BANK OF AFRICA
BMCE GROUP

CONTENTS

Ghana

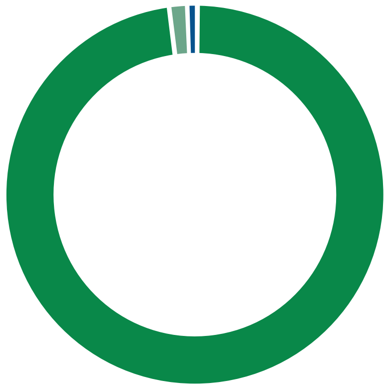
Opening date: December 2011.
Created in 1999: AMALBANK.
Integrated into BOA network in 2011.

Capital au 31/12/2020
Ghana Cedis (GHS)
422,29 billion

Auditors
PWC Ghana Limited

enquiries@boaghana.com
www.boaghana.com

Shareholders as at 31/12/2020



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

Presentation of results

Our bank recorded a profit after tax of GH¢ 65.8 million at the end of 2020 despite challenges posed by the Covid-19 pandemic for the banking Industry.

This performance was on the back of Net interest income of GH¢ 180.53 million which represented a increased by 24%, from GH¢ 146.05 million in 2019. We took the strategic decision to focus on SME and Corporate value chains with particular reference to industries who were not adversely affected by the Pandemic.

We showed a strong performance on our foreign exchange income in addition to other trading income, closing the year at GH¢ 40.52 million in 2020 due to synergies harnessed between Treasury and the other Business Units.

Our Total Operating Cost increased from GH¢ 107 million in 2019 to GH¢ 112.88 million in 2020, representing a growth of 5%, this is as a result of cost containment measures implemented.

Impairment loss on our financial assets increased from GH¢ 20 million in the 2019 to GH¢ 36 million in 2020 due to the downgrade of some significant accounts and adverse risk posed during the Pandemic.

Our total balance sheet size grew marginally to GH¢ 2,059.7 million in 2020 relative to prior year.

The Bank's net loans marginally grew by 4%, from GH¢ 725.5 million in 2019 to GH¢ 751.9 million in 2020 even as we thread cautiously during the pandemic . We recorded a rise in our NPL ratio of 11.92% for 2019 compared to 15.54% of 2020 due to the elevated risk as a result of the Pandemic.

Given that our customer base improved, with the number of accounts increasing from 293,107 in 2019 to 300,873 in 2020 coupled with our staff strength which also stood at 346 at the end of 2020; our customer deposits increased from last year's position of GH¢ 1,083.8 million to GH¢ 1,204.1 million in 2020.

Despite the uncertainties introduced by the COVID-19 pandemic and it's resultant systemic effects, in 2020, our Bank made a return on equity of 11.7% to its shareholders and recorded a return on assets of about 3.2%.

Capital adequacy maintained at an appreciable level as evidenced by a ratio of 46.4% which is above the regulatory limit of 10%.

Year 2020 was full of uncertainties but we strongly believe and have a firm commitment to ensuring that through deliberate strategies, the performance for the year 2021 will significantly surpass that of 2020.

We also take this opportunity to appreciate the Board and the Group for their oversight and unwavering support.

Key figures 2020

(In GHS million)

Activity	2019	2020	Variation
Deposits	1,084	1,204	11.1%
Loans	726	752	3.6%
Number of branches	26	26	0.0%
Structure			
Total Assets	2,048	2,060	0.6%
Shareholders' equity	596	647	8.5%
Number of employees	349	346	-0.9%
Income			
Net operating income	217.1	245.9	13.3%
Operating expenses (includind depreciation and amortization)	107.0	113.5	6.0%
Gross operating profit	110.1	132.4	20.3%
Cost of risk in value (*)	20.4	35.8	75.6%
Profit after tax	64.7	65.8	1.7%
Operating ratio (%)	49.3%	46.1%	
Cost of risk (%)	3.2%	4.8%	
Return on Assets (ROA %)	3.9%	3.2%	
Return on Equity (ROE %)	18.4%	10.6%	
Solvabilité			
Tier 1	518	572	
Tier 2			
Risk Weighted Asset (RWA)	1,274	1,206	
Tier 1 + Tier 2 / RWA	40.7%	47.4%	

(*) Including general provision

Board of Directors as at 31/12/2020


Francis KALITSI
Chairman

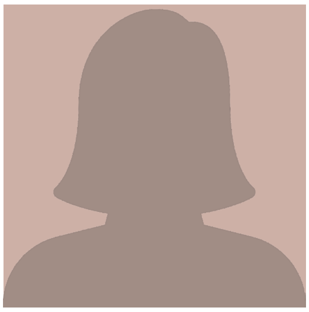

Kobby ANDAH


Taoufick BENJALLOUN TOUIMY


Omar BALAFREJ


Amine BOUABID


Ghali LAHLOU


Florence Maame HAGAN


Elly OHENE-ADU

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

Significant performances (in GHS billion)

Deposits

1.2 + 11.1%

2020

2019 0.1

Gross Operating Profit

0.1 + 20.3%

2020

2019 0.1

Stock information (in GHS)

	2018	2019	2020	AAGR*
Net earnings per share	0.25	0.20	0.20	-7.0%
Equity per share	1.59	1.82	1.97	7.5%
Dividend per share				

(*) Average annual growth rate

Highlights

January

• Sponsoring of the CFAO Open House Fun Fair.

February

• Sponsoring of the Ghana Swimming Association Championship 2020.

• Sponsoring of the 2nd Irrigation and Agricultural Development (IRAD) 2020 conference.

March

• Sponsoring of the 2020 Achimota Golf Club (AGC) vs Ibrahim Badamasi Babangida (IBB) Golf Tournament.

• Sponsoring of the Citi Heritage Art Festival.

April

• Launch of the “Oxygen” loan designed for customers who can’t meet their loan repayments following the impacts of the Covid-19 crisis.

June

• Organisation of the webinar on the topic: Managing Your Business to Recovery During Crisis for Female SME Business Owners, Managers and Entrepreneurs.

• Partnership with the UK Ghana Chamber of Commerce and the French Ghana Chamber of Commerce and Industries to orgainze a webinar on the topic: Banking in a Covid Environment: Dynamics for Corporate, SMEs and Individuals.

July

• Launch of the BOA VISA Prepaid Card which is part of the Smart Vista Product Suites.

August

• Collaboration with the Global Allied Diaspora Initiative for Africa (GADIA) organized a 3 part Webinar series on the topic: ‘GHANA, An Ideal Destination for Diaspora Investments’.

October

• Launch of the Ghana.GOV payment platform (Single Platform For All Services From The Government Of Ghana).

November

• Launch of the GHQR Code Service introduced by GhIPSS for interoperable payments using QR code scanning and USSD.

December

• Sponsoring of the Accra Tennis Championship – Accra Senior Open 2020.

BANK OF AFRICA donating Food Items to the Ministry during Covid-19

Corporate Social Responsibility

The following are some initiatives supported by our Bank under the Sustainable Development initiatives:

Completion of the BOA Triangle Project

In 2019, the Bank adopted a garden in the city center of Accra to beautify the lawn with an Sustainable Development Goals (SDG) theme. The project undertaken in partnership with the Accra Metropolitan Assembly (AMA) was completed in 2020.

The lawn is now known as the "BOA Triangle".

Renovation of the Accra Psychiatric Hospital (Female Ward)

BOA-GHANA renovated the female ward of the Accra Psychiatric Hospital using monthly contributions from staff and the Bank.

Citi Heritage Month (Art Festival)

BOA sponsored «The Citi Heritage Art Festival» organized by Citi FM in partnership with AMA – the city authority. Our Bank sponsored what has become arguably the biggest canvas painting in world; a painting on a 30ft by 20ft canvas.

IRAD Conference (Irrigation and Agricultural Development)

We sponsored the 2nd IRAD 2020 conference held in Tamale, this was an event that discussed innovative means of engaging in Sustainable Agriculture and Water Irrigation in the Sub-Region.

COVID-19 Donation

- In April 2020, BANK OF AFRICA donated 700 bags of Rice, 200 gallons of Oil, 200 cartons of Tin Fish and 200 cartons of Tin Tomatoes worth $25,000 to the Ministry of Gender, Children and Social Protection to support the needy and vulnerable during the Covid-19 lockdown period.
- Donation of GH¢ 416,666.68, through the Ghana Association of Bankers (GAB), to the Covid-19 Trust Fund set up by the Government.

Sports

- The Bank renewed it's branding & advertising agreement with Bok Nam Kim Golf Course in Accra. The Bank branded the entire Golf course with our logo and other brand identities. This agreement offers visibility for the brand which improves on our Top of Mind Awareness (TOMA) objective and also positions our Bank for business opportunities with golfers.
- Our Bank sponsored the organization of the 2020 Accra Tennis Open organized by the Accra Tennis Club.
- BOA sponsored the 2020 Achimota Golf Club (AGC) vs Ibrahim Badamasi Babangida (IBB) Golf Tournament. An annual event that brings together golfers from Ghana and Nigeria to compete in a golf tournament.
- As part of efforts to support lesser financed sports in Ghana, the Bank supported the Ghana Swimming Association to organize the African Swimming Championship. The championship saw swimmers from most African countries participating and was telecasted by global media houses such as Canal France International.

Corporate information

Board of Directors

Francis Kalitsi	Chairman (Appointed in January 2020)
Stephan Ata	Chairman (Resigned in June 2020)
Amine Bouabid	Member
Kobby Andah	Member
Ghali Lahlou	Member
Dr. Patrick Ata	Member (Resigned in June 2020)
John Klinogo	Member (Resigned in February 2020)
Elly Ohene Adu	Member
Abdelkabir Bennani	Member (Resigned in June 2020)
Florence Maame Hagan	Member (Appointed in May 2020)
Taoufik Benjelloun Touimy	Member (Appointed in May 2020)
Omar Balafrej	Member (Appointed in May 2020)

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 2020.

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 constitution and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), which continued to be the business of universal banking. There was no change from the activities carried out in the previous year.

Operational results

The results of operations for the year ended 31 December 2020 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 2020 are as follows:

	GHS
PROFIT BEFORE INCOME TAX	96,686,296
NATIONAL FISCAL STABILISATION LEVY	(4,834,318)
INCOME TAX EXPENSE	(26,036,595)
PROFIT AFTER TAX FOR THE YEAR	**65,815,383**
OTHER COMPREHENSIVE INCOME	(1,032,285)
TOTAL COMPREHENSIVE INCOME	64,783,098

The Bank's total assets increased by 0.58% from GHS 2,047,775,522 in 2019 to GHS 2,059,658,518 in 2020.

Dividend

The directors recommend the payment of a dividend for the year ended 31 December 2020 of GHS 0.054 per share amounting to GHS 17,790,520 subject to the approval of Bank of Ghana.

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 620,637 on corporate social responsibilities during the year. These were mainly in the form of donations to support the fight against Covid-19.

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 appropriately.

Signed and approved on behalf of the board by:

Elly Ohene-Adu
Chairman

Kobby Andah
Managing Director

Date: 29th March 2020

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 twelve (12) Directors.

Profile of Directors

Independent/ Executive Directors	Position	Profile and Tenure	Other Board and Management Affiliations
Mr. Francis Kalitsi	Board Chairman Ghanaian	Mr. 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. He serves on the boards of directors of Serengeti Capital, Kete Krachi Timber Recovery Limited, Volta Rental Services and Cocoa Express Limited. Francis' appointment as an Independent Director was approved by the Bank of Ghana in January 2020.	Serengeti Capital Kete Krachi Timber Limited Volta Cars Rental Cars Cocoa Express.
Mr. Amine Bouabid	Moroccan, Non-Executive Director	Mr. Bouabid is the Chief Executive Officer of BOA GROUP. He is a seasoned banker and financial consultant. He has a wide range of professional experience across Africa, USA and Europe. He previously worked as the Chief Executive Officer of Salafin; a consumer finance subsidiary of BMCE Bank. He was one of the founding directors of Casablanca Finance Group; the first investment bank in Morocco. He also worked as a Financial analyst at Banque Commerciale du Morocco, Fund Manager at Capital Consulting-Philadelphia USA and Data Analyst at Logical Pour l'Informatique Repartie (Thomason) of Paris. Amine serves on the boards of directors of many subsidiaries of BOG Group, including BOA-BENIN, BOA-BURKINA FASO, BOA-COTE D'IVOIRE, BOA-KENYA, BOA-UGANDA. He holds an MBA (Finance Major) from Drexel University, Philadelphia- USA. He also has a Masters' Degree in Information System from National Institute of Statistics and Applied Economics of Rabat, Morocco. He was appointed as a non-executive director of BOA-GHANA in May 2014.	BOA GROUP S.A (Luxembourg) Director BOA WEST AFRICA S.A. (Abidjan- Ivory Coast), Director BOA-BENIN (Cotonou- Benin), Director BOA-BURKINA FASO (Ouagadougou- Burkina Faso), Director BOA-COTE D'IVOIRE (Abidjan- Ivory Coast), Director BOA-MER ROUGE (Djibouti City- Djibouti) Director BOA-DEMOCRATIC REPUBLIC OF CONGO (Kinshasa- Congo), Director BOA-KENYA (Nairobi-Kenya), Director BOA-MADAGASCAR (Antananarivo-Madagascar), Director BOA-MALI (Bamako- Mali), Director BOA-NIGER (Niamey- Niger) Director BOA-RWANDA (Kigali- Rwanda), Director BOA-SENEGAL (Dakar-Senegal), Director BOA-TANZANIA (Dares Salam- Tanzania), Director BOA-TOGO (Lomé- Togo), Director BOA-UGANDA (Kampala-Uganda), Director BOA Services International (Casablanca – Morocco), Director BOA Services (Dakar – Senegal), Chairman AGORA SA (Abidjan- Ivory Coast).

Independent/ Executive Directors	Position	Profile and Tenure	Other Board and Management Affiliations
Mr. Ghali Lahlou	Non-Executive Director	Mr. Lahlou is a professional banker from Morocco. He holds a Masters' Degree in Management Science with focus on Finance and Entrepreneurship from the University of Paris IX- Dauphine. Ghali's professional experiences span different industries. He is currently the Regional Director for East Africa and Ghana at BANK OF AFRICA GROUP. He was previously an Associate Consultant at Vigoris Consultants, where they provided advisory services in restructuring of companies. He also worked for Saham Group where he led the restructuring of subsidiaries of the Group, including the merger of two major insurance companies within the Group. Between 1997 and 2000, he was the Head of Research at CFF Group- an investment bank in Morocco. He was also a Finance Director at El- Alami Industrial Group from 2000 to 2004. He was appointed in 2018 as a non-executive director of BOA-GHANA.	Director, BANK OF AFRICA - KENYA (Nairobi-Kenya) Director, BANK OF AFRICA - UGANDA Limited (Kampala-Uganda) Director, BANK OF AFRICA - TANZANIA Limited (Dares Salaam-Tanzania)
Elly Ohene-Adu	Independent Director	Elly is a career banker, having worked at the Bank of Ghana all her professional life. She holds an MBA degree from GIMPA-Accra, an International Graduate Diploma in Banking and Financial Service from Boston University and a BA degree in Economics and English from University of Science and Technology. Elly is also a non-executive director at Ghana Interbank Payment and Settlement System (GhIPSS) which is owned by the Bank of Ghana. She was appointed as an independent director in October 2019.	Director: Eco-Techmate Ltd Director: GhIPSS Chair, Advisory Committee: Financial Inclusion Forum Africa

Independent/ Executive Directors	Position	Profile and Tenure	Other Board and Management Affiliations
Florence Maame Hagan	Independent Director	Florence Maame Hagan is a legal practitioner with professional licenses to practice both in the UK and Ghana. Florence graduated from the University of Ghana with a BA (Hons in English and Religions in 1984. She then attended Warwick University to study Law and was called to the Degree of the Utter Bar Middle Temple in 1989. She later enrolled at the Ghana Bar in 1991. Florence is the Principal Managing Partner at Hagan Law Company, a full service commercial law and consulting firm in Accra. She began her professional career with Securities Discount Company Limited in 1991 while she prepared for and sat the Post Call Examination for admission to the Ghana Bar. From there she joined the Legal Administrative and Human Resource Department of Ghana Leasing Company from 1992 to 1997. She then moved to the International Commercial Bank in 1997 as Legal Adviser/Company Secretary and set up the Legal Regulatory and Compliance Department of the Bank. She was also the Company Secretary. In December 2004 Florence moved on to set up Hagan Law Company which she owns and runs as Managing Partner. She was sworn in as a Notary Public in October 2007. She was appointed as a director of BOA-GHANA in May 2020.	Athena Social Communications Limited, Kaos Services Limited, Orchid Gardens Homeowners Association, & Hagan Law Company Unlimited

Independent/ Executive Directors	Position	Profile and Tenure	Other Board and Management Affiliations
Taoufik Benjelloun Touimy	Independent Director	Taoufik Benjelloun Touimy is an Actuary. He holds Master of Science degree in Actuarial Sciences from Institut de Science Financière et d 'Assurances Lyon, France. His professional experiences span different companies in France and Morocco. He is currently a freelance financial and risk consultant in Casablanca. He has previously worked for Wafa Assurance Morocco as Deputy Chief Executive Officer- Strategy and Finance. He also served as Deputy Chief Executive Officer- Finance and Technical Divisions at La Marocaine Vie, a Life insurance subsidiary of SG Bank, in Morocco. Other companies he worked for include KPMG - Morocco, CFG Bank - Morocco and Caisse d'Epargne Rhône Alpes. Mr. Touimy is fluent in Arabic, French and English. He was appointed as a director of BOA-GHANA in May 2020.	BOA-TANZANIA, Skipper & Services (Morocco)
Omar Balafrej	Independent Director	Omar Balafrej is a business consultant and focuses on providing assistance and support to start-up businesses. He holds a bachelors' degree in mathematics from Ecole Centrale de Lyon- France. Among other things, he worked as the CEO for MITC-Technopark- Morocco, the President of MNF-MITC Capital- Morocco and Chief of Projects for Morocco and Algeria for IFC (World Bank Group). Mr. Balafrej was appointed as director of BOA in May 2020. He is fluent in Arabic, French and English.	BOA-RWANDA
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.	Nirvana Realty Limited, K & E Consultants Limited & The Catalyst Hub 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 2020, attendance by Directors at the meetings of the Board was as follows:

Name of Director	Board Meeting dates and Attendance			
	February 10 2020	June 15 2020	September 14 2020	December 8 2020
Stephan Ata (resigned in June 2020)	√	√	x	x
Francis Kalitsi (appointed in January 2020)	√	√	√	√
Amine Bouabid	√	√	√	√
Dr. Patrick Ata (resigned in June 2020)	√	√	x	x
John Klinogo (resigned in February 2020)	√	x	x	x
Abdelkabir Bennani (resigned in June 2020)	√	√	x	x
Kobby Andah	√	√	√	√
Ghali Lahlou	√	√	√	√
Elly Ohene Adu	√	√	√	√
Taoufik Benjelloun-Touimy (appointed in May 2020)	x	√	√	√
Omar Balafrej (appointed in May 2020)	x	√	√	√
Florence Maame Hagan (appointed in May 2020)	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 five (5) 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 five (5) 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 five (5) 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
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.	
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 Executive Head of Legal (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.	
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).	

Key Management Personnel	Position	Profile and Tenure	Other Board and Management Affiliations
Akofa Dakwa	Executive Head, Enterprise Risk (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
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 2019. 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).	

Key Management Personnel	Position	Profile and Tenure	Other Board and Management Affiliations
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, Produce Buying Company Limited Director, Golden Bean Hotel (a subsidiary of Produce Buying Company Limited).

Independent auditor's report

Report on the audit of the financial statements

Opinion

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 2020, 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 2020.

The financial statements comprise:

- the statement of financial position as at 31 December 2020;
- 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter

Expected credit loss allowance on loans and advances to customers.

The Bank recognised allowance for impairment in respect of loans and advances to customers at the reporting date:

	GROSS AMOUNT GHS	EXPECTED CREDIT LOSS PROVISION GHS
LOANS AND ADVANCES TO CUSTOMERS	781,723,022	29,844,064

The impairment allowance has been determined using the Expected Credit Loss (ECL) model in accordance with IFRS 9 – Financial Instruments. 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 to customers based on similar risk profiles

• The identification of significant increases in credit risk (SICR), which involves the assessment of both qualitative and quantitative factors.

• The identification of default taking into consideration the assessment of both qualitative and quantitative factors.

• 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.

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 16 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 to customers 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.

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

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

We tested the model governance process and compared the expected credit loss provision amount per ECL model to the 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 the 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 Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers (ICAG/F/2021/028)
Chartered Accountants
Accra, Ghana
29th March 2021

Statement of profit or loss and other comprehensive income

	NOTES	2020	2019
INTEREST INCOME	5	231,613,938	192,073,636
INTEREST EXPENSE	5	(51,084,486)	(46,026,821)
NET INTEREST INCOME		**180,529,452**	**146,046,815**
FEES AND COMMISION INCOME	6	25,380,246	25,640,817
FEES AND COMMISION EXPENSES	6	(3,832,801)	(3,392,504)
NET FEE AND COMMISSION INCOME		**21,547,445**	**22,248,313**
NET TRADING INCOME	7	40,515,612	43,637,077
OTHER OPERATING INCOME	8	2,719,953	5,155,840
		43,235,565	**48,792,917**
OPERATING INCOME		**245,312,462**	**217,088,045**
NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS	9	(35,750,839)	(20,358,071)
PERSONNEL EXPENSES	10	(49,454,768)	(47,396,041)
DEPRECIATION AND AMORTISATION	11	(16,167,789)	(10,112,258)
OTHER EXPENSES	12	(47,252,770)	(49,521,013)
PROFIT BEFORE INCOME TAX		**96,686,296**	**89,700,662**
NATIONAL FISCAL STABILISATION LEVY	19	(4,834,318)	(4,485,045)
INCOME TAX EXPENSE	13	(26,036,595)	(20,519,166)
PROFIT FOR THE YEAR		**65,815,383**	**64,696,451**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
ITEM 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	(1,032,285)	1,485,260
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**64,783,098**	**66,181,711**

The notes on pages 28 to 96 form an integral part of these financial statements.

Statement of financial position

	NOTES	2020	2019
ASSETS			
CASH AND CASH EQUIVALENTS	15	357,531,967	435,487,326
LOANS AND ADVANCES TO CUSTOMERS	16	751,878,958	725,543,689
INVESTMENT SECURITIES	17	783,944,695	734,891,613
DEFERRED INCOME TAX ASSETS	18	4,553,435	-
CURRENT INCOME TAX ASSETS	19	-	4,243,221
INTANGIBLE ASSETS	21	6,048,263	4,020,987
OTHER ASSETS	22	77,921,534	30,214,277
RIGHT-OF-USE ASSET	20	19,242,694	23,712,896
PROPERTY AND EQUIPMENT	24	58,536,972	58,917,180
NON-CURRENT ASSETS HELD FOR SALE	23	-	30,744,333
TOTAL ASSETS		**2,059,658,518**	**2,047,775,522**
LIABILITIES			
DEPOSITS FROM CUSTOMERS	25	1,204,062,141	1,083,816,478
DEPOSITS FROM BANKS	26	-	35,014,636
CURRENT INCOME TAX LIABILITIES	19	679,497	-
BORROWINGS	27	169,285,258	299,800,167
LEASE LIABILITIES	20	15,446,290	19,196,230
DEFERRED TAX LIABILITIES	18	-	1,313,556
OTHER LIABILITIES	28	23,593,799	12,967,889
TOTAL LIABILITIES		**1,413,066,985**	**1,452,108,956**
EQUITY			
STATED CAPITAL	29	422,288,538	422,288,538
RETAINED EARNINGS	30	17,790,520	13,858,131
OTHER RESERVES	31	449,966	1,482,251
REGULATORY CREDIT RISK RESERVE	32	67,583,044	52,465,750
STATUTORY RESERVE	33	138,479,465	105,571,896
TOTAL EQUITY		**646,591,533**	**595,666,566**
TOTAL LIABILITIES AND EQUITY		**2,059,658,518**	**2,047,775,522**

The notes on pages 28 to 96 form an integral part of these financial statements.

The financial statements on pages 23 to 96 were approved by the board of directors on 29 March 2021 and were signed on its behalf by:

Francis Kalitsi
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 2020						
BALANCE AT 1 JANUARY 2020	422,288,538	13,858,131	52,465,750	105,571,896	1,482,251	595,666,566
PROFIT FOR THE YEAR		65,815,383				65,815,383
OTHER COMPREHENSIVE INCOME					(1,032,285)	(1,032,285)
TOTAL COMPREHENSIVE INCOME		**65,815,383**			**(1,032,285)**	**64,783,098**
REGULATORY AND OTHER RESERVE TRANSFERS						
TRANSFER TO CREDIT RISK RESERVE		(15,117,294)	15,117,294			
TRANSFER TO STATUTORY RESERVE		(32,907,569)		32,907,569		
TRANSACTIONS WITH OWNERS:						
PROCEEDS FROM ORDINARY SHARES ISSUED						
DIVIDENDS PAID		(13,858,131)				(13,858,131)
NET REGULATORY AND OTHER TRANSFERS AND TRANSACTIONS WITH OWNERS:		(61,882,994)	15,117,294	32,907,569		(13,858,131)
BALANCE AT 31 DECEMBER 2020	**422,288,538**	**17,790,520**	**67,583,044**	**138,479,465**	**449,966**	**646,591,533**

The notes on pages 28 to 96 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 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 28 to 96 form an integral part of these financial statements.

Statement of Cash Flows

	NOTES	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT BEFORE INCOME TAX		96,686,296	89,700,662
ADJUSTMENTS FOR:			
DEPRECIATION AND AMORTISATION	11	16,167,789	10,112,258
NET IMPAIRMENT LOSS ON FINANCIAL INSTRUMENTS	9	35,750,839	20,358,071
FINANCE COST ON LEASE LIABILITIES	20	621,836	728,223
EXCHANGE LOSS ON LEASE LIABILITIES	20	695,413	2,220,651
EXCHANGE LOSS ON SHORT-TERM BORROWINGS		16,728,093	25,175,170
INTEREST EXPENSE ON SHORT-TERM BORROWINGS		9,354,494	7,444,415
INTEREST INCOME ON INVESTMENT SECURITIES		(20,193,285)	(18,614,852)
FOREIGN EXCHANGE GAINS ON INVESTMENT SECURITIES		(3,499,748)	(14,274,000)
GAINS ON DISPOSAL OF PROPERTY AND EQUIPMENT	24	(42,512)	(77,136)
OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		**152,269,215**	**122,773,462**
CHANGES IN NON-PLEDGED TRADING ASSETS			158,413,375
CHANGES IN LOANS AND ADVANCES TO CUSTOMERS		(43,506,892)	(201,931,078)
CHANGES IN OTHER ASSETS		(4,555,926)	1,743,987
CHANGES IN MANDATORY RESERVE CASH WITH BANK OF GHANA		(6,067,765)	(24,403,614)
CHANGES IN DEPOSITS FROM CUSTOMERS		119,983,633	306,761,497
CHANGES IN DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTIT.		(35,014,636)	35,014,636
CHANGES IN OTHER LIABILITIES		8,007,338	(2,600,699)
CASH FLOWS FROM OPERATIONS		**191,114,967**	**395,771,566**
NATIONAL FISCAL STABILISATION LEVY PAID	19	(3,820,304)	(4,815,776)
INCOME TAX PAID	19	(27,650,788)	(19,099,652)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**159,643,875**	**371,856,138**
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASE OF INVESTMENT SECURITIES		(754,403,107)	(794,622,704)
PROCEEDS FROM SALE OF INVESTMENT SECURITIES		704,452,583	89,955,895
PURCHASE OF PROPERTY AND EQUIPMENT	24	(4,167,247)	(12,885,075)
PROCEEDS FROM SALE OF PROPERTY AND EQUIPMENT	24	42,512	77,136
PURCHASE OF INTANGIBLE ASSETS	21	(186,688)	(901,182)
NET CASH FLOWS USED IN FROM INVESTING ACTIVITIES		**(54,261,947)**	**(718,375,930)**
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUE OF SHARE CAPITAL			282,767,710
PAYMENT FOR FINANCE LEASES	20	(6,660,195)	(5,698,419)
PROCEEDS FROM SHORT-TERM BORROWINGS	27	1,067,217,214	1,388,031,966
REPAYMENT OF SHORT-TERM BORROWINGS	27	(1,223,814,710)	(1,328,078,339)
DIVIDENDS PAID		(13,858,131)	
NET CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES		(177,115,822)	337,022,918
NET DECREASE IN CASH AND CASH EQUIVALENTS		(71,733,894)	(9,496,874)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	15	327,315,091	336,862,441
EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS		(153,700)	(50,476)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**15**	**255,427,497**	**327,315,091**

The notes on pages 28 to 96 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 BANK OF AFRICA (BOA) GROUP. Its majority shareholder is BANK OF AFRICA (BOA) WEST AFRICA S.A, a holding company incorporated in Cote d'Ivoire. The ultimate parent is Banque Marocaine 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;
- non-current assets held for sale measured at fair value less costs to sell; and
- financial assets measured at fair value through other comprehensive income are measured at fair value.

2.1.3 Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where 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 standards, amendments and interpretations adopted by the Bank

The IASB applied the following standards and amendments for their annual reporting period commencing 1 January 2020

- Definition of Material – Amendments of IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.6 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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.

2.1.6.1 Covid-19-related Rent Concessions – Amendments to IFRS16

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

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

This amendment is effective for annual reporting periods beginning on or after 1 June 2020

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

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

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

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

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

2.1.6.3 Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

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

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

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

2.1.6.4 Annual Improvements to IFRS Standards 2018 – 2020

The following improvements were finalised in May 2020:

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

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

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

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

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

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 (GH¢), 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 leased various offices, branches, and other premises under non-cancellable lease arrangements. The lease typically ran for a period of up to two years with an option to renew the lease after that date.

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

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

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

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

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

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

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

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

Right-of-use assets are measured at cost 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

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:

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and 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.
- 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.

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

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

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

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).

(iv) 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%

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

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 distribution 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 to 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 2018. Prior to that, allowance for credit impairment losses were measured using the guidance under IAS 39. For the year ended 31 December 2020, 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 assets held at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), undrawn loan commitments and off-balance sheet 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:
  - o Significant increase in credit spread
  - o Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
  - o Actual or expected forbearance or restructuring
  - o Actual or expected significant adverse change in operating results of the borrower
  - o Significant change in collateral value (secured facilities only) which is expected to increase risk of default
  - o 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 2020.

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 2020 are set out below:

SCENARIO	WEIGHT (%)	GDP GROWTH RATE (%)	UNEMPLOYMENT RATE (%)
BASE CASE	50	4.9	6.9
UPSIDE	18	7.9	7.1
DOWNSIDE	32	1.2	7.3

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.

Sensitivity analysis

If the GDP had increased/decreased by 5% it would have resulted in a decrease/increase of GH¢ 304,531 in the expected credit losses allowance.

If the unemployment rate had increased/decreased by 5% it would have resulted in an increase/decrease of GH¢ 204,411 in the expected credit losses allowance.

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

	2020	2019
FINANCIAL INSTRUMENTS EXPOSED TO CREDIT RISK INCLUDE:		
ON BALANCE SHEET EXPOSURES:		
CASH WITH BANK OF GHANA	62,408,349	130,215,857
CASH WITH OTHER BANKS	220,148,721	228,737,585
LOANS AND ADVANCES TO CUSTOMERS	751,878,958	725,543,689
INVESTMENT SECURITIES	783,944,695	734,891,613
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	23,078,066	11,265,237
OFF BALANCE SHEET EXPOSURES:		
LETTERS OF CREDIT	88,310,986	74,888,504
FINANCIAL GUARANTEES AND INDEMNITIES	212,922,611	115,820,873
	301,233,597	**190,709,377**
TOTAL MAXIMUM CREDIT EXPOSURES AT YEAR END	**2,142,692,386**	**2,021,363,358**

The above table represents a worst-case scenario of credit risk exposure to the Bank at 31 December 2020, 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, 35% (2019: 36%) of the total maximum exposure is derived from loans and advances, and investment securities represent 37% (2019: 36%).

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.

	2020	2019
EXPOSURE TO CREDIT RISK – LOANS AND ADVANCES:		
CARRYING AMOUNT	751,878,958	725,543,689
GRADE 1 - 7: CURRENT	587,151,728	531,306,514
GRADE 8: OLEM/WATCHLIST	73,059,438	114,464,547
GRADE 9: SUBSTANDARD	38,387,023	8,696,427
GRADE 10: DOUBTFUL	2,046,062	70,079,804
GRADE 11: LOSS	81,078,771	7,638,951
TOTAL GROSS AMOUNT	**781,723,022**	**732,186,243**
ALLOWANCE FOR CREDIT IMPAIRMENT LOSSES	(29,844,064)	(6,642,554)
CARRYING AMOUNT	**751,878,958**	**725,543,689**

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

	2020	2019
NEITHER PAST DUE NOR IMPAIRED	587,151,728	531,306,514
PAST DUE BUT NOT IMPAIRED	73,059,438	114,464,547
INDIVIDUALLY IMPAIRED	121,511,856	86,415,182
TOTAL GROSS AMOUNT	781,723,022	732,186,243
ALLOWANCE FOR CREDIT IMPAIRMENT LOSSES	(29,844,064)	(6,642,554)
CARRYING AMOUNT	**751,878,958**	**725,543,689**

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 classified as current are not considered past due or impaired.

This category is made up as follows:

	2020	2019
GRADE 1 - 7: CURRENT		
TERM LOANS	505,940,175	404,742,565
OVERDRAFTS	68,512,205	113,116,758
STAFF LOANS	12,699,348	13,447,191
GROSS CARRYING AMOUNT	**587,151,728**	**531,306,514**

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:

	2020	2019
INTERNAL RATING		
STRONG	556,770,381	441,223,379
GOOD	27,815,392	88,662,670
SATISFACTORY	2,565,955	1,420,465
GROSS CARRYING AMOUNT	**587,151,728**	**531,306,514**

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:

	2020	2019
GRADE 8: OLEM		
TERM LOANS	72,988,270	113,546,397
OVERDRAFTS	71,168	918,150
GROSS CARRYING AMOUNT	**73,059,438**	**114,464,547**

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

	2020	2019
GRADE 8: OLEM		
PAST DUE UP TO 30 DAYS	60,844,795	82,708,057
PAST DUE 30 TO 60 DAYS	11,878,500	31,640,139
PAST DUE 60 TO 90 DAYS	336,143	116,351
GROSS CARRYING AMOUNT	**73,059,438**	**114,464,547**

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:

	2020	2019
TERM LOANS	102,715,952	71,442,243
OVERDRAFTS	18,795,904	14,972,939
GROSS CARRYING AMOUNT	**121,511,856**	**86,415,182**
ALLOWANCE FOR CREDIT LOSSES	(22,949,018)	(101,563)
NET CARRYING AMOUNT	**98,562,838**	**86,313,619**
FAIR VALUE OF COLLATERALS	**197,878,090**	**136,525,458**

At 31 December 2020, 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

	2020			
	STAGE 1	STAGE 2	STAGE 3	TOTAL
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	357,531,967			357,531,967
LOANS AND ADVANCES TO CUSTOMERS	587,151,728	73,059,438	121,511,856	781,723,022
INVESTMENT SECURITIES	783,944,695			783,944,695
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	23,078,066			23,078,066
GROSS CARRYING AMOUNT	1,751,706,456	73,059,438	121,511,856	1,946,277,750
ECL ALLOWANCE	(5,270,986)	(2,544,085)	(22,949,018)	(30,764,089)
NET CARRYING AMOUNT	**1,746,435,470**	**70,515,353**	**98,562,838**	**1,915,513,661**
OFF BALANCE SHEET EXPOSURES	**(2,618,572)**			**(2,618,572)**

	2020			
	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	531,306,514	114,464,547	86,415,182	732,186,243
INVESTMENT SECURITIES	734,891,613			734,891,613
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	11,265,237			11,265,237
GROSS CARRYING AMOUNT	1,712,950,690	114,464,547	86,415,182	1,913,830,419
ECL ALLOWANCE	(4,234,245)	(3,101,230)	(101,563)	(7,437,038)
NET CARRYING AMOUNT	**1,708,716,445**	**111,363,317**	**86,313,619**	**1,906,393,381**
OFF BALANCE SHEET EXPOSURES	**444,343**		**1,166,497**	**1,610,840**

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:

	2020	2019
TERM LOANS	681,644,397	624,447,715
OVERDRAFTS	87,379277	94,291,337
STAFF LOANS	12,699,348	13,447,191
GROSS CARRYING AMOUNT	**781,723,022**	**732,186,243**
ALLOWANCE FOR CREDIT LOSSES	(29,844,064)	(6,642,554)
NET CARRYING AMOUNT	**751,878,958**	**725,543,689**

Concentration by industry:

	2020	2019
ON BALANCE SHEET EXPOSURES:		
AGRICULTURE	242,849	358,156
MANUFACTURING	114,116,918	79,630,049
COMMERCE AND FINANCE	88,806,423	90,562,226
TRANSPORT AND COMMUNICATIONS	69,327,379	57,619,647
MINING AND QUARRYING	117,263	12,501,417
BUILDING AND CONSTRUCTION	144,589,876	96,265,765
SERVICES	107,472,738	144,632,210
ELECTRICITY, OIL, GAS, ENERGY AND WATER	45,238,056	45,571,914
OTHERS	211,811,520	205,044,859
GROSS CARRYING AMOUNT	**781,723,022**	**732,186,243**
ALLOWANCE FOR IMPAIRMENT LOSSES	(29,844,064)	(6,642,554)
NET CARRYING AMOUNT	**751,878,958**	**725,543,689**

Concentration by industry:

	2020	2019
OFF BALANCE SHEET EXPOSURES:		
SOCIAL COMMUNICATION AND PERSONAL SERVICES	208,922	276,685
BUSINESS SERVICES	28,173,432	39,918,154
WHOLESALE AND RETAIL	1,663,561	10,014,759
TRANSPORT AND COMMUNICATION	43,809,322	720,386
MANUFACTURING	113,281,574	8,430,965
OTHERS	114,096,786	131,348,428
GROSS CARRYING AMOUNT	**301,233,597**	**190,709,377**
ALLOWANCE FOR IMPAIRMENT LOSSES	(2,618,572)	(1,610,840)
NET CARRYING AMOUNT	**298,615,025**	**189,098,537**

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:

	2020	2019
GROSS LOANS AND ADVANCES	143,451,302	96,168,879
IMPAIRMENT LOSS PROVISION	(14,177,043)	(2,043,462)
NET CARRYING AMOUNT	**129,274,259**	**94,125,417**

4.2.9 Repossessed assets

As at the reporting date, the Bank had taken repossession of 1 (2019: 2) commercial property 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 22.

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.

	2020	2019
COMPONENT OF 50 LARGEST EXPOSURES TO TOTAL EXPOSURES	69.75%	67.74%
GROSS NON-PERFORMING LOAN RATIO	15.54%	11.92%
LOAN LOSS PROVISION	24.56%	7.68%

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. The ratio was temporarily reduced to 8% as part of Covid-19 mitigation measures by the Bank of Ghana in 2020.

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.

	2020	2019
AT 31 DECEMBER	**115.96%**	**191.68%**
AVERAGE FOR THE PERIOD	182.43%	207.74%
MAXIMUM FOR THE PERIOD	225.56%	251.06%
MINIMUM FOR THE PERIOD	115.96%	175.63%

4.3.3 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
AT 31 DECEMBER 2020							
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	460,794,328	370,503,937	380,252,643			1,211,550,908	1,204,062,141
DEPOSITS FROM BANKS							
BORROWINGS	40,405,899	129,528,933				169,934,832	169,285,258
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	4,276,333	9,670,911				13,947,244	23,593,799
TOTAL FINANCIAL LIABILITIES	**505,476,560**	**509,703,781**	**380,252,643**			**1,395,432,984**	**1,396,941,198**
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	271,302,478		89,959,924			361,262,402	357,531,967
LOANS AND ADVANCES TO CUSTOMERS	294,747,201	16,179,961	47,235,132	318,217,022	114,414,011	790,793,327	751,878,958
INVESTMENT SECURITIES	225,539,532	187,624,246	67,706,754	471,392,750		952,263,282	783,944,695
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	22,301,803	776,263				23,078,066	27,179,911
TOTAL FINANCIAL ASSETS HELD TO MANAGE LIQUIDITY RISK	**813,891,014**	**204,580,470**	**204,901,810**	**789,609,772**	**114,414,011**	**2,127,397,077**	**1,920,535,531**

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.

	UP TO 1 MONTH	1 – 3 MONTHS	3 – 12 MONTHS	1 – 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNT
AT 31 DECEMBER 2019							
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	3,340,305			11,323,992	12,967,889
TOTAL FINANCIAL LIABILITIES	**466,608,626**	**499,820,324**	**471,477,405**			**1,437,906,355**	**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	694,024				11,265,237	16,028,340
TOTAL FINANCIAL ASSETS HELD TO MANAGE LIQUIDITY RISK	**693,117,616**	**343,232,037**	**398,416,963**	**487,217,005**	**73,949,510**	**1,995,933,131**	**1,911,943,968**

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 risk

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.

	UP TO 1 MONTH	1 – 3 MONTHS	3 – 12 MONTHS	1 – 5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
AT 31 DECEMBER 2020							
FINANCIAL ASSETS							
CASH AND CASH EQUIVALENTS	10,035,851		86,229,490			261,266,626	357,531,967
LOANS AND ADVANCES TO CUSTOMERS	279,454,076	15,409,486	44,985,840	303,063,830	108,965,726		751,878,958
INVESTMENT SECURITIES	227,676,324	166,010,902	33,665,965	356,591,504			783,944,695
TOTAL FINANCIAL ASSETS	**517,166,251**	**181,420,388**	**164,881,295**	**659,655,334**	**108,965,726**	**283,720,258**	**1,915,809,252**
FINANCIAL LIABILITIES							
CUSTOMER DEPOSITS	458,644,896	369,107,243	376,310,002				1,204,062,141
DEPOSITS FROM BANKS							
BORROWINGS	40,363,176	128,922,082					169,285,258
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)						13,947,244	13,947,244
TOTAL FINANCIAL LIABILITIES	**499,008,072**	**498,029,325**	**376,310,002**			**13,947,244**	**1,387,294,643**
TOTAL INTEREST REPRICING GAP	**18,158,179**	**(316,608,937)**	**(211,428,707)**	**659,655,334**	**108,965,726**	**274,499,293**	**533,240,888**

	UP TO 1 MONTH	1 – 3 MONTHS	3 – 12 MONTHS	1 – 5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
AT 31 DECEMBER 2019							
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 ASSETS	**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**

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 points (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)	
	2020	2019
INCREASE IN 500 BASIS POINTS:		
RATE SENSITIVE ASSETS	81,604,450	77,935,874
RATE SENSITIVE LIABILITIES	(68,667,370)	(49,810,776)
	12,937,080	**28,125,098**
DECREASE IN 500 BASIS POINT:		
RATE SENSITIVE ASSETS	(81,604,450)	(77,935,874)
RATE SENSITIVE LIABILITIES	68,667,370	49,810,776
	(12,937,080)	**(28,125,098)**

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 largely denominated 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:

	2020	2019
US Dollar	5.7602	5.5337
GB Pound	7.8742	7.3164
EURO	7.0643	6.2114
NGN	0.0145	0.0181

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 (GH¢).

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)	
	2020	2019
10% depreciation of the Ghana cedi against:		
USD	(3,252,509)	(2,492,612)
GBP	(88,211)	(21,501)
EUR	723,751	1,593,085
	(2,616,969)	**(921,028)**

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.

	USD	GBP	EUR	TOTAL
AT 31 DECEMBER 2020				
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	236,191,956	10,253,132	21,441,777	267,886,865
LOANS AND ADVANCES TO CUSTOMERS	181,086,780	1,854	9,373,653	190,462,287
INVESTMENT SECURITIES				
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	1,548,237		24,795	1,573,032
TOTAL FINANCIAL ASSETS	418,826,973	10,254,986	30,840,225	459,922,184
FINANCIAL LIABILITIES				
CUSTOMER DEPOSITS	265,107,494	11,114,141	22,805,822	299,027,457
BORROWINGS	169,285,258			169,285,258
LEASE LIABILITIES	15,446,290			15,446,290
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	1,513,018	22,960	796,868	2,332,846
TOTAL FINANCIAL LIABILITIES	**451,352,060**	**11,137,101**	**23,602,690**	**486,091,851**
NET ON BALANCE SHEET POSITION	**(118,539,291)**	**(882,115)**	**7,237,535**	**(112,183,871)**
NET OFF BALANCE SHEET POSITION	**261,809,337**		**5,314,214**	**267,123,551**

	USD	GBP	EUR	TOTAL
AT 31 DECEMBER 2019				
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)**	**(215,010)**	**15,930,852**	**(28,406,516)**
NET OFF BALANCE SHEET POSITION	**162,854,004**		**5,194,541**	

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

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

The 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 ratio was temporarily reduced to 11.5% as part of Covid-19 mitigation measures by the Bank of Ghana in 2020.

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

	2020	2019
TIER 1 CAPITAL		
ORDINARY SHARE CAPITAL	422,288,538	422,288,538
STATUTORY RESERVE	138,479,551	105,571,896
OTHER QUALIFYING RESERVES	-	52,465,750
RETAINED EARNINGS	17,790,520	13,858,131
TIER 1 CAPITAL BEFORE ADJUSTMENTS	578,558,609	594,184,315
LESS: REGULATORY ADJUSTMENT	(22,609,250)	(77,733,621)
TOTAL TIER 1 CAPITAL	**555,949,359**	**516,450,694**
TIER 2 CAPITAL		
OTHER RESERVES	449,966	1,482,251
TOTAL	**556,399,325**	**517,932,945**
RISK PROFILE		
TOTAL CREDIT RISK-WEIGHTED ASSET	**764,304,334**	**876,609,699**
TOTAL OPERATIONAL RISK-WEIGHTED ASSET	**390,018,240**	**317,973,419**
TOTAL MARKET RISK-WEIGHTED ASSET	**45,355,156**	**79,173,609**
TOTAL RISK WEIGHTED ASSET	**1,199,677,730**	**1,273,756,727**
CAPITAL ADEQUACY RATIO	**46.38%**	**40.66%**

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	
	2020	2019
INVESTMENT SECURITIES		
MEASURED AT FAIR VALUE THROUGH OCI	34,986,720	139,922,177

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:

	2020		2019	
	Level 2			
	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	357,531,967	357,531,967	435,487,326	435,487,326
LOANS AND ADVANCES TO CUSTOMERS	756,757,066	751,878,958	734,787,281	725,543,689
INVESTMENT SECURITIES	757,867,976	748,957,979	606,191,201	594,969,436
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	27,331,740	27,331,740	16,028,341	16,028,341
TOTAL FINANCIAL ASSETS	**1,899,488,749**	**1,885,700,644**	**1,792,494,149**	**1,772,028,792**
FINANCIAL LIABILITIES				
DEPOSITS FROM CUSTOMERS	1,204,062,141	1,204,062,141	1,088,142,773	1,083,816,478
DEPOSITS FROM BANKS	-	-	35,018,824	35,014,636
BORROWINGS	171,993,822	169,285,258	299,982,182	299,800,167
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	23,593,799	23,593,799	12,967,889	12,967,889
TOTAL FINANCIAL LIABILITIES	**1,399,649,762**	**1,396,941,198**	**1,436,111,668**	**1,431,599,170**

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:

	2020		2019	
	Outside			
	IN GHANA	OUTSIDE GHANA	IN GHANA	OUTSIDE GHANA
FINANCIAL ASSETS				
CASH AND CASH EQUIVALENTS	234,725,848	122,806,119	311,502,108	123,984,977
LOANS AND ADVANCES TO CUSTOMERS	751,878,958		725,536,689	
INVESTMENT SECURITIES	783,944,695		734,891,613	
OTHER ASSETS (EXCLUDING NON-FINANCIAL ASSETS)	27,331,740		16,028,341	
TOTAL FINANCIAL ASSETS	**1,797,881,241**	**122,806,119**	**1,787,958,751**	**123,984,977**
FINANCIAL LIABILITIES				
CUSTOMER DEPOSITS	1,204,062,141		1,083,816,478	
DEPOSITS FROM BANKS			35,014,636	
BORROWINGS		169,285,258		299,800,167
OTHER LIABILITIES (EXCLUDING NON-FINANCIAL LIABILITIES)	23,593,799		12,967,889	
TOTAL FINANCIAL LIABILITIES	**1,227,655,940**	**169,285,258**	**1,131,799,003**	**299,800,167**
OFF BALANCE SHEET EXPOSURES				
LETTERS OF CREDIT	88,310,986		74,888,504	
FINANCIAL GUARANTEES	212,922,611		115,820,873	
TOTAL OFF-BALANCE SHEET EXPOSURES	**301,233,597**		**190,709,377**	

4.8 COVID-19 impact on the Bank for the year ended 31 December 2020

Due to the coronavirus (COVID-19) pandemic, governments across the world declared national lockdowns, which resulted in extensive travel restrictions and quarantine measures being implemented. Businesses globally have had to limit or suspend their operations and as such, the COVID-19 measures implemented by governments globally have severely impacted a wide range of industries, including the financial sector.

COVID-19 was first detected in Ghana on March 12, 2020. The country went into a 2-week partial lockdown which had a negative effect on the economy and disrupted every facet of social life. Ghana's GDP growth was consequently projected to contract to 0.9% compared to the average growth rate of above 6.5% over the last three years.

The Bank of Ghana took measures to mitigate the negative impact of Covid-19 by cutting interest rates and reserve requirements and decreasing banks' conservation buffers. It reduced interest from 16% to 14.5%; lowered reserve requirements for lenders from 10% to 8% in order to provide liquidity support to critical sectors; reduced Banks' conservation buffer from 3% to 1.5%, which cuts the capital-adequacy ratio from 13% to 11.5%. Bank of Ghana also issued instructions to banks to take steps to reduce the risk of spreading the virus. The regulator asked banks to ensure that bank-owned and bank-operated interfaces that customers interact with physically (e.g. banking halls, ATMs, money counting machines, etc.) are sanitised frequently.

Due to the unprecedented nature of the COVID-19 pandemic, it is not possible to accurately predict the full extent and duration of its economic impact. The Bank has however considered the impact on certain areas of operations.

Non-financial risks arising from global and local movement restrictions, and remote/rotation base working by employees, counterparties, clients and suppliers are constantly assessed, managed and governed under an instituted COVID Crisis Committee within the Bank and through the timely application of the Bank's risk management framework.

The effects of COVID-19 virus currently does not result in a material uncertainty on the Bank's ability to continue as a going concern in the foreseeable future. Notwithstanding, the Bank will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated.

5. Net interest income

	2020	2019
INTEREST INCOME		
PLACEMENTS AND SHORT-TERM FUNDS	12,445,977	16,476,214
INVESTMENT SECURITIES	87,275,065	74,571,857
LOANS AND ADVANCES TO CUSTOMERS	131,892,896	101,025,565
TOTAL INTEREST INCOME	**231,613,938**	**192,073,636**
INTEREST EXPENSE		
FIXED/TIME DEPOSITS	30,521,578	29,850,150
SAVINGS DEPOSITS	4,647,994	3,997,936
DEMAND AND CALL DEPOSITS	3,668,268	2,954,896
INTER-BANK BORROWINGS	2,177,515	1,051,201
OTHER BORROWINGS	9,447,295	7,444,415
FINANCE COST ON LEASE LIABILITIES	621,836	728,223
TOTAL INTEREST EXPENSE	**51,084,486**	**46,026,821**
NET INTEREST INCOME	**180,529,452**	**146,046,815**

6. Net fees and commission income

	2020	2019
FEES AND COMMISSION INCOME		
COMMISSION ON TURNOVER	4,664,978	4,898,742
FEES AND CHARGES	6,102,990	6,920,043
FOREIGN TRADE INCOME	6,766,296	5,877,427
FEES ON LOANS AND ADVANCES	6,104,478	6,070,583
GUARANTEES CHARGES AND COMMISSION	1,741,504	1,874,022
TOTAL FEES AND COMMISSION INCOME	**25,380,246**	**25,640,817**
FEES AND COMMISSION EXPENSE		
INTER-BANK TRANSACTION FEES	3,295,797	3,058,788
VISA CHARGES	537,004	333,716
TOTAL FEES AND COMMISSIONS EXPENSE	**3,832,801**	**3,392,504**
NET FEES AND COMMISSION INCOME	**21,547,445**	**22,248,313**

7. Net trading income

	2020	2019
GAINS ON FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE	2,005,526	84,418
REPO TRADING INCOME	3,026,461	
FOREIGN EXCHANGE GAINS	35,483,625	43,552,659
	40,515,612	**43,637,077**

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

	2020	2019
BAD DEBTS RECOVERED	2,677,441	5,078,704
GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	42,512	77,136
	2,719,953	**5,155,840**

9. Net impairment loss on financial instruments

	2020	2019
LOANS AND ADVANCES TO CUSTOMERS (NOTE 16)	34,830,434	18,901,011
CASH AND CASH EQUIVALENTS (NOTE 15)	153,700	50,476
OFF BALANCE SHEET EXPOSURES	766,705	1,406,584
	35,750,839	**20,358,071**

10. Personnel expenses

	2020	2019
SALARIES, BONUSES AND STAFF ALLOWANCES	35,363,929	35,551,837
SOCIAL SECURITY FUND CONTRIBUTION	1,765,736	1,772,415
OTHER STAFF PENSION CONTRIBUTION – PROVIDENT FUND	1,357,615	1,367,725
OTHER STAFF COSTS	10,967,488	8,704,064
	49,454,768	**47,396,041**

The number of persons employed by the Bank at the end of the year was 346 (2019: 350).

11. Depreciation and amortisation

	2020	2019
DEPRECIATION OF PROPERTY AND EQUIPMENT (NOTE 24)	8,152,321	5,808,305
DEPRECIATION OF RIGHT OF USE ASSET (NOTE 20)	6,021,939	3,104,859
AMORTISATION OF INTANGIBLE ASSETS (NOTE 21)	1,993,529	1,199,094
	16,167,789	**10,112,258**

12. Other expenses

	2020	2019
DIRECTORS' EMOLUMENTS	933,196	960,087
OCCUPANCY COSTS	4,127,071	5,811,685
AUDITORS REMUNERATION	415,000	391,000
DONATIONS AND SOCIAL RESPONSIBILITY	620,637	77,384
MOTOR VEHICLE RUNNING COSTS	3,081,912	2,965,881
ADMINISTRATIVE COSTS	19,053,925	23,840,577
REPAIRS AND MAINTENANCE	1,234,947	1,258,241
INSURANCE	3,735,406	938,555
LEGAL AND OTHER PROFESSIONAL FEES	223,036	379,475
SOFTWARE FEES AND MAINTENANCE	10,945,746	10,158,329
TRAINING AND RESEARCH	446,425	337,949
SECURITY	1,819,773	1,709,095
TELEPHONE AND POSTAGE	615,696	692,755
	47,252,770	**49,521,013**

13. Income tax expense

	2020	2019
CURRENT INCOME TAX CHARGE (NOTE 19(B))	31,559,492	17,186,175
DEFERRED INCOME TAX (CREDIT)/CHARGE (NOTE 18)	(5,522,897)	3,332,991
	26,036,595	**20,519,166**

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:

	2020	2019
PROFIT BEFORE INCOME TAX	96,686,296	89,700,662
TAX CHARGED AT ENACTED INCOME TAX RATE OF 25%	24,171,574	22,425,166
EXPENSES NOT DEDUCTIBLE FOR TAX PURPOSES	2,499,489	
TAX EXEMPT INCOME	(6,925,049)	(5,238,991)
CHANGES IN ESTIMATES RELATED TO PRIOR YEARS	6,290,581	
ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES		3,332,991
	26,036,595	**20,519,166**

14. Changes in fair value on investments measured at FVOCI

	2020	2019
(LOSS)/GAIN ON INVESTMENTS MEASURED AT FVOCI	(1,376,379)	1,980,348
DEFERRED INCOME TAX CHARGE/(CREDIT)	344,094	(495,088)
	(1,032,285)	**1,485,260**

15. Cash and cash equivalents

	2020	2019
CASH ON HAND	74,974,897	76,533,884
BALANCES WITH BANK OF GHANA	62,408,349	130,215,857
BALANCES WITH LOCAL BANKS	1,077,261	6,463,659
BALANCES WITH FOREIGN BANKS	122,806,119	123,984,977
INTERBANK PLACEMENTS	96,265,341	98,288,949
	357,531,967	**435,487,326**

The balances with Bank of Ghana includes an amount of GH¢102,104,470 (2019: GH¢108,172,235) representing mandatory reserve. This reserve represents and complies with the mandatory minimum of 8% (2019: 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 GH¢ 153,700 (2019: GH¢ 50,476) assessed in accordance with IFRS 9.

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

	2020	2019
CASH ON HAND AND BANK BALANCES WITH BANK OF GHANA	137,383,246	206,749,741
BALANCES WITH LOCAL AND FOREIGN BANKS	123,883,380	130,448,636
INTERBANK PLACEMENTS	96,265,341	98,288,949
CASH AND BANK BALANCES	357,531,967	435,487,326
LESS MANDATORY RESERVE WITH BANK OF GHANA	(102,104,470)	(108,172,235)
	255,427,497	**327,315,091**

16. Loans and advances to customers

	2020	2019
TERM LOANS	681,644,397	622,915,230
OVERDRAFTS	87,379,277	95,823,822
STAFF LOANS/MORTGAGES	12,699,348	13,447,191
GROSS LOANS AND ADVANCES	**781,723,022**	**732,186,243**
ALLOWANCE FOR IMPAIRMENT LOSSES	(29,844,064)	(6,642,554)
NET LOANS AND ADVANCES AT AMORTISED COST	**751,878,958**	**725,543,689**

ANALYSIS BY TYPE OF CUSTOMER	2020	2019
INDIVIDUALS	199,110,430	192,952,698
PRIVATE ENTERPRISES	412,950,433	429,678,229
STATE ENTERPRISE AND PUBLIC INSTITUTIONS	156,962,811	96,108,125
STAFF	12,699,348	13,447,191
GROSS LOANS AND ADVANCES	**781,723,022**	**732,186,243**
ALLOWANCE FOR IMPAIRMENT LOSSES	(29,844,064)	(6,642,554)
NET LOANS AND ADVANCES AT AMORTISED COST	**751,878,958**	**725,543,689**
CURRENT	454,736,354	391,388,883
NON-CURRENT	297,142,604	334,154,806
	751,878,958	**725,543,689**
AT 1 JANUARY	**6,642,554**	**5,584,414**
IMPAIRMENT CHARGE FOR THE YEAR	34,830,434	18,901,011
AMOUNTS WRITTEN OFF AS UNCOLLECTIBLE	(11,628,924)	(17,842,871)
AT 31 DECEMBER	**29,844,064**	**6,642,554**

ANALYSIS OF IMPAIRMENT LOSS PROVISION AT REPORTING DATE		
12-MONTH EXPECTED CREDIT LOSS PROVISION	4,350,962	3,439,761
LIFETIME EXPECTED CREDIT LOSS PROVISION NOT CREDIT IMPAIRED	2,544,085	3,101,230
LIFETIME EXPECTED CREDIT LOSS PROVISION CREDIT IMPAIRED	22,949,017	101,563
	29,844,064	**6,642,554**

17. Investment securities

	2020	2019
INVESTMENTS MEASURED AT FVOCI	34,986,720	139,922,177
INVESTMENTS MEASURED AT AMORTISED COST (HOLD TO COLLECT)	748,957,975	594,969,436
	783,944,695	**734,891,613**
CURRENT	433,940,390	1,051,445
NON-CURRENT	350,004,305	733,840,168
	783,944,695	**734,891,613**

As at the reporting date, the Bank had pledged Nil (2019: GH¢35,014,636) of its investments in government securities as security for liabilities to other financial institutions. These assets cannot be sold or pledged as security whilst the related liabilities exist.

	2020	2019
INVESTMENT SECURITIES COMPRISE:		
TREASURY BILLS	161,894,794	221,094,380
GOVERNMENT BONDS	622,049,901	513,797,233
	783,944,695	**734,891,613**

18. Deferred tax assets/(liability)

	2020	2019
AT 1 JANUARY	(1,313,556)	2,200,795
CREDITED/(CHARGED) TO PROFIT OR LOSS	5,522,897	(3,332,991)
CREDIT/(CHARGE) TO OTHER COMPREHENSIVE INCOME	344,094	(181,360)
AT 31 DECEMBER	**4,553,435**	**(1,313,556)**

Deferred income tax asset/liability is attributable to the following:

	2020	2019
DEFERRED TAX LIABILITIES		
PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	(3,161,497)	(1,738,483)
FAIR VALUE GAINS ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH OCI	(149,989)	(494,083)
DEFERRED TAX ASSETS		
FAIR VALUE LOSSES ON INVESTMENTS MEASURED AT FAIR VALUE THROUGH OCI	7,461,017	
IMPAIRMENT ON FINANCIAL INSTRUMENTS	403,904	919,010
NET DEFERRED TAX ASSETS/(LIABILITY)	**4,553,435**	**(1,313,556)**

19. Taxation

(a) National fiscal stabilisation levy

	AT 1 JANUARY	CHARGE FOR THE YEAR	PAYMENT DURING THE YEAR	AT 31 DECEMBER
YEAR ENDED 31 DECEMBER 2020				
YEAR OF ASSESSMENT:				
UP TO 2019	163,108			163,108
2020		4,834,318	(3,820,304)	1,014,014
	163,108	**4,834,318**	**(3,820,304)**	**1,177,122**
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**

(b) Current income tax

	AT 1 JANUARY	CHARGE FOR THE YEAR	PAYMENT DURING THE YEAR	AT 31 DECEMBER
YEAR ENDED 31 DECEMBER 2020				
YEAR OF ASSESSMENT:				
UP TO 2019	(4,406,329)			(4,406,329)8
2020		31,559,492	(27,650,788)	3,908,704
	(4,406,329)	**31,559,492**	**(27,650,788)**	**(497,625)**
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)**

Taxation as presented in the statement of financial position comprise:

	2020	2019
CURRENT INCOME TAX ASSET (NOTE 19 (B))	497,625	4,406,329
NATIONAL FISCAL STABILISATION LEVY (NOTE 19 (A))	(1,177,122)	(163,108)
	(679,497)	**4,243,221**

20. Leases

The Bank leases various offices 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 statement of financial position

The statement of financial position shows the following amounts relating to leases where the Bank is a lessee.

	2020	2019
RIGHT-OF-USE ASSETS		
COST		
AT 1 JANUARY	26,817,755	
ADDITIONS	1,551,737	26,817,755
AT 31 DECEMBER	28,369,492	26,817,755
ACCUMULATED DEPRECIATION		
AT 1 JANUARY	3,104,859	
CHARGE FOR THE YEAR	6,021,939	3,104,859
AT 31 DECEMBER	9,126,798	3,104,859
NET BOOK AMOUNT	**19,242,694**	**23,712,896**
LEASE LIABILITIES		
CURRENT	5,022,223	6,532,385
NON-CURRENT	10,424,067	12,663,845
	15,446,290	**19,196,230**

Amounts recognised in the statement of profit or loss

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

	2020	2019
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS		
BUILDINGS	6,021,939	3,104,859
FINANCE COST (NOTE 5)	621,836	728,223
FOREIGN EXCHANGE LOSS (INCLUDED IN ADMINISTRATIVE COSTS) (NOTE 12)	695,413	2,220,651

The total cash outflow for leases in 2020 was GH¢6,660,195 (2019:5,698,419).

21. Intangible assets - software

	2020	2019
COST		
AT 1 JANUARY	12,893,027	10,075,345
ADDITIONS	186,688	
TRANSFER	3,834,117	2,817,682
AT 31 DECEMBER	16,913,832	12,893,027
ACCUMULATED AMORTISATION		
AT 1 JANUARY	8,872,040	7,672,946
CHARGE FOR THE YEAR	1,993,529	1,199,094
AT 31 DECEMBER	10,865,569	8,872,040
NET BOOK AMOUNT	**6,048,263**	**4,020,987**

22. Other assets

	2020	2019
REPOSSESSED COLLATERALS	43,151,331	
PREPAYMENTS	2,560,355	14,185,937
STATIONERY STOCKS	772,684	913,604
LOCAL CHEQUES ON COLLECTION	22,301,803	10,066,049
PREPAID STAFF BENEFIT	4,878,108	3,857,835
SETTLEMENT ON MONEY TRANSFER	3,579	285,584
OTHERS	4,253,674	905,268
	77,921,534	**30,214,277**
CURRENT	34,770,203	26,269,059
NON-CURRENT	43,151,331	3,945,218
	77,921,534	**30,214,277**

23. Non-current assets held for sale

	2020	2019
AT 1 JANUARY	30,744,333	
ADDITIONS		30,744,333
TRANSFER	(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. The properties are now reclassified to other assets as it is not highly probable that a sale will occur in the next twelve months.

24. Property and Equipment

	LEASEHOLD LANDS	BUILDINGS	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	COMPUTERS HARDWARE	WORK-IN PROGRESS	TOTAL
YEAR ENDED 31 DECEMBER 2020								
COST								
AT 1 JANUARY 2020	524,991	40,465,178	24,573,842	3,502,886	4,558,677	8,531,686	7,948,862	90,106,122
ADDITIONS			1,619,247	73,804	12,614	258,204	2,203,378	4,167,247
TRANSFERS		7,438,983	2,017,676			1,177,768	(7,029,561)	3,604,866
DISPOSALS					(359,787)			(359,787)
AT 31 DECEMBER 2020	**524,991**	**47,904,161**	**28,210,765**	**3,576,690**	**4,211,504**	**9,967,658**	**3,122,679**	**97,518,448**
ACCUMULATED DEPRECIATION								
AT 1 JANUARY 2020	160,997	4,167,850	15,156,148	2,345,953	4,055,782	5,302,212		31,188,942
CHARGE FOR THE YEAR	11,553	2,472,095	3,781,015	517,804	222,297	1,147,557		8,152,321
RELEASED ON DISPOSAL					(359,787)			(359,787)
AT 31 DECEMBER 2020	**172,550**	**6,639,945**	**18,937,163**	**2,863,757**	**3,918,292**	**6,449,769**		**38,981,476**
NET BOOK AMOUNT								
AT 31 DECEMBER 2020	**352,441**	**41,264,216**	**9,273,602**	**712,933**	**293,212**	**3,517,889**	**3,122,679**	**58,536,972**

	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				(6,947,771)	(1,916,500)
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**	**7,948,862**	**90,106,122**
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	1,191,138	3,046,986	532,251	235,592	790,786		5,808,305
RELEASED ON DISPOSAL			(87,655)		(241,337)			(328,992)
AT 31 DECEMBER 2019	**160,997**	**4,167,850**	**15,156,148**	**2,345,953**	**4,055,782**	**5,302,212**		**31,188,942**
NET BOOK AMOUNT								
AT 31 DECEMBER 2019	**363,994**	**36,297,328**	**9,417,694**	**1,156,933**	**502,895**	**3,229,474**	**7,948,862**	**58,917,180**

Gains on disposal of property, plant and equipment

	2020	2019
COST	(359,787)	328,992
ACCUMULATED DEPRECIATION	(359,787)	(328,992)
NET BOOK AMOUNT		
PROCEEDS FROM DISPOSAL	(42,512)	(77,136)
GAINS ON DISPOSAL	**(42,512)**	**(77,136)**

25. Deposits from customers

	2020	2019
SAVINGS DEPOSITS	283,643,466	293,281,758
DEMAND AND CALL DEPOSITS	637,757,900	494,003,705
FIXED/TIME DEPOSITS	282,660,775	296,531,015
	1,204,062,141	**1,083,816,478**
CURRENT	34,770,203	26,269,059
NON-CURRENT	43,151,331	3,945,218
	77,921,534	**30,214,277**
ANALYSIS BY TYPE OF CUSTOMERS		
FINANCIAL INSTITUTIONS	22,181,626	29,140,287
INDIVIDUALS AND OTHER PRIVATE ENTERPRISES	1,097,438,790	859,550,643
PUBLIC ENTERPRISES	84,441,725	195,125,548
	1,204,062,141	**1,083,816,478**
CURRENT	1,204,062,141	1,083,816,478
NON-CURRENT		
	1,204,062,141	**1,083,816,478**
COMPOSITION OF 20 LARGEST DEPOSITS TO TOTAL DEPOSITS	34.62%	40.67%

26. Deposit from banks

	2020	2019
FINANCIAL INSTITUTIONS (REGULATED)		35,014,636
DEPOSITS FROM BANKS ARE CURRENT		

27. Borrowings

	2020	2019
FOREIGN BANKS	169,285,258	299,800,167

All borrowings are current. Borrowings represent short-term loans. The balance at the reporting date comprise amounts due to the following related entities:

BANK OF AFRICA - DJIBOUTI: The Bank obtained short term loans varying from USD 2,00,000 to USD 10,000,000 from BANK OF AFRICA - DJIBOUTI at an average interest rate of 2.84% per annum. The loans are unsecured with tenors between 13 and 365 days.

BANK OF AFRICA - KENYA: The Bank obtained short term loans varying from USD 500,000 to USD 10,000,000 from BANK OF AFRICA - KENYA at an average interest rate of 1.32% per annum. The loans are unsecured with tenors between 7 and 365 days.

The Bank obtained short term loans varying from EUR 499,999 to EUR 1,000,000 from BANK OF AFRICA -KENYA at an average interest rate of 0.94% per annum. The loans are unsecured with tenor between 7 and 33 days.

BANK OF AFRICA – UGANDA: The Bank obtained short term loans with amounts varying from USD 1,000,000 to USD 6,000,000 from BANK OF AFRICA - UGANDA at an average interest rate of 1.69% per annum. The loans are unsecured with tenor between 7 and 90 days.

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

LENDER	AT 1 JANUARY	DRAWDOWNS	INTEREST CHARGED	REPAYMENTS	EXCHANGE LOSSES	AT 31 DECEMBER
YEAR ENDED 31 DEC. 2020						
BOA-DJIBOUTI	271,479,090	700,479,200	8,084,186	(840,789,088)	12,736,119	151,989,507
BOA-KENYA	28,321,077	227,276,114	860,419	(241,402,467)	2,240,608	17,295,751
BOA-UGANDA		139,461,900	409,889	(141,623,155)	1,751,366	
	299,800,167	**1,067,217,214**	**9,354,494**	**(1,223,814,710)**	**16,728,093**	**169,285,258**
YEAR ENDED 31 DEC. 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	229,798,116	338,087	(252,509,748)	677,279	
	207,226,955	**1,388,031,966**	**7,444,415**	**(1,328,078,339)**	**25,175,170**	**299,800,167**

22. Other assets

	2020	2019
ACCRUALS	7,027,983	1,643,897
SUNDRY CREDITORS	1,836,462	53,881
OTHER LIABILITIES	14,729,354	11,270,111
	23,593,799	**12,967,889**
CURRENT	23,593,799	12,967,889
NON-CURRENT		
	23,593,799	**12,967,889**

Other liabilities include expected credit loss impairment provision of GH¢2,618,572 (2019: 1,380,715) on off balance sheet exposures.

29. Stated capital

	No. of shares		Proceeds	
	2020	2019	2020	2019
AUTHORISED:				
ORDINARY SHARES OF NO PAR VALUE	500,000,000	500,000,000	500,000,000	500,000,000
ISSUED AND FULLY PAID UP CAPITAL:				
ORDINARY SHARES OF NO PAR VALUE	326,610,170	326,610,170	422,288,538	422,288,538

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.

30. 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.

31. 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.

32. 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 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).

	2020	2019
IMPAIRMENT LOSS PROVISION PER BANK OF GHANA GUIDELINES	91,272,594	59,108,304
IMPAIRMENT LOSS PROVISION PER IFRS	(23,689,550)	(6,642,554)
REGULATORY CREDIT RISK RESERVE	**67,583,044**	**52,465,750**

Movement in regulatory credit risk reserve is set out below:

	2020	2019
AT 1 JANUARY	52,465,750	49,802,830
TRANSFERRED FROM RETAINED EARNINGS	15,117,294	2,662,920
AT 31 DECEMBER	**67,583,044**	**52,465,750**

33. 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.

34. Contingent liabilities

(i) Letters of credits and guarantees

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

	2020	2019
LETTERS OF CREDIT	88,310,986	74,888,504
FINANCIAL GUARANTEES AND INDEMNITIES	212,922,611	115,820,873
	301,233,597	**190,709,377**
ALLOWANCE FOR IMPAIRMENT LOSSES	(2,618,572)	(444,343)
	298,615,025	**190,264,034**

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

(ii) Pending legal claims

As at the year end, there were certain cases pending against the bank. Should judgement go in favour of the plaintiffs, the likely claims against the Bank have been estimated at GH¢ 592,690 (2019: GH¢ 407,000). No provisions have been made in the financial statements in respect of these amounts as the possibility of a liability is remote.

35. Capital expenditure

There were no capital commitments at 31 December 2020 (2019: Nil).

36. 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 Commerce Exterieur (BMCE), incorporated in Morocco.

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

(b) Transactions with related parties

(i) Loans and advances to entities with common directorship:

	2020	2019
ADVANCES TO CUSTOMERS:		
ATLANTIC CLIMATE CONTROL LIMITED	2,880,100	7,792,715
ATLANTIC INTERNATIONAL HOLDINGS	15,412,415	13,387,551
ATLANTIC COMPUTERS & ELECTRONICS	195,705	179,090
THE OFFICE FURNITURE	15,989	1,140,040
	18,504,209	**22,499,396**
INTEREST INCOME AND COMMISSION CHARGED		
ATLANTIC CLIMATE CONTROL LIMITED	302,388	663,874
ATLANTIC INTERNATIONAL HOLDINGS	832,220	700,223
ATLANTIC COMPUTERS & ELECTRONICS	11,448	62,036
THE OFFICE FURNITURE	68,405	135,606
	1,214,461	**1,561,739**
OUTSTANDING BALANCE AT THE END OF THE YEAR	**19,718,670**	**24,061,135**

(ii) Borrowings from related entities:

	2020	2019
BANK OF AFRICA - DJIBOUTI	151,989,507	271,479,090
BANK OF AFRICA - KENYA	17,295,751	28,321,077
BANK OF AFRICA - UGANDA		
	169,285,258	**299,800,167**
INTEREST EXPENSE	9,309,456	7,444,415

(iii) Outstanding balances arising from related party transactions:

	2020	2019
BOA-TANZANIA	314,092	290,243
BOA-KENYA	186,122	172,533
BOA-FRANCE	71	281,077
BOA-MALI	299,623	295
BOA-BENIN	73,527	116,837
BOA-CÔTE D'IVOIRE	1,842,639	712
BOA-NIGER	17,369	2,909
BOA-BURKINA FASO	5,817	68
BMCE BANK INTL, SPAIN	684,987	5,685,406
TOTAL	**3,424,247**	**6,550,080**

(c) Key management compensation

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

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

	2020	2019
SALARIES AND OTHER SHORT-TERM EMPLOYMENT BENEFITS	4,869,499	4,613,299
DEFINED CONTRIBUTION SCHEMES	1,069,566	735,584
	5,939,065	5,348,883
DIRECTORS' REMUNERATION		
FEES FOR SERVICES AS A DIRECTOR	933,195	960,087

The pensions in respect of executive director is GH¢257,240 (GH¢236,888).

(d) Loans and advances to key management personnel

	2020	2019
AT 1 JANUARY	2,139,434	1,953,411
NET MOVEMENT DURING THE YEAR	(902,832)	186,023
AT 31 DECEMBER	**1,236,602**	**2,139,434**
INTEREST EARNED	75,842	147,206

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:

	2020	2019
EXECUTIVE DIRECTORS		
NON-EXECUTIVE DIRECTORS		
OFFICERS AND OTHER EMPLOYEES	1,218,602	2,139,434
	1,218,602	**2,139,434**

(e) Deposits from key management personnel

	2020	2019
AT 1 JANUARY	555,009	510,015
NET MOVEMENT DURING THE YEAR	20,325	44,994
AT 31 DECEMBER	**575,334**	**555,009**
INTEREST EXPENSE	18,264	15,234

37. Regulatory disclosures

(i) Regulatory ratios

The table below sets out key regulatory ratios for the year ended 31 December 2020 compared to year ended 31 December 2019:

	2020	2019
CAPITAL ADEQUACY RATIO	46.38%	40.66%
GROSS NON-PERFORMING LOAN RATIO	15.54%	11.92%
LIQUIDITY RATIO:		
AT 31 DECEMBER	115.96%	191.68%
AVERAGE FOR THE YEAR	182.43%	207.74%
MAXIMUM FOR THE YEAR	225.56%	251.05%
MINIMUM FOR YEAR	115.96%	175.63%

(ii) Amount of loans written off

The Bank wrote off a total amount of GH¢ 27,657,683.96 (2019: GH¢ 17,842,871) during the year in respect of principal and unpaid interest on loans and advances assessed and found to be uncollectible.

(iii) Breaches in statutory liquidity

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

38. Subsequent events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material. There were no subsequent events after the reporting date at 31 December 2020.

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	2020	2019
INTEREST EARNED AND OTHER OPERATING INCOME	300,187,238	266,430,234
DIRECT COST OF SERVICES AND OTHER COSTS	(101,236,862)	(102,465,296)
VALUE ADDED BY BANKING SERVICES	198,950,376	163,964,938
NON-BANKING INCOME	42,512	77,136
IMPAIRMENTS	(35,750,839)	(20,358,071)
VALUE ADDED	**163,242,049**	**143,684,003**
DISTRIBUTED AS FOLLOWS:		
TO EMPLOYEES:		
DIRECTORS (WITHOUT EXECUTIVES)	(933,196)	(960,087)
EXECUTIVE DIRECTORS	(5,939,064)	(5,348,882)
OTHER EMPLOYEES	(43,515,704)	(42,047,159)
	(50,387,964)	**(48,356,128)**
TO GOVERNMENT:		
INCOME TAX	(30,870,913)	(20,519,166)
TO PROVIDERS OF CAPITAL		
DIVIDENDS TO SHAREHOLDERS		
TO EXPANSION AND GROWTH		
DEPRECIATION AND AMORTISATION	(16,167,789)	(10,112,258)
RETAINED EARNINGS	65,815,383	64,696,451

SHAREHOLDERS' INFORMATION

List of shareholders

Below are details of shareholders and their percentage holding in the BANK OF AFRICA - GHANA Limited as at 31 December 2020:

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%
BOA WEST AFRICA S.A.	320,116,175	98.01%
TOTAL	**326,610,170**	**100.00%**