FINANCIAL STATEMENTS 2019

GHANA

BANK OF AFRICA

BMCE GROUP

Contents

Opening date: December 2011

Created in 1999: AMALBANK.
Integrated into BOA network in 2011.

Capital as at 31/12/2019

Ghana Cedis (GHS) 100.96 billion

Board of Directors as at 31/12/2019

Stephan ATA, Chairman

Kobby ANDAH

Patrick ATA

Muctar M. ABBAS

Abdelkabir BENNANI

Amine BOUABID

John KLINOGO

Ghali LAHLOU

Elly OHENE-ADU

Nana D. OWUSU-AFARI

Auditors

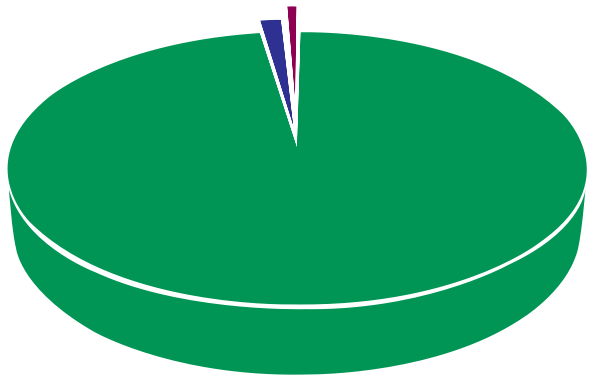
PWC Ghana Limited

Registered office

1st Floor, Block A&B,
The Octagon, Independence Avenue,
P.O Box C1541, Cantonments,
Accra, Ghana
Tel: (233) 302 249 690 / 302 249 679
Fax: (233) 302 249 697

enquiries@boaghana.com
www.boaghana.com

Principal Shareholders as at 31/12/2019



BOA WEST AFRICA	98.01%
ESTATE OF DR H.O.K ATA	1.35%
OTHER SHAREHOLDERS	0.64%

Financial analysis

Our Bank performed and recorded a significant growth in profitability to the tune of GH¢ 64.7 million in 2019 relative to GH¢ 24.57 million in 2018, this was driven by additional capital and efficient utilisation of our Bank's balance sheet.

Net interest income for the year 2019 which increased by 53.4%, from GH¢ 95.2 million in 2018 to GH¢ 146.05 million. We achieved this, through our strategic decision to focus on SME and Corporate value chain.

We showed a strong performance on our foreign exchange income in addition to other trading income, increasing from GH¢ 29.3million in 2018 to GH¢ 43.6 million in 2019 due to efficient synergies between Treasury and the other Business Units.

Our Total Operating Cost increased from GHS 93.1 million in 2018 to GH¢ 107 million in 2019, representing a growth of 15%. We managed to mitigate the impact on our operating cost through stringent cost containment measures.

GHANA

Key figures 2019

(in GHS million)

Activity	2018	2019	Variation
Deposits	790	1,084	37.1%
Loans	565	726	28.4%
Number of branches	26	26	0.0%
Structure			
Total Assets	1,258	2,048	62.7%
Shareholders' equity	208	596	186.2%
Number of employees	342	349	2.0%
Income			
Operating income	145	217	49.3%
Operating expenses (including depreciation and amortization)	93	107	15.0%
Net Operating Income	52	110	110.2%
Cost of risk in value (*)	15	20	35.9%
Profit after tax	25	65	163.3%
Operating ratio (%)	64.0%	49.3%	
Cost of risk (%)	2.8%	3.2%	
Return on Assets (ROA %)	1.9%	3.9%	
Return on Equity (ROE %)	16.4%	18.4%	
Capital Adequacy Ratio			
Tier 1	173	518	
Tier 2			
Risk Weighted Asset (RWA)	891	1,274	
Tier 1 + Tier 2 / RWA (%)	19.4%	40.7%	

(*) Including general provision

+ 62.7%
Total assets

Deposits

2018
790 GHS million

2019
1,084 GHS million

Loans
+ 28.4%

Net operating income
+ 49.3%

Impairment loss on our financial assets increased by 35.9% from GH¢ 15.0 million in the 2018 to GH¢ 20.0 million in 2019.

Our balance sheet size saw significant growth from GH¢ 1,258.4 million in 2018 to GH¢ 2,047.8 million in 2019 due to GH¢ 283 million additional capital injected and growth in our customer deposits.

The Bank's net loans grew by 28.4%, from GH¢ 565.1 million in 2018 to GH¢ 725.54 million in 2019. We recorded an improvement over 2018 NPL ratio of 12.61% when compared to 11.92% of 2019.

Customer deposits improved from last year's position of GH¢ 790.3 million to GH¢ 1,083.8 million in 2019 on the back of growth in our customer base, with the number of accounts increasing from 280,764 in 2018 to 293,107 in 2019 coupled with our staff strength which also stood at 349 at the end of 2019.

Based on the growth in profitability, our Bank made a return on equity of 18.4% to its shareholders and recorded a growth in return on assets to about 4%.

Capital adequacy as has been the case over the years continues to be maintained at a robustly appreciable capital level as evidenced by a ratio of 40.66% which is above the regulatory limit of 10%.

2019 financial year has been relatively successful despite challenges faced. Inspite of the unprecedented challenges Covid 19 Pandemic presents on our Business we are equally adopting strategies to ensure that we realise the set target for 2020.

We also seize this opportunity to thank the Board and the Group for their oversight and continuous support.

Significant performances

(in GHS million)

Loans

725.5 +28.4%

2019
2018 565

Net Income

64.7 +163.3%

2019
2018 24.5

Stock information

(in KES)

	2017	2018	2019	AAGR*
Net earnings per share	0.24	0.25	0.20	-6.3%
Equity per share	1.42	1.59	1.82	13.9%
Dividend per share				

(*) Average annual growth rate

Managing Director of BOA-GHANA displaying his First Prize trophy in a pose with BOA team members

Highlights

September

- Participation in the 2019 BANK OF AFRICA Director's Meetings, in Madrid, Spain.

October

- Organisation of Health Screening exercise for customers as part of Customer Service Month activities.

November

- Received Certification on Informations Security Management (ISO 27001) and Business Continuity Management (ISO 223012).

Managing Director of BOA-GHANA and the Mayor of Accra

Management of BOA-GHANA with AMA Executives

President of Ghana with DMD, Credit & Control BOA, other Sponsors and the Award Winners

Corporate Social Responsibility

ENVIRONMENT

1. The Accra Metropolitan Assembly (AMA) is undertaking a project to use Art and Gardening to beautify the capital city, Greater Accra. Our Bank agreed to partner the AMA, who happen to be our neighbors at The Octagon, on this project.

The Bank has adopted a garden in the city center of Accra and is beautifying the lawn with an SDG theme.

The project is expected to be completed at the end of the first quarter of 2020 and will be commissioned as the "**BOA Triangle**".

Benefits:

• The project will provide a green space in the center city with seats and a beautiful environment for relaxation of all visitors

• The theme will reinforce and create more awareness of SDG goals in the minds of residents of Accra and visitors to the area.

• The Bank has the exclusive branding and advertising rights of the area under the project, which is one of the busiest in the Central Business District of Greater Accra.

2. The **Africa Innovates Award** was a program organized by the SDG Advisory Unit of the Office of the President of Ghana in partnership with the Jack Ma Foundation.

The event was organized to award the top ten (10) most innovative young entrepreneurs in Africa whose businesses have influenced and impacted their communities. Our Bank sponsored the award of one of the winners who molds pavement bricks from recycled polythene.

3. The **Zero Borla Project** was a campaign organized by WASH Africa, in partnership with our Bank, to contribute to the awareness creation on the fight against single use of plastics. The decision to partner and come on board this project was because of our Bank's CSR strategy to commit funds to the campaign to improve the environment, which also was in line with our Sustainability Management goals.

One of the key initiatives under this strategy was to support sensitization campaigns and to rid the country off single use plastics which was causing a menace. The Zero Borla concert was designed to use the medium of music and the arts to communicate the issues of environmental pollution and the need to 'act now'. A number of leading Ghanaian music icons performed at the concert which also saw several models parading in costumes made of plastics. The campaign to promote a healthy environment was driven also through a lot of media activation and campaigns.

SPORTS

1. On two occasions, the bank sponsored the Bok Nam Kim Monthly Golf Tournament at the Bok Nam Kim Golf Course in Accra. The tournament brings together golfers who are captains of industries in corporate and retail industries in Ghana

2. Our Bank sponsored the Ghana Tennis Foundation's trip to Lisbon to participate in an international Tennis Tournament.

3. Our Bank sponsored the organization of the Accra Tennis Open organized by the Accra Tennis Club.

BUSINESS

Sustainable Development Goals (Support for Women)

As part of efforts to support Goal 5 of the Sustainable Development Goals, which is Gender Equality, our Bank supported various initiatives that seek to achieve **gender equality** and/or empower **women** and girls.

The sole aim of the Bank is to join in the global effort to ensure that there is an end to discrimination against **women** and girls everywhere.

The following are some initiatives supported by our Bank:

1. The Annual Executive Women Network (EWN) Conference

The EWN is an association made up of Senior and Middle level executives in the Corporate circle. The aim of EWN is to tap into the rich experience and exposure of its members to groom and coach younger women in the corporate world into leadership position. Our Bank partnered the EWN to organize its annual conference.

All female colleagues in our Bank in management positions have been members of EWN since 2015.

2. The Zonta International Club

Our Bank sponsored the Zonta International Club, a Women and Children's Rights advocacy club, to organize a Fundraiser Bazaar to gather funds for its major project to create awareness on Early Marriage and its effect on girls.

3. Ghana Women of the Year Honor 2019

Our Bank partnered the Glitz Africa Program to organize the Ghana Women of the Year Honor to award the most outstanding females in the corporate world.

4. The Chartered Ghana Investment Analysts (CGIA)

Our Bank also partnered the CGIA to organize a conference to create a platform for women in Finance and Investment. The aim of the conference was to engage and empower female students who are about graduating from the University and young women who are starting their career in entrepreneurship.

Board of Directors

Name	Position
Stephan Ata	Chairman
Nana Owusu-Afari	Member (Resigned in December2019)
Dr. Patrick Ata	Member
John Klinogo	Member (Resigned in February 2020)
Kobby Andah	Member
Amine Bouabid	Member
Vincent De Brouwer	Member (Resigned in October 2019)
Abdelkabir Bennani	Member
Ghali Lahlou	Member
Elly Ohene Adu	Member (Appointed in October 2019)
Francis Kalitsi	Member (Appointed in January 2020)

Board committees

Risk and Compliance Committee:

Dr. Patrick Ata	Chairman
Abdelkabir Bennani	Member
Vincent De Brouwer	Member (Resigned in October 2019)
John Klinogo	Member (Resigned in February 2020)
Ghali Lahlou	Member
Festus Awuah Kwofie	Secretary

Audit Committee:

John Klinogo	Chairman (Resigned in February 2020)
Vincent De Brouwer	Member (Resigned in October 2019)
Nana Owusu-Afari	Member (Resigned in December2019)
Abdelkabir Bennani	Member
Elly Ohene Adu	Member (Appointed in October 2019)
Francis Kalitsi	Member (Appointed in January 2020)
Ghali Lahlou	Member
Arnold Dabi	Secretary

Recoveries Committee:

Dr. Patrick Ata	Chairman
Stephan Ata	Member
Nana Owusu-Afari	Member (Resigned in December2019)
Abdelkabir Bennani	Member
Kobby Andah	Member
Ghali Lahlou	Member
Abel Allotey	Secretary

HR & Remuneration Committee:

John Klinogo	Chairman (Resigned in February 2020)
Dr Patrick Ata	Member
Abdekabir Bennani	Member
Kobby Andah	Member
Ghali Lahlou	Member
Abubakar Essuman	Secretary

Company Secretary:

Muctar Moubarak Abbas
P. O. Box C 1541
Cantonments, Accra

Registered Office

The Octagon
First Floor, Block A & B
Independence Avenue
P.O. Box C 1541
Cantonments, Accra

Independent Auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane, Cantonments City
PMB CT 42, Cantonments
Accra, Ghana

Directors' Report

The Directors submit their annual report together with the audited financial statements of BANK OF AFRICA - GHANA Limited (the 'Bank') for the year ended 31 December 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial period which gives a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss and cash flows for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), and complied with the requirements of The Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Directors are responsible for ensuring that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Bank. The Directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 continue to operate as a going concern.

PRINCIPAL ACTIVITIES

The principal activities carried out by the Bank during the year under review are within the limits permitted by its regulations and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), which continued to be business of universal banking. These represent no change from the activities carried out in the previous year.

OPERATIONAL RESULTS

The results of operations for the year ended 31 December 2019 are set out in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes to the financial statements. The financial results for the year ended 31 December 2019 are as follows:

	GHS
PROFIT BEFORE INCOME TAX	89,700,662
NATIONAL FISCAL STABILISATION LEVY	(4,485,045)
INCOME TAX EXPENSE	(20,519,166)
PROFIT AFTER TAX FOR THE YEAR	**64,696,451**
OTHER COMPREHENSIVE INCOME	1,485,260
TOTAL COMPREHENSIVE INCOME	66,181,711

The Bank's total assets increased by 62.7% from GHS 1,258,376,114 in 2018 to GHS 2,047,775,522 in 2019.

DIVIDEND

The directors recommend the payment of dividends for the year ended 31 December 2019 of GHS 0.042 per share amounting to GHS 13,858,131.

DIRECTORS

The present list of members of the board is shown on page 1.

HOLDING COMPANY

The Bank is a subsidiary of BOA WEST AFRICA S.A., a company incorporated in Cote d'Ivoire. The ultimate holding company is Banque Marocaine du Commerce Exterieur (BMCE), a company incorporated in Morocco.

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). The audit fees for the year is disclosed in note 12 of the financial statements.

CORPORATE SOCIAL RESPONSIBILITY

The Bank spent GHS 77,384 on corporate social responsibilities during the year.

CAPACITY OF DIRECTORS

The Bank ensures that only fit and proper persons are appointed to the Board and obtains the consent of the regulator, Bank of Ghana. Relevant trainings and capacity building programs are in place to enable directors discharge their duties.

Signed and approved on behalf of the board by:

Stephan Ata	Kobby Andah
Chairman	Managing Director

Corporate governance report

INTRODUCTION

The BOA Group, of which BANK OF AFRICA - GHANA Limited is a subsidiary, places a high premium on the value of sound corporate governance in recognition of sound governance as a critical factor for efficiency, competitiveness, sustainable business growth and performance. The Board of Directors therefore strives to implement the highest standards of corporate governance practices to achieve fairness, transparency and accountability for the benefit of all its stakeholders. The commitment of the Bank to sound corporate governance is reflected in the Bank's strict adherence to prudential guidelines for banks, applicable laws and regulations and adoption of sound management practices as it strives to serve its customers with efficiency and courtesy and contribute to the development of all its stakeholders including the growth and stability of Ghana.

BOARD OF DIRECTORS

In pursuance of its avowed objective of sound, efficient and transparent governance, the Board of Directors, among others:

- effectively represent and promote the interest of shareholders and all other relevant stakeholders with a view to maintaining and adding long term value;
- supervise the senior management and activities and affairs of the Bank including ensuring that the Bank's overall business strategic goals are clearly established and approved, and initiating appropriate business strategies for implementation and monitoring taking into account the long-term financial interest of the Bank, its exposure to risk, and its ability to manage risk effectively;
- establish written operating policies/manuals and internal controls and principles of safety and soundness and taking reasonable steps to ensure compliance with the policies and manuals; and
- proactively seeking to build the Bank's operations through innovative customer-focused services, deployment of appropriate technological tools, and the enhancement of the Bank's capital.

The Board is guided in its activities through a Board Charter and with due regard to the provisions of relevant statutes, Directives and Regulations. Currently, the Bank has nine (9) Directors.

INDEPENDENT/ NON-EXECUTIVE DIRECTORS	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Mr. Stephan Ata	Board Chairman Ghanaian, Non-Executive Director	Mr. Ata is the Chairman of the Atlantic Group of companies. He holds M.Sc. (Business Management) from Ludwig-Maximillian's University, Munich, Germany. He was first appointed as a director of the erstwhile Amalgamated Bank Limited in 2001. He was retained as the Board Chairman upon acquisition of Amalgamated Bank Limited by the BOA Group in February 2011 and the composition of the Board was reconstituted thereafter. Mr. Stephan Ata, together with Dr. Patrick Ata, represent the interest of a minority shareholder, the Estate of Dr. H. O.K Ata which as at 31 December 2019, held 1.35% of the shares of the Bank.	• CEO and Shareholder of Atlantic International Holding Co. • CEO Atlantic Computers & Electronics Ltd • CEO Atlantic International GmbH, Germany • Board Member Ghanaian German Economic Association

INDEPENDENT/ NON-EXECUTIVE DIRECTORS	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Mr. Amine Bouabid	Moroccan, Non-Executive Director	Mr. Bouabid is the Managing Director of the BOA Group, a pan-African bank with presence in 16 African countries. He holds a Master of Business Administration degree (Finance major) from Drexel University, Philadelphia, USA and Master Degree in Information Systems from National Institute of Statistics and Applied Economics, Rabat, Morocco. He was appointed as a Director in June 2014.	• Managing Director of BOA Group S.A. • Director, BOA West Africa S.A. • Director, BOA-BENIN • Director, BOA-BURKINA FASO • Director, BOA-COTE D'IVOIRE • Director, BOA-DJIBOUTI • Director, BOA-RDC • Director, BOA-KENYA • Director BOA-MADAGASCAR • Director, BOA-MALI • Director, BOA-NIGER • Director, BOA-RWANDA • Director, BOA-SENEGAL • Director, BOA-TANZANIA • Director, BOA-TOGO • Director, BOA-UGANDA
Dr. Nana Owusu-Afari (retired in December 2019)	Ghanaian, Non-Executive Director	Nana Owusu-Afari, an astute industrialist and a former President of Association of Ghana Industries, holds a BSc Economics degree from University of Ghana and a doctoral degree from the Atlantic International University. He was a founding director of the erstwhile Amalgamated Bank Limited. He was retained as a non-executive director upon acquisition of Amalgamated Bank Limited by the BOA Group in February 2011 and the composition of the board was reconstituted thereafter. Nana is a minority shareholder with 0.40% of shares held in the Bank as at 31 December 2019.	• Chairman of Afariwaa Group of Companies • Shareholder/Director of Afariwaa Estates & Construction Ltd • Shareholder/Director of Maridav Ghana Ltd • Shareholder/Director of Asubonten Rural Bank Ltd • Shareholder/Director of Worawora Rice Mill Ltd • Trustee of Tema Country Golf Club
Dr. Patrick Ata	Ghanaian, Non-Executive Director	Dr. Ata holds Ph.D. (Mechanical Eng.) from University College of London. He was first appointed as a director of the erstwhile Amalgamated Bank Limited in 2004.He was retained as a non-executive director upon acquisition of Amalgamated Bank Limited by the BOA Group in February 2011 and the composition of the board was reconstituted thereafter.	• Director, Atlantic International Holding Co • Managing Director, Atlantic Climate Company Limited • Director, NEK Ghana Ltd • Director, North Volta Rural Bank • Director Volta Plantation

INDEPENDENT/ NON-EXECUTIVE DIRECTORS	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Mr. John Klinogo	Ghanaian, Non-Executive Director	Mr. Klinogo, a chartered accountant is a former President of Institute of Chartered Accountants (Ghana) and a former Country Senior Partner of PricewaterhouseCoopers, Ghana. He holds BSc. Administration (Accounts major) from the University of Ghana He was first appointed as a director of the erstwhile Amalgamated Bank Limited in 2009. He was retained as a non-executive director upon acquisition of Amalgamated Bank Limited by the BOA Group in February 2011 and the composition of the board was reconstituted thereafter. He resigned from the Board in February 2020.Mr. Klinogo is a minority shareholder with 0.3% shares held in the Bank as at 31 December 2019.	• Board Member, Ghana Broadcasting Corporation • Managing Partner, John Kay & Co • Board Chair, Management Strategies for Africa
Mr. Abdelkabir Bennani	Moroccan, Non-Executive Director	Mr. Bennani is a retired Senior Bank Executive after a banking career spanning the period 1971 to 2011 with BMCE Bank of Morocco. He is also a former Regional Director of BOA Group's subsidiaries in Kenya, Tanzania, Uganda and Ghana. He holds a degree from American University of Beirut, Beirut (Lebanon). He was appointed as a Director in June 2011.	• Director, BANK OF AFRICA - KENYA Limited • Director, BANK OF AFRICA - UGANDA Limited • Director, BANK OF AFRICA - TANZANIA Limited
Mr. Vincent de Brouwer	Belgian, Non-Executive Director	Mr. de Brouwer is a former Regional Director of the BOA Group's subsidiaries in Kenya, Tanzania, Uganda and Djibouti. He holds degrees in Economics and Civil Mining Engineering from Universite Catholoque de Louvain, Belgium. He was appointed as a Director in June 2011. He resigned from the Board in October 2019.	• Director, BANK OF AFRICA - TANZANIA Limited • Director, BANK OF AFRICA - RWANDA Limited • Director, Banque De Credit De Bujumbura (BCB)
Mr. Ghali Lahlou	Moroccan, Non-Executive Director	Mr. Lahlou holds a master's degree in Management Sciences specialising in Finance and Entrepreneurship from University Paris IX-Dauphine. He is currently the Regional Director for the BOA Group's subsidiaries in Ghana, Kenya, Tanzania, Uganda and Rwanda. He was appointed as a Director in June 2018.	• Director, BANK OF AFRICA - KENYA Limited • Director, BANK OF AFRICA - UGANDA Limited • Director, BANK OF AFRICA - TANZANIA Limited
Elly Ohene-Adu	Ghanaian Non-executive Director	Elly is a career banker, having worked at the Bank of Ghana all her professional life. She holds an MBA degree from GIMPA, an International Graduate Diploma in Banking and Financial Service from Boston University and a BA degree in Economics and English from Kwame Nkrumah University of science and Technology (KNUST). Elly's appointment as an Independent Director was approved by the Bank of Ghana in October 2019.	• Director, BANK OF AFRICA - KENYA Limited • Director, BANK OF AFRICA - UGANDA Limited • Director, BANK OF AFRICA - TANZANIA Limited

INDEPENDENT/ NON-EXECUTIVE DIRECTORS	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Francis Kalitsi	Ghanaian Non-executive Director	Francis Kalitsi is a Financial/Investment Advisor and entrepreneur. He is the Managing Partner of Serengeti Capital- Accra. He also worked with other companies including Merry Lynch Pierce Fenner & Smith (Boston & Washington DC), International Finance Corporation (Washington DC) and Marriot International (Washington DC) and Renaissance Capital (Accra/Lagos). He holds an MBA Degree in Strategic Management and Finance from University of Chicago Graduate School of Business) and a BSC Degree in Business Administration from Boston University. Francis' appointment as an Independent Director was approved by the Bank of Ghana in January 2020.	• Director, Serengeti Capital • Director, Kete Krachi Timber Recovery Limited • Director, Volta Rental Services • Director, Cocoa Express Limited

BOARD MEETINGS AND ATTENDANCE

Meetings of the Board are held once a quarter. The Board of Directors are provided with comprehensive documentation at least 10 days prior to each of the scheduled meetings.

In 2019, attendance by Directors at the meetings of the Board was as follows:

Name of Director	Board Meeting dates and Attendance			
	February 4, 2019	June 11, 2019	September 23, 2019	December 19, 2019
Stephan Ata	√	√	√	√
Amine Bouabid	√	√	√	√
Nana Owusu-Afari	√	√	√	X
Dr. Patrick Ata	√	√	√	√
John Klinogo	√	√	√	√
Abdelkabir Bennani	√	√	√	√
Vincent de Brouwer	√	√	√	X
Kobby Andah	√	√	√	√
Ghali Lahlou	√			
Elly Ohene Adu (appointed in October 2019)	X	X	X	X
Francis Kalitsi (appointed in January 2020)	X	X	X	X

SUB-COMMITTEES

To ensure effective governance and informed by the strategic objectives of the Bank, the Board has sub-committees each of which focuses on an aspect of the Board's defined responsibilities and strategic objectives. Currently, there are four (4) sub-committees, namely:

- Audit;
- Risk and Compliance;
- Recoveries; and
- Human Resources and Remuneration.

Their formation is in line with the requirements of Bank of Ghana's Corporate Governance Directive as well as international best practices as laid down in Basel II and III. Each of the above-mentioned sub-committees is governed and guided by its own specific charter.

AUDIT SUB-COMMITTEE

The Audit Sub-Committee, among others, assists the Board by reviewing the financial condition of the Bank, its internal controls, performance and findings of the internal and external auditors, findings of the regulatory authorities, and recommend appropriate remedial action to the Board and Management.

The Audit Sub-Committee is chaired by an experienced independent director. Its membership comprises four (4) directors all of whom are independent or non-executive. The Board Chairman is not a member of the Audit Sub-Committee.

RISK AND COMPLIANCE SUB-COMMITTEE

The Risk and compliance Sub-Committee assist the Board in the measurement and control of Enterprise Risks including credit, operational and market risk faced by the Bank.

The Risk and Compliance Sub-Committee is chaired by an experienced independent director. It is made up of six (6) directors majority of which are non-executive directors.

THE RECOVERIES SUB-COMMITTEE

The Recoveries Sub-Committee assists the Board by reviewing the recoveries effort of the Bank, its internal mechanisms, regulatory requirements, and recommend appropriate remedial action for Non-Performing Asset Management. It is chaired by an independent director and majority of its members are non-executive directors.

HUMAN RESOURCES AND REMUNERATION SUB-COMMITTEE

The Human Resources and Remuneration Sub-Committee considers and recommends to the Board an overall employment, compensation, retention and severance policy and philosophy aligned with the Bank's medium and long-term business strategy, its business objectives, interest and values recognising the interests of all relevant stakeholders.

It is chaired by an independent director. It is made up of four (4) members majority of which are non-executive directors.

BOARD SELF-ASSESSMENT

Annually, the Board undertakes self-assessment evaluating peer review of individual director's performances, the performance of the Board as a whole, sub-committees and the Board Chairman.

ETHICS CHARTER, CONFLICT OF INTEREST AND RELATED PARTY POLICIES

The Board has a formally adopted ethics charter and conflict of interest policy that guides and governs the ethical conduct of directors, key management and all staff.

DIRECTORS' REMUNERATION

The remuneration policy for Executive Directors of the Bank is covered by BOA Group's policies. Fees/remuneration for Non-Executive Directors are not per diem based but rather, intended to compensate for meetings attendance, reflection of directors' responsibility, commitment required and inherent challenges in a director's position. Proposed directors' fees are submitted annually to shareholders at Annual General Meetings for approval.

KEY MANAGEMENT PERSONNEL OF THE BANK

KEY MANAGEMENT PERSONNEL	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Mr. Kobby Andah	Managing Director	Mr. Andah is a Chartered Accountant and a member of Institute of Chartered Accounts (Ghana). He holds a Master of Business Administration degree from Manchester Business School, Manchester University, UK. He was appointed initially as a non-executive Director in June 2011 and subsequently as a Managing Director in September 2011. Prior to his appointment, Mr. Andah was the Managing Director of BANK OF AFRICA - TANZANIA.	
Youssef Benrhafiane	Deputy Managing Director (Business Development) (Moroccan)	Youssef holds Executive MBA from Ecole des Ponts et Chaussees Paris, a Master's degree in Economy and Foreign Trade (University of Lille, France) and a Master's degree in Banking and Finance (Conservatiore National des Arts et Metiers de Paris). Prior to his appointment in Ghana, he worked with BMCE Bank of Africa, Morocco and as the Deputy Managing Director of BANK OF AFRICA - TANZANIA.	
Fatoumata Gakou	Deputy Managing Director (Credit and Control) (Malian)	Fatoumata Gakou is the Deputy Managing Director in charge of Credit and Control. She possesses rich experience, spanning over a decade, in Investment Banking, Financial Controls, Project Management and Risk Management. She held key positions within BOA Group, including Financial Control at the Group Office, Deputy Project Manager, Country Risk and Financer Manager and Deputy Managing Director all at BOA-TOGO. She holds a degree in Economics from Université de Marne-la-Vallée, in France and an MBA in Management and Finance from New Jersey Institute of Technology.	
Dr. Festus Kwofie	General Manager, Risk (Ghanaian)	Festus holds a Doctor of Business Administration from SBS Swiss Business School. He had his first degree from the University of Ghana, Legon (B. A. Hons. Economics & Geography) and an MBA in Finance from University of Leicester, London, U.K. He is a fellow of the Association of Chartered Certified Accountants (ACCA-UK), a member of the Institute of Chartered Accountants (Ghana), Chartered Banker, (CIB- Ghana), a Chartered Economist (GhE) and a fellow of the Institute of Professional Financial Managers – UK. Prior to his appointment, Festus was the Head of Finance.	

KEY MANAGEMENT PERSONNEL	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
William Boateng	Executive Head, (Sales Coordination) (Ghanaian)	William has over 15 working experience in corporate banking including previous years spent in Société General (Ghana) and Standard Chartered Bank Ghana Limited. He holds an MBA in Finance from the Exeter University, UK and an MPhil in Sociology from the Oslo University, Norway. He also holds a Bachelor of Arts degree (Sociology) from the University of Ghana, Legon.	
George Otchere	Executive Head, (Operations and Support) (Ghanaian)	George holds a BSc Administration (Accounting option) from the University of Ghana. He is also a Chartered Accountant. Prior to his appointment, George was the Head of Internal Audit. He has extensive experience in Internal & External Auditing, Banking, Internal Controls, Accounting and Finance. He previously worked as Audit Manager with Forbes Consult International, and Audit Assistant at Pannell Kerr Forster Chartered Accountants. He was also the Head of Internal Audit at Intercontinental Bank (now Access Bank Ghana plc).	
Muctar Abbas	Company Secretary and Head of Legal Department (Ghanaian)	Muctar Moubarak Abbas is a seasoned lawyer with over 18 years of professional experience in corporate and commercial law and practice. Among other things, he worked with Financial Times- London, UK as a Print Contract Specialist. He was also a Senior Associate and later Partner at Law Bureau; a full-service corporate and commercial law firm in Accra. Before joining BOA-GHANA, he spent more than 6 years as the Head of Legal and Company Secretary of BSIC (Ghana) Bank Ltd (Sahel-Sahara Bank). He also provided independent legal advice and consultancy services to a number of local and international organizations, including GIZ Ghana, Ghana Integrity Initiative (local representative of Transparency International), and Law Reform Commission of Ghana. He was also a part-time lecturer at the University of Ghana. He holds a Master of Laws (LL.M) degree from the University of Salford (Manchester- UK), a Bachelor of Laws (LLB) degree from University of Ghana and Professional Certificate of Law from Ghana Law School. He was called to the Ghana Bar in 2001 and is a member of the Ghana Bar Association.	

KEY MANAGEMENT PERSONNEL	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Prosper Amewu	Head, Compliance and AMLO (Ghanaian)	Prosper holds a B.A. (Hons) Econs Dip Ed. degree from the University of Cape Coast and Executive MBA, (Finance) from the University of Ghana Business School, Legon. He is also, a Certified Compliance Professional (CCP). Prosper has over 26 years' banking experience. He joined Amalgamated Bank Limited (now BANK OF AFRICA - GHANA Limited) as Head of Operations. He also served as the Regional Manager for Accra and Tema Regions respectively where he supervised the performance of a cluster.	• Director, Produce Buying Company Limited Director, Golden Bean Hotel (a subsidiary of Produce Buying Company Limited)
Kwame Darfoor	Head, Banking Operations (Ghanaian)	Kwame has over 15 years' banking experience. He has a rich background and experience in foreign and trade operations. He worked with Société General (Ghana) before joining BANK OF AFRICA - GHANA Limited as Head of Foreign and Trade Operations. Kwame holds MBA in Financial Management from the University of Hull, UK.	
Akofa Dakwa	Head, Treasury (Ghanaian)	Akofa has 13 years' experience in the banking industry, having worked in Treasury and Market risk management roles in two banks in Ghana. She held the positions of Chief Treasury Dealer and Market Risk Officer in Guaranty Trust Bank Ghana Ltd before joining the then Amalgamated Bank which became BANK OF AFRICA as Chief Treasury Dealer. She has held the position of Treasurer of BANK OF AFRICA for 6 years now; leading a transformation of the Treasury department into a key strategic business unit of the Bank. Akofa is a professional banker and a member of The Chartered Institute of Banker's Ghana and a certified financial markets trader, with a certification in financial markets trading and risk management from the ACI (Association Cambiste Internationale), France. She also holds an MBA in Finance and Risk Management from the Business School Netherlands, and a BSc. Degree in Biochemistry from the Kwame Nkrumah University of Science and Technology, Ghana.	• Director, Premier Jackad Co. Ltd • Enamelle Co. Ltd

KEY MANAGEMENT PERSONNEL	POSITION	PROFILE AND TENURE	OTHER BOARD AND MANAGEMENT AFFILIATIONS
Nurudeen Adam	Head, Permanent Control (Ghanaian)	Nurudeen has over 11 years' banking experience as an Internal Controller, Unit Head, Credit Risk and Unit Head, Operational Risk. Prior to joining BANK OF AFRICA - GHANA Limited, Nurudeen worked at Promasidor Ghana and KPMG as Assistant Internal Auditor and Audit Associate respectively. He holds a Commonwealth Executive Masters in Business Administration (CEMBA) from the Kwame Nkrumah University of Science and Technology (KNUST) and a Bachelor of Commerce (Bcom) degree from the University of Cape Coast. Nurudeen is a member of the Institute of Chartered Accountants (Ghana).	
Arnold Dabi	Head of Internal Audit (Ghanaian)	Arnold holds a BSc (Hons) degree in Applied Accounting and an MBA Finance Coventry University (UK). He is also a Fellow of the Association of Chartered Certified Accountants (ACCA-UK), Member Institute of Chartered Accountants (Ghana), Member Chartered Institute of Securities and Investment (MCSI) and a Member Institute of Internal Auditors. He previously worked as Head of Internal Audit of the Evangelical Lutheran Church Schools, Ghana. He also worked with the Revenue Agencies Governing Board (now Ghana Revenue Authority) as a Senior Tax Auditor. He joined the Bank in 2008 as a Resident Internal Controller. He has worked in Domestic Operations Department, Branch Operations and Control, and Head of the Service Excellence Department.	Director, Faith Empowerment Ministries
Prince Aitee	Head of Finance Department (Ghanaian)	Prince has over 10 years' experience in the banking industry. He started his Banking career with Fidelity Bank as a Finance Officer in July 2008. He subsequently worked as a Finance Manager and later as Internal Auditor before his appointment as Unit Head, Financial Control for BANK OF AFRICA in September 2014. He was reassigned as the Head of Finance in November 2018. He holds a first class degree in Banking and Finance and a Master in Business Administration (Finance) from University of Ghana. He is a Chartered Accountant and a member of the Association of Chartered Certified Accountants (ACCA).	

Independent auditors' report

Report on the Audit of the Financial Statements

Option

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BANK OF AFRICA - GHANA Limited (the "Bank") as at 31 December 2019, 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 BANK OF AFRICA - GHANA Limited for the year ended 31 December 2019.

The financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of profit or loss and other 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter

Expected credit loss allowance on loans and advances

The Bank recognised allowance for impairment in respect of the following financial instruments at the reporting date:

	GROSS AMOUNT GHS	EXPECTED CREDIT LOSS PROVISION GHS
Loans and advances to customers	732,186,243	6,642,554

IFRS 9 Financial Instruments requires impairment on financial assets be determined using the 'Expected Credit Loss (ECL) model'. The identification and the determination of expected credit loss allowances is highly judgemental since a number of assumptions and judgemental interpretations by management are involved.

Key areas of judgement include:

- Segmentation of loans and advances based on similar risk profiles

- The identification of significant increases in credit risk (SICR) involves the assessment of both qualitative and quantitative factors in determining ECLs that may occur either over a 12-month period or the remaining life of financial assets.

- The definition of default taking into consideration the assessment of both qualitative and quantitative factors as aligned with Bank of Ghana Prudential Guidelines.

- Staging of the Bank's loans and advances to reflect credit risk.

- Management use of inputs from historical data in the determination of the following:

  - Probability of default (PD), which estimates the likelihood that borrowers will be unable to honour their financial obligations.
  - Exposure at default (EAD) which is based on the amounts the Bank expects to be owed at the time of default.
  - Loss given default (LGD) which represents the Bank's expectation of the extent of loss in an event of default.

- The use of forward-looking economic variables, which in management's estimation, will impact credit risk and credit losses. Management considered a range of future economic conditions and assumed weights for each scenario.

Notes 2.8 set out the accounting policies, notes 3.1 and 4.2.3 set out the critical estimates and judgement used in calculating the expected credit losses while notes 4.2.5, 9 and 17 set out the impairment charged to profit or loss and the expected credit loss provision at the reporting date.

How our audit addressed in the key audit matter

We assessed the reasonableness of management's judgement on the segmentation of loans and advances of similar risk profile in the determination of expected credit loss.

We assessed the criteria for the determination of SICR and management's definition of default.

We examined and evaluated specific circumstances of borrowers for selected credit facilities to identify qualitative and quantitative factors resulting in significant increase in credit risk or default as defined by management.

We assessed the reasonableness of management's assumptions used in the determination of probability of default, exposure at default, loss given default and credit conversion factors (for off balance sheet exposures).

We assessed the reasonableness of the forward-looking economic scenarios used by agreeing economic information to independent external sources.

We re-performed the calculation of ECL to check consistency with adopted ECL model and compliance with IFRS 9 requirement.

We tested the model governance process and compared expected credit loss provision amount per ECL model to amount recognised in the financial statements.

We checked the appropriateness of relevant disclosures of IFRS 9 for compliance with the requirements of the standard.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Report of the directors, Corporate governance report, Value added statement and Shareholders' information but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Bank's statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

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

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

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

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

With respect to the provisions of the Anti-Money Laundering Act, 2008 (Act 749) (as amended), 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 Oseini Amui (ICAG/P/1139).

PricewaterhouseCoopers (ICAG/F/2020/028)
Chartered Accountants
Accra, Ghana
26 March 2020

Statement of profit or loss and other comprehensive income

	NOTES	2019	2018
INTEREST INCOME	5	192,073,636	130,451,576
INTEREST EXPENSE	5	(46,026,821)	(35,234,206)
NET INTEREST INCOME		146,046,815	95,217,370
FEE AND COMMISSION INCOME	6	25,640,817	21,656,990
FEE AND COMMISSION EXPENSE	6	(3,392,504)	(3,540,000)
NET FEE AND COMMISSION INCOME		22,248,313	18,116,990
NET TRADING INCOME	7	43,637,077	29,349,332
OTHER OPERATING INCOME	8	5,155,840	2,766,474
		48,792,917	32,115,806
OPERATING INCOME		217,088,045	145,450,166
NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS	9	(20,358,071)	(14,982,841)
PERSONNEL EXPENSES	10	(47,396,041)	(41,598,842)
DEPRECIATION AND AMORTISATION	11	(10,112,258)	(6,174,075)
OTHER EXPENSES	12	(49,521,013)	(45,319,703)
PROFIT BEFORE INCOME TAX		89,700,662	37,374,705
NATIONAL FISCAL STABILISATION LEVY	20	(4,485,045)	(1,868,735)
INCOME TAX EXPENSE	13	(20,519,166)	(10,932,612)
PROFIT FOR THE YEAR		64,696,451	24,573,358
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
CHANGES IN FAIR VALUE OF INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI (NET OF TAX)	14	1,485,260	(1,600,697)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		66,181,711	22,972,661

The notes on pages 33 to 101 form an integral part of these financial statements.

Statement of financial position

ASSETS	NOTES	2019	2018
CASH AND CASH EQUIVALENTS	15	435,487,326	420,631,062
NON-PLEDGED TRADING ASSETS	16		158,413,375
LOANS AND ADVANCES TO CUSTOMERS	17	725,543,689	565,057,955
INVESTMENT SECURITIES	18	734,891,613	8,884,361
DEFERRED INCOME TAX ASSETS	19		2,200,795
TAXATION	20	4,243,221	1,999,013
INTANGIBLE ASSETS	22	4,020,987	2,402,399
OTHER ASSETS	23	30,214,277	45,030,245
RIGHT OF USE ASSET	21	23,712,896	
PROPERTY AND EQUIPMENT	25	58,917,180	53,756,909
NON-CURRENT ASSETS HELD FOR SALE	24	30,744,333	
TOTAL ASSETS		2,047,775,522	1,258,376,114
LIABILITIES			
DEPOSITS FROM CUSTOMERS	26	1,083,816,478	790,270,010
DEPOSITS FROM BANKS	27	35,014,636	
BORROWINGS	28	299,800,167	207,226,955
LEASE LIABILITY	21	19,196,230	
DEFERRED TAX LIABILITIES	19	1,313,556	
OTHER LIABILITIES	29	12,967,889	52,722,004
TOTAL LIABILITIES		1,452,108,956	1,050,218,969
EQUITY			
STATED CAPITAL	30	422,288,538	100,960,828
RETAINED EARNINGS	31	13,858,131	(15,827,175)
OTHER RESERVES	32	1,482,251	(3,009)
REGULATORY CREDIT RISK RESERVE	33	52,465,750	49,802,830
STATUTORY RESERVE	34	105,571,896	73,223,671
TOTAL EQUITY		595,666,566	208,157,145
TOTAL EQUITY AND LIABILITIES		2,047,775,522	1,258,376,114

The notes on pages 33 to 101 form an integral part of these financial statements.

The financial statements on pages 24 to 101 were approved by the board of directors on 25 March 2020 and were signed on its behalf by:

Stephan Ata
Chairman

Kobby Andah
Managing Director

Statement of Changes in Equity

	STATED CAPITAL	RETAINED EARNINGS	REGULATORY CREDIT RISK RESERVE	STATUTORY RESERVE	OTHER RESERVES	TOTAL EQUITY
YEAR ENDED 31 DECEMBER 2019						
BALANCE AT 1 JANUARY 2019	100,960,828	(15,827,175)	49,802,830	73,223,671	(3,009)	208,157,145
PROFIT FOR THE YEAR		64,696,451				64,696,451
OTHER COMPREHENSIVE INCOME					1,485,260	1,485,260
TOTAL COMPREHENSIVE INCOME		64,696,451			1,485,260	66,181,711
REGULATORY AND OTHER RESERVE TRANSFERS						
TRANSFER TO CREDIT RESERVE		(2,662,920)	2,662,920			
TRANSFER TO STATUTORY RESERVE		(32,348,225)		32,348,225		
TRANSACTIONS WITH OWNERS:						
PROCEEDS FROM ORDINARY SHARES ISSUED	321,327,710					321,327,710
NET REGULATORY AND OTHER TRANSFERS AND TRANSACTIONS WITH OWNERS:	321,327,710	(35,011,145)	2,662,920	32,348,225		321,327,710
BALANCE AT 31 DECEMBER 2019	422,288,538	13,858,131	52,465,750	105,571,896	1,482,251	595,666,566

The notes on pages 33 to 101 form an integral part of these financial statements.

	STATED CAPITAL	RETAINED EARNINGS	REGULATORY CREDIT RISK RESERVE	STATUTORY RESERVE	OTHER RESERVES	TOTAL EQUITY
YEAR ENDED 31 DECEMBER 2018:						
BALANCE AT 1 JANUARY 2018	100,960,828	(22,288,535)	46,981,943	60,936,992	1,597,688	188,188,916
CHANGES ON INITIAL APPLICATION OF IFRS 9						
INCREASE IN IMPAIRMENT PROVISIONING, NET OF DEFERRED TAX		(3,004,432)				(3,004,432)
TRANSFER BETWEEN RESERVES		3,742,005	(3,742,005)			
RESTATED BALANCE AT 1 JANUARY 2018	100,960,828	(21,550,962)	43,239,938	60,936,992	1,597,688	185,184,484
PROFIT FOR THE YEAR		24,573,358				24,573,358
OTHER COMPREHENSIVE INCOME					(1,600,697)	(1,600,697)
TOTAL COMPREHENSIVE INCOME		24,573,358			(1,600,697)	22,972,661
TRANSFER TO CREDIT RESERVE		(6,562,892)	6,562,892			
TRANSFER TO STATUTORY RESERVE		(12,286,679)		12,286,679		
BALANCE AT 31 DECEMBER 2018	100,960,828	(15,827,175)	49,802,830	73,223,671	(3,009)	208,157,145

The notes on pages 33 to 103 form an integral part of these financial statements.

Statement of Cash Flows

	NOTES	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE INCOME TAX		89,700,662	37,374,705
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTISATION	11	10,112,258	6,174,075
NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS	9	20,358,071	14,982,841
FINANCE COST IN LEASE LIABILITIES	21	728,223	
EXCHANGE LOSS ON LEASE LIABILITIES	21	2,220,651	
EXCHANGE LOSSES ON SHORT-TERM BORROWINGS	28	25,175,170	21,255,850
INTEREST EXPENSE ON SHORT-TERM BORROWING	28	7,444,415	5,291,267
INTEREST INCOME ON INVESTMENT SECURITIES		(18,614,852)	(12,842,114)
FOREIGN EXCHANGE GAINS ON INVESTMENT SECURITIES		(14,274,000)	(8,739,190)
GAINS ON DISPOSAL OF PROPERTY AND EQUIPMENT	25	(77,136)	(343)
OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		122,773,462	63,497,091
CHANGES IN NON-PLEDGED TRADING ASSETS		158,413,375	7,646,940
CHANGES IN LOANS AND ADVANCES TO CUSTOMERS		(201,931,078)	(87,973,764)
CHANGES IN OTHER ASSETS		1,743,987	44,174,509
CHANGES IN MANDATORY RESERVE CASH WITH BANK OF GHANA		(24,403,614)	11,774,559
CHANGES IN DEPOSITS FROM CUSTOMERS		306,761,497	(94,389,068)
CHANGES IN DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS		35,014,636	
CHANGES IN OTHER LIABILITIES		(2,600,699)	(493,042)
CASH FLOWS FROM/ (USED IN) OPERATIONS		395,771,566	(55,762,775)
NATIONAL FISCAL STABILISATION LEVY PAID	20	(4,815,776)	(2,128,634)
INCOME TAX PAID	20	(19,099,652)	(9,685,924)
NET CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		371,856,138	(67,577,333)
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE OF INVESTMENT SECURITIES		(794,622,704)	(718,756,656)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES		89,955,895	864,730,283
PURCHASE OF PROPERTY AND EQUIPMENT		(12,885,075)	(3,598,127)
PROCEEDS FROM SALE OF PROPERTY AND EQUIPMENT	25	77,136	6,749
PURCHASE OF INTANGIBLE ASSETS		(901,182)	(2,111,836)
NET CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		(718,375,930)	140,270,413
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUE OF SHARE CAPITAL		282,767,710	
PAYMENT FOR FINANCE LEASES	21	(5,698,419)	
PROCEEDS ON SHORT-TERM BORROWINGS	28	1,388,031,966	780,544,190
REPAYMENT OF SHORT-TERM BORROWINGS	28	(1,328,078,339)	(814,972,291)
NET CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		337,022,918	(34,428,101)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(9,496,874)	38,264,979
CASH AND CASH EQUIVALENTS AT 1 JANUARY	15	336,862,441	298,795,909
EXPECTED CREDIT LOSSES ON CASH AND CASH EQUIVALENTS		(50,476)	(198,447)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	327,315,091	336,862,441

The notes on pages 33 to 103 form an integral part of these financial statements.

Notes

1. REPORTING ENTITY

BANK OF AFRICA - GHANA Limited (the 'Bank') is a financial institution engaged in universal banking. The Bank is a limited liability company incorporated and domiciled in Ghana. The registered office of the Bank is at The Octagon, First Floor; Block A & B, Independence Avenue. The Bank operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank is a subsidiary of the BOA GROUP. Its majority shareholder is BOA WEST AFRICA S.A, a holding company incorporated in Cote d'Ivoire. The ultimate parent is Banque Moroccaine du Commerce Exterieur (BMCE), a company incorporated in Morocco.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value;
- trading assets are measured at fair value;
- available-for-sale financial assets are measured at fair value (applicable before 1 January 2019); and
- financial assets measured at fair value through other comprehensive income are measured at fair value (applicable from 1 January 2019).

2.1.3 Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.4 Going concern

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

2.1.5 New and amended standards adopted by the Bank

(a) IFRS 16 Leases

The Bank has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The Bank has used the simplified retrospective approach hence there is no impact on the income statement as at the transition date. The new accounting policies are disclosed in Note 2.

IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on the balance sheet. The standard removed the current distinction between operating and financing leases and required recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA changed.

Operating cash flows is higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest continues to be presented as operating cash flows.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.5% for United States Dollar denominated lease liabilities. No leases were previously classified as finance lease by the Bank.

Practical expedients applied

In applying IFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Bank has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Bank relied on its assessment made applying IAS 17 and Interpretation for determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

	2019
OPERATING LEASE COMMITMENTS DISCLOSED AS AT 31 DECEMBER 2018	4,871,981
TOTAL LEASE LIABILITY RECOGNISED AS AT 1 JANUARY 2019	21,945,774
OF WHICH ARE:	
CURRENT LEASE LIABILITIES	6,632,716
NON-CURRENT LEASE LIABILITIES	15,313,057

Measurement of right of use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by GHS 26,817,755
- prepayments – decrease by GHS 4,781,981
- lease liabilities – increase by GHS 21,945,775

(b) Annual improvements to IFRS Standards 2015 – 2017 Cycle

The following improvements were finalised in December 2017:

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change. Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognize any changes in the asset ceiling through other comprehensive income.

2.1.6 Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Bank. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. 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.

2.3 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated as fair value through profit or loss are recognised within interest income and interest expense in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. 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.

Interest income includes interest on loans and advances and placements with other Banks, and is recognised in the period in which it is earned. Interest earned whilst holding available-for-sale and held to maturity financial investments are also reported as interest income.

2.4 Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis when the service has been provided. Fees and commissions not integral to the effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Other service fees are recognised based on the performance of related services as per the performance obligations applicable to the related service contracts.

Commitment fees, together with related direct costs, for loan facilities where draw down is probable, are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Other commitment fees are recognised over the term of the facilities.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective rate as the other participants.

2.5 Net trading income

Net trading income comprises gains/losses in respect of trading activities achieved through market-marking of trading assets and liabilities. It also includes realised and unrealised changes in fair value of trading financial instruments changes and gains/losses arising from trading in foreign currencies and other foreign exchange differences.

2.6 Leases

The Bank has changed its accounting policy for leases where the Bank is the lessee. The new policy is described below and the impact of the change in Notes 2.1.5 and 21.

Until 31 December 2018; leases of property, plant and equipment where the Bank, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Bank will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Bank as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Bank's leasing activities and how these are accounted for under IFRS 16

The Bank's leasing activities are similar to those described above. Rental contracts are typically made for fixed periods of 2 years but may have extension options as described below.

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.

From 1 January 2019, 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 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.

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.

2.7 Income tax

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

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss.

The measurement of deferred income tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to taxes levied by the same tax authority.

A deferred income tax asset is recognised for tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.8 Financial assets and liabilities

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 accounting policy on the recognition of interest income is disclosed in 2.3. Interest income is recognised on loans and advances in stages 1 and 2 of IFRS 9 impairment methodology on gross amount using effective interest rate. Interest income on loans and advances in stage 3 is recognised on the carrying amount using effective interest rate.

Initial recognition and measurement

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

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

- 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.
- In all other cases, the differences 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.

2.8.1 Financial assets

(i) Classification and subsequent measurement

The Bank classifies its financial assets in the following measurement categories:

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

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

(a) 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:

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

The above classifications are based on the following:

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.

(a) 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.

(i) Impairment

The Bank assesses on a forward-looking basis the expected credit losses ('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.

Further details on the impairment of financial assets are set out in note 4.2.3

(ii) 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; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

(iii) Derecognition other than on a modification

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

2.8.2 Financial liabilities

(i) Classification and subsequent measurement

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

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished.

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

2.8.3 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.

2.8.4 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.

2.8.5 Determination of fair value

'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.

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

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

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

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

For more other financial instruments, the Bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value techniques are used primarily to value unlisted debt securities and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.8.6 Offsetting financial instruments

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

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances including unrestricted balances held with Bank of Ghana, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short term commitments.

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

2.10 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.

2.11 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of five years. Computer software licenses are carried at cost less any amortisation and impairment losses, if any.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding seven years).

2.12 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset up until the asset is ready for use. 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.

Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The costs of the day to day servicing of property and equipment are recognised in profit or loss as incurred.

The depreciation base is determined as cost less any residual value. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

The estimated depreciation rates of the major asset categories are:

CLASS OF ASSETS	DEPRECIATION RATE
Building	Over the remaining period of the lease
Leasehold land	Over the remaining period of the lease
Computers hardware	25% - 33.3%
Motor vehicles	20% - 25%
Office equipment	15% - 20%
Furniture and fittings	15% - 20%

2.13 Impairment of non-financial assets

Property and equipment, and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are compared at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Bank evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset or a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.14 Borrowings

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

2.15 Provisions

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

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

2.16 Employee benefit

The Bank operates defined contribution retirement benefit schemes for its employees.

Retirement benefit obligations

The Bank and its employees contribute to a defined contribution plan.

A defined contribution plan is a pension scheme under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank's contributions to tier one and tier two schemes are mandatory and are determined by law. The Bank currently contributes 13% of employee basic salary while employee contributes 5.5%. Out of a total contribution of 18.5%, the Bank remits 13.5% to Social Security and National Insurance Trust towards the first tier pension scheme. The Bank remits the remaining 5% to a privately managed scheme under the mandatory second tier. The Bank and its employees also make contributions towards employees' pension under a voluntary third tier pension scheme (provident fund) which is privately managed. Benefits are paid to retiring staff in accordance with the scheme rules.

The Bank's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Bank has no further payment obligations once the contributions have been paid.

Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Leave accrual

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

2.17 Stated capital and dividend

Ordinary shares issued are classified as stated capital in equity where the Bank has no obligation to deliver cash or other assets to shareholders. 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. All shares are issued at no par value.

Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

2.18 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.

2.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at a lower of their carrying amount and fair value less costs to sell.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENT AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates, judgement and assumptions, which, could materially affect the actual results and reported amounts of assets and liabilities within the next financial year. Management also needs to exercise judgement in applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances. Unless otherwise stated, no material changes to assumptions occurred during the period.

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.

3.1 Measurement of expected credit loss allowance

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

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

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

Detailed information about the judgements and estimates made by the Bank in the measurement of expected credit loss allowance is set out in note 4.2.3.

3.2 Fair values of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent 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. However, where this is not feasible, a degree of judgement is required in establishing fair values.

Additional disclosures on fair value measurements of financial instruments are set out in note 4.6.

3.3 Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the 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 income tax provisions in the period in which such determination is made.

Deferred income 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 income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.4 Hold to collect financial assets

The Bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Bank uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Bank is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

3.5 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.

4. FINANCIAL RISK MANAGEMENT

4.1 Introduction and overview

Taking risk is core in the business of banking. In carrying out its core business, the Bank analyses, evaluates and assumes positions of taking calculated risks. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The most important types of risk faced by the Bank include: Credit risk; Liquidity risk; Market risk (i.e. risks related to mainly currency trading and interest rate risk) and operational risk.

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.

4.1.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established a Risk and Compliance Committee for the management of risk in the Bank. The arm of the committee within management is the Risk Management Department, which assists it in the discharge of this responsibility. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Through the compliance department, the Bank ensures it complies with all prudential and regulatory guidelines in the pursuit of profitable Banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Being an inherent feature in the business of the Bank, various mitigating measures are put in place to better manage risk.

All risk management policies are formulated at the board level through the Board Risk and Compliance Committee. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Risk and Compliance Committee is responsible among other things for authorising the scope of the risk management function and renewing and assessing the integrity of the risk control systems, ensuring that the risk policies and strategies are effectively managed.

4.2 Credit risk

Credit risk is the risk of potential financial loss to the Bank if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks as well as investment securities. Credit risk may also arise from financial guarantees, letters of credit, endorsements and acceptances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

4.2.1 Management of credit risk

The Board Risk and Compliance Committee manages the risk of the Bank with the assistance of two management committee namely, Management Credit Approval Committee and Management Risk and Compliance Committee. While the Credit Approval Committee manages credit assessments and approvals, the Risk and Compliance Committee oversees the enterprise-wide risk of the Bank.

The Board Risk and Compliance Committee fundamentally:

- sets out the nature, role, responsibility and authority of the risk management function within the Bank and outlines the scope of the risk;
- reviews and assesses the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed;
- provides an independent and objective oversight and reviews the information presented by management and the Audit Committee to the board on financial, business and strategic risk issues;
- adopts the principles of governance and codes of best practice; and
- reviews the decision of the Management Credit Approval Committee and Asset-Liability Management Committee (ALCO) on a quarterly basis, to determine the maximum mandate levels for the various credit sanctioning bodies.

The purpose of the Board Risk and Compliance Committee is to:

- oversee the credit risk function of the Bank to ensure a healthy credit portfolio;
- ensure that the Bank exercise due care in the use of credit authority;
- approve/decline credit applications above country limit of the Management Credit Approval Committee;
- sets and determines the Bank's credit policy and general risk climate of the Bank
- review on regular basis the monitoring of policy compliance, compliance of portfolio against standards and recommend for appropriate action to be taken;
- ensure key triggers are kept under review and stress tests on the portfolio conducted whenever significant changes occur or are anticipated;
- agree portfolio targets, industry and credit grading concentrations;
- determine in tandem with ALCO, market and product pricing based on risk adjusted return; and
- ensure compliance with regulatory requirements in credit delivery.

The Bank employs a range of policies and practices to mitigate credit risk. The most common practice is the taking of security for funds advanced. 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.

4.2.2 Credit risk measurement

The estimation of credit exposure for risk management purposes is relatively complex and requires the use of models, as exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of a credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measured credit risk using the expected loss losses as per IFRS 9 effective 1 January 2019. Prior to that, allowance for credit impairment losses were measured using the guidance under IAS 39. For the year ended 31 December 2019, the Bank measured expected credit losses using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The guidance in IFRS 9 in measuring expected credit losses applies to all financial debt instruments (financial assets) held at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), undrawn loan commitments and off balance exposures (financial guarantees).

4.2.3 Expected credit loss (ECL) measurement

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

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

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

4.2.3.1 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 probability of default (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 Watchlist and/or the instrument meets one or more of the following criteria:
  - 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 cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

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.

The Bank has not used the low credit risk exemption for any financial instruments during the year ended 31 December 2019.

4.2.3.2 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. There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due.

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.

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.

4.2.3.3 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 credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. 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 per 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 every six months. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

4.2.3.4 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 2019 are set out below:

SCENARIO	WEIGHT (%)	GDP GROWTH RATE (%)	UNEMPLOYMENT RATE (%)
BASE CASE	50	7.5	6.8
UPSIDE	20	8.4	6.4
DOWNSIDE	30	3.7	6.76

The most significant variables affecting the ECL model are as follows:

Personal and staff loans

- Unemployment rate – likelihood of staff and government sector employees becoming unemployed, given its impact on secured (mortgages) and unsecured (personal loans) borrowers' ability to meet their contractual repayments.

Corporate, small and medium sized entities (SMEs)

- 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.

4.2.4 Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. 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.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Bank's risk function.

4.2.5 Maximum exposure to credit risk

	2019	2018
ON BALANCE SHEET EXPOSURES:		
CASH WITH BANK OF GHANA	130,215,857	97,114,979
CASH WITH OTHER BANKS	228,737,586	262,879,799
NON-PLEDGED TRADING ASSETS		158,413,375
LOANS AND ADVANCES TO CUSTOMERS	725,543,689	565,057,955
INVESTMENT SECURITIES	594,969,435	8,884,361
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	16,028,341	11,895,817
	1,695,494,908	1,104,246,286
OFF BALANCE SHEET EXPOSURES:		
LETTERS OF CREDIT	74,888,504	60,352,355
FINANCIAL GUARANTEES	115,820,873	68,762,524
	190,709,377	129,114,879
TOTAL MAXIMUM CREDIT EXPOSURES AT YEAR END	1,886,204,285	1,233,361,165

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2019, 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, 38% (2018: 46%) of the total maximum exposure is derived from loans and advances, and non-pledged trading assets and investment securities represent 35% (2018: 14%).

The Bank's loans and advances were categorised in accordance with 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.

	2019	2018
EXPOSURE TO CREDIT RISK – LOANS AND ADVANCES:		
CARRYING AMOUNT	725,543,689	565,057,955
GRADE 1 - 7: CURRENT	531,306,514	392,829,910
GRADE 8: OLEM/WATCHLIST	114,464,547	105,826,583
GRADE 9: SUBSTANDARD	8,696,427	8,578,037
GRADE 10: DOUBTFUL	70,079,804	48,744,687
GRADE 11: LOSS	7,638,951	14,663,152
TOTAL GROSS AMOUNT	732,186,243	570,642,369
ALLOWANCE FOR CREDIT IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
CARRYING AMOUNT	725,543,689	565,057,955

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

	2019	2018
NEITHER PAST DUE NOR IMPAIRED	531,306,514	392,829,910
PAST DUE BUT NOT IMPAIRED	114,464,547	105,826,583
INDIVIDUALLY IMPAIRED	86,415,182	71,985,876
TOTAL GROSS AMOUNT	732.186,243	570,642,369
ALLOWANCE FOR CREDIT IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
CARRYING AMOUNT	725,543,689	565,057,955

Loans and advances neither past due nor impaired

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:

	2019	2018
GRADE 1 - 7: CURRENT		
TERM LOANS	404,742,565	292,877,295
OVERDRAFTS	113,116,758	87,807,620
STAFF LOANS	13,447,191	12,144,995
GROSS CARRYING AMOUNT	531,306,514	392,829,910

The Bank uses an internal rating system which contains 11 grades, representing the Bank's best estimate of credit risk for a counterparty based on the probability of default of a customer within the next 12 months in current economic environment or probability of default of a customer within the next 12 months but in a cycle neutral economic environment. The credit quality of neither past due nor impaired loans at the reporting date is as follows:

	2019	2018
INTERNAL RATING		
STRONG	441,223,379	307,889,372
GOOD	88,662,670	78,225,608
SATISFACTORY	1,420,465	6,714,930
GROSS CARRYING AMOUNT	531,306,514	392,829,910

Financial statement descriptions can be summarised as follows:

- Strong – there is a very high likelihood of the asset being recovered in full.
- Good – whilst there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Bank, the asset may not be collateralised, such as unsecured loans, which have been classified as good, regardless of the fact that the output of internal grading models may have indicated a higher classification. At a lower end of this grade, there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of some deterioration.
- Satisfactory – there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. However, the borrower or counterparty is continuing to make payment when due and is expected to settle all outstanding amounts of principal and interest.

Loans and advances past due but not impaired

Past due but not impaired facilities are loans and advances where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available.

Loans and advances graded internally as current and OLEM per the Bank of Ghana guidelines 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 are as follows:

	2019	2018
GRADE 8: OLEM		
TERM LOANS	113,546,397	77,564,655
OVERDRAFTS	918,150	28,261,928
GROSS CARRYING AMOUNT	114,464,547	105,826,583

The following table provides the ageing analysis of loans and advances past due but not impaired:

	2019	2018
GRADE 8: OLEM		
PAST DUE UP TO 30 DAYS	82,708,057	58,406,260
PAST DUE 30 TO 60 DAYS	31,640,139	24,267,384
PAST DUE 60 TO 90 DAYS	116,351	23,152,939
GROSS CARRYING AMOUNT	114,464,547	105,826,583

Loans and advances individually impaired

Impaired loans and advances are facilities, which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreements. These loans are graded «Extreme» which is 9 -11 in the Bank's internal credit risk grading system.

The table below shows analysis of loans and advances individually impaired by class, along with the fair value of related collaterals held by the Bank as security, as follows:

	2019	2018
TERM LOANS	71,442,243	68,656,006
OVERDRAFTS	14,972,939	3,329,870
GROSS CARRYING AMOUNT	86,415,182	71,985,876
ALLOWANCE FOR CREDIT LOSSES	(101,563)	(2,125,927)
NET CARRYING AMOUNT	86,313,619	69,859,949
FAIR VALUE OF COLLATERALS	136,525,458	131,007,264

At 31 December 2019, the Bank's credit exposures 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

	2019			
	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	435,487,326			435,487,326
NON-PLEDGED TRADING ASSETS				
LOANS AND ADVANCES TO CUSTOMERS	479,644,736	151,629,095	100,912,412	732,186,243
INVESTMENT SECURITIES	734,891,613			734,891,613
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	16,028,341			16,028,341
GROSS CARRYING AMOUNT	1,666,052,016	151,629,095	100,912,412	1,918,593,523
ECL ALLOWANCE	(4,234,245)	(3,101,230)	(101,563)	(7,437,038)
NET CARRYING AMOUNT	1,661,817,771	148,527,865	100,810,849	1,911,156,485
OFF BALANCE SHEET EXPOSURES	444,343		1,166,497	1,610,840

	2018			
	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	420,829,509			420,829,509
NON-PLEDGED TRADING ASSETS	158,413,375			158,413,375
LOANS AND ADVANCES TO CUSTOMERS	392,829,910	105,826,583	71,985,876	570,642,369
INVESTMENT SECURITIES	8,884,361			8,884,361
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	11,895,817			11,895,817
GROSS CARRYING AMOUNT	992,852,972	105,826,583	71,985,876	1,170,665,431
ECL ALLOWANCE	(2,934,143)	(722,791)	(2,125,927)	(5,782,861)
NET CARRYING AMOUNT	989,918,829	105,103,792	69,859,949	1,164,882,570
OFF BALANCE SHEET EXPOSURES	124,183			124,183

4.2.6 Concentration of credit risk arising from loans and advances to customers

The Bank monitors concentrations of credit risk by sector. The table below shows analysis of concentrations of credit risk from loans and advances.

Concentration by product:

	2019	2018
TERM LOANS	624,447,715	439,097,956
OVERDRAFTS	94,291,337	119,399,418
STAFF LOANS	13,447,191	12,144,995
GROSS CARRYING AMOUNT	732,186,243	570,642,369
ALLOWANCE FOR IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
NET CARRYING AMOUNT	725,543,689	565,057,955

Concentration by industry:

	2019	2018
ON BALANCE SHEET EXPOSURES:		
AGRICULTURE	358,156	280,106
MANUFACTURING	79,630,049	34,186,177
COMMERCE AND FINANCE	90,562,226	73,742,853
TRANSPORT AND COMMUNICATIONS	57,619,647	5,508,745
MINING AND QUARRYING	12,501,417	11,856,244
BUILDING AND CONSTRUCTION	96,265,765	103,513,271
SERVICES	144,632,210	71,517,290
ELECTRICITY, OIL, GAS, ENERGY AND WATER	45,571,914	86,788,813
OTHERS	205,044,859	183,248,870
GROSS CARRYING AMOUNT	732,186,243	570,642,369
ALLOWANCE FOR IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
NET CARRYING AMOUNT	725,543,689	565,057,955

Off balance sheet exposures:

	2019	2018
SOCIAL COMMUNICATION AND PERSONAL SERVICES	276,685	241,335
BUSINESS SERVICES	39,918,154	16,674,597
WHOLESALE AND RETAIL	10,014,759	8,630,366
TRANSPORT AND COMMUNICATION	720,386	1,073,154
MANUFACTURING	8,430,965	66,369,820
OTHERS	131,348,428	36,125,607
GROSS CARRYING AMOUNT	190,709,377	129,114,879
ALLOWANCE FOR IMPAIRMENT LOSSES	(1,610,840)	(124,183)
NET CARRYING AMOUNT	189,098,537	128,990,696

4.2.7 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; and
- 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 tend to 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 credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Loans and advances that are credit impaired and the fair values of the related collaterals to mitigate potential losses are set out in note 4.2.5 above.

4.2.8 Loans with renegotiated terms

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

	2019	2018
GROSS LOANS AND ADVANCES	96,168,879	58,382,237
IMPAIRMENT LOSS PROVISION	(2,043,462)	(1,827,182)
NET CARRYING AMOUNT	94,125,417	56,555,055

4.2.9 Repossessed assets

As at the reporting date, the Bank had taken repossession of 2 (2018: 2) commercial properties used by borrowers as security for amount borrowed during the year. The carrying amount of repossessed assets at the reporting date is disclosed in note 24.

4.2.10 Non-pledged trading assets and investment securities

Non-pledged trading assets and investment securities represent investment in Government of Ghana treasury bills and bonds. They are neither past due nor impaired.

4.2.11 Key ratios on loans and advances

The table below sets key ratios applicable to loans and advances

The gross non-performing loan ratio is the gross non-performing loan expressed as a function of gross loans.

Loan loss provision is the loan impairments for the year expressed as a function of total loans.

	2019	2018
COMPONENT OF 50 LARGEST EXPOSURES TO TOTAL EXPOSURES	67.74%	63.08%
GROSS NON-PERFORMING LOAN RATIO	11.92%	12.61%
LOAN LOSS PROVISION	7.68%	9.71%

4.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset when they fall due. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

4.3.1 Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

To limit this risk, the Bank has developed internal control processes through its treasury department, which maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The Bank also maintains a statutory deposit with Bank of Ghana which is equal to 10% of customer deposits.

4.3.2 Exposure to liquidity risk

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

The table below sets out the Bank's ratio of net liquid assets to deposits from customers and balances due to banking institutions at the reporting date and during the reporting period.

	2019	2018
AT 31 DECEMBER	191.68%	264.22%
AVERAGE FOR THE PERIOD	207.74%	246.08%
MAXIMUM FOR THE PERIOD	251.06%	277.91%
MINIMUM FOR THE PERIOD	175.63%	182.08%

4.3.2 Residual contractual maturities of financial liabilities

The table below sets out 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 in respect of cash flows payable by the Bank are the contractual undiscounted cash flows.

	UP TO 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	327,420,929	379,907,196	380,814,649			1,088,142,774	1,083,816,478
DEPOSITS FROM BANKS	35,043,990					35,043,990	35,014,636
BORROWINGS	97,617,246	118,455,902	87,322,451			303,395,599	299,800,167
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	6,526,461	1,457,226	4,984,202			12,967,889	12,967,889
TOTAL FINANCIAL LIABILITIES	466,608,626	499,820,324	473,121,302			1,439,550,252	1,431,599,170
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	404,786,721	32,819,971				437,606,692	435,487,326
LOANS AND ADVANCES TO CUSTOMERS	240,107,055	86,460,800	116,445,138	242,489,797	61,800,000	747,302,790	725,536,689
INVESTMENT SECURITIES	37,652,627	223,257,242	281,971,825	244,727,208	12,149,510	799,758,412	734,891,613
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	10,571,213	5,457,128				16,028,341	16,028,341
TOTAL FINANCIAL ASSETS HELD TO MANAGE LIQUIDITY RISK	693,117,616	347,995,141	398,416,963	487,217,005	73,949,510	2,000,696,235	1,911,943,969

The balances in the above table will not agree directly to the balances in the statement of financial position as the table incorporates all cash flows (both principal and interest), on an undiscounted basis.

AT 31 DECEMBER 2018	UP TO 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	464,279,106	221,541,639	108,220,416			794,041,161	790,270,010
BORROWINGS	21,849,360	129,966,151	56,720,278			208,535,789	207,226,955
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	7,841,889	5,652,182		38,560,000		52,054,071	52,054,071
TOTAL FINANCIAL LIABILITIES	493,970,355	357,159,972	164,940,694	38,560,000		1,054,631,021	1,049,551,036
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	323,749,268	96,881,794				420,631,062	420,631,062
NON-PLEDGED TRADING ASSETS		24,219,964		134,193,411		158,413,375	158,413,375
LOANS AND ADVANCES TO CUSTOMERS	224,940,961	31,598,908	67,113,547	236,810,352	4,594,187	565,057,955	565,057,955
INVESTMENT SECURITIES	385,918	602,645	505,151	7,390,647		8,884,361	8,884,361
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	5,706,040	6,189,777				11,895,817	11,895,817
TOTAL FINANCIAL ASSETS HELD TO MANAGE LIQUIDITY RISK	554,782,187	159,493,088	67,618,698	378,394,410	4,594,187	1,164,882,570	1,164,882,570

The balances in the above table will not agree directly to the balances in the statement of financial position as the table incorporates all cash flows (both principal and interest), on an undiscounted basis.

4.4 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, 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 market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

4.4.1 Management of market risks

Overall responsibility for management of market risk rests with Assets and Liabilities Committee (ALCO). The risk department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

4.4.2 Exposure to interest rate risk

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

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

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

The interest rate risks sensitivity analysis is based on the following assumptions:

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments.
- Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognised at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modelling is applied to net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
- The projections make other assumptions including that all positions run to maturity.

AT 31 DECEMBER 2019	UP TO 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	66,418,598	31,870,592				337,198,137	435,487,326
LOANS AND ADVANCES TO CUSTOMERS	233,113,646	83,942,524	113,053,532	235,426,987	60,000,000		725,536,689
INVESTMENT SECURITIES	33,028,620	195,839,686	261,378,818	233,073,532	11,570,958		734,891,613
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)						16,028,341	16,028,341
TOTAL FINANCIAL LIABILITIES	332,560,864	311,652,802	374,432,350	468,500,519	71,570,958	353,266,478	1,911,943,969
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	154,301,016	231,787,956	275,311,744			422,415,762	1,083,816,478
DEPOSITS FROM BANKS	35,014,636						35,014,636
BORROWINGS	72,549,215	137,698,162	89,552,789				299,800,166
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)						12,967,889	12,967,889
TOTAL FINANCIAL LIABILITIES	261,864,867	369,486,118	364,864,533			435,383,651	1,431,599,169
TOTAL INTEREST REPRICING GAP	70,695,997	(57,833,316)	9,567,817	468,500,519	71,570,958	(82,157,173)	480,344,800

AT 31 DECEMBER 2018	UP TO 1 MONTH	1 - 3 MONTHS	3 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	121,057,847	96,881,794				202,691,421	420,631,062
NON-PLEDGED TRADING ASSETS		24,219,964		134,193,411			158,413,375
LOANS AND ADVANCES TO CUSTOMERS	224,940,961	31,598,908	67,113,547	236,810,352	4,594,187		565,057,955
INVESTMENT SECURITIES	385,918	602,644	505,152	7,390,647			8,884,361
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)						11,895,817	11,895,817
TOTAL FINANCIAL ASSETS	346,384,726	153,303,310	67,618,699	378,394,410	4,594,187	214,587,238	1,164,882,570
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	125,126,234	219,623,115	106,659,707			338,860,954	790,270,010
BORROWINGS	21,696,266	129,508,518	56,022,171				207,226,955
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)						52,054,071	52,054,071
TOTAL FINANCIAL LIABILITIES	146,822,500	349,131,633	162,681,878			390,915,025	1,049,551,036
TOTAL INTEREST REPRICING GAP	199,562,226	(195,828,323)	(95,063,179)	378,394,410	4,594,187	(176,327,787)	115,331,534

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 500 basis point (b.p.) parallel fall or rise in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being held constant) of the Bank's profit or loss. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at the reporting date.

An increase of a 500 basis points in interest rates at the reporting date would have impacted equity and profit / (loss) by the amounts shown below:

	Impact on profit or loss and equity increase/(decrease)	
	2019	2018
INCREASE IN 500 BASIS POINT:		
RATE SENSITIVE ASSETS	77,935,874	47,514,767
RATE SENSITIVE LIABILITIES	(49,810,776)	(32,931,801)
	28,125,098	14,582,966
DECREASE IN 500 BASIS POINT:		
RATE SENSITIVE ASSETS	(77,935,874)	(47,514,767)
RATE SENSITIVE LIABILITIES	49,810,776	32,931,801
	(28,125,098)	(14,582,966)

4.4.3 Exposure to foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions.

The Bank has in place Reuters System to monitor live interest and exchange rates to facilitate trading by the treasury department. This helps the Bank know what is happening at any moment in time on the markets and where opportunities are present.

The Bank operates mainly within Ghana and its assets and liabilities are carried in local currency. The Bank maintains trade with correspondent banks and takes deposits and lends in foreign currencies. The Bank is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank's currency position and exposure are managed within the exposure guideline stipulated by the Bank of Ghana. This position is reviewed and monitored on a daily basis and hedging strategies such as currency swaps are used to ensure positions are maintained within established limits.

The exchange rates used for translating the major foreign currency balances at the year-end are as follows:

	2019	2018
US DOLLAR	5.5337	4.8200
GB POUND	7.3164	6.1113
EURO	6.2114	5.5150
NGN	0.0181	0.0084

Foreign currency sensitivity analysis

The Bank's principal foreign currency exposures are to the US Dollar (USD), the Euro (EUR) and the British Pound Sterling (GBP). Foreign exchange risk represents appreciation/depreciation of the Ghana cedis against other currencies. The foreign exchange risk sensitivity analysis is based on the following assumptions:

- Foreign exchange exposures represent net currency positions of all currencies other than Ghana Cedi (GH).
- The currency risk sensitivity analysis is based on the assumption that all net currency positions are highly effective.
- The base currency in which the Bank's business is transacted is Ghana Cedis (GHS).

The table below illustrates a hypothetical sensitivity of reported profit to a 10% depreciation of the Ghana cedi against the major foreign currencies at the reporting date, assuming all other variables remained constant.

	Impact on profit or loss and equity increase/(decrease)	
	2019	2018
10% DEPRECIATION OF THE GHANA CEDI AGAINST:		
USD	(2,492,612)	(664,017)
GBP	(21,501)	(90,109)
EUR	1,593,085	(1,807,116)
	(921,028)	(2,561,242)

The table below summarises the Bank's exposure to foreign currency exchange risk at the reporting date. The amounts stated in the table are the Ghana cedi equivalent of the foreign currency amounts.

AT 31 DECEMBER 2019	USD	GBP	EUR	TOTAL
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	215,217,774	9,271,463	24,934,430	249,423,667
LOANS AND ADVANCES TO CUSTOMERS	228,542,374	1,264	10,507,810	239,051,448
INVESTMENT SECURITIES	138,773,077			138,773,077
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	3,714,335		76,384	3,790,719
TOTAL FINANCIAL ASSETS	586,247,560	9,272,727	35,518,624	631,038,911
FINANCIAL LIABILITIES				
CUSTOMER DEPOSITS	308,826,029	9,466,584	18,893,298	337,185,911
BORROWINGS	299,800,167			299,800,167
LEASE LIABILITIES	19,196,230			19,196,230
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	2,547,492	21,153	694,474	3,263,119
TOTAL FINANCIAL LIABILITIES	630,369,918	9,487,737	19,587,772	659,445,427
NET ON BALANCE SHEET POSITION	(44,122,358)	(215,011)	15,930,852	(28,406,516)
NET OFF BALANCE SHEET POSITION	162,854,004		5,194,541	

AT 31 DECEMBER 2018	USD	GBP	EUR	TOTAL
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	187,470,327	6,238,150	6,434,759	200,143,236
LOANS AND ADVANCES TO CUSTOMERS	158,343,969		28,361,700	186,705,669
INVESTMENT SECURITIES	96,400,000			96,400,000
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	2,268,945		171,970	2,440,915
TOTAL FINANCIAL ASSETS	444,483,241	6,238,150	34,968,429	485,689,820
FINANCIAL LIABILITIES				
CUSTOMER DEPOSITS	202,385,789	7,121,235	51,706,881	261,213,905
BORROWINGS	207,226,955			207,226,955
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	41,510,663	18,006	1,332,705	42,861,374
TOTAL FINANCIAL LIABILITIES	451,123,407	7,139,241	53,039,586	511,302,234
NET ON BALANCE SHEET POSITION	(6,640,166)	(901,091)	(18,071,157)	(25,612,414)
NET OFF BALANCE SHEET POSITION	88,550,076		23,174,549	111,724,625

4.5 Capital management

The Bank of Ghana sets and monitors capital requirements for the Bank. The Bank's objectives when managing capital are:

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

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

4.5.1 Regulatory capital

Bank of Ghana (BoG) requires banks to implement the Capital Requirements Directive (CRD) issued in June 2018. The implementation of the directive commenced from 1 July 2018 with an effective compliance date of 1 January 2019.

The Capital Requirement Directive (CRD) has four main parts. The first part provides principles for capital management and the constituents of eligible regulatory capital. The second, third and fourth parts provide guidance on the role of the board in the management of credit, operational and market risk respectively. Guidelines for the computation of credit risk weighted asset, operational and market risk capital charges are also detailed in the CRD document. Capital adequacy and the use of regulatory capital are monitored daily by management. The required information is filed with Bank of Ghana on a monthly basis. Bank of Ghana requires each bank to:

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

(b) maintain a ratio of total regulatory capital to risk-weighted assets above a required minimum of 13%.

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

Common Equity Tier 1 capital: includes ordinary (common) shares issued by the bank that meet the criteria for classification as ordinary shares for regulatory purposes, retained earnings, statutory reserves and disclosed reserves after deducting specified assets such as intangibles and certain classes of investments.

Common Equity Tier 2 capital: includes qualifying subordinated loan capital, property revaluation reserves and unrealised gains arising on the fair valuation of instruments held as hold to collect and sell.

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

4.5.2 Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Bank of Ghana Capital Requirements Directive (CRD or 'the Directive') issued under Section 92(1) of the Banks and Specialised Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act'), a minimum ratio of 13% is to be maintained.

The table below summarises the composition of regulatory capital and ratios of the Bank based on the CRD guidelines.

	2019
TIER 1 CAPITAL	
ORDINARY SHARE CAPITAL	422,288,538
STATUTORY RESERVE	105,571,896
OTHER QUALIFYING RESERVES	52,465,750
RETAINED EARNINGS	13,858,131
TIER 1 CAPITAL BEFORE ADJUSTMENTS	594,184,315
LESS: REGULATORY ADJUSTMENT	(77,733,621)
TOTAL TIER 1 CAPITAL	516,450,694
TIER 2 CAPITAL	
OTHER RESERVES	1,482,251
TOTAL	517,932,945
RISK PROFILE	
TOTAL CREDIT RISK-WEIGHTED ASSET	876,609,699
TOTAL OPERATIONAL RISK-WEIGHTED ASSET	317,973,419
TOTAL MARKET RISK-WEIGHTED ASSET	79,173,609
TOTAL RISK WEIGHTED ASSET	1,273,756,727
CAPITAL ADEQUACY RATIO	40.66%

The tables below summarises the composition of regulatory capital adequacy ratios of the Bank as at 31 December 2018 in line with the capital adequacy requirements of Section 23(1) of the Banking Act, 2004 (Act 673).

	2018
PAID-UP CAPITAL	100,960,828
DEPOSIT FOR SHARES	38,560,000
DISCLOSED RESERVES	107,196,404
TIER 1 CAPITAL	**246,717,232**
LESS	
GOODWILL/INTANGIBLES	(73,543,636)
ADJUSTED CAPITAL BASE	**173,173,596**
TOTAL ASSETS (LESS CONTRA ITEMS)	1,258,376,114
LESS	
CASH AT BANK OF GHANA	(157,751,263)
CLAIMS OF FINANCIAL AND GUARANTEED LOANS	(447,122,458)
ADJUSTED TOTAL ASSETS	**653,502,393**
ADD	
NET CONTINGENT LIABILITIES	111,250,881
50% OF NET OPEN POSITION	4,617,482
100% OF 3YEARS AVERAGE ANNUAL GROSS INCOME	121,912,921
ADJUSTED ASSET BASE	**891,283,677**
CAPITAL ADEQUACY RATIO (%)	19.43%

4.5.3 Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved in the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in certain cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital 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 independence of those responsible for the operation, by Bank Risk and Bank's Capex Committee, Risk Management 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 objective. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

4.6 Fair value of financial instruments

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

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

4.6.1 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. This level includes available for sale financial assets which are Bank of Ghana's securities which are valued by reference to Bank of Ghana market rates and financial assets held for trading which are valued based on forward rates from Reuters and spot rates from Bank of Ghana.
- Level 3 - Inputs that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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 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.

4.6.2 Financial instruments measured at fair value

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.

	Level 2	
	2019	2018
NON-PLEDGED TRADING ASSETS		158,413,375
INVESTMENT SECURITIES		
- MEASURED AT FAIR VALUE THROUGH OCI	139,922,178	1,001,210

The following table sets out the fair values of financial instruments not measured at fair values in the statement of financial position and their respective level in the fair value hierarchy:

	2019		2018	
	Level 2			
	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	435,487,326	435,487,326	420,631,062	420,631,062
LOANS AND ADVANCES TO CUSTOMERS	734,787,281	725,543,689	573,108,971	565,057,955
INVESTMENT SECURITIES	606,191,201	594,969,436	7,883,151	7,883,151
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	16,028,341	16,028,341	11,895,817	11,895,817
TOTAL FINANCIAL ASSETS	1,792,494,149	1,772,028,792	1,013,519,001	1,005,467,985
FINANCIAL LIABILITIES				
DEPOSITS FROM CUSTOMERS	1,088,142,773	1,083,816,478	793,591,732	790,270,010
DEPOSITS FROM BANKS	35,018,824	35,014,636		
BORROWINGS	299,982,182	299,800,167	208,254,576	207,226,955
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	12,967,889	12,967,889	52,054,071	52,054,071
TOTAL FINANCIAL LIABILITIES	1,436,111,668	1,431,599,170	1,053,900,379	1,049,551,036

The determination of fair values of the above-named financial instruments is set out below:

Deposits and balances due from banking institutions included in cash and cash equivalents

Deposits and balances due from banking institutions include inter-bank placements. The fair values of floating rate placements and overnight deposits is a reasonable approximation to their carrying amounts. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. The carrying amount approximates their fair values.

Hold to collect

Expected cash flows are discounted at current market rates to determine fair value using the effective interest method.

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Borrowings

The aggregate fair values are calculated based on a discounted cash flow model using observable market rate appropriate for the remaining term to maturity of the debt securities.

Other assets (excluding prepayments and stationery stocks)

The estimated fair value of other assets excluding prepayments and stationery stocks represents the discounted amount of estimated future cash flows expected to be received. The carrying amount approximates their fair value.

Cash and bank balances with Bank of Ghana

Management assessed that cash and bank balances with Bank of Ghana approximate their carrying amounts largely due to their short-term nature.

Other liabilities

The fair values of other financial liabilities approximates their carrying amounts.

4.7 Geographical concentration of assets and liabilities

The table below sets out analysis of financial assets and liabilities of the Bank held inside and outside Ghana:

	2019		2018	
	Outside			
	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	311,502,108	123,984,977	379,215,545	41,415,517
NON-PLEDGED TRADING ASSETS			158,413,375	
LOANS AND ADVANCES TO CUSTOMERS	725,536,689		565,057,955	
INVESTMENT SECURITIES	734,891,613		8,884,361	
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	16,028,341		11,895,817	
TOTAL FINANCIAL ASSETS	1,787,958,751	123,984,977	1,123,467,053	41,415,517
FINANCIAL LIABILITIES				
CUSTOMER DEPOSITS	1,083,816,478		790,270,010	
DEPOSITS FROM BANKS	35,014,636			
BORROWINGS		299,800,167		207,226,955
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	12,967,889		52,054,071	
TOTAL FINANCIAL LIABILITIES	1,131,799,003	299,800,167	842,324,081	207,226,955
OFF BALANCE SHEET EXPOSURES				
LETTERS OF CREDIT	74,888,504		60,352,355	
FINANCIAL GUARANTEES	115,820,873		68,762,524	
TOTAL OFF BALANCE SHEET EXPOSURES	190,709,377		129,114,879	

5. NET INTEREST INCOME

	2019	2018
INTEREST INCOME		
PLACEMENTS AND SHORT-TERM FUNDS	16,476,214	10,469,084
INVESTMENT SECURITIES	74,571,857	17,197,249
LOANS AND ADVANCES TO CUSTOMERS	101,025,565	102,785,243
TOTAL INTEREST INCOME	192,073,636	130,451,576
INTEREST EXPENSE		
FIXED/TIME DEPOSITS	29,850,150	19,834,576
SAVINGS DEPOSITS	3,997,936	3,801,529
DEMAND AND CALL DEPOSITS	2,954,896	2,666,225
INTER-BANK BORROWINGS	1,051,201	3,640,609
OTHER BORROWINGS	7,444,415	5,291,267
FINANCE COST ON LEASE LIABILITIES	728,223	
TOTAL INTEREST EXPENSE	46,026,821	35,234,206
NET INTEREST INCOME	146,056,815	95,217,370

6. NET FEES AND COMMISSION INCOME

	2019	2018
FEES AND COMMISSION INCOME		
COMMISSION ON TURNOVER	4,898,742	4,240,901
FEES AND CHARGES	6,920,043	4,137,852
FOREIGN TRADE INCOME	5,877,427	5,936,007
FEES ON LOANS AND ADVANCES	6,070,583	6,392,259
GUARANTEES CHARGES AND COMMISSION	1,874,022	949,971
TOTAL FEES AND COMMISSION INCOME	25,640,817	21,656,990
FEES AND COMMISSION EXPENSE		
INTER-BANK TRANSACTION FEES	3,058,788	3,221,954
VISA CHARGES	333,716	318,046
TOTAL FEES AND COMMISSIONS EXPENSE	3,392,504	3,540,000
NET FEES AND COMMISSION INCOME	22,248,313	18,116,990

7. NET TRADING INCOME

	2019	2018
GAINS ON FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE	84,418	1,440,417
FOREIGN EXCHANGE GAINS	43,552,659	27,908,915
	43,637,077	29,349,332

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange dealings.

8. OTHER OPERATING INCOME

	2019	2018
BAD DEBTS RECOVERED	5,078,704	3,923,130
GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	77,136	344
LOSS ON DISPOSAL OF REPOSSESSED COLLATERAL		(1,157,000)
	5,155,840	2,766,474

9. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2019	2018
LOANS AND ADVANCES TO CUSTOMERS (NOTE 18)	18,901,011	14,924,115
CASH AND CASH EQUIVALENT	50,476	(1,436)
OFF BALANCE SHEET EXPOSURES	1,406,584	60,162
	20,358,071	14,982,841

10. PERSONNEL EXPENSES

	2019	2018
SALARIES, BONUSES AND STAFF ALLOWANCES	35,551,837	31,523,151
SOCIAL SECURITY FUND CONTRIBUTION	1,772,415	1,597,631
OTHER STAFF PENSION CONTRIBUTION – PROVIDENT FUND	1,367,725	1,219,279
OTHER STAFF COSTS	8,704,064	7,258,781
	47,396,041	41,598,842

The number of persons employed by the Bank at the end of the year was 342 (2018: 356).

11. DEPRECIATION AND AMORTISATION

	2019	2018
DEPRECIATION OF PROPERTY AND EQUIPMENT	4,605,615	5,156,787
DEPRECIATION OF RIGHT OF USE ASSET	3,104,859	-
AMORTISATION OF LEASEHOLD LAND	1,202,690	11,552
AMORTISATION OF INTANGIBLE ASSETS (NOTE 23)	1,199,094	1,005,736
	10,112,258	6,174,075

12. OTHER EXPENSES

	2019	2018
DIRECTORS' EMOLUMENTS	960,087	807,181
OCCUPANCY COSTS	5,811,685	12,375,147
AUDITORS REMUNERATION	391,000	452,000
DONATIONS AND SOCIAL RESPONSIBILITY	77,384	3,898
MOTOR VEHICLE RUNNING COSTS	2,965,881	827,715
ADMINISTRATIVE COSTS	23,840,577	20,334,417
REPAIRS AND MAINTENANCE	1,258,241	1,117,861
INSURANCE	938,555	484,928
LEGAL AND OTHER PROFESSIONAL FEES	379,475	381,946
SOFTWARE FEES AND MAINTENANCE	10,158,329	5,363,419
TRAINING AND RESEARCH	337,949	649,983
SECURITY	1,709,095	1,762,216
TELEPHONE AND POSTAGE	692,755	758,992
	49,521,013	45,319,703

13. INCOME TAX EXPENSE

	2019	2018
CURRENT INCOME TAX CHARGE (NOTE 21(B))	17,186,175	10,263,026
DEFERRED INCOME TAX CHARGE (NOTE 20)	3,332,991	669,586
	20,519,166	10,932,612

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

	2019	2018
PROFIT BEFORE INCOME TAX	89,700,662	37,374,705
TAX CHARGED AT ENACTED INCOME TAX RATE OF 25%	22,425,166	9,343,676
EXPENSES NOT DEDUCTIBLE FOR TAX PURPOSES	(5,238,991)	860,272
PRIOR YEAR TAX CHARGE		2,228,391
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	3,332,991	(1,499,727)
	20,519,166	10,932,612

14. CHANGES IN FAIR VALUE ON INVESTMENTS MEASURED AT FVOCI

	2019	2018
GAIN ON INVESTMENTS MEASURED AT FVOCI	1,976,336	(4,012)
INVESTMENTS AT FVOCI RECLASSIFIED TO PROFIT OR LOSS	4,012	(2,130,251)
CHANGES IN FAIR VALUE	1,980,348	(2,134,263)
DEFERRED INCOME TAX (CHARGE)/CREDIT	(495,088)	533,566
	1,485,260	(1,600,697)

15. CASH AND CASH EQUIVALENTS

	2019	2018
CASH ON HAND	76,533,884	60,636,284
BALANCES WITH BANK OF GHANA	130,215,857	97,114,979
BALANCES WITH LOCAL BANKS	6,463,659	3,524,641
BALANCES WITH FOREIGN BANKS	123,984,977	41,415,517
INTERBANK PLACEMENTS	98,288,949	217,939,641
	435,487,326	420,631,062

The balances with Bank of Ghana includes an amount of GHS 108,172,235 (2018: GHS 83,768,621) representing mandatory reserve. This reserve represents and complies with the mandatory minimum of 10% (2018: 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.

Balances with foreign banks and interbank placements are net of expected credit allowance of GHS 794,484 (2018: GH¢ 198,477) assessed in accordance with IFRS 9.

	2019	2018
CASH ON HAND AND BANK BALANCES WITH BANK OF GHANA	206,749,741	157,751,263
BALANCES WITH LOCAL AND FOREIGN BANKS	130,448,636	44,940,158
INTERBANK PLACEMENTS	98,288,949	217,939,641
CASH AND BANK BALANCES	435,487,326	420,631,062
LESS MANDATORY RESERVE WITH BANK OF GHANA	(108,172,235)	(83,768,621)
	327,315,091	336,862,441

16. NON-PLEDGED TRADING ASSETS

	2019	2018
1 YEAR TREASURY NOTE		
2 YEAR FIXED RATE NOTE		24,219,964
3 YEAR NOTES		123,435,335
5 YEAR TREASURY BONDS		10,758,076
		158,413,375
CURRENT		24,219,964
NON-CURRENT		134,193,411
		158,413,375

17. LOANS AND ADVANCES TO CUSTOMERS

	2019	2018
TERM LOANS	622,915,230	439,097,956
OVERDRAFTS	95,823,822	119,399,418
STAFF LOANS/MORTGAGES	13,447,191	12,144,995
GROSS LOANS AND ADVANCES		
	732,186,243	570,642,369
ALLOWANCE FOR IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
NET LOANS AND ADVANCES AT AMORTISED COST	**725,543,689**	**565,057,955**

ANALYSIS BY TYPE OF CUSTOMER	2019	2018
INDIVIDUALS	192,952,698	167,902,072
PRIVATE ENTERPRISES	429,678,229	334,901,182
STATE ENTERPRISE AND PUBLIC INSTITUTIONS	96,108,125	55,694,120
STAFF	13,447,191	12,144,995
GROSS LOANS AND ADVANCES	**732,186,243**	**570,642,369**
ALLOWANCE FOR IMPAIRMENT LOSSES	(6,642,554)	(5,584,414)
NET LOANS AND ADVANCES AT AMORTISED COST	**725,543,689**	**565,057,955**
CURRENT	391,388,883	323,653,416
NON-CURRENT	334,154,806	241,404,539
	725,543,689	565,057,955
AT 1 JANUARY	**5,584,414**	**6,465,443**
IFRS 9 TRANSITION ADJUSTMENT	-	3,742,005
IMPAIRMENT CHARGE FOR THE YEAR	18,901,011	14,924,115
AMOUNTS WRITTEN OFF AS UNCOLLECTIBLE	(17,842,871)	(19,547,149)
AT 31 DECEMBER	**6,642,554**	**5,584,414**
ANALYSIS OF IMPAIRMENT LOSS PROVISION AT REPORTING DATE		
12-MONTH EXPECTED CREDIT LOSS PROVISION	3,439,761	2,735,696
LIFETIME EXPECTED CREDIT LOSS PROVISION NOT CREDIT IMPAIRED	3,101,230	722,791
LIFETIME EXPECTED CREDIT LOSS PROVISION CREDIT IMPAIRED	101,563	2,125,927
	6,642,554	5,584,414

18. INVESTMENT SECURITIES

	2019	2018
INVESTMENTS MEASURED AT FVOCI	139,922,177	1,001,210
INVESTMENTS MEASURED AT AMORTISED COST (HOLD TO COLLECT)	594,969,436	7,883,151
	734,891,613	8,884,361
CURRENT	1,051,445	1,493,714
NON-CURRENT	733,840,168	7,390,647
	734,891,613	8,884,361

As at the reporting date, the Bank had pledged GHS 35,014,636 (2018: GHS 90,554,400) of its investments in government securities as security for liabilities from other financial institutions. These assets cannot be sold or pledged as security whilst there is no default on the liability.

	2019	2018
INVESTMENT SECURITIES COMPRISE:		
TREASURY BILLS	221,094,380	1,001,210
GOVERNMENT BONDS	513,797,233	7,883,151
	734,891,613	8,884,361

19. DEFERRED TAX ASSETS/(LIABILITY)

	2019	2018
AT 1 JANUARY	**2,200,795**	**1,335,338**
IFRS 9 OPENING ADJUSTMENT IN INCOME SURPLUS ACCOUNT		1,001,477
AT 1 JANUARY AS RESTATED	2,200,795	2,336,815
CHARGED TO PROFIT OR LOSS	(3,332,978)	(669,586)
(CHARGE)/CREDIT TO OTHER COMPREHENSIVE INCOME	(181,373)	533,566
AT 31 DECEMBER	(1,313,556)	2,200,795
DEFERRED INCOME TAX ASSET/LIABILITY IS ATTRIBUTABLE TO THE FOLLOWING:		
DEFERRED TAX LIABILITIES		
PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	(1,738,483)	(563,255)
FAIR VALUE GAINS ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH OCI	(494,083)	(313,714)
DEFERRED TAX ASSETS		
FAIR VALUE LOSSES ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH OCI		1,003
IMPAIRMENT LOSS PROVISION ON FINANCIAL INSTRUMENTS	919,010	3,076,761
NET DEFERRED TAX (LIABILITY)/ASSETS	(1,313,556)	2,200,795

20. TAXATION

(a) National fiscal stabilisation levy

	AT 1 JANUARY	CHARGE FOR THE YEAR	PAYMENT DURING THE YEAR	AT 31 DECEMBER
YEAR ENDED 31 DECEMBER 2019				
YEAR OF ASSESSMENT:				
UP TO 2018	493,839			493,839
2019		4,485,045	(4,815,776)	(330,731)
	493,839	4,485,045	(4,815,776)	163,108
YEAR ENDED 31 DECEMBER 2018				
YEAR OF ASSESSMENT:				
UP TO 2017	753,738			753,738
2018		1,868,735	(2,128,634)	(259,899)
	753,738	1,868,735	(2,128,634)	493,839

(b) Current income taxy

	AT 1 JANUARY	CHARGE FOR THE YEAR	PAYMENT DURING THE YEAR	AT 31 DECEMBER
YEAR ENDED 31 DECEMBER 2019				
YEAR OF ASSESSMENT:				
UP TO 2018	(2,492,852)			(2,492,852)
2019		17,186,175	(19,099,652)	(1,913,477)
	(2,492,852)	17,186,175	(19,099,652)	(4,406,329)
YEAR ENDED 31 DECEMBER 2018				
YEAR OF ASSESSMENT:				
UP TO 2017	(3,069,954)	2,228,391		(841,563)
2018		8,034,635	(9,685,924)	(1,651,289)
	(3,069,954)	10,263,026	(9,685,924)	(2,492,852)

Taxation as presented in the statement of financial position comprise:

	2019	2018
CURRENT INCOME TAX ASSET (NOTE 21(B))	4,406,329	2,492,852
NATIONAL FISCAL STABILISATION LEVY (NOTE 21 (A))	(163,108)	(493,839)
	4,243,221	1,999,013

21. LEASES

The Bank leases various office as branches. Rental contracts are typically made for fixed periods of 12 months to 10 years but may have extension options as described in note 2.6.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases where the Bank is a lessee

	2019	2018
RIGHT-OF-USE		
BUILDINGS	23,712,896	
LEASE LIABILITIES		
CURRENT	6,532,385	
NON-CURRENT	12,663,845	
	19,196,230	

There were no additions to right-of-use assets during the year.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases

	2019	2018
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS		
BUILDINGS	3,104,859	
FINANCE COST (INCLUDED IN INTEREST EXPENSE)	728,223	
FOREIGN EXCHANGE LOSS (INCLUDED IN ADMINISTRATIVE COSTS)	2,220,652	

The total cash outflow for leases in 2019 was GHS 5,698,419.

22. INTANGIBLE ASSETS - SOFTWARE

	2019	2018
COST		
AT 1 JANUARY	10,075,345	7,963,509
ADDITIONS	2,817,682	2,111,836
AT 31 DECEMBER	12,893,027	10,075,345
ACCUMULATED AMORTISATION		
AT 1 JANUARY	7,672,946	6,667,210
CHARGE FOR THE YEAR	1,199,094	1,005,736
AT 31 DECEMBER	8,872,040	7,672,946
NET BOOK AMOUNT	4,020,987	2,402,399

23. OTHER ASSETS

	2019	2018
PREPAYMENTS	14,185,937	23,740,806
STATIONERY STOCKS	913,604	1,193,622
LOCAL CHEQUES ON COLLECTION	10,066,049	5,621,832
FOREIGN BILLS ON COLLECTION		48,200
REPOSSESSED COLLATERALS		8,200,000
PREPAID STAFF BENEFIT	3,857,835	4,799,573
SETTLEMENT ON MONEY TRANSFER	285,584	732,015
OTHERS	905,268	694,197
	30,214,277	45,030,245
CURRENT	26,269,059	36,071,450
NON-CURRENT	3,945,218	8,958,795
	30,214,277	45,030,245

24. Non-current assets held for sale

	2019	2018
AT 1 JANUARY		
ADDITIONS	30,744,333	
AT 31 DECEMBER	30,744,333	

Repossessed collaterals held for sale represent commercial properties the Bank has taken possession from defaulting customers who used the said properties as securities for credit facilities.

25. PROPERTY AND EQUIPMENT

	LEASEHOLD LANDS	BUILDINGS	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	COMPUTERS HARDWARE	WORK-IN PROGRESS	TOTAL
YEAR ENDED 31 DECEMBER 2019								
COST								
AT 1 JANUARY 2019	524,991	40,465,178	17,253,735	3,413,951	4,625,133	6,102,387	7,081,163	79,466,538
ADDITIONS			2,376,491	88,935	174,881	2,429,299	7,815,470	12,885,076
TRANSFERS			5,031,271				(6,947,770)	(1,916,499)
DISPOSALS			(87,655)		(241,337)			(328,992)
AT 31 DECEMBER 2019	**524,991**	**40,465,178**	**24,573,842**	**3,502,886**	**4,558,677**	**8,531,686**	**7,948,863**	**90,106,123**
ACCUMULATED DEPRECIATION								
AT 1 JANUARY 2019	149,445	2,976,712	12,196,817	1,813,702	4,061,527	4,511,426		25,709,629
CHARGE FOR THE YEAR	11,552	1,191,139	3,046,986	532,251	235,592	790,786		5,808,306
RELEASED ON DISPOSAL			(87,655)		(241,337)			(328,992)
AT 31 DECEMBER 2019	**160,997**	**4,167,851**	**15,156,148**	**2,345,953**	**4,055,782**	**5,302,212**		**31,188,942**
NET BOOK AMOUNT								
AT 31 DECEMBER 2019	363,994	36,297,327	9,417,694	1,156,933	502,895	3,229,474	7,948,863	58,917,180

	LEASEHOLD LANDS	BUILDINGS	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	COMPUTERS HARDWARE	WORK-IN PROGRESS	TOTAL
YEAR ENDED 31 DECEMBER 2018								
COST								
AT 1 JANUARY 2018	524,991	40,453,200	16,881,645	3,366,598	4,207,980	5,345,575	5,095,922	75,875,911
ADDITIONS		11,978	372,090	47,353	417,153	764,312	1,985,241	3,598,127
DISPOSALS						(7,500)		(7,500)
AT 31 DECEMBER 2018	**524,991**	**40,465,178**	**17,253,735**	**3,413,951**	**4,625,133**	**6,102,387**	**7,081,163**	**79,466,538**
ACCUMULATED DEPRECIATION								
AT 1 JANUARY 2018	137,893	1,783,422	10,001,851	1,280,708	3,434,811	3,903,699		20,542,384
CHARGE FOR THE YEAR	11,552	1,193,290	2,194,966	532,994	626,716	608,821		5,168,339
RELEASED ON DISPOSAL						(1,094)		(1,094)
AT 31 DECEMBER 2018	**149,445**	**2,976,712**	**12,196,817**	**1,813,702**	**4,061,527**	**4,511,426**		**25,709,629**
NET BOOK AMOUNT								
AT 31 DECEMBER 2018	375,546	37,488,466	5,056,918	1,600,249	563,606	1,590,961	7,081,163	53,756,909

Gains on disposal of property, plant and equipment

	2019	2018
COST	328,992	7,500
ACCUMULATED DEPRECIATION	(328,992)	(1,094)
NET BOOK AMOUNT		6,406
PROCEEDS FROM DISPOSAL	(77,136)	(6,749)
GAINS ON DISPOSAL	**(77,136)**	**(343)**

26. DEPOSITS FROM CUSTOMERS

	2019	2018
SAVINGS DEPOSITS	293,281,758	197,222,707
DEMAND AND CALL DEPOSITS	494,003,705	389,653,005
FIXED/TIME DEPOSITS	296,531,015	203,394,298
	1,083,816,478	790,270,010
ANALYSIS BY TYPE OF CUSTOMERS		
FINANCIAL INSTITUTIONS	29,140,287	12,568,268
INDIVIDUALS AND OTHER PRIVATE ENTERPRISES	859,550,643	716,777,484
PUBLIC ENTERPRISES	195,125,548	60,924,258
	1,083,816,478	790,270,010
CURRENT	1,083,816,478	790,270,010
NON-CURRENT		
	1,083,816,478	790,270,010
COMPOSITION OF 20 LARGEST DEPOSITS TO TOTAL DEPOSITS	40.67%	36.18%

27. DEPOSIT FROM BANKS

	2019	2018
FINANCIAL INSTITUTIONS (REGULATED)	35,014,636	
DEPOSITS FROM BANKS ARE CURRENT.		

28. BORROWINGS

	2019	2018
FOREIGN BANKS	299,800,167	207,226,955
CURRENT	299,800,167	207,226,955
NON-CURRENT		
	299,800,167	207,226,955

Borrowings represent short-term loans. The balance at the reporting date comprise amounts due from the following related entities:

	2019	2018
BANK OF AFRICA - DJIBOUTI	271,479,090	163,264,685
BANK OF AFRICA - KENYA	28,321,077	22,266,004
BANK OF AFRICA - UGANDA		21,696,266
	299,800,167	207,226,955

The Bank secured loans from the related entities listed below under the following arrangements:

LENDER	CURRENCY	AMOUNT	DURATION (DAYS)	INTEREST RATE PER ANNUM (%)
BANK OF AFRICA - MER ROUGE	USD	7,000,000	30	2.90%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	365	3.50%
BANK OF AFRICA - KENYA	USD	1,000,000	89	3.50%
BANK OF AFRICA - UGANDA	USD	1,500,000	14	2.50%
BANK OF AFRICA - MER ROUGE	USD	10,000,000	30	3.00%
BANK OF AFRICA - UGANDA	USD	1,500,000	7	2.35%
BANK OF AFRICA - MER ROUGE	USD	6,500,000	365	3.30%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	7	2.85%
BANK OF AFRICA - UGANDA	USD	2,000,000	14	2.75%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	123	3.00%
BANK OF AFRICA - UGANDA	USD	1,000,000	14	2.75%
BANK OF AFRICA - KENYA	USD	7,000,000	6	2.60%
BANK OF AFRICA - MER ROUGE	USD	10,000,000	15	3.00%
BANK OF AFRICA - MER ROUGE	USD	10,000,000	7	2.95%
BANK OF AFRICA - UGANDA	USD	1,500,000	14	2.70%
BANK OF AFRICA - UGANDA	USD	1,000,000	14	2.75%
BANK OF AFRICA - UGANDA	USD	2,000,000	14	2.75%
BANK OF AFRICA - MER ROUGE	EUR	10,000,000	180	2.40%
BANK OF AFRICA - UGANDA	USD	3,000,000	14	2.75%
BANK OF AFRICA - KENYA	USD	1,000,000	92	3.50%
BANK OF AFRICA - KENYA	USD	1,700,000	349	1.00%
BANK OF AFRICA - UGANDA	USD	1,000,000	7	2.60%
BANK OF AFRICA - MER ROUGE	EUR	1,000,000	30	2.25%
BANK OF AFRICA - KENYA	EUR	500,000	30	2.30%
BANK OF AFRICA - UGANDA	USD	3,000,000	31	2.80%
BANK OF AFRICA - MER ROUGE	USD	7,000,000	123	3.45%
BANK OF AFRICA - MER ROUGE	USD	3,000,000	188	3.08%
BANK OF AFRICA - KENYA	USD	1,200,000	65	1.00%
BANK OF AFRICA - MER ROUGE	EUR	1,000,000	30	2.25%
BANK OF AFRICA - KENYA	EUR	500,000	33	2.30%
BANK OF AFRICA - UGANDA	USD	1,500,000	30	2.80%
BANK OF AFRICA - KENYA	USD	1,000,000	33	3.10%

LENDER	CURRENCY	AMOUNT	DURATION (DAYS)	INTEREST RATE PER ANNUM (%)
BANK OF AFRICA - UGANDA	USD	2,000,000	15	2.70%
BANK OF AFRICA - KENYA	EUR	500,000	33	2.40%
BANK OF AFRICA - UGANDA	USD	1,500,000	30	2.80%
BANK OF AFRICA - UGANDA	USD	2,000,000	14	2.70%
BANK OF AFRICA - UGANDA	EUR	1,000,000	7	2.00%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	119	3.00%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	28	2.55%
BANK OF AFRICA - KENYA	USD	1,200,000	364	1.00%
BANK OF AFRICA - MER ROUGE	USD	7,000,000	30	2.90%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	365	3.50%
BANK OF AFRICA - KENYA	USD	1,000,000	89	3.50%
BANK OF AFRICA - UGANDA	USD	1,500,000	14	2.50%
BANK OF AFRICA - MER ROUGE	USD	10,000,000	30	3.00%
BANK OF AFRICA - UGANDA	USD	1,500,000	7	2.35%
BANK OF AFRICA - KENYA	EUR	500,000	30	2.40%
BANK OF AFRICA - UGANDA	USD	4,000,000	14	2.60%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	93	2.50%
BANK OF AFRICA - MER ROUGE	USD	3,000,000	152	2.95%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	94	2.55%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	11	2.50%
BANK OF AFRICA - KENYA	EUR	500,000	30	2.20%
BANK OF AFRICA - MER ROUGE	USD	4,000,000	365	2.95%
BANK OF AFRICA - UGANDA	EUR	1,000,000	17	1.55%
BANK OF AFRICA - MER ROUGE	USD	5,000,000	70	2.50%
BANK OF AFRICA - KENYA	USD	500,000	216	1.00%
BANK OF AFRICA - MER ROUGE	USD	7,000,000	364	3.40%
BANK OF AFRICA - UGANDA	EUR	500,000	7	1.50%
BANK OF AFRICA - KENYA	USD	1,700,000	192	1.00%
BANK OF AFRICA - KENYA	EUR	1,500,000	14	1.70%
BANK OF AFRICA - MER ROUGE	USD	15,000,000	8	2.00%
BANK OF AFRICA - MER ROUGE	USD	15,000,000	8	2.00%
BANK OF AFRICA - MER ROUGE	USD	15,000,000	7	2.40%
BANK OF AFRICA - MER ROUGE	USD	15,000,000	7	2.40%
BANK OF AFRICA - KENYA	EUR	1,500,000	7	1.70%
BANK OF AFRICA - MER ROUGE	USD	10,000,000	91	3.40%
BANK OF AFRICA - KENYA	EUR	500,000	30	2.40%

The movement in respect of borrowing facilities utilised during the year is as follows:

		INTEREST		EXCHANGE	AT	
LENDER	AT 1 JANUARY	DRAWDOWNS	CHARGED	REPAYMENTS	LOSSES	31 DECEMBER
YEAR ENDED 31 DECEMBER 2019						
BOA-DJIBOUTI	163,264,685	689,944,011	5,597,771	(679,655,233)	92,327,856	271,479,090
BOA-KENYA	22,266,004	468,289,839	1,508,557	(395,913,358)	(67,829,965)	28,321,077
BOA-UGANDA	21,696,266	229,798,117	338,087	(252,509,748)	677,279	
	207,226,955	1,388,031,967	7,444,415	(1,328,078,339)	25,175,170	299,800,167
YEAR ENDED 31 DECEMBER 2018						
BOA-DJIBOUTI	137,795,005	599,977,100	4,751,035	(598,118,455)	18,860,000	163,264,685
BOA-KENYA	77,312,934	100,395,890	451,658	(157,973,028)	2,078,550	22,266,004
BOA-UGANDA		80,171,200	88,574	(58,880,808)	317,300	21,696,266
	215,107,939	780,544,190	5,291,267	(814,972,291)	21,255,850	207,226,955

29. OTHER LIABILITIES

	2019	2018
ACCRUALS	1,643,897	968,520
SUNDRY CREDITORS	53,881	5,652,182
BRIDGE FUNDING		38,560,000
OTHER LIABILITIES	11,270,111	7,541,302
	12,967,889	52,722,004
CURRENT	12,967,889	14,162,004
NON-CURRENT		38,560,000
	12,967,889	52,722,004

The bridge funding represents a funding of USD 8.0 million from BOA WEST AFRICA. It is a temporary bridge finance which can only be repaid after the investment of similar amount in equity.

Other liabilities include expected credit loss impairment provision of GHS 1,380,715 (2018: 124,183) on off balance sheet exposures.

30. STATED CAPITAL

	NO. OF SHARES		PROCEEDS	
	2019	2018	2019	2018
AUTHORISED:				
ORDINARY SHARES OF NO PAR VALUE	500,000,000	100,000,000		
ISSUED AND FULLY PAID UP CAPITAL:				
ORDINARY SHARES OF NO PAR VALUE	326,610,170	99,683,823	422,288,538	100,960,828

During the year additional capital of GHS 321,327,710 representing 226,926,887 shares was injected into the bank in order to meet the GHS 400 million minimum regulatory capital requirements.

There is no unpaid liability on any ordinary shares and there are no calls or instalments unpaid at the reporting date. There were no shares held in treasury at year end.

31. RETAINED EARNINGS

Retained earnings represents the accumulated profit/loss retained after appropriation. The movement in the retained earnings is shown as part of the statement of changes in equity.

32. OTHER RESERVES

Other reserves represent unrealised gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income. Other reserves is not available for distribution.

33. REGULATORY CREDIT RISK RESERVE

Regulatory credit risk reserve represents cumulative amounts required to meet the Bank of Ghana guidelines for loan impairment allowance provision. The Bank's regulator (Bank of Ghana) requires a transfer from retained earnings (income surplus account) to regulatory credit risk reserve account when the impairment allowance per IFRS is less than the impairment allowance per Bank of Ghana's guidelines and in accordance with Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930).

REGULATORY	2019	2018
IMPAIRMENT LOSS PROVISION PER BANK OF GHANA GUIDELINES	59,108,304	55,387,244
IMPAIRMENT LOSS PROVISION PER IFRS	(6,642,554)	(5,584,414)
REGULATORY CREDIT RISK RESERVE	**52,465,750**	**49,802,830**

	2019	2018
MOVEMENT IN REGULATORY CREDIT RISK RESERVE IS SET OUT BELOW:		
AT 1 JANUARY	49,802,830	46,981,943
TRANSFERRED TO INCOME SURPLUS ON ADOPTION OF IFRS 9		(3,742,005)
TRANSFERRED FROM INCOME SURPLUS ACCOUNT	2,662,920	6,562,892
AT 31 DECEMBER	**52,465,750**	**49,802,830**

34. STATUTORY RESERVE

Statutory reserve represents amount set aside from annual profit after tax in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The movement in statutory reserve is shown in the statement of changes in equity.

35. CONTINGENT LIABILITIES

In common with other banks, the Bank conducts business involving acceptances, guarantees, performances and indemnities. Most of these facilities are offset by corresponding obligations of third parties.

	2019	2018
LETTER OF CREDIT	115,820,873	60,352,355
FINANCIAL GUARANTEES AND INDEMNITIES	74,888,504	68,762,524
	190,709,377	129,114,879

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

(i) Pending legal claims

As at the year end, there were some cases pending against the bank. Should judgement go in favour of the plaintiffs, the likely claims against the Bank have been estimated at GHS 407,000 (2018: GHS 507,000). No provisions have been made in the financial statements in respect of these amounts as the possibility of the liability is remote.

36. CAPITAL EXPENDITURE

There were no capital commitments at 31 December 2019 (2018: Nil).

37. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

The Bank is a subsidiary of BOA WEST AFRICA S.A, which is incorporated in Cote d'Ivoire. The ultimate parent and controlling party is Banque Marocaine du Commence Exterieur (BMCE), incorporated in Morocco.

BANK OF AFRICA - GHANA Limited is related other to companies that are fellow subsidiaries of BOA WEST AFRICA and BMCE.

Parties are considered to be related through common directorship or subsidiaries of the BOA Group.

Advances to customers at 31 December 2019 included advances and loans to companies associated to directors and banking transactions with BOA-GHANA.

(b) Transactions with related parties

(i) Loans and advances to entities with common directorship

	2019	2018
ADVANCES TO CUSTOMERS:		
ATLANTIC CLIMATE CONTROL LIMITED	7,792,715	4,580,162
ATLANTIC INTERNATIONAL HOLDINGS	13,387,551	8,153,420
ATLANTIC COMPUTERS & ELECTRONICS	179,090	180,767
THE OFFICE FURNITURE	1,140,040	66,112
	22,499,396	12,980,461
INTEREST INCOME AND COMMISSION CHARGED		
ATLANTIC CLIMATE CONTROL LIMITED	663,874	95,175
ATLANTIC INTERNATIONAL HOLDINGS	700,223	332,842
ATLANTIC COMPUTERS & ELECTRONICS	62,036	68,126
THE OFFICE FURNITURE	135,606	22,204
	1,561,739	518,347

Balances on these related parties have been included in the loans and advances balances.

(ii) Borrowings from related entities

	2019	2018
BANK OF AFRICA - MER ROUGE	271,479,090	163,264,685
BANK OF AFRICA - KENYA	28,321,077	22,266,004
BANK OF AFRICA - UGANDA		21,696,266
	299,800,167	207,226,955
INTEREST EXPENSE	**7,444,415**	**5,291,267**

(iii) Outstanding balances arising from related party transactions

	2019	2018
BOA-TANZANIA	290,243	254,901
BOA-KENYA	172,533	152,262
BOA-FRANCE	281,077	699,801
BOA-MALI	295	6,370
BOA-BENIN	116.837	39,046
BOA-COTE D'IVOIRE	712	29,085
BOA-NIGER	2,909	8,257
BOA-BURKINA FASO	68	2,094
BMCE BANK INTL, SPAIN	5,685,406	319,121
	6,550,080	1,510,937

Loans and advances to entities with common directorships, placements with related entities and borrowings and placements from related entities were entered into in the normal course of business.

(c) Key management compensation

Key management personnel are members of BANK OF AFRICA - GHANA Limited board of directors. The definition also includes management personnel from Assistant Manager grade.

The remuneration of directors and other members of key management during the year were as follows:

	2019	2018
SALARIES AND OTHER SHORT-TERM EMPLOYMENT BENEFITS	4,613,299	3,782,360
DEFINED CONTRIBUTION SCHEMES	735,584	451,001
	5,348,883	4,233,361

DIRECTORS' REMUNERATION		
FEES FOR SERVICES AS A DIRECTOR	960,087	807,181

In accordance with section 132 of the Companies Act, 2019 Act 992; below are the fees paid to individual directors for their services.

	2019	2018
STEPHEN ATA	131,617	110,795
PATRICK ATA	109,680	92,329
NANA OWUSU- AFARI (RESIGNED IN DECEMBER 2019)	109,680	92,329
JOHN KLINOGO (RETIRED IN FEBRUARY 2020)	109,680	92,329
ELLY OHENE- ADU (APPOINTED IN OCTOBER 2019)	19,044	
ABDELKABIR BENNANI	122,783	104,849
VINCENT DE BROUWER (RESIGNED IN OCTOBER 2019)	112,035	104,849
AMINE BOUABIB	122,784	104,849
GHALI LAHLOU	122,784	53,386
KOBBY ANDAH		51,463
FRANCIS KALITSI (APPOINTED IN JANUARY 2020)		
	960,087	807,181

The pensions in respect of executive director (Managing director), Kobby Andah is GHS 236,888 (GHS 225,053).

(d) Loans and advances to key management personnel

	2019	2018
AT 1 JANUARY	1,953,411	1,467,751
NET MOVEMENT DURING THE YEAR	186,023	485,660
AT 31 DECEMBER	**2,139,434**	**1,953,411**
INTEREST EARNED	147,206	97,411

Loans comprise mortgage and personal loans. Loans granted to employees are granted at concessionary rates of 1% - 10%. No specific impairment losses have been recognised in respect of loans and advances to key management personnel at the reporting date. Mortgage loans are secured by the underlying assets. All other loans are unsecured.

Loans and advances due from key management personnel at the reporting date comprise:

	2019	2018
EXECUTIVE DIRECTORS		
NON-EXECUTIVE DIRECTORS		
OFFICERS AND OTHER EMPLOYEES	2,139,434	1,953,411
	2,139,434	1,953,411

(e) Deposits from key management personnel

	2019	2018
AT 1 JANUARY	510,015	407,681
NET MOVEMENT DURING THE YEAR	44,994	102,334
AT 31 DECEMBER	**555,009**	**510,015**
INTEREST EXPENSE	15,234	12,586

38. REGULATORY DISCLOSURES

(i) Regulatory ratios

The table below sets out key regulatory ratios for the year ended 31 December 2019 compared to year ended 31 December 2018:

	2019	2018
CAPITAL ADEQUACY RATIO	36.93%	19.14%
GROSS NON-PERFORMING LOAN RATIO	11.92%	12.61%
LIQUIDITY RATIO:		
AT 31 DECEMBER	191.68%	264.72%
AVERAGE FOR THE YEAR	207.74%	246.08%
MAXIMUM FOR THE YEAR	251.05%	277.91%
MINIMUM FOR YEAR	175.63%	182.08%

(ii) Amount of loans written off

The Bank wrote off a total amount of GHS 17,842,871 (2018: GHS 19,547,149) during the year in respect of principal and unpaid interest on loans and advances assessed and found to be uncollectible.

(ii) Breaches in statutory liquidity

The Bank complied with all requirements with respect to statutory liquidity during the year.

39. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

40. SUBSEQUENT EVENTS

It is envisioned that the COVID - 19 pandemic will most likely have an impact on the economy and as a result the Expected Credit Loss (ECL) provisions relating to forward looking information will be impacted. The Bank is, however, not able to produce a reliable estimate of this impact at this point.

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	2019	2018
INTEREST EARNED AND OTHER OPERATING INCOME	266.430,234	184,224,028
DIRECT COST OF SERVICES AND OTHER COSTS	(102,465,296)	(83,286,728)
VALUE ADDED BY BANKING SERVICES	163,964,938	100,937,300
NON-BANKING INCOME	77,136	344
IMPAIRMENTS	(20,358,071)	(14,982,841)
VALUE ADDED	**143,684,003**	**85,954,803**
DISTRIBUTED AS FOLLOWS:		
TO EMPLOYEES:		
DIRECTORS (WITHOUT EXECUTIVES)	(960,087)	(807,181)
EXECUTIVE DIRECTORS	(5,348,882)	(4,233,361)
OTHER EMPLOYEES	(42,047,159)	(37,365,481)
	(48,356,128)	(42,406,023)
TO GOVERNMENT:		
INCOME TAX	(20,519,166)	(12,801,347)
TO PROVIDERS OF CAPITAL		
DIVIDENDS TO SHAREHOLDERS		
TO EXPANSION AND GROWTH		
DEPRECIATION AND AMORTISATION	(10,112,258)	(6,174,075)
RETAINED EARNINGS	64,696,451	24,573,358

1. LIST OF SHAREHOLDERS

Below are details of shareholders and their percentage holding in the BANK OF AFRICA - GHANA Limited as at 31 December 2019:

NAME OF SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
ESTATE OF DR. HOK ATA	4,425,334	1.35%
NANA OWUSU-AFARI	1,298,165	0.40%
CHRISTOPHER ADOM	281,858	0.09%
ESTATE OF ALEX AWUKU	124,228	0.04%
JOHN A.Y. KLINOGO	145,157	0.04%
MIGUEL RIBEIRO	97,162	0.03%
ERIC OSEI-BONSU	122,091	0.04%
BANK OF WEST AFRICA S.A.	320,116,175	98.01%
TOTAL	326,610,170	100.00%

2. DIRECTORS SHAREHOLDINGS

Below are details of directors and their shareholdings in the BANK OF AFRICA - GHANA Limited as at 31 December 2019:

NAME OF SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
ESTATE OF DR. HOK ATA	4,425,334	1.35%
NANA OWUSU-AFARI	1,298,165	0.40%
JOHN A.Y. KLINOGO	145,157	0.04%
TOTAL	5,868,656	1.79%