leicester.

- **Daniel Agamah**: Company Secretary & General Counsel

  Daniel Agamah holds a first degree in Law and Philosophy from the University of Ghana, Legon (1991), a Qualifying Certificate of Law from the Ghana School of Law (1993) and a Masters Degree in International Law from the University of Cape Town, South Africa (2000).

CORPORATE GOVERNANCE REPORT (continued)

He was called to the Bar in Ghana in 1993 and has held various positions in international law and private practice. In addition to the Ghana Bar Association, Daniel holds memberships in the Ghana Association of Restructuring and Insolvency Advisors, the International Bar Association and the Institute of Directors Ghana.

- **Kwame Adadey:** Divisional Head, Marketing

  Kwame has a Master of Business Administration (MBA) Finance Option from the University of Ghana, an ACI Dealer Certificate and is also a member of the Association of Financial Markets.

  He joined Zenith Bank Ghana on November 1, 2005. He was Group Head in Marketing for four years and is now Divisional Head in charge of Retail and Digital Banking and also oversees 8 other business groups of the Bank.

- **James Akenten:** Divisional Head, Marketing

  James acquired his Master of Arts Degree in Money, Banking and Finance from Middlesex University in the United Kingdom and a Bachelor of Arts Degree in Economics and Law from the Kwame Nkrumah University of Science and Technology.

  James currently holds the position of Divisional Head – Marketing, in charge of six (6) Business Groups. Prior to his current position, James managed branches and sectors (Mining, Construction, and Real Estate as well as Telecommunications) of the Bank.

- **George Imbrah:** Divisional Head, Marketing

  George holds a Master of Business Administration Degree (MBA), Banking and Finance option from the Kwame Nkrumah University of Science and Technology as well as a Bachelor's Degree in Economics/Sociology from the University of Cape Coast.

  George is a Divisional Head, Marketing, and responsible for nine (9) Business Groups namely Telecoms & Fintechs, Mining & Exports, Construction & Real Estates, Bono Regions, Northern and Upper East Regions.

- **Charlotte Impraim**: Head, Credit Risk Management

  Charlotte Impraim is the Head of Credit Risk Management and Recoveries Department. She has over 26 years working experience and a special skill set in Risk Management, Credit Risk management, Recoveries, Audit, Insolvency and Restructuring which cuts across the Oil and Gas, Finance and Manufacturing industries.

  Charlotte holds a Master's in Business Administration (Finance Option) from the University of Ghana as well as a Bachelor of Arts degree in Political Science and Sociology from the same institution. She is a Chartered Credit Professional (CCP) and a Licensed Practitioner/Member of the Ghana Association of Restructuring and Insolvency Advisors (GARIA).

- **Abdul-Jalil Alidu**: Chief Financial Officer

  Abdul-Jalil Alidu is the Chief Financial Officer (CFO) in charge of Financial Control and Strategic Planning at the Bank, a position he has held since 2016. He had previously held the roles of Operations Manager and Deputy Head of Internal Control and Audit. Abdul-Jalil has over 19 years of experience in internal controls, auditing, accounting, banking, and finance as well as corporate strategy.

  He holds a Master of Science Degree in Finance from the University of Leicester in the United Kingdom and a Bachelor of Science Degree in Business Administration from the University of Ghana. He is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants (Ghana).

CORPORATE GOVERNANCE REPORT (continued)

Remuneration Policies

The Board oversees the design and operation of the compensation system for the Bank. Periodically, the compensation system is reviewed by the Board Governance, Nominations and Remuneration Committee and recommendations are made to the Board for approval.

The Board ensures that the levels of remuneration are sufficient to attract, retain, and motivate executive officers of the Bank while ensuring that it is balanced to avoid excessive risk taking or potential risks to the Bank's capital base. The Board Governance, Nominations and Remuneration Committee reviews the compensation of Key Management Personnel and make appropriate recommendations to the Board for approval.

The Board further confirms that the executive remuneration policy aligns with the long-term sustainability of the Bank by providing a mix of short-term and long-term remuneration to incentivise sustainable long-term performance and that the directors, executive management, and staff remuneration are structured.

Board Committees

The Board can confirm that there are five committees of the Board as follows:

- Audit
- Risk and Cyber Information Security
- Credit
- Governance, Nominations, and Remuneration
- Finance and General Purpose

Membership of Board Committees

Membership and composition of the Committees are as follows:

- **Audit Committee**
  i. Mr. Kwasi Boatin (**Chair**) - Independent Non-Executive Director
  ii. Mr. Gabriel Ukpeh (Member) - Non-Executive Director
  iii. Dr. Juliette Tuakli (Member) - Independent Non-Executive Director

- **Risk & Cyber Security Committee**
  i. Mr. Kwasi Boatin (Chair) - Independent Non-Executive Director
  ii. Mr. Henry Onwuzurigbo (Member) - Managing Director/CEO
  iii. Mr. Gabriel Ukpeh (Member) - Non-Executive Director

- **Finance and General-Purpose Committee**
  i. Dr. Juliette Tuakli (Chair) - Non-Executive Director
  ii. Mr. Clifford Mensah (Member) - Executive Director

- **D. Credit Committee**
  i. Mr. Gabriel Ukpeh **Chair**) - Non-Executive Director
  ii. Mr. Henry Onwuzurigbo (Member) - Managing Director/CEO
  iii. Dr. Juliette Tuakli (Member) - Independent Non-Executive Director
  iv. Mr. Kwasi Boatin (Member) - Independent Non-Executive Director
  v. Mr. Clifford Mensah (Member) - Executive Director

- **E. Governance, Nominations and Remuneration Committee**
  i. Mr. Gabriel Ukpeh (Chair) - Non-Executive Director
  ii. Dr. Juliette Tuakli (Member) - Independent Non-Executive Director

The Board can confirm that each of these committees have terms of reference which have been updated in accordance with the provisions of the corporate governance directive.

CORPORATE GOVERNANCE REPORT (continued)

Summary of Work Done in 2022 and Planned Activities for 2023 - Board Committees

- **Audit**

  For the year under review, this Committee engaged with the Head of Internal Audit as well as the Head of Compliance each on 4 separate occasions and took reports from them. The Committee provided oversight of the internal and external audit functions, reviewed and approved the audit scope and frequency, whiles ensuring that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors as well as any other relevant matter referred to the committee by the Board.

  This process will continue in 2023 with the additional focus on investigative reports from the Internal control and audit departments relating to staff-related investigations and outcome of disciplinary hearings.

- **Risk and Cyber Information Security**

  For the year under review the Committee met with the Chief Risk Officer and the Chief Information Security Officer each on 4 separate occasions and took reports from them. In summary, for the year under review the Committee assisted the Board and Management by creating a comprehensive approach to anticipate, identify, prioritize, and manage material risks to the bank's business objectives.

  This process will continue plus a review of emerging risks in 2023.

Board Meetings

During the financial year under review, six board meetings were held by the Board of directors.

Schedule of attendance at Board Committee Meetings

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

Directors	BC	FGPC	CC	GNRC	AC	RCISC
Freda Duplan	6/6	N/A	N/A	N/A	N/A	N/A
Dr. Juliette Tuakli	6/6	4/4	4/4	4/4	4/4	N/A
Mr. Gabriel Ukpeh	6/6	N/A	4/4	4/4	4/4	4/4
Kwasi Agyeman Boatin	6/6	N/A	4/4	N/A	4/4	4/4
Henry Onwuzurigbo	6/6	N/A	4/4	N/A	N/A	4/4
Clifford Mensah (Appointed March 25, 2022)	5/5	3/3	3/3	N/A	N/A	N/A
Anthony Oteng-Gyasi (Resigned 31.08.2022)	3/3	3/3	N/A	3/3	3/3	3/3
Anthony A. Ogunranti (Resigned April 30, 2022)	2/2	N/A	2/2	N/A	N/A	2/2

*Board Committee (BC), Finance and General-Purpose Committee (FGPC), Credit Committee (CC), Governance, Nominations and Remuneration Committee (GNRC), Audit Committee (AC), Risk, Cyber and Information Security Committee (RCISC).

N/A as used above implies 'Not applicable', that is, the Director in question was not a member of the stated committee and hence could not have been expected to attend the Committee meeting.

CORPORATE GOVERNANCE REPORT (continued)

Other Engagements of Directors

Name of Board Member	Designation	Other Engagements
Mrs. Freda Duplan	Board Chair – Independent NED	1.Zen Petroleum 2.Day Star Power Group 3.DTRT Apparel 4. Executive Women Network
Mr. Henry Onwuzurigbo	MD/CEO	1. Governing Council, National Banking College 2. Executive Council, Ghana Association of Banks
Mr. Gabriel Ukpeh	NED	Zenith Bank Plc
Dr. Juliette Tuakli	Independent NED	Mercy Ships
Mr. Kwasi Boatin	Independent NED	Secure Pensions Trust Ltd
Mr. Clifford Mensah	ED	Not Applicable

Report on Board Evaluation

As part of measures to review the effectiveness of the corporate governance practices and procedures, the Board carried out a self-assessment of members and committees. Remediation measures have been put in place to address major exceptions, while the key findings were reported to the Bank of Ghana and Financial Intelligence Centre.

In line with the Corporate Governance Directive 2018, the Board also engaged an Independent Consultant (PwC) to facilitate a formal and rigorous independent evaluation of its processes and performances, including its sub-committees, and of individual board members. The evaluation was done using questionnaires and direct interview of individual directors. The report concluded that the Board substantially complied with the provisions of the Bank of Ghana Corporate Governance Directive and identified key areas for improvement, and remediation measures have since been put in place to address such areas. Also, recommendations and key findings from previous assessments were addressed and captured in the detailed report which was submitted to the Bank of Ghana.

Succession Planning

The Bank continues to pursue a robust succession planning process. At the Board level, the Bank has developed an effective system for the nomination of qualified persons as directors.

Our succession planning strategy at the Management level focus on all critical roles at all levels in the organization; to ensure business and leadership continuity. The Bank's recruitment process has been aligned with the succession management process to serve as a source of future appointments into key leadership positions both at the Board and Management levels.

Internal Control Framework

The Bank recognizes the importance of the Internal Control function in the Bank's overall operations and has put in place control systems to ensure that the Bank's operations are carried out in a safe and effective manner. The function is headed by the Head of Internal Control, who reports directly to the MD/CEO.

Internal Audit

The Bank has an internal audit function headed by the Head of Internal Audit who is appointed and assessed by the Board Audit Committee and reports directly to that committee. The Board confirms the internal audit function put in place is effective in providing an independent assessment of the adequacy of, and compliance with established policies and procedures. The Head of Internal Audit submits quarterly reports to the Board Audit Committee and the report is reviewed by the Board Audit Committee and appropriate recommendations are made towards the strengthening of the function.

CORPORATE GOVERNANCE REPORT (continued)

Conflicts of Interest

The Board has an approved Conflict of Interest Policy and Register. The document covers areas such as duties, disclosures, responsibilities, reviews, and approval process for directors in relation to activities that could result in conflict of interest. No conflict of interest or material conflict of interest case, involving any of the Directors, came to the attention of the Board for the year ended 31 December 2022.

Ethics and Professionalism

Management has communicated the principles, ethics and professionalism in the Staff Handbook to its employees in the discharge of their duties. The handbook was reviewed and approved by the Board. This handbook sets the professionalism and integrity required for business operations which covers compliance with the law, conflict of interest, bribery, and strict adherence to these principles to eliminate the potential for illegal practice.

Staff and Directors are bound by and sign the code of conduct and professional ethics declaration prior to their appointment and annually after their appointment.

Upon their appointment, Directors also swear an Oath of Confidentiality which is administered by a High Court Judge in Chambers.

Related Party Transactions

The Bank has in place policies and procedures to ensure that all related party transactions are carried out at arm's length and in accordance with the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given to a related party. Related party transactions for the year ended 31 December 2022 is disclosed in Note 33 to the financial statements.

Management Reporting Structures

The Board monitors and ensures that the actions of Key Management Personnel are consistent with the strategy and policies approved by the Board, including the risk tolerance/appetite and risk culture. The Bank has Management committees that support the Managing Director in the day to day running of the Bank.

On quarterly basis, the Managing Director reports to the Board on business development, risk management, human resource development as well as new developments in the industry and the markets (both local and international).

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ZENITH BANK (GHANA) LTD

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 Zenith Bank (Ghana) Ltd (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 Zenith Bank (Ghana) Ltd for the year ended 31 December 2022.

The financial statements comprise:
- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matters (continued)

Key audit matter 1

Impairment allowance on loans and advances to customers

The Bank recognises impairment allowance on its financial assets, using the expected credit loss (ECL) methodology, in line with the requirements of IFRS 9. The expected credit loss provision on loans and advances is as follows;

Financial statement line item	Gross amount	Impairment
	GH¢'000	GH¢'000
Loans and advances	1,946,036	89,825

We considered the ECL assessment of loans and advances to be a matter of most significance to our current year audit as this requires significant judgement in applying the methodology used in determining the following estimates:

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

The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.10, 3.2, 6 (a) 11 and 21 to the financial statements.

How our audit addressed the key audit matter

We obtained an understanding of controls over the loans origination, monitoring and provisioning process . We tested selected key controls focusing on:

- the completeness and accuracy of data used as inputs to the models including the transfer of data between source systems and the impairment models;
- periodic monitoring of credit facilities
- periodic analysis of outcome of impairment provisioning against Bank specific and macro-economic conditions.

We tested the appropriateness of management's assumptions including challenging management's determination of:

- significant increase in credit risk,
- default,
- probability of default,
- loss given default, and
- exposure at default

We tested the appropriateness of the staging of loans in the ECL model by independently determining the staging of selected loans based on customer's repayment history, compliance to loan covenants and other qualitative factors.

We assessed the reasonableness of forward-looking information used in the impairment calculations by challenging the multiple economic scenarios used and the weighting applied.

We assessed the completeness and accuracy of data used in the ECL models including the use of collaterals.

We tested the appropriateness of disclosures set out in the financial statements.

Key audit matters (continued)

<table>
<tr><th>Key audit matter 2</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Impairment allowance on investment in debt securities

The expected credit loss provision on investment securities is as follows;

<table>
<tr><th>Financial statement line item</th><th>Gross amount</th><th>Impairment</th></tr>
<tr><td></td><td>GH¢'000</td><td>GH¢'000</td></tr>
<tr><td>Investment securities</td><td>4,583,273</td><td>1,163,434</td></tr>
</table>

The ECL for investment securities is material to the financial statements in terms of magnitude and level of subjective judgement applied by management.

The government of Ghana announced a voluntary Domestic Debt Exchange Programme (DDEP) which sought to exchange existing eligible domestic notes and bonds. Management segmented the investment securities into a portfolio of instruments eligible for DDEP and those instruments that are not eligible for the Programme. Certain out of model adjustments were calculated and assessed based on management's judgement.

The key areas of significant management judgement within the ECL calculation include:

- Determination of SICR
- Application of out-of-model adjustments into the ECL measurements
- Assessment of the ECL raised for eligible domestic notes and bonds
- Assessment of the input assumptions applied to estimate the PD, EAD and LGD.

The accounting policies, critical estimates and judgements and impairment charge are set out in 2.10, 3.2, 6(a), 11 and 19 to the financial statements.

</td><td>

We obtained an understanding of the DDEP based on the Exchange Memorandum issued by the Government of Ghana.

We tested the appropriateness of the staging of the investment securities by independently assessing management's criteria for significant increase in credit risk.

We assessed the reasonableness of out of model adjustments by evaluating key assumptions and inspecting the methodology.

We assessed the reasonableness of the discount rate (a key assumption) used for determining the present value of cash flows expected from new bonds.

For stage 3 eligible domestic notes and bonds, we considered the impairment indicators, uncertainties and assumptions made by management in their assessment of the recoverability of the investments.

We assessed the assumptions relating to historical default experience, estimated timing and amount of forecasted cashflows applied within the PD, EAD and LGD for compliance with the requirements of IFRS 9.

We assessed the appropriateness of the ECL related disclosures for investment securities in the financial statements in accordance with IFRS 9.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Report, and the Value Added Statement but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Overview Report, Chairperson's Message, Executive Management Team, Chief Executive Officer's Review and the Corporate Events & Social Responsibility Report, which are expected to be made available to us after that date.

Other information (continued)

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Overview Report, Chairperson's Message, Executive Management Team, Chief Executive Officer's Review and the Corporate Events & Social Responsibility Report, and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 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;

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

- 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, related safeguards.

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

REPORT ON OTHER LEGAL 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 comprehensive income are in agreement with the books of account.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

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
19 April 2023

pwc

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

	Note	For the Year Ended 31 December 2022	2021
Interest income	7	1,061,427	949,052
Interest expense	7	(343,759)	(308,074)
Net interest income		717,668	640,978
Fees and commission income	8	176,208	100,690
Fees and commission expense	8	(20,427)	(13,119)
Net fees and commission income		155,781	87,571
Net trading income	9(a)	156,749	(84,272)
Net income - financial instruments carried at fair value	9(b)	4,977	(18,918)
Other income	10	13,765	11,825
Net trading and other income		175,491	(91,365)
Operating income		1,048,940	637,184
Impairment loss on financial assets	11	(1,193,674)	(27,971)
Personnel expenses	12	(178,405)	(129,781)
Depreciation and amortisation	22(a)	(26,921)	(21,639)
Other expenses	14	(204,524)	(123,589)
(Loss)/ profit before income tax		(554,584)	334,204
Income tax income/(expense)	15	134,814	(114,099)
(Loss)/profit after tax attributable to equity holders of the Bank		(419,770)	220,105
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to equity holders of the Bank		(419,770)	220,105
Earnings per share - Basic & Diluted	16	-0.10	0.06

The notes on pages 26 to 95 are an integral part of these financial statements.

ZENITH BANK (GHANA) LTD
Financial statements
For the year ended 31 December 2022

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

		As at 31 December	
Assets	**Note**	**2022**	2021
Cash and bank balances	17	2,963,202	1,714,699
Non-pledged trading assets	18(a)	15,271	106,690
Pledged trading assets	18(b)	1,951	485,037
Investment securities	19	3,419,839	4,488,707
Investments (other than securities)	20	400,699	66,942
Current tax receivable	15	11,799	10,611
Loans and advances to customers	21	1,856,211	1,498,900
Property, plant and equipment	22	187,232	168,837
Intangible assets	23	9,917	8,201
Right-of-use assets	13	94,671	96,608
Deferred tax assets	24	325,018	25,281
Other assets	25	373,761	193,753
Total assets		9,659,571	8,864,266
Liabilities			
Derivative financial instruments	34	1,617	31,861
Deposits from banks and non-bank financial institutions	26	17,907	19,300
Deposits from customers	27	8,408,201	6,391,081
Borrowings	28	-	154,536
Other liabilities	29	124,712	600,476
Lease liabilities	13	108,678	100,505
Deferred tax liabilities	24	16,089	12,370
Total liabilities		8,677,204	7,310,129
Equity			
Stated capital	30(a)	400,000	400,000
Statutory reserve	30(b)	444,899	444,899
Credit risk reserve	30(b)	9,704	19,439
Retained earnings	30(b)	127,764	689,799
Total equity		982,367	1,554,137
Total equity and liabilities		9,659,571	8,864,266

....

Mrs Freda Duplan (Chairperson) **Henry Chinedu Onwuzurigbo (MD/CEO)**

The financial statements of the Bank on pages 22 to 95 were approved by the Board of Directors on **24 March 2023**. The notes on pages 26 to 95 are an integral part of these financial statements.

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

Year ended 31 December 2022	**Stated Capital**	**Statutory Reserve**	**Credit Risk Reserve**	**Retained Earnings**	**Total**
Balance at 1 January	400,000	444,899	19,439	689,799	1,554,137
Loss for the year	-	-	-	(419,770)	(419,770)
Total comprehensive income	-	-	-	(419,770)	(419,770)
Regulatory and other reserve transfers					
Transfer from credit risk reserve	-	-	(9,735)	9,735	-
Net transfers to reserves	-	-	(9,735)	9,735	-
Transactions with owners					
Dividend paid to equity holders	-	-	-	(152,000)	(152,000)
Net transactions with owners	-	-	-	(152,000)	(152,000)
Balance at 31 December	400,000	444,899	9,704	127,764	982,367

Year ended 31 December 2021	**Stated Capital**	**Statutory Reserve**	**Credit Risk Reserve**	**Retained Earnings**	**Total**
Balance at 1 January	400,000	389,873	33,384	633,537	1,456,794
Profit ford the year	-	-	-	220,105	220,105
Total comprehensive income	-	-	-	220,105	220,105
Regulatory and other reserve transfers					
Transfer from credit risk reserve	-	-	(13,945)	13,945	-
Transfer to statutory reserve	-	55,026	-	(55,026)	-
Net transfers to reserves	-	55,026	(13,945)	(41,081)	-
Transactions with owners					
Dividend paid to equity holders	-	-	-	(122,762)	(122,762)
Net transactions with owners	-	-	-	(122,762)	(122,762)
Balance at 31 December	400,000	444,899	19,439	689,799	1,554,137

The notes on pages 26 to 95 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Note	Year ended 31 December **2022**	2021
(Loss)/ profit before tax		(554,584)	334,204
Adjustments for:			
Depreciation and amortisation	22(a)	26,921	21,639
Net impairment loss on financial assets	11	1,193,674	27,971
Net interest income	7	(717,668)	(640,978)
(Profit)/loss on disposal of property, plant and equipment	22(b)	(2,177)	25
Unrealised exchange difference on borrowings	28	28,460	3,106
Unrealised exchange difference on cash and banks		(87,293)	1,589
Fair value changes recognised in profit or loss	9(b)	(4,977)	18,918
		(117,644)	(233,526)
Changes in:			
Investments (other than securities)	20	-	57,708
Non-pledged trading assets	18(a)	91,419	(8,593)
Pledged trading assets	18(b)	483,086	(221,236)
Investments securities	19	65,244	(126,872)
Mandatory cash reserve	17	(508,437)	(20,467)
Loans and advances to customers	21	(381,110)	(452,769)
Other assets	25	(180,008)	(60,894)
Deposits from banks and non-bank financial institutions	26	(1,393)	(2,061)
Deposits from customers	27	2,000,339	563,034
Other liabilities	29	(488,163)	279,502
		963,333	(226,174)
Interest received		977,567	954,406
Interest paid		(326,978)	(262,538)
Corporate taxes refund received	15	7,109	-
Corporate taxes paid	15	(169,501)	(126,059)
Net cash flow generated from operating activities		1,451,530	339,635
Cash flow from investing activities			
Acquisition of property, plant and equipment	22	(37,281)	(21,726)
Proceeds from disposal of property, plant and equipment	22(b)	3,613	254
Acquisition of intangible assets	23	(6,331)	(4,885)
Net cash flow used in investing activities		(39,999)	(26,357)
Cash flow from financing activities			
Finance lease payments	13	(8,355)	(8,225)
Dividend paid	31	(152,000)	(122,762)
Drawdown on borrowings	28	-	402,417
Derivative liabilities	33	(30,244)	31,861
Repayment on borrowings	28	(184,527)	(549,285)
Net cash flow used in financing activities		(375,126)	(245,994)
Net increase in cash and cash equivalents		1,036,405	67,283
Balance at beginning	17	1,162,515	1.096,820
Cash and cash equivalents at 31 December		2,198,920	1,164,104
Effect of exchange rate fluctuations on cash and cash equivalents held		87,293	(1,589)
Cash and cash equivalents at 31 December	17	2,286,213	1,162,515

The notes on pages 26 to 95 are an integral part of these financial statements.

NOTES

1. REPORTING ENTITY

Zenith Bank (Ghana) Ltd (the Bank) is a limited liability company incorporated and domiciled in Ghana. The registered office is Zenith Heights, No 37 Independence Avenue, PMB CT 393, Accra. The Bank commenced universal banking operations in September 2005 and operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The Bank is a subsidiary of Zenith Bank Plc, a bank incorporated in the Federal Republic of Nigeria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 financial statements were authorised for issue by the Board of Directors on **24 March 2023.**

These financial statements have been prepared under the historical cost convention, except for pledged and non-pledged trading assets and derivative financial instruments which are measured at fair value.

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. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

2.1.1 Changes in accounting policy and disclosures

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

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

Standards and interpretations effective during the reporting period

(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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards and interpretations effective during the reporting period (continued)

(iv) Annual Improvements to IFRS Standards 2018 – 2020

The following improvements were finalised in May 2020:

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

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

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

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

(v) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 2816

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.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the closing inter-bank mid rates at the reporting date.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Transactions and balances (continued)

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at exchange rates ruling at the dates of initial recognition. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from re-translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in profit or loss.

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

2.3 Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest method 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 transaction costs, fees and points paid or received that are an integral part of the effective interest rate.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss.

2.4 Fees and commission income

Fees and commissions are recognised on an accrual basis when the related services are performed, and the performance obligations associated with the contracts are delivered. 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. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.5 Net trading income

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

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

Net income from other financial instruments at fair value through profit or loss relates to non-derivative financial assets held for trading. It includes all realised and unrealised fair value changes, interest, dividends, and foreign exchange differences.

2.7 Dividend income

Dividend income is recognised when the right to receive income is established.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases

The Bank leased various offices, branches, and other premises under non-cancellable lease arrangements. The lease typically ran for a period of up to two years with an option to renew the lease after that date. Lease terms are negotiated on an individual basis and contain a wide 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 the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Bank:

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

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

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses 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 group 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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

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. Low-value assets comprise IT equipment and small items of office furniture.

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.

2.9 Income tax

Current income tax

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

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

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except;
- Where deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Income tax (continued)

Deferred tax (continued)

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient able profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in the statement of changes in equity and not in the statement of comprehensive income. Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

2.10 Financial assets and liabilities

2.10.1 Financial assets

Measurement methods

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets (continued)

Measurement methods (continued)

For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument or regular way purchases and sales of financial assets are recognised on settlement-date, the date on which the Bank pays for or receives value for the instrument.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

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

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

(i) 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.

NOTES (continued)
(All amounts are in thousand Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represents 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.

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

c) 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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities

2.10.1 Financial assets (continued)

Measurement methods (continued)

(i) Classification and subsequent measurement (continued)

The above classifications are done using:

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. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

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 contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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

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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets (continued)

Debt instruments (continued)

(ii) Impairment

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.

Refer to Note 3.2.2 for further details on the impairment process of financial assets.

(iii) 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.

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

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.1 Financial assets (continued)

(iv) De-recognition other than on a modification

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial guarantee 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.

Loan commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ((continued)

2.10 Financial assets and liabilities (continued)

2.10.2 Financial Liabilities

i) Classification

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

ii) Measurement

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

iii) 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.

2.10.3 Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.3 Fair value measurement (continued)

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

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

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

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

2.10.4 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 to third 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.

2.10.5 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets and liabilities (continued)

2.10.6 Loans and advances

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. Loans and advances to banks are classified as hold to collect.

Loans and advances to customers include:

- those classified as loans and receivables; and
- finance lease receivables.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Loans and advances also include finance lease receivables in which the Bank is the lessor.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

2.10.7 Investments

Investment securities are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for depending on their classification as hold to collect or hold to sell.

2.10.8 Non pledged and pledged trading assets

The trading assets portfolio- both pledged and non pledged comprises debt securities purchased with the intent of short-term profit taking. The Bank values these securities with reference to quoted prices in active markets for identical assets.

These securities are designated at fair value, with fair value changes recognized immediately in profit or loss.

2.10.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10.10 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.11 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.

2.12 Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

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

Leasehold land and buildings	50 years
Leasehold improvements	5 years
Furniture, fittings and equipment	4 - 5 years
Computers	3 years
Motor vehicles	4 years

2.13 Leasehold properties

Leasehold properties, representing lands held by the Bank under various leasehold agreements and the buildings on them, are initially recognised at cost. Subsequent to initial recognition, leasehold properties are amortised over the lease term of the properties. The amortisation is recognised in profit or loss. The leasehold lands are presented in property, plant and equipment by the Bank as an accounting policy choice and not included in right-of-use assets.

2.14 Intangible assets

Computer software

Software acquired by the Bank is measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Intangible assets with indefinite useful lives are not amortized. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Impairment of non-financial assets (continued)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

2.16 Deposits and borrowings

Deposits and borrowings from other banks are the Bank's sources of debt funding. Deposits and borrowings from other banks are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank chooses to carry the liabilities at fair value through profit or loss.

2.17 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Provident fund

The Bank has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 12.5%. Obligations under the plan are LTD to the relevant contributions, which are settled on due dates to the fund manager.

2.18 Stated capital and reserves

(i) Stated capital

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

(ii) Share issue costs

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

(iii) Dividend on ordinary shares

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

2.19 Earnings per share

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction and overview

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. Key risks arising from core functions are identified and measured to facilitate managing and determining risk positions and capital allocations. The Bank has exposure to the following types of risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

The Bank continues to assess its overall risk management framework and governance structure. This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

3.1.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Risk Management Committee of the Board is responsible for developing and monitoring the Bank's risk management policies over specified areas.

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

The Bank's Risk Management Committee of the Board 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 risks faced by the Bank.

3.2 Credit risk

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

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trade. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.1 Credit risk management

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

The Bank has well documented policies and procedures for managing credit risk. The policies are based on the principle of: Management responsibility; Defined credit approval authorities; Set standards for risk management; Consistent approach to origination of credit, documentation and problem recognition; and Portfolio management strategies.

The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Bank deals with counterparties of good credit standing and for which in its assessment the transactions are appropriate, and risks understood by the counterparty.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product and industry sector are approved by the Board of Directors. The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures. Actual exposures against limits are monitored daily.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank reviews the acceptability of specific classes of collateral for 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; and
- Charges over financial instruments such as debt securities and equities.

3.2.2 Expected credit loss measurement

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
- Previous arrears within the last [12] months
- If the borrower is on the Watch list and/or the instrument meets one or more of the following criteria:

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.2 Expected credit loss measurement (continued)

Significant increase in credit risk (SICR) (continued)

- 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 cash flow or liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a weekly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

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.

Low Credit Risk Exemption

The Bank has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2022.

Definition of default and credit-impaired assets

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 its contractual payments.

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

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- 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 lender relating to the borrower's 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.

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.2 Expected credit loss measurement (continued)

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.

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 Group 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. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD 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.

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

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.2 Expected credit loss measurement (continued)

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

Forward-looking information incorporated in the ECL models

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.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2022 are set out below:

Scenario	Weight %	GDP Growth %	Consumer Price Index %
Base Case	40	3.6	31.5
GDP up; CPI up	17	3.7	31.6
GDP down; CPI down	5	3.5	31.4
GDP up; CPI down	8	3.7	31.4
GDP down; CPI up	30	3.5	31.6

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

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.2 Expected credit loss measurement (continued)

Investment securities

The Bank's investments comprise investments in Government of Ghana treasury bills and bonds and the Government of Nigeria treasury bills.

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 a discount rate representative of the sovereign risk of the country.

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 -Investment securities under the DDEP programme

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

Bank	**ECL**
At 31 December 2022	**GH¢**
1% decrease in discount rate	684,870
Base	784,734
1% increase in discount rate	877,229

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.3 Maximum exposure to credit risk before collateral held

Maximum exposure to credit risk	**2022**	2021
Credit risk exposures relating to on balance sheet assets are as follows:		
Balances with Bank of Ghana	1,621,225	840,417
Investment securities	4,583,273	4,494,665
Balances with banks	1,114,289	600,386
Non pledged trading assets	15,271	106,690
Pledged trading assets	1,951	485,037
Investments other than securities	400,699	66,942
Loans and advances to customers	1,946,036	1,570,493
Other assets (excluding non-financial assets)	351,595	145,699
Credit risk exposures relating to off balance sheet items are as follows:		
Financial guarantees and letters of credit	1,618,955	1,391,941
At year end	11,653,294	9,702,270

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2022, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above for the Bank, 17% (2021: 16%) of the total maximum exposure is derived from loans and advances and investment securities and trading assets represent 39% (2021: 52%).

The Bank's loans and advances were categorised by the Bank of Ghana prudential guidelines as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.3 Maximum exposure to credit risk before collateral held (continued)

	Note	2022	2021
Maximum exposure to credit risk			
Carrying amount	21	1,856,211	1,498,900
Amount committed/guaranteed	32	1,618,955	1,391,941
Grade 1–3: Low–fair risk – Current		1,751,477	1,474,194
Grade 4–5: Low–watch list		120,705	27,228
Grade 6: Substandard		112	446
Grade 7: Doubtful		383	1,207
Grade 8: Loss		73,359	67,418
Total gross amount		1,946,036	1,570,493
Allowance for impairment		(89,825)	(71,593)
Net carrying amount		1,856,211	1,498,900
Off balance sheet - Maximum exposure			
Letters of credit - Grade 1–3: Low – fair risk		477,572	824,235
Financial guarantees - Grade 1–3: Low – fair risk		1,141,383	567,706
Total exposure		1,618,955	1,391,941
Loans with renegotiated terms			
Gross carrying amount		-	11,915
Allowance for impairment		-	-
Net carrying amount		-	11,915
Stage 1 (performing) loans and advances			
Grade 1–3: Low – fair risk		1,751,477	1,474,194
Stage 2 (underperforming) loans and advances			
Grade 4-5: Watch list		120,705	27,228

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.3 Maximum exposure to credit risk before collateral held (continued)

Stage 3 (impaired or non-performing) loans and advances	**2022**	2021
90-180 days - Substandard	112	446
180-360 days - Doubtful	383	1,207
360 days + - Loss	73,359	67,418
	73,854	69,071
Allowance for impairment		
Individual – Stage 3	40,373	(42,279)
Collective – Stage 1 and 2	49,452	(29,314)
	89,825	(71,593)

Stage 1 (performing) loans and advances

The quality of credit exposure to customers and banks and other financial institutions that were neither past due nor impaired were assessed with reference to the Bank of Ghana prudential guidelines adopted by the Bank for its internal grading purposes.

Loans and advances graded current are not considered past due or impaired.

This category is made up as follows:

December 2022	**Term loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Current	1,422,123	309,180	20,174	1,751,477

December 2021	**Term loans**	**Overdrafts**	**Staff loans**	**Total**
Grade:				
Current	1,252,170	204,934	17,090	1,474,194

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.3 Maximum exposure to credit risk before collateral held (continued)

Stage 2 (under-performing) loans and advances

Loans and advances graded internally as current and OLEM may be past due but are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

December 2022	Term loans	Overdrafts	Staff loans	Total
Past due but not impaired	118,034	2,671	-	120,705
Total	118,034	2,671	-	120,705

December 2021	Term loans	Overdrafts	Staff loans	Total
Past due but not impaired	21,904	5,324	-	27,228
Total	21,904	5,324	-	27,228

Stage 3 (impaired or non-performing) loans and advances

The breakdown of the gross amount of loans and advances individually impaired by class, along with the fair value of related collateral held by the Bank as security, are as follows:

31 December 2022	Term loans	Overdrafts	Staff loans	Total
Individually impaired loans	-	73,854	-	73,854
Specific impairment allowance	-	(40,373)	-	(40,373)
Net amount		33,481		33,481
Fair value of collateral		49,456		49,456

31 December 2021	Term loans	Overdrafts	Staff loans	Total
Individually impaired loans	-	69,071	-	69,071
Specific impairment allowance	-	(42,279)	-	(42,279)
Net amount	-	26,792	-	26,792
Fair value of collateral	-	56,461	-	56,461

NOTES (continued)
(All amounts are in thousand Ghana cedis)

3.2.3 Maximum exposure to credit risk before collateral held (continued)

At 31 December 2022, the Bank's loans and advances were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition - Performing
- Stage 2 – Significant increase in credit risk since initial recognition - Underperforming
- Stage 3 – Credit impaired – Non-performing

	At 31 December 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Term loans	1,422,123	118,034	73,854	1,614,011
Overdraft	309,180	2,671	-	311,851
Staff loans	20,174	-	-	20,174
Gross loans and advances to customers	1,751,477	120,705	73,854	1,946,036
Loss allowance	-	(49,452)	(40,373)	(89,825)
Carrying amount	1,751,477	71,253	33,481	1,856,211

31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Term loans	1,252,170	21,904	-	1,274,074
Overdraft	204,934	5,324	69,071	279,329
Staff loans	17,090	-	-	17,090
Gross loans and advances to customers	1,474,194	27,228	69,071	1,570,493
Loss allowance	(24,317)	(4,997)	(42,279)	(71,593)
Carrying amount	1,449,877	22,231	26,792	1,498,900

NOTES (continued)
(All amounts are in thousand Ghana cedis)

3.2.3 Maximum exposure to credit risk before collateral held (continued)

At 31 December 2022, the Bank's investment securites were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition - Performing
- Stage 2 – Significant increase in credit risk since initial recognition - Underperforming
- Stage 3 – Credit impaired – Non-performing

	Stage 1 2022	**Stage 2 2022**	**Stage 3 2022**	Total	Stage 1 2021	Stage 2 2021	Stage 3 2021	Total
Government of Nigeria bills	452,579	-	-	452,579	1,269,992	-	-	1,269,992
Government of Ghana treasury bills	-	48,654	-	48,654	1,090,112	-	-	1,090,112
Government of Ghana bonds	-	962,043	3,119,997	4,082040	2,134,561	-	-	2,134,561
Gross amount	452,579	1,010,697	3,119,997	4,583,273	4,494,665	-	-	4,494,665
Impairment	(6,175)	(203,314)	(953,945)	(1,163,434)	(5,958)	-	-	(5,958)
Total	446,404	807,383	2,166,052	3,419,839	4,488,707	-	-	4,488,707
Current				493,249				2,397,378
Non-current				2,926,590				2,091,329

All other financial assets of the Bank with credit risk exposure are neither past due (underperforming) nor impaired (non-performing).

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.4 Collaterals and other credit enhancements

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

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

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

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

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

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit impaired and the related collateral in order to mitigate potential losses are shown in note 3.2.3 above.

During the year, the Bank did not repossess collaterals (2021: Nil).

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3.2.5 Concentration of credit risk

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

	Loans and advances to customers	
	2022	2021
Carrying amount	1,856,211	1,498,900
Concentration by product:		
Overdrafts	479,155	279,329
Term loans	1,422,266	1,270,719
Staff loans	20,174	17,090
Finance leases	24,441	3,355
Gross loans and advances	1,946,036	1,570,493
Less: Impairment	(89,825)	(71,593)
	1,856,211	1,498,900
Concentration by industry:		
Financial institutions	22,521	18,175
Manufacturing	554,068	447,145
Public sector	122,485	98,848
Retail and consumer	216,513	174,731
Energy	83,094	67,059
Telecom	121,017	97,663
Mining and construction	125,927	101,626
Others	700,411	565,246
Gross loans and advances	1,946,036	1,570,493
Less: allowance for impairment	(89,825)	(71,593)
Net loans and advances	1,856,211	1,498,900

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3.2.6 Geographical concentration of assets and liabilities and off balances sheet items

	2022		2021	
	In Ghana	**Outside Ghana**	In Ghana	Outside Ghana
Assets				
Cash and cash equivalents	2,057,317	905,885	1,223,233	491,466
Non-pledged trading assets	15,271	-	106,690	-
Pledged trading assets	1,951	-	485,037	-
Investment securities	2,967,286	452,553	3,224,608	1,264,099
Investments (other than securities)	400,699	-	66,942	-
Loans and advances to customers	1,856,211	-	1,498,900	-
Other assets	373,761	-	193,753	-
	7,672,496	1,358,438	6,799,163	1,755,565
Liabilities				
Borrowings	-	-	154,536	-
Deposits from customers	8,408,201	-	6,391,081	-
Deposits from other banks	17,907	-	19,300	-
Other liabilities	124,712	-	600,476	-
Lease liabilities	108,678		100,505	
Total liabilities	8,659,498	-	7,265,898	-
Off balance sheet items				
Letters of credit	477,572	-	187,046	637,189
Guarantees and indemnities	1,141,383	-	567,706	-
	1,618,955	-	754,752	637,189

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2.7 Key ratios on loans and advances

i. Loan loss provision ratio is 4.6% (2021: 4.56%);
ii. Percentage of gross non – performing loans with respect to Bank of Ghana Prudential Norms (individually impaired) to total gross loans and advances is 3.80**%** (2021: 4.40%); and
iii. Ratio of fifty (50) largest exposure (gross funded) to total exposure is 85.49% (2021: 64%).

3.2.8 Economic Challenges and ECL measurement

In line with the bank's existing risk management framework, there were no further deterioration in the bank's risk assets. The bank's risk portfolio is well diversified, and this contributed to the high quality of risk assets. However, in line with developments in the macroeconomic environment and the need to consider this information in assessing the probability of default, the bank undertook a review of its ECL model and assumptions in 2021 and 2022, leading to the following:

a. Increase in average percentage rate (APR) from 22.55% to 27.46% in line with market dynamics'
b. Revision of the LGD from 37.71% to 37.72%,
c. Increase in the impact of macroeconomic forward-looking data on PD from 2% for GDP to 2.30%; and CPI from 2.30% to 6.40%
d. Increasing the scenario weights for the worst case from 25% to 30%.

Although the bank has not experienced any significant impact of the macroeconomic challenges in 2022, management still deemed it prudent to review some of the assumptions that were used in 2021 in assessing the impairment for 2022.

3.2.9 Impact of Covid 19 on the bank

The government lifted the restrictions that were instituted to contain and manage the Covid-19 pandemic. Consequently, all the regulatory reliefs and incentives that were announced by government and BoG were reversed. The Bank also curtailed and rolled back all the incentives that were extended to customers in the wake of the pandemic. All the customers who enjoyed restructuring of their credit facilities have since paid off.

3.3 Liquidity risk

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

3.3.1 Management of liquidity risk

The Bank maintains liquidity limit imposed by its local regulator, Bank of Ghana and the overall liquidity has always been within the regulatory limit of Bank of Ghana. Treasury monitors compliance of all branches to ensure that the Bank maintains optimum liquid assets. The Bank aims to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments.

Treasury unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury unit then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank.

All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports on the liquidity position of the Bank is submitted to senior management and summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO on monthly basis.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

3.3.2 Non-derivative financial liabilities and assets held for managing liquidity risk

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

At 31 December 2022

	Less than 3 months	3 - 6 months	6-12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Liabilities							
Deposits from customers	5,659,492	672,027	2,917,502	-	-	9,249,021	8,408,201
Deposits from banks	4,478	3,115	11,567	-	-	19,160	17,907
Other liabilities (payables)	124,712	-	-	-	-	124,712	124,712
Lease liabilities	-	-	11,368	108,178	-	119,546	108,678
Total liabilities (contractual maturity date)	5,788,682	675,142	2,940,437	108,178	-	9,512,439	8,659,498
Assets							
Cash and bank balances	2,963,202	-	-	-	-	2,963,202	2,963,202
Non-pledged trading assets	-	-	15,271	-	-	15,271	15,271
Pledged trading assets	-	-	1,951	-	-	1,951	1,951
Investment (other than securities)	400,699	-	-	-	-	400,699	400,699
Investment securities	-	-	634,501	2,697,075	231,041	3,562,617	3,419,839
Loans and advances to customers	793,400	162,112	354,553	684,900	275,138	2,270,104	1,856,211
Other assets (less non-financial assets)	351,595	-	-	-	-	351,595	351,595
Total assets held for managing liquidity risk (contractual maturity date)	4,508,896	162,112	1,006,276	3,381,975	506,179	9,565,438	9,008,768

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

3.3.2 Non-derivative financial liabilities and assets held for managing liquidity risk (continued)

At 31 December 2021

	Less than 3 months	3 - 6 months	6-12 months	1 to 5 years	More than 5 years	Total	Carrying amount
Liabilities							
Deposits from customers	4,261,247	445,806	2,323,136	-	-	7,030,189	6,391,081
Deposits from banks	3,484	308	16,859	-	-	20,651	19,300
Borrowings	-	169,990	-	-	-	169,990	154,536
Other liabilities	241,548	198,210	160,718	-	-	600,476	600,476
Lease liability	-	-	10,813	99,743	-	110,556	100,505
Total liabilities (contractual maturity date)	4,506,279	814,314	2,511,526	99,743	-	7,931,862	7,265,898
Assets							
Cash and bank balances	1,714,699	-	-	-	-	1,714,699	1,714,699
Non-pledged trading assets	-	12,803	26,673	51,211	16,003	106,690	106,690
Pledged trading assets	126,110	198,865	160,062	-	-	485,037	485,037
Investment (other than securities)	66,942	-	-	-	-	66,942	66,942
Investment securities	1,081,373	365,533	956,430	1,797,905	293,423	4,494,664	4,488,707
Loans and advances to customers	393,964	165,898	124,998	870,772	14,861	1,570,493	1,498,900
Other assets (less non-financial assets)	145,699	-	-	-	-	145,699	145,699
Total assets held for managing liquidity risk (contractual maturity date)	3,528,787	743,099	1,268,163	2,719,888	324,287	8,584,224	8,506,674

The Bank's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued) perusal

3.3 Liquidity risk (continued)

3.3.3 Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to volatile liabilities. For this purpose, 'liquid assets' include cash, cash reserve ratio, balances with the Central Bank, balances with banks, bills purchased/discounted up to 1 year, investments up to one year, swap funds (sell/ buy) up to one year and tradable Government notes and bonds. 'Volatile liabilities' includes demand deposits, District Assembly Common Funds (DACF) and all Governments instruments which could be called at short notice, etc.

Details of the reported Bank ratio of liquid assets to volatile liabilities at the reporting date and during the reporting period were as follows:

	2022 %	2021 %
At period end	74	122
Average for the year	88	139
Maximum for the year	118	150
Minimum for the year	73	122

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents. In addition, the Bank maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral with the Central Bank (these amounts are referred to as the 'Bank's liquidity reserves).

The Bank's liquidity reserves are represented by its cash and cash equivalents as disclosed in Note 17 with the necessary mandatory reserve which is not available to the Bank in the ordinary course of business.

Statutory Liquidity Breaches and non-compliance with other prudential requirements

There was no default in statutory liquidity or non-compliance with any prudential requirements in 2022 (2021: nil). However, the bank was sanctioned *GH¢60* (2021: GH¢288) for non-compliance with some prudential requirements.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Liquidity risk (continued)

3.3.3 Exposure to liquidity risk (continued)

The table below sets out the availability of the Bank's financial assets to support future funding.

31 December 2022	**Note**	**Encumbered Pledged as collateral**	***Other**	**Unencumbered Available as collateral**	**Other**	**Total**
Cash and bank balances	17	-	1,127,563	1,835,639	-	2,963,202
Non-pledged trading Assets	18a	-	-	15,271	-	15,271
Pledged trading assets	18b	1,951	-	-	-	1,951
Investment securities	19	-	-	3,419,839	-	3,419,839
Investments (other than securities)	20	-	-	400,699	-	400,699
		1,951	1,127,563	5,671,448	-	6,800,962
31 December 2021						
Cash and bank balances	17	-	619,126	1,095,573	-	1,714,699
Non-pledged trading Assets	18a	-	-	106,690	-	106,690
Pledged trading assets	18b	485,037	-	-	-	485,037
Investment securities	19	-	-	4,488,707	-	4,488,707
Investments (other than securities)	20	-	-	66,942	-	66,942
		485,037	619,126	5,757,912	-	6,862,075

*Mandatory reserve deposits with the Central Bank (refer to Note 17).

3.4 Market risks

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

3.4.1 Management of market risks

The Bank recognizes market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank's exposure to market risk arises principally from customer driven transactions.

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Market risks (continued)

3.4.1 Management of market risks (continued)

The table below sets out the allocation of assets and liabilities subject to market risk.

	Note	Market risk measure Carrying amount	Unencumbered portfolios
31 December 2022			
Assets subject to market risk			
Cash and bank balances	17	2,963,202	1,835,639
Non-pledged trading assets	18a	15,271	15,271
Pledged trading assets	18b	1,951	-
Investment securities	19	3,419,839	3,419,839
Investments (Other than securities)	20	400,699	400,699
Loans and advances to customers	21	1,856,211	1,856,211
		8,657,173	7,527,659
Liabilities subject to market risk			
Derivative financial liabilities	34	1,617	1,617
Deposits from customers	27	8,408,201	8,408,201
Deposit- Banks and NBFI	26	17,907	17,907
		8,427,725	8,427,725
31 December 2021			
Assets subject to market risk			
Cash and bank balances	17	1,714,699	1,095,573
Non-pledged trading assets	18a	106,690	106,690
Pledged trading assets	18b	485,037	-
Investment securities	19	4,488,707	4,488,707
Investments (Other than securities)	20	66,942	66,942
Loans and advances to customers	21	1,498,900	1,498,900
		8,360,975	7,256,812
Liabilities subject to market risk			
Derivative financial liabilities	34	31,861	31,861
Borrowings	28	154,536	154,536
Deposits from customers	27	6,391,081	6,391,081
Deposit- Banks and NBFI	26	19,300	19,300
		6,596,778	6,596,778

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Market risks (continued)

Exposure to interest rate risk – non-trading portfolios

The following is a summary of the Bank's interest rate gap position on non-trading portfolios.

31 December 2022	Note	Carrying amount GH¢	Less than 3 months GH¢	3-6 months GH¢	6-12 months GH¢	1-5 years GH¢	Over 5 years GH¢
Cash and bank balances	17	2,963,202	2,963,202	-	-	-	-
Investments (Other than securities)	20	400,699	400,699	-	-	-	-
Investment securities	19	3,419,839	49,875	136,907	609,072	2,402,203	221,782
Loans and advances to customers	21	1,856,211	724,914	136,349	298,207	497,061	199,680
Total assets		8,639,951	4,138,690	273,256	907,279	2,899,264	421,462
Deposits from customers	27	8,408,201	5,189,977	539,616	2,678,608	-	-
Deposits- Banks and NBFIs	26	17,907	4,754	858	12,295	-	-
Total liabilities		8,426,108	5,194,731	540,474	2,690,903	-	-
Total interest re-pricing gap		**213,843**	**(1,056,041)**	**(267,218)**	**(1,783,626)**	**2,899,264**	**421,462**
31 December 2021							
Cash and bank balances	17	1,714,699	1,714,699	-	-	-	-
Investments (Other than securities)	20	66,942	66,942	-	-	-	-
Investment securities	19	4,488,707	1,081,373	365,533	950,472	1,797,905	293,424
Loans and advances to customers	21	1,498,900	393,964	165,898	124,998	799,180	14,860
Total assets		**7,769,248**	**3,256,978**	**531,431**	**1,075,470**	**2,597,085**	**308,284**
Borrowings	28	154,536	-	154,536	-	-	-
Deposits from customers	27	6,391,081	3,873,863	405,278	2,111,940	-	-
Deposits- Banks and NBFIs	26	19,300	3,256	288	15,756	-	-
Total liabilities		6,564,917	3,877,119	560,012	2,127,696	-	-
Total interest re-pricing gap		1,204,331	(620,141)	(28,581)	(1,052,226)	2,597,085	308,284

NOTES (continued)
(All amounts are in thousand Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Market risks (continued)

Exposure to interest rate risk – non-trading portfolios **(continued)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100-basis point (b.p.) parallel fall or rise in market interest rates.

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

	2022	2021
Sensitivity of projected net interest income		
At 31 December	7,177	6,410
Sensitivity of reported equity to interest rate movements		
At 31 December	4,665	4,167

Interest rate movements affect reported equity in the following ways:

- retained earnings – increases or decreases in net interest income and in fair values of derivatives reported in profit or loss;

Overall, non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Bank's non-trading activities.

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

3. FINANCIAL RISK MANAGEMENT (continued)

3.4 Market risks (continued)

Exposure to currency risk – non-trading portfolios

As at the reporting date net currency exposures for major currencies of the Bank are as follows:

	USD	GBP	EURO	Other	Total
31 December 2022					
Net foreign currency exposure:					
Assets	2,249,868	63,448	262,448	471,322	3,047,087
Liabilities	2,785,230	62,861	263,027	-	3,111,118
Net on balance sheet position	(535,362)	586	(578)	471,322	(64,032)
Line facilities for LCs and Bonds and Guarantees	444,201	-	33,370	-	477,572
31 December 2021					
Net foreign currency exposure:					
Assets	816,964	45,456	192,690	1,271,460	2,326,570
Liabilities	(2,557,524)	(43,429)	(184,545)	-	(2,785,498)
Net on balance sheet position	(1,740,560)	2,027	8,145	1,271,460	(458,928)
Line facilities for LCs and Bonds and Guarantees	822,102	-	2,133	-	824,235

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

	Average rate		**Reporting rate**	
GH¢ 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
Naira 1	53.4320	70.3536	53.750	70.8422

A 5% weakening of the cedi against foreign currencies at 31 December 2022 would have impacted equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

			2022			2021
	Assets	**Liabilities**	**Total**	Assets	Liabilities	Total
Profit/(loss)	152,354	(155,556)	(3,202)	116,329	(139,275)	(22,946)
Equity	152,354	(155,556)	(3,202)	116,329	(139,275)	(22,946)

A best-case scenario 5% strengthening of the Ghana cedi against foreign currencies at 31 December would have had the equal but opposite effect on the amount shown above, on the basis that all other variables remain constant.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

4 CAPITAL MANAGEMENT

The Banks objective when managing capital

The Bank's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Regulatory capital

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

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

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after-tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.
- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

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

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Bank of Ghana encouraged all banks to fully participate in the DDE programme as discussed in Note 3.2.2. To help manage the potential adverse impact and preserve financial stability, the Bank of Ghana designed and introduced some regulatory reliefs for the banks that fully participate in the programme. The reliefs included the following:

- Reduction of Cash Reserve Ratio (CRR) from 14% to 12% on domestic currency deposits;
- Reduction of CRR from 13% to 12% on foreign currency deposits to be held in foreign currency;
- Reduction of Capital Conservation Buffer from 3% to zero;
- Derecognition losses emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of Capital Adequacy Ratio (CAR) computation;
- Banks have a maximum of four (4) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses; and
- Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk Weighted Assets (RWA).

The Bank complied with the statutory capital requirements throughout the period.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

4 Capital management (continued)

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 13% is to be maintained. The ratio has temporarily been reduced to 10% (2021: 11.50%) as part of the Domestic Debt Exchange programme mitigation measures by the Bank of Ghana in 2022.

The table below summarises the composition of regulatory capital and ratios of the Bank based on the Capital Requirement Directive (CRD) guidelines.

Common Equity Tier 1 (CET1) Capital	Note	**2022**	2021
Ordinary share capital	30(a)	400,000	400,000
CET 1 Reserves			
Statutory reserve	30 (b)	444,898	444,899
Retained earnings	30 (b)	1,004,063	689,799
Total CET1 Reserves		1,448,961	1,134,698
CET1 Capital before Deductions/Adjustments		1,848,961	1,534,698
Less: Regulatory Adjustment to CET1 Capital			
Intangibles		(341,012)	(28,903)
CET1 Capital after Deductions		1,507,950	1,505,795
Additional Tier1 (AT1) Capital		-	-
Tier 1 Capital		1,507,950	1,505,795
Tier 2 Regulatory Capital		-	-
Total Regulatory Capital (Tier1 + Tier2)		1,507,950	1,505,795
Risk Profile			
Credit Risk			
On-Balance Sheet RWA		2,233,659	1,517,927
Off-Balance Sheet RWA		406,858	157,951
On & Off-Balance Sheet Trading Book RWA		4,197	276,996
Credit Risk Reserve (CRR)		(9,704)	(19,439)
Total Credit Risk Equivalent Weighted Assets		2,635,009	1,933,435

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

4 Capital management (continued)

***Capital adequacy ratio* (continued)**

	Note	2022	2021
Operational Risk			
Total Operational Risk Capital Charge		152,232	124,687
Total Operational Risk Equivalent Weighted Assets		1,522,316	1,246,873
Market Risk			
Interest Rates		28	7,695
Foreign Exchange		2,494	5,017
Total Market Risk Charge		2,522	12,712
Total Market Risk Equivalent Weighted Assets		31,532	158,905
Total for Credit Risk, Operational Risk and Market Risk			
Total RWA		4,188,858	3,339,214
Risk Ratios			
Risk-based Capital Ratios			
Common Equity Tier 1/RWA		36%	45.09%
Tier 1/RWA		36%	45.09%
Tier 2/RWA		-	-
Capital Adequacy Ratio (CAR)		36%	45.09%
Minimum Capital Requirement			
Minimum Capital Requirement		10%	10%
Prudential Minimum (with Capital Conservation Buffer)		10%	11.5%
Surplus Minimum Capital			
Surplus/Deficit to Minimum Capital		26%	35.09%
Surplus/Deficit to Prudential Minimum Capital		26%	33.59%

The Bank took advantage of the prudential relief issued by Bank of Ghana to spread equally the impairment losses emanating from the Debt Exchange over a period of four (4) years for the purposes of Capital Adequacy Ratio (CAR) computation.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

4 Capital management (continued)

***Capital adequacy ratio* (continued)**

	2022	2021
Tier 1 Leverage Ratio		
Off-Balance Sheet Exposures	1,618,955	1,391,941
On-Balance Sheet Exposures	9,659,571	8,864,266
Less: Intangibles	(341,012)	(28,903)
	9,318,559	8,835,363
Total Exposures	10,937,514	10,227,304
Leverage Ratio	13.80%	14.72%

Capital allocation

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

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer-term strategic objectives.

The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5 Fair values of financial instruments

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

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

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

5 Fair values of financial instruments (continued)

(a) Valuation models

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

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

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium 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. The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation.

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

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

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

	Note	**Level 1 2022**	**Level 2 2022**	Level 1 2021	Level 2 2021
Non-pledged trading assets	18a	15,271	-	106,690	-
Pledged trading assets	18b	1,951	-	485,037	-
Derivative financial liabilities	34	-	(1,617)	-	(31,861)
		17,222	(1,617)	591,727	(31,861)

NOTES (continued)

(All amounts are in thousands of Ghana cedis)

5 Fair values of financial instruments (continued)

(c) Financial instruments not measured at fair value

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

	Note	**Level 2 2022**	**Level 3 2022**	Level 2 2021	Level 3 2021
Assets					
Cash and bank balances	17	2,963,202	-	1,714,699	-
Investments (Other than securities)	20	400,699	-	66,942	-
Investment securities	19	3,419,839	-	4,488,707	-
Loans and advances to customers	21	-	1,856,211	-	1,498,900
		6,783,740	1,856,211	6,270,348	1,498,900
Liabilities					
Borrowings	28	-	-	154,536	-
Deposits from customers	27	8,408,201	-	6,391,081	-
Deposit - Bank and NBFIs	26	17,907	-	19,300	-
		8,426,108	-	6,564,917	-

The fair value of government securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is determined using quoted market prices for securities with similar maturity and yield characteristics.

Where applicable, the fair value of loans and advances to customers is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models such as discounted cash flow techniques which represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collaterals.

The fair value of advances to and from Banks is based on discounted cash flow techniques applying the rates of similar maturities and terms.

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

Fair values of borrowings are estimated using discounted cash flow techniques, applying rates that are offered for borrowings of similar maturities and terms.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

6 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex 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.

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.

Refer to Note 2.10 and 3.2.2 for further details on these estimates and judgements.

(b) Fair value 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 arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer to Note 2.10.3 for further details on these estimates and judgements.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(c) 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 ordinary course 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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Lease term

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 following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group 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.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. 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.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

7 Net interest income

	2022	2021
Interest income		
Loans and advances to customers	354,878	207,058
Placement with other banks	25,626	10,453
Investments securities	680,923	731,541
Total interest income	1,061,427	949,052

Interest income of GH¢6,111 (2021: GH¢4,334) on impaired loans and advances was not recognised because management considered it immaterial.

	2022	2021
Interest expense		
Current accounts	15,607	13,930
Savings accounts	3,982	3,335
Time and other deposits	262,539	207,395
Overnight and other borrowings	47,035	75,878
Lease liabilities	14,596	7,536
Total interest expense	343,759	308,074
Net interest income	717,668	640,978

8 Net fees and commission income

	2022	2021
Fees and commission income		
Fees on loans and advances	21,014	14,884
Customer account servicing fees	36,766	25,927
Electronic and card product fees	47,053	16,320
Money transfer services fees	2,705	3,894
Letters of credit and trade services fees	68,670	39,665
Total fees and commission income	176,208	100,690
Fees and commission expense		
Visa Charges	8,977	7,005
MasterCard Charges	11,450	6,114
Total fees and commission expense	20,427	13,119
Net fees and commission income	155,781	87,571

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

9 Net trading income

	2022	2021
Foreign exchange gain/(loss)	156,749	(84,272)
Net income/(loss) from other financial instruments carried at fair value	4,977	(18,918)

10 Other income

	2022	2021
Profit/(loss) on disposal of property and equipment- Note 22 (b)	2,177	(25)
Loan recoveries	70	5,134
Sundry income	10,840	5,525
Modification gain/(loss) on loans with renegotiated terms	678	1,191
	13,765	11,825

Sundry income comprises mainly of brokerage commission on treasury bills.

11 Net impairment losses on financial assets

	2022	2021
Loans and advances	18,444	35,877
Off balance sheet exposure	12,399	(2,251)
Investment securities	1,157,476	(6,642)
Interbank placements	-	(510)
Loans written off	5,355	1,497
Net impairment loss on financial assets	1,193,674	27,971

12 Personnel expenses

	2022	2021
Wages and salaries	120,358	102,737
Compulsory social security obligations	3,509	3,048
Contribution to defined contribution plan	3,373	2,940
Other staff cost	51,165	21,056
	178,405	129,781

The number of persons employed by the Bank at the end of the year was 704 (2021: 704).

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

13 Leases

Amounts recognised in the statement of financial position

	2022	2021
Right-of-use assets		
Cost at 1 January	107,999	98,846
Additions	2,934	9,153
	110,933	107,999
Accumulated depreciation at 1 January	11,391	6,975
Charge for the year (Note 22(a))	4,870	4,416
	16,262	11,391
Net book value as at 31 December	94,671	96,608
Lease liabilities		
At 1 January	100,505	93,629
Additions	1,932	2,506
Modifications	-	5,059
Interest expense (Note 7)	14,596	7,536
Principal payments	(8,355)	(8,225)
At 31 December	108,678	100,505
Current	11,190	9,830
Non-current	97,488	90,675
	108,678	100,505

14 Other expenses

	2022	2021
Advertising and marketing expenses	2,905	2,263
Administrative expenses	182,924	101,722
Director's emoluments	2,098	1,990
Auditor's remuneration	1,053	916
Donations and sponsorship (Corporate Social Responsibilities)	610	975
Insurance premium – Deposit Protection	14,934	15,723
	204,524	123,589

15 Income tax expense

Amounts recognised in profit or loss

	2022	2021
Current year income tax expense – See Note 15(a)	161,204	118,465
Deferred tax credit – See Note 24 (a)	(296,018)	(4,366)
	(134,814)	114,099

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

15 Income tax expense (continued)

(a) Income tax

31 December 2022	**Balance at 1/1/2022**	**Charge for the year**	**Payments during the year**	**Refunds received during the year**	**Balance at 31/12/2022**
Income tax					
2021	(6,881)	-	-	-	(6,881)
2022	-	161,204	(116,589)	4,852	49,467
	(6,881)	161,204	(116,589)	4,852	42,586
National fiscal stabilisation levy & Financial sector recovery levy*					
2021	(3,730)	-	-	-	(3,730)
2022	-	-	(52,912)	2,257	(50,665)
	(3,730)	-	(52,912)	2,257	(54,385)
Total	(10,611)	161,204	(169,501)	7,109	(11,799)

31 December 2021	**Balance at 1/1/2021**	**Charge for the year**	**Payments during the year**	**Refunds received during the year**	**Balance at 31/12/2021**
Income tax					
2020	(1,545)	-	-	-	(1,545)
2021	-	89,223	(94,559)	-	(5,336)
	(1,545)	89,223	(94,559)	-	(6,881)
National stabilisation levy					
2020	(1,472)	-	-	-	(1,472)
2021	-	29,242	(31,500)	-	(2,258)
	(1,472)	29,242	(31,500)	-	(3,730)
Total	(3,017)	118,465	(126,059)	-	(10,611)

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

15 Income tax expense (continued)

(b) Reconciliation of effective tax rate

	2022 %	**2022**	2021 %	2021
(Loss)/Profit before tax		(554,584)		334,204
Income tax using domestic tax rate	(25.00)	(138,646)	25.00	83,551
National stabilisation levy	(5.00)	(27,729)	5.00	16,710
Financial Sector Recovery Levy	(5.00)	(27,729)	5.00	12,533
Non-deductible expenses	(2.24)	(12,423)	3.84	12,828
Origination and reversal of temporary differences	53.38	296,018	(1.31)	(4,366)
Change in prior year estimate	8.17	45,322	(1.71)	(7,157)
	(24.31)	(134,814)	35.39	114,099

16 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2022 was based on the loss/(profit) attributable to ordinary shareholders of GH¢419,770 (2021: GH¢220,105) and a weighted average number of ordinary shares outstanding of 4,000,000 (2021: 4,000,000,) calculated as follows:

	2022	2021
Net profit/(Loss) for the year attributable to equity holders of the Bank	(419,770)	220,105
Weighted average number of ordinary shares	4,000,000	4,000,000
Basic and diluted earnings per share	-0.10	0.06

17 Cash and bank balances

Cash on hand	227,688	273,896
Balances with Bank of Ghana	1,621,225	840,417
Balances with other local Banks	59,550	1,371
Balances with other foreign Banks	905,885	491,466
Items in course of collection	148,854	107,549
	2,963,202	1,714,699

Included in the balances with Bank of Ghana is an amount *of* GH¢1,128 (2021:GH¢619) representing the mandatory cash reserve as per the weekly Banking Supervision Department (BSD1) returns for the week ended 28 December 2022 (2021: 29 December 2021). This reserve represents and complies with the mandatory minimum of 14% for Cedis and 13% for forex (2021: 10%) of the Bank's total deposits and is not available for use in the Bank's day-to-day operations. Cash in hand, items in course of collection and balances with Bank of Ghana are non-interest-bearing.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

17 Cash and bank balances (continued)

Cash and cash equivalents for purposes of the statement of cash flows

	2022	2021
Cash and bank balances	2,963,202	1,714,699
Investment other than securities maturing within 90 days	400,699	66,942
Treasury bills maturing within 90 days	49,875	-
	3,413,776	1,781,641
Less mandatory cash reserve	(1,127,563)	(619,126)
	2,286,213	1,162,515

18a Non-pledged trading assets

Government bonds	17,881	114,277
Fair value loss	(2,610)	(7,587)
	15,271	106,690
Current	15,271	106,690
Non-current	-	-

Zenith Bank (Ghana) Ltd signed on to the Government of Ghana Domestic Debt Exchange Programme on 14th February 2023. The maturity profile of these trading instruments will therefore change going forward to reflect the new maturity profiles under the exchange, which will be 2027 to 2038.

18b Pledged trading assets

Government bonds	306	483,392
Fair value gain	1,645	1,645
	1,951	485,037
Current	1,951	485,037
Non-current	-	-

NOTES (continued)
(All amounts are in thousands of Ghana cedis unless oterwise stated)

19 Investment securities

	Pledged 2022	**Non-pledged 2022**	**Total 2022**	Pledged 2021	Non-pledged 2021	Total 2021
Government bonds	-	4,082,047	4,082,047	-	2,134,561	2,134,561
Treasury bills	-	501,226	501,226	-	2,360,104	2,360,104
Impairment	-	(1,163,434)	(1,163,434)	-	(5,958)	(5,958)
Total	-	3,419,839	3,419,839	-	4,488,707	4,488,707
Current			493,249			2,397,378
Non-current			2,926,590			2,091,329

Investments are treasury bills and bonds issued by the Government of Ghana and the Government of Nigeria. These are measured at amortised cost. On 14 February 2023, the Bank exchanged GH¢2,675.75 million 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.

Collateral accepted as security for assets

At 31 December 2022, the Bank had pledged GH¢306 (2021: *GH¢*483,392) of its investments in Government securities. The Bank has not received collateral that it is permitted to sell or re-pledge in case of default by counterparty.

For the purposes of the statement of cash flows, investment securities is made up of:

	2022	2021
Investment securities maturing within 90 days	450,574	-
Investment securities maturing after 90 days	2,969,265	4,488,707
	3,419,839	4,488,707

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

20 Investments (other than securities)

	2022	2021
Access Bank	-	30,060
First Atlantic Bank	-	36,882
Bank of Ghana	400,699	-
	400,699	66,942
Impairment	-	-
	400,699	66,942

Investments (other than securities) are all current. They are short-term lending attracting average interest of 25.5%. (2021: 1.2% and 2.35% on Euro and united States Dollar lending respetively).

For the purposes of statement of cash flows, investments (other than securities)is made up of:

Maturing within 90 days	400,699	66,942
Maturing after 90 days	-	-
	400,699	66,942

21 Loans and advances to customers

Loans and advances to customers at amortised cost	1,926,977	1,568,635
Finance leases	24,414	3,355
	1,951,391	1,571,990
Less: Loans written off	(5,355)	(1,497)
Allowance for impairment	(89,825)	(71,593)
Loans and advances to customers at amortised cost	1,856,211	1,498,900
Current	479,182	684,860
Non-Current	1,377,029	814,040

(a) Loans and advances to customers at amortised cost

	Gross amount 2022	**Impairment allowance 2022**	**Carrying amount 2022**	**Gross amount 2021**	**Impairment allowance 2021**	**Carrying amount 2021**
Individual customers	132,829	2,758	130,071	147,793	(5,319)	142,474
Corporate customers	1,813,207	87,067	1,726,140	1,422,700	(66,274)	1,356,426
Total loans and advances	1,946,036	89,825	1,856,211	1,570,493	(71,593)	1,498,900

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

21 Loans and advances to customers (continued)

***(b)* Allowances for impairment**	**2022**	2021
Balance at the beginning of the reporting year	71,593	35,716
Charge for the year	18,444	35,877
Allowances not required and written-off	(212)	-
Total allowances for impairment	89,825	71,593

(c) Finance lease receivables

The table below provides an analysis of finance lease receivables for leases of certain property, plant and equipment in which the Bank is the lessor:

	2022	2021
Gross investment in finance leases, receivable:		
Less than one year	-	1,214
Between one and five years	-	2,176
	-	3,390
Unearned finance lease income	-	(35)
Net investment in finance lease	-	3,355
Net investment in finance leases, receivable:		
Less than one year	-	1,200
Between one and five years	-	2,155

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

22 Property, plant and equipment

	Leasehold Properties	Leasehold improvements	Furniture and equipment	Computers	Motor vehicles	Capital work in progress	Total
Cost							
Balances at 1 January 2021	140,744	6,270	15,136	5,983	15,217	12,044	195,394
Additions	-	1,487	3,190	2,896	4,908	9,245	21,726
Transfers	-	2,689	1,756	249	409	(6,082)	(979)
Disposals	-	-	-	-	(663)	-	(663)
Balance at 31 December 2021	140,744	10,446	20,082	9,128	19,871	15,207	215,478
Balance at 1 January 2022	140,744	10,446	20,082	9,128	19,871	15,207	215,478
Additions	1,634	2,116	4,216	4,007	14,203	11,105	37,281
Write-off	-	-	-	-	-	(14)	(14)
Transfers	-	479	1,182	480	5,437	(8,237)	(659)
Disposals	-	(91)	(130)	-	(4,684)	-	(4,905)
Balance at 31 December 2022	142,378	12,950	25,350	13,615	34,827	18,061	247,181
Depreciation							
Balances at 1 January 2021	9,929	3,894	9,434	1,912	8,224	-	33,393
Depreciation for the year	2,815	1,090	3,421	2,408	3,898	-	13,632
Disposals	-	-	-	-	(384)	-	(384)
Balance at 31 December 2021	12,744	4,984	12,855	4,320	11,738	-	46,641
Balance at 1 January 2022	12,744	4,984	12,855	4,320	11,738	-	46,641
Depreciation for the year	2,820	1,774	3,615	3,249	5,319	-	16,777
Disposals	-	(72)	(60)	-	(3,337)	-	(3,469)
Balance at 31 December 2022	15,564	6,686	16,410	7,569	13,720	-	59,949
Carrying amounts							
Balance at 31 December 2021	128,000	5,462	7,227	4,808	8,133	15,207	168,837
Balance at 31 December 2022	**126,814**	**6,264**	**8,940**	**6,046**	**21,107**	**18,061**	**187,232**

There was no indication of impairment of property, plant and equipment held by the Bank at 31 December 2022 (2021: Nil). None of the property, plant and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property, plant and equipment at the reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2021: Nil).

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

22 Property, plant and equipment (continued)

Leasehold property represent lands held by the Bank under various leasehold agreements and the building on them. The leasehold lands are presented in property, plant and equipment by the Bank as an accounting policy choice.

***(a)* Depreciation and amortisation expense**	**2022**	2021
Right of use assets (Note 13)	4,870	4,416
Property, plant and equipment (Note 22)	16,777	13,632
Intangible assets (Note 23)	5,274	3,591
	26,921	21,639

(b) Profit on disposal

Cost	4,905	663
Accumulated depreciation	(3,469)	(384)
Carrying amount	1,436	279
Proceeds from disposal	3,613	254
Profit/(Loss) on disposal	2,177	(25)

23 Intangible assets

Cost		
Balance at 1 January	15,118	9,254
Additions	6,331	4,885
Transfer from work-in-progress (Note 22)	659	979
Balance at 31 December	22,107	15,118
Amortisation		
Balance at 1 January	6,917	3,326
Amortisation for the year	5,274	3,591
Balance at 31 December	12,191	6,917
Carrying amount		
Balance at 1 January	8,201	5,928
Balance at 31 December	9,917	8,201

Intangible assets represent licenses for computer software. There was no indication of impairment of intangible assets held by the Bank at reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2021: Nil). There were no proceeds from the disposal of intangible assets during the year and thus no profit or loss was realised.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

24 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Liabilities	2022 Net	Assets	Liabilities	2021 Net
PPE and intangibles	-	(16,089)	(16,089)	-	(12,370)	(12,370)
Modification loss on loans	-	-	-	811	-	811
Staff Loans fair valuation	1,050	-	1,050	755	-	755
Right of use assets	5,432	-	5,432	2,206	-	2,206
Allowances for loan/Bonds losses	318,536	-	318,536	21,509	-	21,509
Net tax assets/(liabilities)	325,018	(16,089)	308,929	25,281	(12,370)	12,911

(a) Movements in temporary differences during the year

	Balance at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December
For the year ended 31 December 2022				
PPE and intangibles	(12,370)	(3,719)	-	(16,089)
Right of use of assets	2,206	3,226	-	5,432
Modification loss on loan restructuring	811	(811)	-	-
Fair value changes on staff loans	755	295	-	1,050
Allowances for loan losses	21,509	297,027	-	318,536
	12,911	296,018	-	308,929
For the year ended 31 December 2021				
PPE and intangibles	(9,358)	(3,012)	-	(12,370)
Right of use of assets	1,072	1,134	-	2,206
Modification loss on loan restructuring	1,109	(298)	-	811
Fair value changes on staff loans	832	(77)	-	755
Allowances for loan losses	14,890	6,619	-	21,509
	8,545	4,366	-	12,911

Recognised deferred tax assets

Recognition of deferred tax assets of GH¢325,018 (2021: GH¢25,281) is based on management's profit forecasts (which are based on available evidence, including historical levels of profitability), which indicated that it is probable that the Bank will have future taxable profits against which these assets can be utilised.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

25 Other assets	**2022**	2021
Prepayments	22,166	18,054
Collateral taken over	-	30,000
Mobile money drawers	306,196	140,597
Sundry receivables	45,399	5,102
	373,761	193,753
Current	373,761	163,753
Non-current	-	30,000

Collateral taken over represents repossessed property recovered as part of a settlement agreement with a defaulting customer, which was disposed off in 2022.

26 Deposits from banks and non-banks financial institutions

	2022	2021
Financial institutions (regulated)	17,907	19,300

Deposits from banks and non-banks financial institutions are current.

27 Deposits from customers

Demand deposits	5,183,123	3,857,819
Term deposits	2,684,314	2,127,696
Savings deposits	540,764	405,566
	8,408,201	6,391,081
Analysis by type of depositors		
Individual and other private enterprises	7,456,466	6,192,650
Public enterprises	951,735	198,431
	8,408,201	6,391,081
Current	8,408,201	6,391,081
Non-Current	-	-
Ratio of 20 largest depositors to total deposits	32.48%	32.37%

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

28 Borrowings

	2022	2021
Balances due to other banks and financial institutions	-	154,536
Current	-	154,536
Non-current	-	-

The Bank did not obtain any loan from any institution in 2022. It rather paid off all outstanding loans.

The movement in borrowings is shown below:

At 31 December 2022

Lenders	At 1 January	Draw downs	Interest	Repayments	Exchange difference	At 31 December
Standard Chartered Bank Ghana (SCB)	154,536	-	1,531	(184,527)	28,460	-
	154,536	-	1,531	(184,527)	28,460	-

At 31 December 2021

Lenders	At 1 January	Draw downs	Interest	Repayments	Exchange difference	At 31 December
First Atlantic	-	45,846	91	(45,953)	16	-
UBA Ghana	-	40,116	3	(40,136)	17	-
Republic Bank	-	22,923	21	(22,953)	9	-
Access Bank Ghana	-	28,654	39	(28,703)	10	-
CitiBank New York	-	85,968	1,419	(89,652)	2,265	-
SCB	115,492	150,153	4,701	(116,699)	899	154,536
IFC	57,724	28,757	1,973	(89,182)	728	-
Ghana Int. Bank	115,863	-	972	(116,007)	(828)	-
	289,079	402,417	9,219	(549,285)	3,106	154,536

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

29 Other liabilities

	2022	2021
Accruals and other payables	91,249	73,868
Impairment on off-balance sheet exposures	20,884	8,485
Deferred income	12,579	8,495
Obligation on investments held for customers	-	509,628
	124,712	600,476
Current	124,712	600,476
Non-current	-	-

Obligation on investments held for customers relate to funds received from customers and invested in sale and buy back products of the Bank.

30 Capital and reserves

(a) Stated capital

	2022 No. of Shares	**2022 Proceeds**	2021 No. of Shares	2021 Proceeds
Authorised Ordinary Shares of no-par value (‘000)	4,500,000	-	4,500,000	-
Issued Ordinary Shares of no-par value (‘000)	4,000,000	400,000	4,000,000	400,000

Issued and fully paid	**2022**	2021
Issued for cash consideration		
At 1 January	400,000	400,000

There were no calls or instalments unpaid at the reporting date. There were no shares held in treasury at year-end.

(b) Nature and purpose of reserves

Statutory reserve

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and guidelines from the Central Bank.

Credit risk reserve

This reserve represents the cumulative balance of amounts transferred from/to retained profits to meet excess of impairment allowances based on Bank of Ghana’s provisioning guidelines and IFRS.

NOTES (continued)
(All amounts are in thousands of Ghana cedis)

Credit risk reserve reconciliation

This note represents a reconciliation between the Bank of Ghana provision and the IFRS impairment.

IFRS Impairment	**2022**	2021
Loans and Advances	89,825	71,593
Off balance sheet exposures	20,884	8,485
Total	110,709	80,078
Bank of Ghana Provision		
Loans and Advances	104,224	85,598
Off balance sheet exposures	16,190	13,919
Total	120,414	99,517
Credit Risk Reserve		
Balance at 1 January	19,439	33,384
Transfer from Credit Risk Reserve	(9,735)	(13,945)
Balance at 31 December	9,704	19,439

Retained earnings

This represents cumulative annual profits that are available for distribution to shareholders.

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

31 Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022. A dividend of GH¢0.038 per share amounting to GH¢152 million was recommended and paid for the year ended 31 December 2021.

32 Contingencies

(a) Claims and litigation

The Bank is defending legal actions brought by various persons for claims. No provision in relation to these claims has been recognised in the financial statements as legal advice indicates that it is not probable that a significant liability will arise (2021: Nil).

(b) Contingent liabilities and commitments

As common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related to performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness.

Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off balance sheet risk:

	2022	2021
Contingent liabilities: Bonds and guarantees	1,141,384	567,706
Commitments: Clean line facilities for letters of credit	477,572	824,235
	1,618,955	1,391,941
Undrawn loan commitments	206,520	387,946

(c) Commitments for capital expenditure

At 31 December 2022, the Bank's commitment for capital expenditure was nil (2021: nil).

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

33 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Zenith Bank Group, key management personnel and the close members of their family. All related party transactions were conducted at arm's length.

(a) Parent

The parent company, which is also the ultimate controlling party, is Zenith Bank Plc. Transactions between Zenith Bank Plc. and subsidiaries also meet the definition of related party transactions. The parent company incurred expenditures in the normal course of business, mainly in the form of salary payments to seconded staff from the Parent Company and licence fees, which were recharged to the Bank at cost. During the year ended 31 December 2022, the Bank transacted the following business with related parties:

	Note	**2022**	2021
Transactions during the year with the parent company			
- Salaries and allowances for expatriate staff		2,415	3,897
Balances due to/ from parent company at year end			
Balances on nostro account		(215,755)	5,027
Derivative (liability)/asset – Currency forward contracts	34	(1,617)	(19,360)

At 31 December 2022, the Bank also held Government of Nigeria bills amounting to GH¢453 million (2021: GH¢1.26 billion) via Zenith Nominees Ltd, an affiliate entity.

(b) Transactions with key management personnel

The Bank's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive, non-executive directors and members of the executive committee (EXCO) of the Bank. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with Zenith Bank (Ghana) Ltd.

Transactions with key management personnel during the year:	**2022**	2021
Personal emoluments and directors fees	6,885	5,164
Loans and advances disbursed during the year	720	203
Interest earned on loans and advances	38	40
Balances with key management personnel at year end:		
Loans and advances	1,477	930

Interest rates charged on balances outstanding are at concessionary rates and lower than the rates that would be charged in an arm's length transaction. The loans granted are secured over real estate and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end. These balances have, however, been collectively impaired as part of the portfolio impairment assessment for unidentified loans and advances.

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

33 Related parties (continued)

(c) Other related parties

Balances with associated companies as at reporting period were:	**2022**	2021
Bank balances with Zenith Bank (UK) (Nostros)	280,402	59,889
Derivative asset – Zenith Bank UK	-	4,916

(d) Shareholders

No.	Name	2022 No. of shares held	2022 Percentage shareholding	2021 No. of shares held	2021 Percentage shareholding
1.	Zenith Bank PLC	3,976,800	99.42%	3,976,800	99.42%
2.	Equatorial Cross Acquisitions	23,200	0.58%	23,200	0.58%
		4,000,000	100%	4,000,000	100%

34 Derivative financial liabilities

	2022	2021
Forward currency contracts	(1,617)	(19,360)
Current	(1,617)	(19,360)
Non-current	-	-

Forward currency contracts – Zenith Bank Plc – Liabilities	(1,617)	(19,360)
Forward currency contracts – Stanchart Ghana – Liabilities	-	(822)
FX Swap contracts – Bank of Ghana – Liabilities	-	(16,595)
FX Swap contracts – Zenith Bank UK - Assets	-	4,916
	(1,617)	(31,861)

Derivative financial instruments relate to receivables and payables on non-deliverable forward contracts the Bank entered into with Zenith Bank Plc for purposes of managing foreign currency risks in relation to its investments in the Federal Government of Nigeria bills.

The foreign currency forward balance was from an underlying receivable of GH¢296 million (2021: GH¢1.735 billion) from Zenith Bank Plc, and GH¢294 million (2021: GH¢1.767 billion) payable to Zenith Bank Plc. Under the terms of the agreements, the amounts payable by the Bank are offset against receivables from the counterparties and only the net amounts are settled. The receivable and payable amounts have therefore been presented on a net basis in the statement of financial position.

35 Subsequent events

All banks were invited to participate in the Government of Ghana Domestic Debt Exchange Programme (DDEP) by exchanging GHS-denominated notes and bonds issued by the Government, E.S.L.A. Plc or Daakye Trust Plc. (collectively, the "Eligible Bonds") for new bonds of the Republic of Ghana. The deadline for holders to submit eligible bonds was 10th February, 2023.

On 21st February, 2023 (''the Settlement date), the Government of Ghana announced the successful settlement and conclusion of the DDEP. On same date, 16 Series of new bonds were issued to holders of the Eligible Bonds whose

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

35 Subsequent events (continued)

tenders were accepted by the Government. Pursuant to the Exchange Memorandum, the principal amount of the new bonds per holder composed of the outstanding principal amount of Eligible Bonds and amount of accrued interest payable. The principal amount was credited to their respective securities account at the Central Securities Depository ("CSD") from which each holder's Eligible Bonds were tendered.

The Bank signed on to the program by tendering in GH¢2,675.7 million of its Eligible Bonds. The principal amounts of the new bonds have respective maturity dates commencing from 2027 to 2038. Interest will accrue at rates ranging between 8.35% and 10% and to be paid semi-annually.

36 Operational risk

'Operational risk' is the risk of direct or indirect loss that the Bank will suffer due to an event or action resulting from the failure of its internal processes, people and systems, or from external events. Key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Bank manages its operational risk at three distinct levels, each with clearly defined roles and responsibilities as follows:

(a) Business Units and Support Functions

Business Units and Support Functions own and are responsible for understanding the operational risk inherent in their material products, activities, processes and systems. They are responsible for the consistent implementation of the operational risk management framework in their area of responsibility on a day-to day basis. This includes identifying the risks, establishing controls, and managing the risks in accordance with the Bank's overall risk tolerance and operational risk policies.

(b) Operational Risk Management (ORM)

The ORM function has direct responsibility for formulating and implementing the Bank's ORM framework including methodologies, policies and procedures approved by the Board. ORM function works with the Business Units and Support Functions to ensure that the day-to-day operations of the Bank are in line with the approved ORM policies. The unit provides trainings and workshops to facilitate interpretation and implementation of the various ORM programs. The unit continuously monitors the effectiveness and the quality of the controls and risk mitigation tools.

(c) Internal Audit

The mission of Internal Audit is to provide an independent assurance of the design and effectiveness of internal controls over the risks to the Bank's business performance. In carrying out this function, Internal Audit provides specific recommendations for improving the governance, risk & control framework. The role of the Internal Audit function is to conduct regular independent evaluation and review of the Bank's policies, procedures and practices in relation to the ORM Policy Framework and report the results to the Board.

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

(All amounts are in thousand Ghana cedis)

	Note	2022	2021
Interest earned and other operating income		1,399,361	946,552
Direct cost of services and other costs		(566,612)	(442,792)
Value added by banking services		832,749	503,760
Non-banking income	10	13,765	11,825
Impairments	11	(1,193,674)	(27,971)
Value added		(347,160)	487,614
Distributed as follows:			
To employees			
Directors (without executives)	14	(2,098)	(1,990)
Executive directors		(1,539)	(1,288)
Other employees		(176,866)	(128,493)
Total		(180,503)	(131,771)
To Government			
Income tax	15	134,814	(114,099)
To providers of capital			
Dividends to shareholders		(152,000)	(122,762)
To expansion and growth			
Depreciation and amortisation	22(a)	(26,921)	(21,639)
Retained earnings		(571,770)	97,343