CONSOLIDATED BANK GHANA LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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	Daniel Wilson Addo	Managing Director
	Maureen Abla Amematekpor	Member
	Gloria Adjoa Owusu	Member
	Philip Osafo-Kwaako	Member
	Afua Oforiwaa Djimi	Member
	Yaw Asamoah	Member
	Edward Prince Amoatia Younge	Member
	Dr. Bright Yelviel Bakye Baligi	Member
	Prof. George Appiah-Adu	Member

SECRETARY

Lawfields Consulting
No. 799/3, 5th Crescent
Asylum Down, Accra (off Ring Road)
PMB CT 244, Accra

AUDITOR

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

SOLICITORS

Lawfields Consulting
No. 799/3, 5th Crescent
Asylum Down, Accra (off Ring Road)
PMB CT 244, Accra

REGISTERED OFFICE

1st Floor, Manet Tower 3
Airport City, Accra
P. O. Box PMB CT 363
Cantonments, Accra

REPORT OF THE DIRECTORS

The Directors in submitting to the shareholders the financial statements of the Bank for the year ended 31 December 2023 report as follows:

Directors' Responsibility Statement

The Bank's Directors are responsible for the preparation of the financial statements that give a true and fair view of Consolidated Bank Ghana LTD's financial position at 31 December 2023, and of the profit or loss and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the Directors are responsible for the preparation of this Directors' report.

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

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

Financial results and dividend

The financial results of the Bank for the year ended 31 December 2023 are set out in the accompanying financial statements, highlights of which are as follows:

	2023	2022
	GH¢'000	*GH¢'000*
Loss before taxation is	**(714,709)**	(2,006,123)
From which is credited tax and levies of	**171,747**	500,667
giving a loss after taxation for the year of	**(542,962)**	(1,505,456)
less net transfer to statutory reserve fund and other reserves of	**-**	-
leaving a balance of	**(542,962)**	(1,505,456)
to which is added a balance brought forward on retained earnings of	**(1,434,482)**	70,974
leaving a balance on retained earnings of	**(1,977,445)**	(1,434,482)

Based on the financial results of the Bank, no amount (2022: Nil) was transferred to the statutory reserve fund in accordance with Section 34(1) (b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The cumulative balance on the statutory reserve fund was *GH¢93,814,662* (2022: GH¢ 93,814,662) at the year end.

The Directors do not recommend the payment of a dividend (2022: Nil).

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Bank during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

REPORT OF THE DIRECTORS (continued)

Nature of Business

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

Shareholder

The Bank is fully owned by the Ministry of Finance.

Corporate Social Responsibilities

The Bank spent a total of GH¢1,897,698 (2022: GH¢3,627,847) on corporate social responsibilities during the year. These are mainly in the form of sponsorships in the areas of agriculture, education, health, security and social partnerships.

Audit fee payable

Audit fee for the year ended 31 December 2023 is disclosed in Note 13 to the financial statements.

Capacity of directors

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

Directors

The names of the Directors who served during the year are provided on page 1. No Director had any interest at any time during the year, in any contract of significance, other than a service contract with the Bank. No Directors had interest in the shares of the Bank.

Auditor

In accordance with Section 139(11) of the Companies Act 2019 (Act 992) and the Banking Act, Act 930 which stipulates that an auditor shall hold office for a term of not more than six years subject to a cooling-off period, the auditor, PricewaterhouseCoopers, will resign from office on the completion of this audit having served 6 years.

Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on 26 March 2024 and were signed on their behalf by:

………………………………………………………	………………………………………………………
Welbeck Abra-Appiah (Chairman)	**Daniel Wilson Addo (Managing Director)**

CORPORATE GOVERNANCE REPORT

Commitment to Corporate Governance

The Bank operates in accordance with the principles and practices of corporate governance. These principles and practices are guided by the Basel Committee standards on corporate governance which constitutes the best of international practice in this area.

The key guiding principles of the Bank's governance practices are:

i. Good corporate governance enhances shareholder value;

ii. The respective roles of shareholders, Boards of Directors and management in the governance architecture should be clearly defined; and

iii. The Board of Directors should have majority membership of independent Directors, defined broadly as Directors who are not employed by the Bank, or who are not affiliated with organisations with significant financial dealings with the Bank.

These principles have been articulated in a number of corporate documents, including the Bank's regulations, corporate governance charter, rules of procedures for Boards, code of conduct for Directors and rules of business ethics for staff.

Corporate Governance Directives, 2018

The Board confirms awareness of its responsibilities as persons charged with governance and certifies that the Bank is generally compliant with the Corporate Governance Directive (CGD), 2018 issued by Bank of Ghana which came into effective in March 2019. The Corporate Governance processes of the Bank are effective and meet its purposes.

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

The Board of Directors

The Board is responsible for setting the Bank's strategic direction, leading and controlling the institution and monitoring activities of the executive management.

As of 31 December 2023, the Board of Directors of the Bank consisted of one Executive Director and nine (9) independent non-executive Directors. The Board is fully constituted of Ghanaian membership and have wide experience and in-depth knowledge in management, industry, financial and capital markets which enables them to make informed decisions and valuable contributions to the Bank's progress. The Board met eleven times during the year.

Independent Non-Executive Directors

The Non-Executive Directors are independent and free of any business relationship or other circumstances that could materially interfere with the exercise of objective or independent judgement. In determining their independence, the Board has considered the criteria set out in the Bank of Ghana Corporate Governance Directive, 2022 ("the Directive"); and the contribution and conduct of Directors at Board meetings, including how they demonstrate independent judgement. Directors are required to declare, on an ongoing basis, any interests that may give rise to a potential or perceived conflict of interest.

CORPORATE GOVERNANCE REPORT (continued)

Independent Non-Executive Directors (continued)

The Board is made aware of the other commitments of the Individual Non-Executive Directors and is satisfied that largely, these do not conflict with their duties and time commitments as Directors of the Company. As at 31st December 2023, Independent Non-Executive Directors comprise 90 per cent of the Board's composition, well within the regulatory requirement of at least 30 per cent. Independent Non-executive Directors are appointed in line with the Company's registered constitution, for an initial term of three years with an option for renewal for a further two terms, subject to affirmation of one's independence after the first two terms, and shareholder's approval.

The Board Calendar (Activities for 2023)

The following were the work done in the year and activities on the annual calendar:

i. There were eleven (11) Board meetings where the Board deliberated on matters including the Domestic Debt Exchange Program (DDEP), review and approval of the 2022 audited financial statements, Bank's recapitalization, and approvals of various policies.
ii. A strategy and budget session to deliberate and approve the new 3-year strategy for the Bank and the 2024 budget.
iii. External Board Evaluation
iv. Annual Board Certification
v. Training on Cyber and Information Security
vi. Selected Training programmes for individual Directors based on their specific needs.
vii. Training for the Board Secretary and enhancing capacity of the Secretariat.

Remuneration Policy

The Board is responsible for the design and operation of the compensation structure and regularly reviews its effectiveness to ensure its consistency with prudent risk taking. The Bank has a transparent and comprehensive remuneration system underpinned by industry benchmarked approach to compensate staff, executives and the Board. This sound remuneration strategies and practices reflect and promote good corporate governance and sustainable long-term value creation for staff, Board and shareholder. A key success factor for the Bank is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives. The approach adopted ensures that employees are rewarded for the progress made in the execution of the Bank's strategy and appropriately incentivised to deliver strong performance over the long term whilst avoiding excessive and unnecessary risk taking.

The Bank's Remuneration Policy covers all employees, including Senior Management of the Bank. Employees are also covered by collective bargaining agreements or subject to labour union negotiations and are bound by the terms and conditions of such agreements. The determination of the remuneration of the Directors is a subject of Shareholder's approval.

Non-executive directors receive fixed fees for service on the Board and committees. Non-executive directors do not receive short term incentives, nor do they participate in any long-term incentive schemes. Board members' remuneration is periodically reviewed by the Governance and Nomination Committee and recommended by the Board for shareholders' consideration and approval at the annual general meeting of the Bank.

The remuneration of executive management is reviewed by the Governance and Nomination Committee and approved by the Board. The components of their package are as follows:

CORPORATE GOVERNANCE REPORT (continued)

Remuneration Policy (Continued)

- Guaranteed remuneration based on their market value and role
- Annual performance-based bonus used to incentivise the achievement of Bank's objectives; and
- Pension which provides a competitive postretirement benefit in accordance with Bank policy applicable to all employees.

Related Party Transactions

The Board ensures that transactions with related parties are reviewed to assess risk and are subject to appropriate restrictions by requiring that such transactions are conducted on non-preferential terms basis and applicable legislation and other requirements exposure limits for loans to related parties and staff.

Conflicts of Interest

The Bank has a comprehensive policy on Conflicts of Interest. Staff as well as Directors are required to abide by it. Directors are made aware of their obligation to avoid conflicts of interest at the induction and through ongoing training. There is a robust process which requires Directors to disclose outside business interest before they are entered. The provisions on conflict of interest are embodied in the Directors' letters of appointment and Induction Handbook and is also a legal requirement under the Companies Act 2019, Act 992. A conflicts of interest register is in place to keep record of any conflicts which are disclosed.

Succession Planning

The Bank has in place a succession plan for the Directors and key management personnel which is updated regularly and a plan to maintain a balance of critical skills on the Board of Directors and within the Bank.

Internal control systems

The Board of Directors have ultimate responsibility for the management of the Bank's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The Board exercises oversight management through its Audit and Risk Committees. The Board reviews and approves the Bank's Internal Control policy framework which stipulates the internal control functions in conformity with regulatory directives and standard guiding principles. The Bank's Internal Control policy provides a system of periodic inspection and review of controls in all business areas across the Bank to ensure the presence of relevant controls to ensure strict compliance. Control deficiencies, when established are remedied and reports are sent to the Board. Follow-ups are done to ensure remediated actions are working as expected. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational, and reputational risks identified by the Bank as at the reporting date and no significant failings or weaknesses were identified during this review. The Board of Directors have overall responsibility for establishment and oversight of the Fraud Policy. The Bank has no appetite for fraud perpetrated by its employees, shareholders, directors, customers, consultants, vendors, contractors and/ or any other parties with a business relationship. The Bank is committed to preventing, detecting, reporting fraud and cooperating with other organizations to reduce opportunities for fraud. Fraud risk is assessed regularly as part of the business's risk management process and at the design stage of new systems and processes. Cost-effective preventive and detective controls are introduced where appropriate to mitigate the risk of fraud in business processes and activities.

CORPORATE GOVERNANCE REPORT (continued)

Internal Audit

The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Bank through its programme of business audits. It provides an independent assessment and assurance on the reliability, adequacy, and effectiveness of the Bank's system of internal controls, risk management procedures, governance framework and processes. Its role is to provide independent and objective assurance to the Board. Internal Audit (IA) is structured to be independent of management, with a Chief Internal Auditor, reporting directly to the Audit Committee Chairman. The Audit Committee holds regular discussions with the Auditor in the absence of management. The Internal Auditor has free and unrestricted access to all the Bank's information, people, property and records to discharge audit and assurance role. IA's responsibilities include among others:

- developing a risk-based annual internal audit plan for the Audit Committee's approval and adjusting that plan where necessary to reflect current and emerging risks.
- executing the audit plan in line with approved audit methodologies and reporting the results of its work to the Audit Committee and Management, where appropriate.
- escalating to management and the Audit Committee as appropriate, instances where IA believes that management has accepted a level of risk more than the business area's approved risk appetite. The Internal Auditor also monitors and reports on progress in addressing significant control and risk issues.

Management Reporting

The Bank's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures there are written policies and procedures to identify and manage the Principal Risk types. The performance of the Bank's business is reported by Management to the Board on a quarterly basis. However, material issues are escalated to the Board as and when they occur. Financial information is prepared using appropriate accounting policies, which are applied consistently.

New Appointments

There were no new appointments of Directors or Key Management Personnel during the financial year.

Annual Board Certification for Directors

National Banking College accredited by Bank of Ghana as Consultant for the certification of Bank Directors took the Board through Annual Certification Programme in October 2023. The Board of Consolidated Bank Ghana was duly certified in accordance with section 12(a) of Bank of Ghana Corporate Governance Directive 2018 that:

i. The Board had independently assessed and documented its Corporate Governance process and its effect and has successfully achieved it objectives.
ii. The Directors were aware of the responsibilities to the Bank as persons charged with governance.
iii. Directors have obtained certification from National Banking College having participated in a corporate governance programme and have completed a programme on directors' responsibilities.

Board Evaluation Process

The Corporate Governance Directive requires that banks should undertake yearly board evaluations. Section 47 of the Directive requires an evaluation of the Board and its individual Directors every two years with external facilitation. The Bank engaged the services of Ernst and Young Ghana to carry out the evaluation. The areas below were used to assess the Board's activities during the period under review:

CORPORATE GOVERNANCE REPORT (continued)

Board Evaluation Process (continued)

i. Board policy and procedures.
ii. Board renewal and succession.
iii. Board capability, performance and effectiveness.
iv. Board structure and operations.
v. Strategy, growth and innovation.
vi. Operational improvement and sustainability.
vii. Risk appetite and oversight; and
viii. Effective reporting and stakeholder management.

In carrying out the Board evaluation several documents were reviewed including Board Packs, Board Committee Minutes, Board Minutes, Regulatory Returns, Reports and Policies. The reviews were aimed at gaining an understanding of the current practices relating to the Bank's corporate governance process, existing standards and other supporting information. The results were analysed to determine compliance with the applicable local regulation (BoG Corporate Governance Directive) as well areas of improvement and provided recommendations for consideration by the Board. The areas of improvement included streamlining the tenures of committees to BoG Corporate Governance Directive, improving diversity as guided by Ghana's Affirmative Action Policy of 1998 and timely conduct of in-house performance evaluation of the Board.

Based on the data collected, the board assessment showed that overall, the Board Generally Conforms with the provisions of the Bank of Ghana's Corporate Governance Directive 2018.

The full report of the evaluation was filed at Bank of Ghana in August 2023. The Board has put in place plans to address matters raised from the external board evaluation.

Board Committees

The Board has delegated various aspects of its work to its Audit; Technology, Cyber & Information Security; and Risk, Credit and Governance and Nomination Committees in order to strengthen its corporate governance and bring it in line with international best practice with the following membership and functions:

Board Audit Committee

Edward Prince Amoatia Younge	Chairman
Dr. Bright Yelviel Bakye Baligi	Member
Gloria Adjoa Owusu	Member

The Audit Committee is made up of non-executive directors and performs the following functions among others:

- Oversee the quality, adequacy and effectiveness of Internal Controls and compliance to legal and regulatory matters.
- Review with the Internal Auditor and Management the scope, plan and processes of audits to ensure completeness of coverage and effective use of resources and monitor progress against the plan.
- Review and discuss Internal Audit Reports and findings with particular attention to "High Risk" issues, management responses, and the progress of related corrective action plans.
- Review the financial, operational, and business performance of the bank and make recommendations to the board on ways to improve the performance of the Bank.
- Review the Bank's capital structure and annual capital plan, including its capital adequacy and capital planning process, stress-testing and related activities, capital raising, capital distributions, as well as recommend to the full Board approval of our annual capital plan submission and capital management policy.

CORPORATE GOVERNANCE REPORT (continued)

Board Audit Committee (continued)

- Review the annual budget and make recommendation for full Board approval.
- Review compliance with Bank's policies.
- Recommend the appointment, compensation, and oversight of the Bank's external Auditor; and
- Review the external auditors report.

Highlights for 2023

In 2023, the Committee discharged its mandate as set out in its Terms of Reference as follows:

- Closely monitored audit findings and the corresponding actions taken by external and internal auditors.
- Received and reviewed Management responses to findings raised in various examinations conducted by the Bank of Ghana.
- Reviewed and recommended to the Board to approve for publication the financial statements of the Company for each quarter and for the 2023 financial year.
- Satisfied itself that the Company's accounting policies and practices were appropriate.
- Monitored the integrity of the published financial statements and reviewed significant financial judgments and accounting issues.
- Reviewed and discussed PWC's audit plan.
- Reviewed and discussed the risks identified by PWC's audit planning, seeking and receiving assurance that these risks had been addressed adequately in the audit strategy.
- Reviewed the adequacy of resourcing and proposed work plans for the Internal Audit function and its appropriateness.
- Assessed the role, effectiveness, and independence of the Internal Audit function, and reviewed and monitored progress against the 2023 Audit Plan and the review and monitoring of post-audit actions.
- Reviewed and approved the Internal Audit's 2023 Audit Plan

Board Governance and Nomination Committee

Yaw Asamoah	Chairman
Prof. George Appiah-Adu	Member
Philip Osafo-Kwaako	Member
Maureen Abla Amematekpor	Member

The Board Governance and Nomination Committee's main responsibility includes proposing and making recommendations on human resource issues and matters relating to terms and appointment of senior management and staff of the Bank. The Board has adopted standard evaluation tools to help assess annually the performance of the Board, its committees and individual members.

Highlights for 2023

- Committee received an update on the workforce optimization project and the cultural transformation journey, as well as highlights of the implementation plan.
- Committee received the technology restructuring update and the proposed workplan.
- Committee received updates on culture transformation project.
- Committee reviewed and approved the Board code of ethics Policy.

CORPORATE GOVERNANCE REPORT (continued)

Board Technology, Cyber & Information Security Committee

Prof. George Appiah-Adu	Chairman
Yaw Asamoah	Member
Afua Oforiwaa Djimi	Member

The Committee have the responsibility for setting, and periodically reviewing the overall cyber and information security strategy of the Bank which shall govern the parameters within which business is to be conducted. To facilitate this process, the Board has established the Board Technology, Cyber and Information Security Committee (the "Committee"), which has the mandate to:

- Assist the Board to discharge its governance and oversight responsibilities pursuant to the BoG's Cyber and Information Security Directive and overseeing the implementation and effectiveness of the Bank's ICT and Information security risk management framework.
- Set and periodically review the overall information security risk strategy of the Bank which shall govern the parameters within which business is to be conducted.
- Ensure that technology strategies align with the overall business strategy and goals of the Bank.

Highlights for 2023

The Committee held four meetings during the year and undertook the following actions:

- Closely monitored the heightened information and cyber security risk and provided oversight on the responses implemented to mitigate the risks.
- Considered and reviewed information and cyber security threat intelligence while ensuring proactive measures are taken to mitigate against the risks arising.
- Monitored cyber security incidences affecting the Bank.
- Received reports and provided oversight over implementation of actions plans to ensure compliance with the Bank of Ghana Information & Cyber Security Directive.

Board Risk Committee

Philip Osafo-Kwaako	Chairman
Afua Oforiwaa Djimi	Member
Dr. Bright Yelviel Bakye Baligi	Member

The Board Risk Committee is mandated to:

- Review and approve the Bank's Risk Policies.
- Set a risk appetite/tolerance and strategy including on AML/CFT, within which management is required to develop business strategy/plans, objectives and targets for achievement, the Committee is to advise the Board on the recommended risk strategy/appetite within which business is to be conducted
- Oversee and advise the Board on the current risk exposures of the Bank and future risk strategy.

CORPORATE GOVERNANCE REPORT (continued)

Board Risk Committee (continued)

Highlights for 2023

The Committee held three meetings in the year and the areas of focus were:

- Emerging risks including capital, liquidity and market risk.
- Heightened risks arising from the challenging macroeconomic environment, particularly fraud risk, credit risk and country risk.
- Comprehensive review of the Bank's risk appetite statement and risk profile.
- Monitored the Bank's capital adequacy and liquidity positions; and
- Monitored measures implemented to strengthen the balance sheet to maintain adequate capital and liquidity, considering the Sovereign credit downgrades with its attendant expected credit losses (ECLs).

Board Credit Committee

Gloria Adjoa Owusu	Chairperson
Edward Prince Amoatia Younge	Member
Maureen Abla Amematekpor	Member

The Board Credit Committee is mandated to:

- Review and recommend the credit risk section of the risk framework and the narrative and risk appetite metrics and limits supporting the credit risk section of the Bank's risk appetite statement to the Board Risk, Cyber and Information Security Committee (BRCISC) for approval.
- Review with senior management the Bank's significant policies, processes and metrics for identification of, management of and planning for credit risk. Periodically review management's strategies and activities for managing credit risk, including stress test results and compliance with underwriting standards.
- Oversee management's administration of the Bank's credit portfolio, including management's responses to trends in credit risk, credit concentration and asset quality, and review reports from senior management (and appropriate management committees and Credit Review) regarding compliance with applicable credit risk related policies, procedures, and tolerances.

Highlights for 2023

The Committee held nine meetings in the year and the areas of focus were:

- Loan Recovery Updates
- Update on Legal Cases on Recovery Collateral Report (State of Perfection)
- Credit Concentration by Industry
- Review of Credits granted by Management.
- Large Exposures Reports (50 Largest)
- Non-Performing Loans Report
- Updates on status of approved credits
- Review of credit policies

The focus of planned activities for the Board Committees for the 2024 financial year will be in line with the Board's new medium-term strategy strategic to realign the business, sustaining growth and building resilience. The calendar of activities of the Board Committees will be in line with their mandate within the Corporate Governance Framework of the Bank.

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors

Director	Qualification	Position	Other board membership and management positions
Welbeck Abra-Appiah	BA (Economics)	Chairman	Presbyterian Press
Daniel Wilson Addo	Chartered Accountant MBA(Finance) FCIB(Hons)	Managing Director	Hollard Insurance Ghana Limited
			Hollard Ghana Holdings Limited
			Mobus Properties (Ghana) Limited
Maureen Abla Amematekpor	MBA (Strategic Management)	Board Member	Avos Oil Company Limited
			Bradley Thomas Limited
Gloria Adjoa Owusu	MBA (Finance) and BA (Law & Economics)	Board Member	Fleet Street Limited
			Haute Living Limited
			Thunder Technologies Limited
Philip Osafo – Kwaako	PhD (Economics and Public Policy)	Board Member	Akosombo Industrial Company Limited
			PRS Energy Limited
			Philippi Manufacturing and Trading Company Limited
			Veritas Allied Industries Limited
Afua Djimi	MBA (Finance & Strategy) Bachelor of Engineering BA (Mathematics)	Board Member	Delwik Group Daraju Industries Limited Koosmik Corp.
Yaw Asamoah	BA (Economics)	Board Member	Foundation for Orthopedics & Complex Spine
Dr. Bright Yelviel Bakye Baligi	PhD (Project Management)	Board Member	Langboore Development Initiative, LBG
Edward Prince Amoatia Younge	Mphil (Marketing)	Board Member	Target Link Limited
Prof Kwaku Appiah-Adu	PhD (Business Administration)	Board Member	GLICO Pensions Trustee Company Ltd
	MBA (Marketing and Finance)		Ghana GRID Company Ltd
	Chartered Architect		Vivo Energy Ghana Ltd
	BSc (Hons) Architecture		Switchback Developers Ltd

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors (continued)

Welbeck Abra-Appiah

Welbeck is an executive with 45 years of high-level operating experience gained across diverse industries and businesses. He previously worked with Ghana Commercial Bank now (GCB Bank) and the then Bank for Housing and Construction, rising through the ranks to Managing Director (MD) of Amalgamated Bank (now Bank of Africa) where he led as an innovative strategist. He is a member of the Chartered Institute of Bankers and Ghana Association of Bankers and was chairman of the Premier league board, a position he held for over a decade. He was a consultant for World Bank on SME Projects and is currently an entrepreneur in manufacturing. Welbeck is Harvard Business School (USA) educated and a product of the University of Ghana, with a Bachelor of Arts in Economics, Sociology, and Political science. Welbeck has vast leadership, organizational development, banking and finance experiences. He loves football.

Daniel Wilson Addo

Daniel Addo is the Managing Director and Chief Executive Officer (CEO) of Consolidated Bank Ghana. He is a Chartered Accountant with twenty-eight years post qualification experience and trained with KPMG after leaving the Institute of Professional Studies in 1991. Daniel holds an MBA (Finance) from the Manchester Business School and is a Fellow of the Chartered Institute of Bankers Ghana. He has extensive banking experience having worked in several roles in Standard Chartered Bank, First Atlantic Bank and United Bank for Africa (UBA) in Ghana and other African countries. At different times he was Deputy Managing Director of UBA Ghana, Managing Director of UBA Tanzania and Executive Director of First Atlantic Bank. He is a Non-Executive Director of Hollard Ghana Holdings and Mobus Properties Limited and a council member of the National Banking College. Daniel also sits on the Global Advisory Council of the Commonwealth Enterprise and Investment Council Daniel is a turnaround expert, having at different times during his career, been involved in transforming two banks, and starting two others. He is a keen golfer, swims for exercise and relaxation, and listens to music in his spare time.

Maureen Abla Amematekpor

Maureen Amematekpor is a Diplomat and Educationist with over 30 years of working experience. As a diplomat, spanning over a decade, she was Ghana's Ambassador to Denmark with accreditation to Sweden, Norway, Finland, and the Faroe Islands. She was hitherto Ghana's High Commissioner to Namibia, accredited to Botswana. Maureen, an educationist from 1987 to 1992, holds a master's degree in business administration from the University of Maastricht, Netherlands as well as Effective Leadership in Management and Administration certification from the University of Ghana. She also studied Project Management at Ghana Institute of Management and Public Administration (GIMPA). Her experiences lie with diplomacy in negotiations, Project management and business administration.

Gloria Adjoa Owusu

Gloria Owusu is a Financial Analyst and client relationship management expert. She is adept at banking business relations, and financial and strategic planning with over 20 years of working experience. She has held various management roles in corporate banking at First Atlantic Bank, managing the business development and risk portfolio of the bank. She led Corporates and Government Relations at GLOBACOM Limited until 2013 when she was appointed Executive Director of Auctus Limited responsible for the financial performance of the business. Gloria holds an Executive MBA in Finance from the University of Ghana and a Bachelor of Arts in Law and Economics from Kwame Nkrumah University of Science and Technology (KNUST).

Philip Osafo – Kwaako

Philip Osafo- Kwaako is a strategist and consultant with 15 years of working experience in the line of policy development and governance. He previously worked as an Associate Partner at McKinsey & Co. leading client engagements across Africa and the Middle East. He has served in several finances and developmental advisory roles to the United Nations, Nigeria Minister of Finance and the Zambian Ministry of Commerce as an Economic Adviser. He was a consultant for The Infrastructure Bank of Nigeria during its privatization from a state-owned bank and at

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors (continued)

Philip Osafo-Kwaako (continued)

The Brookings Institution, Washington DC. Philip holds a Ph.D. in Public Policy from Harvard University and an M.Phil. in Development Studies from the University of Oxford and Massachusetts Institute of Technology. Philip holds a BSc in Economics and BSc in Chemical Engineering.

Afua Djimi

Afua is an independent and proactive leader with confidence and integrity. Currently, she is Founder & Managing Partner of Delwik Group (founded 2018), an independent financial advisory and principal investment firm based in Zurich, Switzerland (http://www.delwikgroup.com/). She is a senior Finance and Investment Executive with several years' experience in Private Equity, Investment Banking, Project Finance and Asset Management in Europe, America, Asia and Africa with a focus on the African Private Equity industry in the Fundraising, Deal Origination, Deal Execution, Exits, Due Diligence, Value Creation and Portfolio Monitoring. Afua is currently independently consulting under the Delwik Group structure. She has extensive experience in West Africa especially Nigeria and strong finance and infrastructure experience across Africa.

Yaw Asamoah

Yaw is an experienced investment banker with an immense amount of experience in the capital markets. He recently retired from J.P. Morgan after a 22-year career in investment banking. He is an entrepreneur with the goal of creating opportunities for the masses. He is involved in numerous philanthropic activities including serving on the board of FOCOS (Foundation for Orthopaedics & Complex Spine), a non-profit organisation which delivers specialized orthopaedic care in the African region and beyond.

Dr. Bright Yelviel Bakye Baligi

Bright Yelviel-Dong Baligi is a seasoned Ghanaian professional with extensive expertise in environmental economics, project management, and educational leadership. He has demonstrated a profound commitment to sustainability, development policy, and resource management throughout his career. Baligi's academic credentials, combined with his practical experience, position him as a leading figure in his field. Baligi has led and contributed to pivotal research projects, including the economic assessment of fisheries industries, timber species evaluation, and waste management studies. These works underscore his analytical prowess and dedication to environmental and economic sustainability.

Edward Prince Amoatia Younge

Edward Prince Amoatia Younge is an accomplished executive with expertise in marketing, distribution, and strategic planning. Possessing an impressive educational background, including an MPhil and an Executive MBA in Marketing from the University of Ghana, along with a BA Honors in Sociology with Economics, Edward has established himself as an invaluable asset in the corporate world. Throughout his career, he has held prominent roles at British American Tobacco Ghana Ltd, where he proved his ability to devise and execute effective trade marketing and distribution strategies. He has excelled in managing sales and logistics departments, ensuring the smooth operation of supply chains. In 2003, Edward embarked on an entrepreneurial journey, successfully leading, and advising various companies. Notably, he played a pivotal role in restructuring GHACEM's marketing organization. Beyond his professional accomplishments, Edward contributed his expertise as a Non-Executive Director at GCB Bank Limited, where he helped shape the Bank's strategic direction. Outside of work, Edward is an active member of the American Marketing Association and enjoys music, playing and watching soccer. Edward's leadership style is marked by his visionary thinking, commitment to excellence, and his drive to foster innovation and operational efficiency.

Professor Kwaku Appiah-Adu

Kwaku Appiah-Adu is a professor of Strategy and Senior Policy Advisor in Ghana's Vice President's Secretariat, coordinating the Energy Sector Recovery Programme. He led the development of Ghana's Integrated Aluminium and Iron & Steel Projects and co-authored the country's Digital Transformation Blueprint. Kwaku has held pivotal roles

CORPORATE GOVERNANCE REPORT (continued)

Profile of Directors (continued)

Professor Kwaku Appiah-Adu (continued)

in policy coordination and served on several national committees, including the Oil and Gas Technical Committee. Previously, he worked at PwC and managed major projects in the United Kingdom (UK). He is an experienced academic, he was Dean at Central University Business School and lectured at Cardiff and Portsmouth Universities. Kwaku has published extensively and is recognised for his contributions to business and national development, holding leadership positions in GLICO Pensions, Vivo Energy Ghana, and Ghana Grid Company.

Schedule of attendance at Board Committee meetings

Members	Board of Directors			
	Role	Date appointed	Number of Meetings	Attendance
Welbeck Abra-Appiah	Chairman	21 November 2018	11	11
Gloria Adjoa Owusu	Member	21 November 2018	11	11
Maureen Abla Amematekpor	Member	21 November 2018	11	11
Philip Osafo-Kwaako	Member	21 November 2018	11	9
Daniel Wilson Addo	Member	1 August 2018	11	11
Afua Djimi	Member	25 January 2021	11	11
Yaw Asamoah	Member	5 May 2021	11	10
Dr. Bright Yelviel Bakye Baligi	Member	02 August 2022	11	11
Edward Prince Amoatia Younge	Member	02 August 2022	11	11
Prof. Kwaku Appiah-Adu	Member	23 December 2022	11	10

Members	Board Governance & Nomination Committee			
	Role	Date Appointed	Number of Meetings	Attendance
Yaw Asamoah	Chairman	17 June 2021	3	3
Prof. Kwaku Appiah-Adu	Member	23 December 2022	3	3
Philip Osafo-Kwaako	Member	21 November 2018	3	3
Maureen Abla Amematekpor	Member	25 January 2019	3	3

Members	Board Risk Committee			
	Role	Date Appointed	Number of Meetings	Attendance
Philip Osafo-Kwaako	Chairman	25 January 2019	3	3
Afua Oforiwaa Djimi	Member	17 June 2021	3	3
Bright Yelviel Baligi	Member	02 August 2022	3	3

CORPORATE GOVERNANCE REPORT (continued)

Schedule of attendance at Board Committee meetings (continued)

Members	Board Technology, Cyber & Information Security Committee			
	Role	**Date Appointed**	**Number of Meetings**	**Attendance**
Prof. Kwaku Appiah-Adu	Chairman	23 December 2022	4	4
Afua Oforiwaa Djimi	Member	17 June 2022	4	4
Yaw Asamoah	Member	17 June 2022	4	4

Members	Audit Committee			
	Role	**Date Appointed**	**Number of Meetings**	**Attendance**
Edward Prince Amoatia Younge	Chairman	02 August 2022	3	3
Bright Yelviel Baligi	Member	02 August 2022	3	2
Gloria Adjoa Owusu	Member	25 January 2019	3	3

Members	Credit Committee			
	Role	**Date Appointed**	**Number of Meetings**	**Attendance**
Gloria Adjoa Owusu	Chairperson	25 January 2019	9	9
Edward Prince Amoatia Younge	Member	25 January 2019	9	9
Maureen Abla Amematekpor	Member	25 January 2019	9	8

CORPORATE GOVERNANCE REPORT (continued)

Code of Conduct

As part of the Bank's corporate governance practice, management has communicated the principles of the Bank's code of conduct to all employees. The code of conduct provides a basic framework and guidance for behaviours and business conduct. The code of conduct also serves as a reference point in all aspects of employee's working relationships with other employees, customers, suppliers, government officials, regulators, joint venture partners, competitors and the broader community.

The Board is ultimately responsible for ensuring adherence to the Code of Conduct. The Code has been made available to all staff and Directors and is reviewed annually. Staff and Directors are required to recommit to the Code on an annual basis. The last such review and recommitment was in January 2023. Staff who breach the code are subject to disciplinary proceedings.

Anti-Money Laundering

The Bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering Act, 2020 (Act 1044). These include due diligence for opening new accounts, customer identification, monitoring of high-risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Executive Management Committee

Executive Member	Qualification	Position	Previous work Experience
Daniel Wilson Addo	• Chartered Accountant • MBA(Finance) • FCIB(Hons) • Insolvency Practitioner	Managing Director	• Executive Director – First Atlantic Bank • Managing Director – UBA, Tanzania • Dep. Managing Director – UBA, Ghana • Head, Business Partnering – SCB, Ghana • Financial Controller - Leo Shield Exploration Ghana Limited • Assistant Manager - KPMG
Thairu Ndugu	• BSC in Mathematics • Post Graduate Diploma (Computer Science)	Deputy Managing Director-Operations	• Partner/COO – Nubuke Investment LLP • Regional Head, Market Operations – SCB
Nana Ama Poku	• MA (Marketing and Communications) • Executive MBA (Entrepreneurial Management) • BA (Social Sciences) • CIMG	Deputy Managing Director – Corporate Resources	• Deputy CEO - Ghana Export-Import Bank • Head, Financial Institutions - First Atlantic Bank • Branch Manager – First Atlantic Bank

CORPORATE GOVERNANCE REPORT (continued)

Executive Management Committee (continued)

Executive Member	Qualification	Position	Previous work Experience
Charles Appiah	• EMBA (Finance) • BA (Philosophy & Linguistics) • FCCA • Insolvency Practitioner	Director, Finance & Strategy	• GM Finance – Omni-BSIC Bank • Group Head Corporate Banking – First Atlantic Bank • CFO - First Atlantic Bank • CFO – UBA, Ghana • Dep. CFO – Intercontinental Bank
Emmanuel Nikoi	• EMBA (Finance) • ACCA • ICAG • CITG • BSc. Admin. (Accounting)	Director, Retail and Business Banking	• Chief Strategy Officer – Consolidated Bank Ghana Ltd • Financial Consultant – Boulders Advisors Ltd • CFO – Capital Bank Ghana Ltd • Financial Controller – Universal Merchant Bank • Audit Manager, Eddie Nikoi Accounting Consultancy
Angela Forson	• EMBA (Marketing) • BA (Economics, Geography and Resource Development)	Director, Corporate and Institutional Banking	• Director, Corporate and Investment Bank – Fidelity Bank • Licensed broker/Investment advisor - Databank
George Mensah	• EMBA Entrepreneurial Management • BSc (Computer Science)	Director, Technology	• Group Chief Information Officer – Fidelity Bank • Chief Information Officer - Standard Bank Group
Samuel Chiatey Barketey	• LLB • MBA (Finance) • PRINCE2 Project Management • ACIB • BA (Economics and Sociology)	Director, Operations	• Head of Operations – uniBank Ghana • Head of Domestic Operations – uniBank Ghana • Senior Manager, Branch Operations and Service Delivery - Standard Chartered Bank • Teller - Standard Chartered Bank
John Kwame Mensah Zigah	• FCCA • ACIB • MBA (Financial Management) • BSc Business Administration (Banking and Finance)	Director, Global Markets	• Chief Treasury Officer – Sovereign Bank • Head, Treasury & Investment – ADB • ALM Manager – Calbank • Deputy Risk Manager- CalBank • Dealer Stanbic • Head Treasury Ops -Stanbic • Finance Officer - Stanbic

CORPORATE GOVERNANCE REPORT (continued)

Executive Management Committee (continued)

Executive Member	Qualification	Position	Previous work Experience
Esi Mmirba Wilson	• MBA (HRM) • BA(Hons) Publishing Studies • Member, Chartered Institute of Personnel Development • Member, SHRM (USA). • Certified Practitioner, ADR • Certified Practitioner, Change Management	Director, People and Transformation	• Chief Human Resource Officer – Sovereign Bank • Head, HR – FirstBanc Financial Services • Head, HR – Nyaho Medical Centre • Head, HR – Akwapim Rural Bank • Manager – Quality Control • Assistant Production Controller
Patrick Boadi	• FCCA • ICA • CIA • CFE • CISA • Snr Lead Auditor ISO 27001; • MIoD • CIM UK • MBA Finance, • BCom	Director, Audit	• Chief Internal Auditor - Barclays Bank • Ghana • Country Head of Audit - Standard Chartered Bank Gambia • Senior Audit Manager - Standard Chartered Bank Ghana • Audit Manager - Glo Mobile • Senior Auditor - Vodafone Group • Senior Associate – KMPG • Finance Manager - C&J Medical Centre • Accounting Software Implementor-Soft Co. Ltd (now SOFT Tribe) • Board Audit Committee Member - Ghana Law School, GIMPA, Institute of Directors, Ghana
Anthony Mensah	• LLB • BA (Hons) English and History • Notary Public • Insolvency Practitioner	Chief Legal Officer	• Head, Legal – Sovereign Bank • Legal Officer – Fidelity Bank • Legal Officer – CHRAJ
John Addo Obiri	• MSc (Environmental Science) • BSc (Environmental Science) • Insolvency Practitioner	Director, Risk	• Enterprise Risk Project Manager – CBG • Sector Head, FI & NBFIs - CBG • Sector Head, FI – Sovereign Bank • Head, NBFIs – First Atlantic Bank • Head, FI – GTBank (Ghana) Ltd

CORPORATE GOVERNANCE REPORT (continued)

Executive Management Committee (continued)

Profile of Executive Management

Daniel Wilson Addo – Managing Director

Daniel Addo serves as the Managing Director and CEO of Consolidated Bank Ghana Ltd. (CBG), bringing a wealth of expertise as a Chartered Accountant with twenty-nine years of post-qualification experience. Daniel is recognized as a Fellow of the Chartered Institute of Bankers Ghana and a member of the Ghana Association of Restructuring & Insolvency Advisors (GARIA). Throughout his career, Daniel has demonstrated extensive industry and banking proficiency, having held pivotal roles in Perseus Mining, Standard Chartered Bank, First Atlantic Bank, and United Bank for Africa (UBA) across Ghana and other African countries. Notably, he has served as Deputy Managing Director of UBA Ghana, Managing Director of UBA Tanzania, and Executive Director of First Atlantic Bank. Renowned for his strategic acumen, Daniel has played instrumental roles in the startup and transformation of banks, contributing to the success of two startup banks and leading the transformation initiatives for two others. Daniel serves as a Non-Executive Director for Hollard Ghana Holdings and Mobus Properties Limited. He also contributes to the banking sector's development as a council member of the National Banking College. Daniel was honoured with the "Marketing Man of the Year 2021" award at the 33rd Annual National Marketing Performance Awards by the Chartered Institute of Marketing Ghana (CIMG). He is a member of the Global Advisory Council of the Commonwealth Enterprise and Investment Council. Outside the boardroom, he indulges his passion for golf and music.

Thairu Ndungu – Deputy Managing Director (Operations)

Thairu Ndungu is Deputy Managing Director – Operations of Consolidated Bank Ghana. He has over thirty years' experience in the Financial Markets. He worked at Nubuke Investments LLP, London in the UK for twelve years as Partner and Chief Operating Officer. Prior to that he was working for Standard Chartered Bank in their Africa Regional Office based in London, UK. He worked for Standard Chartered for 16 years, in various roles and countries in Africa, UK, Middle East and Asia. The last role being Regional Head, Markets Operations – Africa based in London and briefly in Dubai. He has extensive experience in general management, Investment management, risk management, project management and process change management. Thairu has a BSC in Mathematics and Post Graduate Diploma in Computer Science, both from the University of Nairobi, Kenya.

Nana Ama Poku – Deputy Managing Director (Corporate Resources)

Result driven Executive with a unique blend of across division/department oversight in Development Finance, Policy Banking and Commercial Banking. Nana Ama is a seasoned leader adept at implementing process improvement, workflow, and customer retention strategies towards corporate strategy execution at the C-Suite level. A firm believer in private sector growth, she has extensive insight in end-to-end financing support for agriculture production, agro processing, import substitution, strategic importation, and export trade as boosters for economic growth. With a career spanning over two decades, she has a background in Risk Management, Banking Operations, SME and Corporate Banking, support for non-bank financial institutions as well as oversight of core support functions including Corporate Communications, Administration, Customer Experience and Product Development. She has over the years had extensive corporate governance and structured training obtained from agencies the world over to augment hands-on experience. Played a pivotal role in the operationalization of the Ghana Export-Import Bank (EXIM) as its pioneer Deputy Chief Executive Officer (Banking). She is Member, Trade Finance Technical Working Group (Ghana) for the operationalisation of the Africa Free trade Continental Area (AfCFTA). Nana Ama's current role is Deputy Managing Director (Corporate Resources) at Consolidated Bank Ghana (CBG). She holds an Executive MBA (Entrepreneurial Management) from the University of Ghana Business School, Legon, an MA (Marketing Communications) from the University of Westminster Business School, UK and a BA (Social Sciences) from the Kwame Nkrumah University of Science and Technology. She is a Member of the Chartered Institute of Marketing - UK (MCIM). She is the recipient of several awards and honours including Ghana Women of Excellence Award, Global

CORPORATE GOVERNANCE REPORT (continued)

Profile of Executive Management (continued)

Executive Management Committee (continued)

Leadership Excellence Award, Outstanding Woman in Finance Award, and is the Global Chair (Exports and Credit) at the Women Economic Forum (WEF).

Charles Appiah – Director, Finance and Strategy

Charles Appiah is Director, Finance and Strategy at Consolidated Bank Ghana Ltd (CBG). He is a dynamic and result oriented professional with twenty (20) years post-qualification experience spanning across finance, strategy, corporate & business banking and auditing. He has been involved in turnaround of banks, where working closely with the CEOs have transformed the banks from loss-making to profitability within a short period. Prior to joining CBG in 2019, Charles held key positions at OmniBSIC Bank as General Manager Finance, First Atlantic Bank as Chief Finance Officer, and Group Head, Corporate Banking of the same institution. He was also Chief Finance Officer at the United Bank for Africa (UBA) Ghana Ltd and the Deputy Financial Controller in charge of Financial and Regulatory Reporting at the erstwhile Intercontinental Bank Ghana Ltd (Now Access Bank Ghana Ltd). In 2005 as Auditor in a firm of Chartered Accountants, Charles was involved in the auditing of projects undertaken under the Government of Ghana HIPC initiative, a project that ensured that no financially handicapped country would face an unmanageable debt burden. The experience strategist is driven by success and the zest to achieve excellence in all his endeavours. This has led to many recognitions including Chief Finance Officer (CFO) of the year 2023 awarded by the Finance Focus Magazine and the Best CFO for the 18 African countries at the UBA Group in the year 2008. Mr. Appiah is a Fellow of the Association of Chartered Certified Accountant (ACCA). He holds an Executive MBA in Finance and holds a Bachelor of Arts Degree in Philosophy and Linguistics (First-Class Honors) from the University of Ghana. He also received certification for Sustaining Competitive Strategy an Executive programme at Harvard Business School. Mr. Appiah is a football enthusiast with English Premier League Club, Chelsea, and Asante Kotoko football club as his favourites.

Emmanuel Nikoi – Director, Retail and Business Banking

Emmanuel Nikoi is Director, Retail and Business Banking (R&BB) at Consolidated Bank Ghana Limited (CBG). Prior to this role, he was the Chief Strategy Officer of CBG. Emmanuel is a Chartered Accountant, a member of ACCA and ICA Ghana, and a member of the Chartered Institute of Taxation, Ghana. He holds EMBA-Finance (University of Ghana), BSc Administration-Accounting option (University of Ghana) with First class honours. Emmanuel is an old boy of Presbyterian Boys Secondary School, Legon with many colourful distinctions. He was a Project Manager at the Integration of Sovereign Bank, Construction Bank, Unibank, Royal Bank, Heritage Bank, Premium Bank and The Beige Bank to form CBG. His previous jobs include, Chief Finance Officer-Capital Bank Ghana Limited, Head - Finance and Strategy (Financial Controller), Universal Merchant Bank, Head Business Strategy, Budgeting & Performance Management, Merchant Bank Ghana Limited, Managing Director's Special Assistant, Merchant Bank Ghana Limited, Head Statutory Reporting, Merchant Bank Ghana Limited, Assistant Head Financial Accounts, Merchant Bank Ghana Limited. He was a Financial Consultant at Boulders Advisors Limited and an Audit Manager at Eddie Nikoi Accounting Consultancy.

Angela Forson - Director, Corporate and Institutional Banking

Angela Forson is currently the Director of the Corporate and Institutional Banking Division, at Consolidated Bank of Ghana Limited. She is a Financial Sector Practitioner with close to 27 years of experience across the industry. She is a product of the University of Ghana, and she holds an Executive MBA in Marketing and a Bachelor of Arts Degree (Economics, Geography and Resource Development). Before taking up the role of Director, she oversaw the Institutional Banking team in her capacity as General Manager.

CORPORATE GOVERNANCE REPORT (continued)

Executive Management Committee (continued)

Profile of Executive Management (continued)

Angela Forson - Director, Corporate and Institutional Banking (continued)

In 2011, Angela became the first female director in charge of the business in the then fourth largest Bank in Ghana, responsible for the Corporate and Investment Banking Division. Angela has worked as a licensed broker/Investment advisor, traded on the Ghana Stock Market and managed investment portfolios in asset management and has extensive experience in the Capital Markets. Apart from her career achievements, she is a Fortune/US State Department Emerging Global Women's Mentoring Programme Alumni. Angela has undertaken numerous executive management courses from reputable institutions including the Harvard Business School. She also belongs to the Executive Women Network, the International Women's Forum, and is a member of the University of Ghana Business School Corporate Advisory Group. Angela currently serves as a Director on the Board of GOIL Company Limited, Brassica Alpha Fund and also served on the Ghana Railway Development Authority.

John Kwame Mensah Zigah – Director, Global Markets

John K. M. Zigah is Director, Global Markets and has a major interest in Treasury, Finance and Risk management. He is responsible for developing and implementing the Treasury Policies and strategies including foreign exchange and money market dealing systems, managing key treasury risks for the bank including foreign exchange, interest rate and liquidity. John holds MBA- in Financial Management, from the University of Hull, United Kingdom, BSc. Administration. (Finance & Banking) University of Ghana, Legon. Association of Certified Chartered Accountants 2010 - (FCCA). Chartered Institute of Bankers Ghana, (ACIB). Dealing Certificate - Association of FX Dealers. ADO-(Associate Dealing Officer) Ghana Stock Exchange. He comes to this position as Chief Treasury Officer of CBG with a rich experience as former Chief Treasury Officer -Sovereign Bank, Head- Treasury and Investment, Agricultural Development Bank. Manager, Asset and Liability Management Cal Bank, Operational Risk Control Officer-Royal Bank of Scotland, England, and Head - Treasury Operation Stanbic Bank Ghana. John loves to work together with colleagues as a team, positively influencing team cohesion to achieve set goals. Major areas of interest are Treasury, Finance and Risk management, Financial Analysis, Derivatives, Risk Management, Capital Markets, Foreign Exchange (FX) and more. John is a big fan of sports.

Esi Mmirba Wilson – Director, People and Transformation

Esi Mmirba Wilson (Mrs.) is the Director, People and Transformation at Consolidated Bank Ghana (CBG). She is a Human Resource practitioner and a professional with experience in change management, training and development, performance management, recruitment, and talent management. Esi Mmirba has an MBA (Human Resource Management) University of Ghana, Legon, B.A. (Hons) Publishing Studies (First Class Honors) Kwame Nkrumah University of Science and Technology, Kumasi. And a Qualified Lumina Spark Practitioner, SHRM (USA). Before working with CBG, Esi had worked at Sovereign Bank Limited as Chief Human Resource Officer, setting up Human Resource Departments in Akwapim Rural Bank, and FirstBanC Financial Services and was involved in the organizational design, policy formulation and implementation to ensure that the organizations become high performing bodies. She was also Human Resource Manager, Nyaho Medical Centre, Accra. Esi is responsible for the formulation, implementation and monitoring of Human Capital policies and procedures and ensures their compliance with the systems, structures and standards set by the various business and support units of the Bank. In her relaxing moments, she reads, researches and watches crime movies.

Profile of Executive Management (continued)

George Mensah – Director, Technology

George has worked in the Information Technology (IT) world for the past twenty-five years in various capacities and management levels. He is an experienced IT professional who has worked with Multinational companies like Deloitte and Touch Consultants, Standard Chartered Bank Ghana Limited, and Stanbic Bank Ghana (a member of the Standard Bank Group) where he held various positions within the Technology and Operation units. He was the Regional Chief Information Officer (West Africa) for Standard Bank Group, and the Group Chief Information Officer at Fidelity Bank Ghana before joining Consolidated Bank Ghana as the Director of Technology. He holds a Bachelor of Science degree in Computer Science, an Executive Master of Business administration Degree (EMBA) in Entrepreneurial Management, a certificate in Digital Money, and Corporate Governance and is a member of the Ghana Institute of Directors. He brings a wealth of experience to provide strategic vision, digital transformation, Technology Governance, Operational excellence, leadership and cutting technology solutions to enhance customer experience in the financial services community.

Samuel Chiatey Barketey – Director, Operations

Samuel Chiatey Barketey is an astute professional, results-focused leader and a strategist offering over 30 years of experience in the Banking Industry with focus and expertise in Operations, Service delivery and Operational Risk. He has proven ability to drive operational discipline, drawing strengths from experiences in various facets of banking. He is well known for his interpersonal and multitasking capabilities and passion for excellence through continuous improvement. A lawyer by profession, Samuel's legal background has also influenced largely his perspective and decision-making in driving the operations of the Consolidated Bank Ghana Limited (where he is currently the Director of Operations), with particular focus on policy, procedures, and regulatory compliance. Samuel started his banking career with Standard Chartered bank, High Street Accra in 1992 as a Teller. He rose through the ranks to the role of Senior Manager, Branch Operations and Service Delivery. He resigned from Standard Chartered Bank in 2012 to Join the erstwhile uniBank Ghana Limited were he established the Operational Rigour department. By dint of his hard work, Samuel was promoted as Head of Domestic Operations and subsequently promoted as Head of Operations for the bank, responsible for over seven departments. Samuel is an Associate Member of The Chartered Institute of Bankers, Ghana, and a Member of Ghana Bankers Association sub-committee on Fraud/AML/CTF/Security. He holds an MBA in Finance from the University of Ghana Business School and LLB from Mountcrest University College.

John Addo Obiri – Director, Risk

John Addo Obiri is the Director Risk at CBG. He is a certified IFC Sustainability Expert for Financial Institutions and has over 15 years of banking experience in Corporate Banking, Institutional Banking, Retail Banking and Risk Management. His experience in Risk Management span from Environmental and Social Risk, Market and Liquidity Risk, Credit Risk, and Operational Risk. John served as the Enterprise Risk Project Manager for the Bank and was mainly responsible for developing and implementing Risk Policies, Metrics and Programs for the Bank. Between 2018 and 2020, he was the Sector Head for Financial Institutions & Non-Bank Financial Institutions (NBFIs) at CBG, leading the formulation and implementation of the Bank's Financial Institutions Strategy and the overall growth of the Unit. He was very instrumental during the consolidation of the Seven (7) erstwhile banks into the Consolidated Bank Ghana (CBG) in 2018, where he served on the validation team at the erstwhile Beige Bank. Due to the immense work done, he was reassigned to supervise the erstwhile Royal Bank, where he saw the successful coordination of the entire consolidation process and the day-to-day activities of the Bank. He also led a Ten (10) member Team to validate customers' investment holdings from all Seven (7) erstwhile banks. John served as the Head of Financial Institutions (Corporate Banking) for the erstwhile Sovereign Bank Limited from 2016 to 2018 after

CORPORATE GOVERNANCE REPORT (continued)

Executive Management Committee (continued)

Profile of Executive Management (continued)

John Addo Obiri – Director, Risk (continued)

moving from First Atlantic Bank Limited where he was Head for NBFIs. As part of his roles, he deepened and secured new business relationships through tailored products to meet client needs. His experience at GT Bank between 2009 and 2014, saw him serving in different capacities at the Risk Department and Financial Institutions Unit (Corporate Banking) where he led the team at the Financial Institutions Desk, setting the example and tone for a strong sales environment. He also successfully established the Environmental and Social Management System (ESMS) under the Risk Department, where he developed and implemented policy and framework for the Bank. John holds a Master of Science degree in Environmental Science from the Kwame Nkrumah University of Science and Technology and a Bachelor of Science degree in Environmental Science from the University of Cape Coast. He is also a member of Ghana Association of Restructuring and Insolvency Advisors (GARIA).

Anthony Mensah – Chief Legal Officer

Anthony is a young astute lawyer with rich experience in Corporate Law and Banking and a firm grasp of Human Rights and Labour Law. He worked as a pupil lawyer with Zoe, Akyea & Co. and then at the Commission on Human Rights and Administrative Justice (CHRAJ) as a legal officer, assisting with investigating claims and writing legal opinions on varying issues, amongst other functions. Anthony moved to Fidelity Bank in 2011 in the role of a legal officer, drafting agreements and instruments, prosecuting matters in court, advising management on legal issues and an assistant to the company secretary. He later worked as the Head of the Legal Department and the Company Secretary, supervising all legal matters in the 10 Bank. He has a Qualifying Certificate in Law from the Ghana School of Law; an LLB and a B. A. (Hons) in English and History also from the University of Ghana, Legon. He is a Notary Public and an Insolvency practitioner Licenced by the Ghana Association of Restructuring and Insolvency Advisors. Anthony has extensive experience in Corporate Finance legal advisory, Investment legal Advisory Practice and I.T projects legal advisory. In his previous role as Head of Legal and Company Secretary at Fidelity Bank and Head of Legal at Sovereign Bank Limited, he superintended over the legal, compliance, company secretarial and transactional issues in a highly regulated industry. He has initiated and successfully executed major transactions including U$150 million plus equity and debt transactions, involving international majors like Proparco, IFC, Amethis, Edmunde De Roschilds, DEG, FMO and Swedefund. He has worked on numerous complex and complicated syndicated transactions, structured finance, trade finance, project financing deals as well as I.T project implementation. During his time at Fidelity, he oversaw the legal implementation of the outsourcing of the I.T function by Fidelity Bank Ghana Limited to IBM. He loves playing football and is an avid reader.

Patrick Boadi, Director Internal Audit

Patrick Boadi is a Fellow Chartered Certified Accountant (FCCA); Chartered Accountant (CA, GH); Certified Internal Auditor (CIA); Certified Fraud Examiner (CFE); Certified Information Systems Auditor (CISA); Snr Lead Auditor ISO 27001; Member, Institute of Directors (MIoD); Member, Chartered Institute of Marketing (CIM UK); Master of Business Administration (MBA) Finance, University of Essex, UK; Bachelor of Commerce (B.com 1st Class Hons, UCC). Patrick's areas of expertise are Internal and External Auditing, Risk Management, Financial and Management Reporting, Process Reviews and Reengineering, Project Management, Fraud Reviews & Investigations, Business Advisory and Consultancy services. Prior to CBG, Patrick had been the Chief Internal Auditor, Barclays Bank Ghana; Country Head of Audit, Standard Chartered Bank Gambia; Senior Audit Manager, Standard Chartered Bank Ghana; Audit Manager, Glo Mobile; Senior Auditor, Vodafone Group; Senior Associate, KMPG; Audit Report Implementation Committee / Board Audit Committee Member, (Ghana Law School, GIMPA, Institute of Directors, Ghana); Finance Manager, C&J Medical Centre; Accounting Software Implementor, Soft Co. Ltd (now SOFT Tribe).

SUSTAINABILITY REPORT

Introduction

Consolidated Bank Ghana LTD (CBG) recognizes the profound impact of climate change on Africa, and while our contribution has historically been minimal, we acknowledge our responsibility in promoting sustainable economic growth. As one of the largest financial institutions in Ghana, operating across one hundred and sixteen (116) branches, CBG is committed to ensuring that our operations have a positive net effect on the environment, society, and economy. Aligned with the United Nations Sustainable Development Goals (SDGs), we strive to balance the challenges posed by climate change with the imperative to facilitate access to reliable energy for economic development and poverty alleviation. Summary of key milestones chocked in 2023 in CBG:

United Nations Global Compact Membership

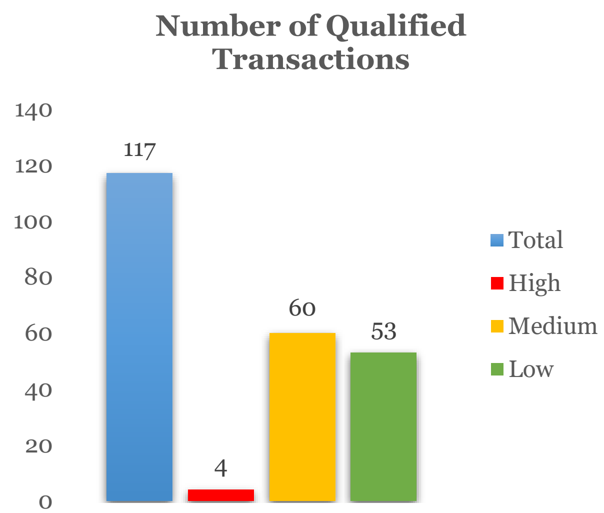
A major Sustainability milestone for the bank in 2023 was the signing on to the UNGC demonstrates CBG's commitment to attaining the SDGs. As the first government bank to achieve this milestone, we reaffirm our commitment to aligning our strategies and operations with the United Nations' Ten Principles, encompassing human rights, labor, environment, and anti-corruption efforts. This step underscores our proactive approach to advancing societal goals.

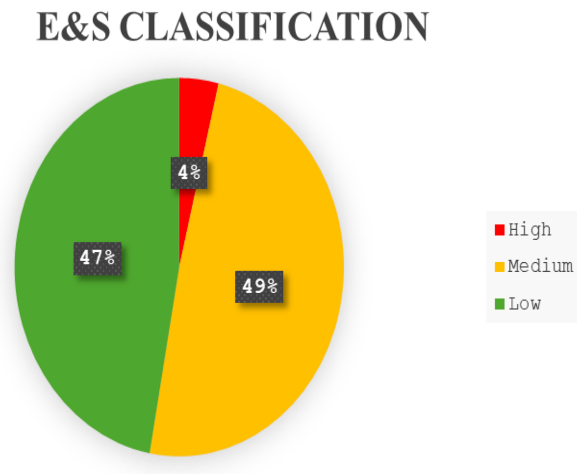
Progress made with Ghana Sustainable Banking Principles

Environmental and Social Risk Management

CBG remains steadfast in its commitment to social and environmental sustainability across its operations. Through our Environmental and Social Management Systems (ESMS) unit within the Risk Management Department, we diligently assess the social and environmental risks associated with our lending activities in sectors such as agriculture, construction, manufacturing, oil and gas, health, mining, commerce, and education. Transactions are categorized into Low, Medium, and High-risk categories based on various factors, including potential impacts and the borrower's commitment to managing these risks. In 2023, a total of one hundred and seventeen (117) transactions were assessed, with efforts focused on mitigating risks and enhancing sustainable practices.

A further analysis of the transactions according to the severity of Environmental & Social (E&S) risks and impacts classification, revealed that fifty three (53) qualifying transactions, which corresponded to 45% are in the low risk category, Sixty (60) qualifying transactions representing 51% are in the medium risk category, while four (4) transactions representing 4% were in the high risk category on CBG's E&S risk classification.





Internal Environmental, Social and Governance

CBG places the interests of our employees, customers, suppliers, and communities at the forefront of our operations. In 2023, the Bank conducted training for some selected departments on the Ghana Sustainable Banking Principles, raising awareness among staff and borrowers alike. The People and Transformation Division included ESG into orientation programs for all new employees who are hired into the Bank to imbibe Sustainable banking practices. To upskill the talents across various business units in the Bank, People and Transformation Division has in place an inhouse E-Learning System known as the "Adesua Hub" to continuously enhance self-paced learning amongst all employees. Additionally, initiatives such as weekly sustainability titbits and monthly quizzes were implemented to foster a culture of sustainability. By engaging with borrowers to improve their sustainable practices, we aim to enhance their performance and contribute to sustainable economic growth.

Promoting Corporate Governance and Ethical standards

Regarding governance, CBG upholds strong corporate governance standards that apply to our employees, suppliers and vendors as well as other third parties. The Bank in 2023 amended its code of conduct for third parties to include environmental, social and governance considerations. This is to ensure that vendors and suppliers show their dedication to sustainable practices, moral behavior, and good governance in their dealings with both the environment and their workforce. This entails making a strong effort to prevent corruption and bribery as well as to guarantee full disclosure. As at the end of December 2023, sixty-five (65) of the vendors and suppliers of the bank had signed on the Code of Conducts as a commitment to align with ESG.

Financial Inclusion

Being an SME focused Bank, CBG through its SME Smart, Advance, Solo Smart and Digital loans has disbursed over GHS 240million as at December 2023 to support the lower and middle segment of the Bank's SME customers to grow their businesses. In 2023, the bank in collaboration with Development Bank Ghana launched the CBG-Ghana Integrated Financial Ecosystem (GIFE) Loans: an unsecured term loan product targeted at the MSME Customers with satisfactory monthly account credit turnovers and satisfactory Credit Reference Report. With an initial funding from the DBG, the bank continues to increase access to finance for Small Medium Enterprises. The bank through our GIFE loans disbursed GHS5,415,000.00 to 13 SME companies to augment their working capital and facilitate their growth as at December 2023.

Financial Inclusion (continued)

As one of the largest banks in Ghana, CBG has 119 Automated Teller Machines (ATMs) across the country, making access to banking easy and convenient. Lastly, on promoting inclusive and equitable quality education (SDG 4), the Bank's initiative called SME Clinic is an outreach program aimed at increasing financial literacy, especially for our SME customer base. Programmes. The SME clinics held in 2023 recorded a total of 397 participants with 270 of the participants being males and 126 being females. SME Participants were given knowledge in bookkeeping, basic accounting, budgeting, etc.

SDG Support Initiatives & Corporate Social Responsibility (CSR)

Consolidated Bank Ghana Ltd (CBG) has strategically aligned its Corporate Social Responsibility (CSR) efforts with the Sustainable Development Goals (SDGs): Committed to advancing the UN's SDGs and Ghana's Nationally Determined Contributions, CBG endeavours to foster a sustainable environment with low carbon emissions by championing climate protection, youth and women empowerment, social inclusion, and sustainable economic growth. Here are the progress and initiatives in support of the SDGs:

Sustainable Development Goals	**Progress in 2023**
Goal 1: Poverty Eradication	Expansion of branches into underbanked areas such as Navrongo, Berekum, and Hohoe to enhance financial access. Widespread Automated Teller Machines (ATMs) network of about 119 across Ghana for easy access to banking services
Goal 2: End Hunger	Support for agricultural sector development through lending products such as Digital loans, Solo loans, GIFE and SMART Loan products.
Goal 3: Health	Contribution to the University of Ghana Medical Centre's research for enhancing patient well-being in 2023. Promotion of physical activity and healthy lifestyles through support for the National Sports for All Association in 2023.
Goal 4: Education	Provision of support to 10 deprived schools in the Ga community to improve access to education. Ensuring inclusive and equitable quality education by supporting learning for autistic/Special Need children and providing technological support to universities.
Goal 5: Gender Equality	A workforce gender ratio of 47:53, demonstrating commitment to gender equality. Support for initiatives promoting women's health, empowerment, and entrepreneurship.
Goal 8: Decent Work and Economic Growth	Employment of over 2,000 workers, promoting diversity and inclusion. Retention of a good number of national service personnel after their service yearly. Promotion of decent work opportunities through career fairs and internship prospects.
Goal 17: Partnerships for the SDGs	Signing onto the UNGC and partnering with organizations like the Ga Mantse Foundation to improve access to education and facilities in deprived communities

In conclusion, CBG remains steadfast in our commitment to sustainability, driving positive change across environmental, social, and economic dimensions. Through strategic initiatives and partnerships, we aim to advance the SDGs, foster financial inclusion, and contribute to a more sustainable future for Ghana and beyond.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CONSOLIDATED BANK GHANA LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Consolidated Bank Ghana LTD (the "Bank") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) 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 Consolidated Bank Ghana LTD for the year ended 31 December 2023.

The financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matters (continued)

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

Impairment allowance on loans and advances to customers

At 31 December 2023, the Bank's impairment allowance on loans and advances to customers was as follows:

<table>
<tr><th>Financial statement line item</th><th>Gross amount
GH¢'000</th><th>Impairment allowance
GH¢'000</th></tr>
<tr><td>Loans and advances to customers</td><td>2,276,305</td><td>322,253</td></tr>
</table>

The impairment of loans and advances to customers was determined on an expected credit loss (ECL) basis under IFRS 9 - Financial Instruments. IFRS 9 is a complex accounting standard which requires considerable judgement and interpretation in its implementation. These judgements and estimates were used in designing models which have been built and implemented to measure expected credit losses. The key areas of judgement were as follows:

- The definition of default and the determination of qualitative and quantitative criteria for determining significant increase in credit risk (SICR).
- The selection and determination of forward-looking economic scenarios and the probability weightings applied to each scenario;
- The completeness, accuracy and integrity of data used in the ECL calculations; and
- The determination of Probability of default (PD), Loss Given Default (LGD) and Exposure at default (EAD).

Given the subjectivity and reliance on estimates and judgements inherent in the determination of the impairment of financial assets, we determined that this was a matter of most significance in our audit.

The accounting policies, critical estimates and judgements and impairment charge are set out in notes 2.8.8, 3.2.2, 4a,11 and 18 to the financial statements.

</td><td>

We obtained an understanding of controls over loans and advances to customers.

We evaluated and tested the controls over loan origination, monitoring and provisioning processes and assessed their operating effectiveness.

We assessed the definition of default and the criteria applied by management in determining SICR.

We applied a risk based targeted testing approach on samples of credit facilities for detailed review.

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

We assessed the completeness, accuracy and integrity of data used in the ECL model and reperformed selected model calculations to check that the inputs used were consistent with the requirements of IFRS 9.

We assessed the reasonableness of PD assumptions applied and tested the reasonableness of the LGD by reviewing on a sample basis the valuation of the collateral held and expected future recoveries.

We checked that the projected EAD over the remaining lifetime of financial assets were in compliance with the requirements of IFRS 9.

We checked the appropriateness of IFRS 9 ECL disclosures

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

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment allowance and modification loss on investment in debt securities

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

<table>
<tr><th>Financial statement line item</th><th>Gross amount GH¢'000</th><th>Impairment allowance GH¢'000</th></tr>
<tr><td>Investment securities</td><td>10,631,984</td><td>804,744</td></tr>
</table>

<table>
<tr><th>Financial statement line item</th><th>GH¢'000</th></tr>
<tr><td>Modification loss</td><td>1,517,292</td></tr>
</table>

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

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

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

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

The determination of fair values of the new instruments on the date of exchange was performed using discounted cash flow models which estimated the discount factors for the categories of bonds exchanged in calculating the modification gain or loss on these bonds.

The accounting policies, critical estimates and judgements and impairment charge are set out in 2.8.1, 2.8.9, 3.2, 11b and 16 to the financial statements.
</td><td>
We obtained an understanding of the DDEP based on the Exchange Memoranda issued by the Government of Ghana.

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

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

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

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

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

We assessed the appropriateness of the related disclosures for investment securities in the financial statements in accordance with IFRS 9
</td></tr>
</table>

Other information

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

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards with the IAS 29 directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

With respect to the provisions of section 21 of the corporate governance disclosure directive (2022) issued by Bank of Ghana, we did not identify any instances of non-compliance regarding the Bank's corporate governance practices and report, based on procedures we performed.

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

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2024/028)
Chartered Accountants
Accra, Ghana
27 March 2024

pwc

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

	Note	2023	2022
Interest income	5	**1,633,124**	1,724,198
Interest expense	6	**(1,071,700)**	(1,109,086)
Net interest income		**561,424**	615,112
Fee and commission income	7	**174,869**	149,689
Fee and commission expense	8	**(17,641)**	(13,041)
Net fee and commission income		**157,228**	136,648
Net trading income	9	**130,749**	191,213
Other operating income	10	**5,018**	3,780
Operating income		**854,419**	946,753
Impairment (losses) on loans and advances - gains	11	**23,142**	(301,727)
Impairment losses on other financial assets	11	**(546,758)**	(1,809,310)
Personnel expenses	12	**(505,999)**	(428,089)
Depreciation and amortisation	21	**(94,422)**	(72,538)
Other expenses	13	**(445,091)**	(341,212)
Loss before income tax		**(714,709)**	(2,006,123)
Income tax credit	14	**171,747**	500,667
Financial sector recovery levy	14	**-**	-
Growth and sustainability levy	14	**-**	-
Loss for the year		**(542,962)**	(1,505,456)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income	17	**-**	(11,962)
Deferred income tax credit relating to other comprehensive income items	22	**-**	2,990
		-	(8,972)
Total comprehensive loss		**(542,962)**	(1,514,428)

The notes on pages 38 to 100 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

		At 31 December	
	Note	**2023**	2022
Assets			
Cash and bank balances	15	**2,069,471**	1,435,682
Investment securities	16	**8,309,948**	6,119,974
Non-pledged trading assets	17	**2,954**	-
Loans and advances to customers	18	**1,954,052**	2,056,142
Intangible assets	19	**26,524**	37,533
Right-of-use asset	20	**107,330**	97,477
Property and equipment	21	**241,450**	189,714
Current income tax asset	14	**9,251**	9,251
Deferred income tax assets	22	**711,259**	539,512
Other assets	23	**259,665**	131,083
Total assets		**13,691,904**	10,616,368
Liabilities			
Deposits from customers	24	**10,428,028**	7,836,791
Borrowed funds	25	**979,702**	2,629,076
Lease liabilities	20	**121,133**	124,094
Other liabilities	26	**918,886**	739,290
Total liabilities		**12,447,749**	11,329,251
Equity			
Stated capital	27	**3,127,784**	627,784
Retained earnings	27	**(1,977,444)**	(1,434,482)
Fair value reserve	27	**-**	-
Statutory reserve	27	**93,815**	93,815
Total equity		**1,244,155**	(712,883)
Total equity and liabilities		**13,691,904**	10,616,368

The notes on pages 38 to 100 are an integral part of these financial statements.

The financial statements of the Bank on page 20 to 85 were approved by the Board of Directors on March 26, 2024, and signed on their behalf by:

....	....
Welbeck Abra-Appiah (Chairman)	**Daniel Wilson Addo (Managing Director)**

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

	Stated Capital	Retained earnings	Statutory reserve	Fair value reserve	Total
Balance at 1 January 2023	**627,784**	**(1,434,482)**	**93,815**	**-**	**(712,883)**
Loss for the year	-	(542,962)	-	-	(542,962)
Fair value adjustment on investment securities	-	-	-	-	-
Total comprehensive loss for the year	-	(542,962)	-	-	(542,962)
Regulatory and other reserve transfers	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Net transfer to reserves					
Transactions with owners	-	-	-	-	-
Additional capital issued	2,500,000	-	-	-	2,500,000
Net Transactions with owners	2,500,000	-	-	-	2,500,000
Balance at 31 December 2023	**3,127,784**	**(1,977,444)**	**93,815**	**-**	**1,244,155**
Balance at 1 January 2022	627,784	70,974	93,815	8,972	801,545
Loss for the year	-	(1,505,456)	-	-	(1,505,456)
Fair value adjustment on investment securities	-	-	-	(8,972)	(8,972)
Total comprehensive loss for the year	-	(1,505,456)	-	(8,972)	(1,514,428)
Regulatory and other reserve transfers					
Transfer to statutory reserve	-	-	-	-	-
Net transfer to reserves	-	-	-	-	-
Transactions with owners					
Additional capital issued	-	-	-	-	-
Net Transactions with owners	-	-	-	-	-
Balance at 31 December 2022	627,784	(1,434,482)	93,815	-	(712,883)

The notes on pages 38 to 100 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

	Note	**2023**	2022
Cash flow (used in)/generated from operations	32	**(2,198,637)**	675,885
Interest received		**2,857,479**	1,718,438
Interest paid		**(1,195,282)**	(1,103,326)
Taxes and levies paid	14	**-**	(33,857)
Net cash flow (used in)/generated from operating activities		**(536,440)**	1,257,140
Cash flow from investing activities			
Acquisition of property and equipment	21	**(86,142)**	(84,847)
Proceeds from disposal of property and equipment	21	**1,144**	259
Acquisition of intangible assets	19	**(3,244)**	(4,175)
Net cash flow used in investing activities		**(88,242)**	(88,763)
Cash flow from financing activities			
Payment of principal portion of lease liabilities	20	**(74,120)**	(36,453)
Net cash flow used in financing activities		**(74,120)**	(36,453)
Net (decrease)/increase in cash and cash equivalents		**(698,802)**	1,131,924
Cash and cash equivalents at beginning of the year		**1,928,562**	796,638
Cash and cash equivalents at 31 December	15	**1,229,760**	1,928,562

The notes on pages 38 to 100 are an integral part of these financial statements.

NOTES

1. General information

Consolidated Bank Ghana LTD (the Bank) is a limited liability company incorporated and domiciled in Ghana. The registered office is 1st Floor, Manet Towers 3, P. O. Box PMB CT 363, Cantoments, Accra. The Bank commenced universal banking operations in August 2018 and operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) with the IAS 29 Directive issued by the Institute of Chartered Accountants Ghana (ICAG) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The financial statements were authorised for issue by the Board of Directors on 26 March 2024.

The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). They have been prepared under the historical cost convention, except as disclosed in the accounting policy.

The ICAG issued a directive in November 2023 to accountants in business and accountants in practice, together with an update in January 2024 on the application of IAS 29 in Ghana. The ICAG asserts in the directive that based on its analysis of the quantitative and qualitative indicators referred to in IAS 29, Ghana was not a hyperinflationary economy as of December 2023, therefore, IAS 29 will not be applicable for December 2023 financial reporting period. In compliance with the directive, the financial statements of the Bank, including the comparative figures, have not been stated in terms of the measuring unit current at the end of the reporting period.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Bank (continued)

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

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

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

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

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

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

(b) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting period 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

(b) Standards issued but not yet effective (continued)

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or 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 2021, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

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

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the closing inter-bank mid rates at the reporting date. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, with finance cost. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Interest income and expense

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payment or receipts. The adjusted carrying amount is calculated on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

2.4 Fee and commission income and expense

The Bank provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, credit card and servicing fees.

Fees and commissions are recognised on an accrual basis when the related services are performed and the performance obligations associated with the contracts are delivered. The Bank reviews its contracts within different revenue streams to identify, separate and measure the components within the scope of IFRS 15. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognised on a straight-line basis over the commitment period. Fees and commission expenses, which relate mainly to transaction and service fees, are expensed as the related services are received.

2.5 Net trading income

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

2.6 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 five 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Leases (continued)

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

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

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

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

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

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

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

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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

2.7 Income tax

Current income tax

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

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Income tax (continued)

Current income tax (continued)

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

Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities

2.8.1 Financial assets

i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

(i) Classification and subsequent measurement (continued)

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

a) Fair value through profit or loss (FVPL): 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.

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

2.8.1 Financial assets (continued)

Debt instruments (continued)

(i) Classification and subsequent measurement (continued)

The above classifications are done using:

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

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

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

(ii) Impairment

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

An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to note 3.2 for further details on the impairment process of financial assets.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

2.8.1 Financial assets (continued)

Debt instruments (continued)

(iii) Modification of loans (continued)

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

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

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

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

(iv) De-recognition other than on a modification

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

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

Financial guarantee contracts and loan commitments

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

2.8.1 Financial assets (continued)

Financial guarantee contracts and loan commitments (continued)

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 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. 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, 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.

2.8.2 Financial liabilities

i) Classification

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

ii) Measurement

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

iii) Derecognition

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

2.8.3 Fair value measurement

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

2.8.3 Fair value measurement (continued)

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

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

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

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

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

2.8.4 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 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial assets and liabilities (continued)

2.8.6 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.

2.8.7 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of three (3) 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.

2.8.8 Loans and advances

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

Loans and advances to customers include:
- those classified as hold to collect; and
- finance lease receivables.

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

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

2.8.9 Investments

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

2.9 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Property and equipment (continued)

(i) Recognition and measurement (continued)

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in other income/other expenses in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the property and equipment.

The estimated useful lives are as follows:

Leasehold land and buildings	Over the lease period
Leasehold improvements	5 years
Furniture, fittings and equipment	5 years
Computers	4 years
Motor vehicles	5 years

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.10 Intangible assets

Computer software

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

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

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

2.12 Deposits and borrowings

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

2.13 Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Defined contribution plans

The Bank makes contributions to mandatory pension schemes for eligible employees. Contribution by the Bank to the mandatory pension schemes is determined by law and are defined contribution plans.

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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.13 Employee benefits (continued)

(iii) Provident fund

The Bank has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 5% of their basic salary to the Fund whilst the Bank contributes 10%. Obligations under the plan are limited to the relevant contributions, which are settled on due dates to the fund manager.

2.14 Stated capital and reserves

(i) Stated capital

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

(ii) Share issue costs

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

(iii) Dividend on ordinary shares

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

NOTES (continued)

3. Financial risk management

3.1 Introduction and overview

The Bank's activities expose the business to risks. These risks are managed in a targeted manner. The core functions of the Bank's risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The risks arising from financial instruments to which the Bank is exposed are:

- credit risk
- liquidity risk
- market risks
- capital management
- operational risks

The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Bank's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

3.1.1 Risk management framework

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

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

The Bank's Risk Committee of the Board is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank.

3.2 Credit risk

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

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

Settlement risk

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

NOTES (continued)

3. Financial risk management (continued)

3.2.1 Credit risk management

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

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

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

Credit concentration risk

Credit concentration risk is the risk of loss to the Bank arising from excessive concentration of exposure to a single counterparty, industry sector, product or geographic area. Large exposure limits have been established under the Bank's credit policy in order to avoid excessive losses from any single counter-party who is unable to fulfil its payment obligations. These risks are monitored on an ongoing basis and subject to annual or more frequent reviews when considered necessary.

Credit limit control and mitigation

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

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

Some other specific control and mitigation measures are outlined below:

(a) Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

NOTES (continued)

3. Financial risk management (continued)

3.2.1 Credit risk management (continued)

Credit limit control and mitigation (continued)

(b) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Collateral and other credit enhancements

The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

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

(d) Impairment and provisioning policies

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

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

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

(e) Write-off policy

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

NOTES (continued)

3. Financial risk management (continued)

3.2.2 Expected credit loss measurement

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

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

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

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

Quantitative criteria:

The remaining Lifetime Probability of Default (PD) at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

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

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow or liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a weekly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

NOTES (continued)

3. Financial risk management (continued)

3.2.2 Expected credit loss measurement (continued)

Significant increase in credit risk (SICR) (continued)

Backstop

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

Low Credit Risk Exemption

The Bank has not used the low credit risk exemption for any financial instruments in the period ended 31 December 2023.

Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

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

Qualitative criteria

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

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

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

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

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

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

NOTES (continued)

3. Financial risk management (continued)

3.2.2 Expected credit loss measurement (continued)

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

- 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 by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has 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 2023 are set out below:

Scenario	Weight %	GDP Growth %	USD/ GH¢	Inflation %	MPR %
Base Case	40	2.8	11.88	23.20	30
Upside	25	2.89	11.74	22.50	29.1
Downside	35	2.71	12.02	23.90	30.9

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

3. Financial risk management (continued)

3.2.2 Expected credit loss measurement (continued)

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

- GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year.
- USD/GHC - The Bank of Ghana average USD rate on the date of assessment and for the last three quarters. This is because of the sensitivity of the economy to exchange rate fluctuations.
- Inflation – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates has an impact on borrowers' likelihood of default.
- MPR – The Monetary Policy Rate (MPR) is used as a tool to target inflation and interest rates. It is an indicator of the likely trend of rates which is a key driver of economic activity.

3.2.3 Maximum exposure to credit risk before collateral held

Maximum exposure to credit risk	**2023**	2022
Credit risk exposures relating to on balance sheet assets are as follows:		
Balances with Bank of Ghana	**919,404**	954,230
Balances with banks	**228,358**	112,217
Investment securities	**10,631,984**	7,895,502
Non-pledged trading assets	**2,954**	-
Due from other banks	**390,951**	94,351
Loans and advances to customers	**2,276,305**	2,401,537
Other assets (excluding prepayments)	**317,792**	214,219
Credit risk exposures relating to off balance sheet items are as follows:		
Letters of credit	**41,580**	288,757
Letters of guarantee	**382,780**	358,218
Undrawn commitments	**42,581**	30,567
At year end	**15,234,689**	12,349,598

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

3. Financial risk management (continued)

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

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2023, 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, 64% of the total maximum exposure is derived from investment securities and non-pledged assets, while loans and advances represent 18%.

The Bank's credit exposures were categorised by the Bank of Ghana prudential guidelines as follows:

Maximum exposure to credit risk	Note	**2023**	2022
Carrying amount			
Grade 1–3: Low–fair risk – Current		**1,831,175**	1,728,691
Grade 4–5: Low–watch list		**99,927**	207,048
Grade 6: Substandard		**80,705**	385,161
Grade 7: Doubtful		**56,729**	57,373
Grade 8: Loss		**207,769**	23,264
Total gross amount	18	**2,276,305**	2,401,537
Allowance for impairment	18	**(322,253)**	(345,395)
Net carrying amount		**1,954,052**	2,056,142
Off balance sheet - Maximum exposure			
Letters of credit - Grade 1–3: Low – fair risk	29	**41,580**	288,757
Letters of guarantee - Grade 1–3: Low – fair risk	29	**382,780**	358,218
Undrawn commitment – Grade 1-3: Low – fair risk	29	**42,581**	30,567
Total gross amount		**466,941**	677,542
Allowance for impairment		**(2,406)**	(2,155)
Net carrying amount		**464,535**	675,387
Total exposure		**2,418,587**	2,731,529
Stage 1			
Grade 1–3: Low – fair risk		**1,831,175**	1,728,691
Stage 2			
Grade 4-5: Watch list		**99,927**	207,048
Stage 3			
Grade 6 -8		**345,203**	465,798

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

3. Financial risk management (continued)

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

Stage 1

The quality of credit exposure to customers and banks and other financial institutions that were neither past due nor impaired were assessed as current with reference to the Bank of Ghana prudential guidelines adopted by the Bank for its internal grading purposes. This category is made up as follows:

	2023	2022
Term loans	**1,609,678**	1,528,759
Overdraft	**141,633**	101,897
Staff loans	**79,864**	98,035
	1,831,175	1,728,691

Stage 2

Loans and advances graded internally as current and OLEM may be past due but are not considered impaired, unless other information is available to indicate the contrary.

Gross amount of loans and advances (term loans) that were past due but not impaired was GH¢ 99,926,828 *(2022: GH¢ 207,047,796)*. These are term loans.

Stage 3

These are loans that are individually impaired by class. The gross amount of loans and advances (term loans) that are impaired was *GH¢345,203,429 (2022: GH¢ 465,798,047).* The fair value of collateral held is *GH¢199,082,645 (2022: GH¢ 86,913,750*).

At 31 December 2023, the Bank's loans and advances were categorised under IFRS 9 as follows:

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

At 31 December 2023

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and bank balances	1,678,520	-	-	**1,678,520**
Due from other banks	390,951	-	-	**390,951**
Investment securities	-	870,983	9,761,001	**10,631,984**
Non-pledged trading assets	2,954	-	-	**2,954**
Loans and advances to customers	1,831,175	99,927	345,203	**2,276,305**
Other assets (less prepayments)	181,777	-	136,015	**317,792**
Gross carrying amount	**4,085,377**	**970,910**	**10,242,219**	**15,298,506**
Loss allowance	(46,389)	(15,610)	(2,718,304)	**(2,780,303)**
Carrying amount	**4,038,988**	**955,300**	**7,523,915**	**12,518,203**

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

3. Financial risk management (continued)

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

At 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances	1,341,331	-	-	1,341,331
Due from other banks	94,351	-	-	94,351
Investment securities	-	1,683,356	6,212,146	7,895,502
Non-pledged trading assets	-	-	-	-
Loans and advances to customers	1,728,691	207,048	465,798	2,401,537
Other assets (less prepayments)	78,203	-	136,016	214,219
Gross carrying amount	3,242,576	1,890,404	6,813,960	11,946,940
Loss allowance	(33,966)	(54,553)	(2,168,419)	(2,256,938)
Carrying amount	3,208,610	1,835,851	4,645,541	9,690,002

The impairment on financial assets are disclosed in notes 11, 16, 18 and 23. All other financial assets of the Bank with credit risk exposures are neither past due nor impaired.

3.2.4 Concentration of credit risk

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

	Loans and advances to customers	
	2023	2022
Carrying amount		
Concentration by product:		
Overdrafts	**160,121**	106,119
Term loans	**2,016,036**	2,199,785
Staff loans	**100,148**	95,633
Gross loans and advances	**2,276,305**	2,401,537
Less: Impairment	**(322,253)**	(345,395)
Net loans and advances	**1,954,052**	2,056,142

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

3. Financial risk management (continued)

3.2.4 Concentration of credit risk (continued)

Concentration by industry:	2023	2022
Agriculture, Forestry & Fishing	**5,903**	4,929
Mining & Quarrying	**117,691**	111,596
Manufacturing	**40,443**	38,497
Electricity, Gas & Water	**237,123**	430,292
Commerce & Finance	**326,765**	268,521
Transport, Storage & Communication	**14,852**	23,314
Construction	**706,691**	791,368
Services	**826,837**	733,020
Gross loans and advances	**2,276,305**	2,401,537
Less: allowance for impairment	**(322,253)**	(345,395)
Net loans and advances	**1,954,052**	2,056,142

3.2.5 Key ratios on loans and advances

i. Loan loss provision ratios is **14.16%** (2022: 14.38%)

ii. Percentage of gross non – performing loans with respect to Bank of Ghana Prudential Norms (individually impaired) to total gross loans and advances is **15.03%** (2022: 19.34%)

iii. Ratio of fifty (50) largest exposure (gross funded) to total exposure is **83%** (2022: 63%).

3.3 Market risk

The Bank takes on exposure to market risk which is the risk that changes in market prices – such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Bank's income or the value of its holdings of financial instruments. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Global Markets and monitored by both Global Markets and Risk Management departments separately.

3.3.1 Management of market risk

The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimising the return on risk. The Bank's Chief Risk Officer is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies.

The Bank identifies market risk through daily monitoring of levels and profit and loss balances of trading and non-trading positions. The Risk Management department monitors daily trading activities to ensure that risk exposures taken are within the approved price limits and the overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer and the Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track the liquidity indicators to ensure that the Bank meets its financial obligations at all times.

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

3. Financial risk management (continued)

3.3.2. Interest rate risk

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

- differences between the timing of market interest rate changes and the timing of cash flows (re-pricing risk)
- changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar re-pricing characteristics (basis risk).

The Asset and Liability Management ("ALM") process, managed through the Assets and Liability Committee (ALCO), is used to manage interest rate risks associated with the non-trading book. The Assets and Liability Committee (ALCO) closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes.

The Bank uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or re-price at various time periods in the future. The Bank may make judgemental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

The table below summarises the re-pricing profiles of financial instruments and other assets and liabilities as at 31 December 2023. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

At 31 December 2023	**Up to 1 month**	**1-3 months**	**3-12 months**	**Over 1 year**	**Non-interest bearing**	**Total**
Assets						
Cash and bank balances	-	-	-	-	1,678,520	**1,678,520**
Due from other banks	390,951	-	-	-	-	**390,951**
Investment securities	207,690	513,841	202,615	7,385,802	-	**8,309,948**
Non-pledged trading assets	2,954	-	-	-	-	**2,954**
Loans and advances to customers	300,133	111,861	415,915	1,126,143	-	**1,954,052**
Other assets (less prepayment)	-	-	-	-	317,792	**317,792**
Financial assets	**901,728**	**625,702**	**618,530**	**8,511,945**	**1,996,312**	**12,654,217**
Liabilities						
Deposits from customers	2,311,353	1,822,614	2,848,777	3,445,284	-	**10,428,028**
Borrowed funds	147,839	106,597	8,351	716,915	-	**979,702**
Lease liabilities	6,542	12,446	23,702	78,443	-	**121,133**
Other liabilities	-	-	-	-	918,886	**918,886**
Financial liabilities	**2,465,734**	**1,941,657**	**2,880,830**	**4,240,642**	**918,886**	**12,447,749**
Total interest re-pricing gap	**(1,564,006)**	**(1,315,955)**	**(2,262,300)**	**4,271,303**	**1,077,426**	**206,468**

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

3. Financial risk management (continued)

3.3 Market risk (continued)

At 31 December 2022	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Cash and bank balances	-	-	-	-	1,341,331	1,341,331
Due from other banks	94,351	-	-	-	-	94,351
Investment securities	16,832	4,935,376	912,795	254,971	-	6,119,974
Non-pledged trading assets	-	-	-	-	-	-
Loans and advances to customers	456,094	185,492	325,386	1,089,170	-	2,056,142
Other assets (less prepayment)	-	-	-	-	214,219	214,219
Financial assets	567,277	5,120,868	1,238,181	1,347,699	1,555,550	9,826,017
Liabilities						
Deposits from customers	1,565,070	1,462,085	2,461,849	2,347,786	-	7,836,791
Borrowed funds	256,190	278,764	1,450,536	643,586	-	2,629,076
Lease liabilities	3,779	8,775	31,190	81,160	-	124,904
Other liabilities	-	-	-	-	739,290	739,290
Financial liabilities	1,825,039	1,749,624	3,943,575	3,072,532	739,290	11,330,060
Total interest re-pricing gap	(1,257,762)	3,371,244	(2,705,394)	(1,728,391)	816,259	(1,504,043)

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. This approach has not changed in 2023. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

		Possible interest rate movements		
31 December 2023	**Total interest re-pricing gap**	**+100bps**	**+200bps**	**+300bps**
Up to 1 month	**(1,557,463)**	(15,575)	(31,149)	(46,724)
1-3 months	**(1,303,510)**	(13,035)	(26,070)	(39,105)
3-12 months	**(2,238,598)**	(22,386)	(44,772)	(67,158)
over 1 year	**4,349,746**	43,497	86,995	130,492
Total	**(749,825)**	**(7,499)**	**(14,996)**	**(22,495)**
Net interest income	**561,424**			
Impact on net interest income for 2023		(1.34%)	(2.67%)	(4.01%)

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

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.2. Interest rate risk (continued)

		Possible interest rate movements		
31 December 2022	Total interest re-pricing gap	+100bps	+200bps	+300bps
Up to 1 month	(1,253,983)	(12,540)	(25,080)	(37,619)
1-3 months	3,380,019	33,800	67,600	101,401
3-12 months	(2,674,204)	(26,742)	(53,484)	(80,226)
over 1 year	(1,643,673)	(16,437)	(32,873)	(49,310)
Total		(903)	(1,806)	(2,711)
Net interest income	615,112			
Impact on net interest income for 2022		(3.56%)	(7.13%)	(10.69%)

3.3.3 Foreign exchange risk

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 adopted the revised Bank of Ghana requirement that banks maintain a total open position which is equal to 10% of their net own funds. Within this limit, banks are also required to maintain single currency open positions equal to 5% of net own funds.

The table below summarises the Bank's exposure by currency exchange rates on its financial position and cash flows

At 31 December 2023	**EUR**	**GBP**	**USD**	**GHS**	**Total**
Assets					
Cash and bank balances	40,811	51,234	485,307	1,101,168	**1,678,520**
Due from other banks	-	-	-	390,951	**390,951**
Investment securities	-	-	1,017,445	7,292,503	**8,309,948**
Non-pledged trading assets	-	-	-	2,954	**2,954**
Loans and advances to customers	1	-	596,307	1,357,744	**1,954,052**
Other assets	24	-	23,925	235,716	**259,665**
Total assets	**40,836**	**51,234**	**2,122,984**	**10,381,036**	**12,596,090**
Liabilities					
Deposits from customers	41,381	44,935	1,504,238	8,837,474	**10,428,028**
Borrowed funds	-	-	565,123	414,579	**979,702**
Other liabilities	38	765	79,101	838,982	**918,886**
Total liabilities	**41,419**	**45,700**	**2,148,462**	**10,091,035**	**12,326,616**
Net on balance sheet position	**(583)**	**5,534**	**(25,478)**	**290,001**	**269,474**

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

3. Financial risk management (continued)

3.3 Market risk (continued)

3.3.3 Foreign exchange risk (continued)

At 31 December 2022	EUR	GBP	USD	GHS	Total
Assets					
Cash and bank balances	27,488	35,617	259,238	1,018,988	1,341,331
Due from other banks	-	-	94,351	-	94,351
Investment securities	-	-	684,413	5,435,561	6,119,974
Non-pledged trading assets	-	-	-	-	-
Loans and advances to customers	1	-	515,299	1,540,842	2,056,142
Other assets	80	-	11,199	255,819	267,098
Total assets	27,569	35,617	1,564,500	8,215,210	9,878,896
Liabilities					
Deposits from customers	27,536	34,771	1,109,961	6,664,523	7,836,791
Borrowed funds	-	-	441,292	2,187,784	2,629,076
Other liabilities	89	522	41,018	697,661	739,290
Total liabilities	27,625	35,293	1,592,271	9,549,968	11,205,157
Net on balance sheet position	(56)	324	(27,771)	(1,298,758)	(1,326,261)

Foreign currency sensitivity analysis

The Bank's principal foreign currency exposures are to the US Dollar, the Euro and the Pound Sterling. The table below illustrates the hypothetical sensitivity of reported profit to a 10% decrease/increase in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Cedi weakens/strengthens by 10%	**2023**	2022
US Dollar	**(30,268)**	(23,817)
Euro	**8,375**	334
Pound Sterling	**(764)**	(52)

Year end exchange rates applied in the above analysis are GH¢ 11.8800 to the US dollar (2022: 8.576), GH¢ 13.1264 to the Euro (2022: 9.1457), and GH¢15.1334 to the Pound Sterling (2022: 10.3118) (Source: Bank of Ghana interbank rate)

NOTES (continued)

3. Financial risk management (continued)

3.4 Liquidity risk

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

Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Global Markets Department, includes:

- day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in the money market to enable this to happen;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements and;
- managing the concentration and profile of debt maturities.

Finally, the Bank is statutorily required to maintain a reserve of 10% of the local currency equivalent of foreign currency customer deposits held as well as 10% of local currency customer deposits in one account with the Bank of Ghana. These balances are used to support all inter-bank transactions.

The Bank prepares and uses liability mismatch reports to manage funding needs. The liquidity mismatch report is used to measure the ability of the Bank to meet maturing liability obligations. This is supplemented by weekly cash flow reports produced to show the projected cash flow on a daily basis incorporating projected customer withdrawals, including credit disbursements, as well as deposits.

The deposit concentration ratio is monitored monthly to ensure that decisions of individual and or groups of depositors do not severely impact on liquidity. Particular attention is given to wholesale borrowing. Due to their size, withdrawals of such funds tend to impact negatively on liquidity. As a rule, wholesale borrowing transactions are entered into as repurchase contracts where each transaction is collateralised with a treasury bill or bond. Alternatively, such transactions are contracted to support specific credits in a back-to-back transaction. The monthly deposit concentration report is examined as part of the Assets and Liabilities Committee (ALCO) process and the necessary preventive/remedial action taken.

In addition to the above, the Bank observes a defined volatile liability dependency ratio which is measured as (volatile funds – liquid assets)/long term investments. This measures the reliance on volatile funds to finance long term investments as well as other non-liquid assets. (Volatile funds are short term wholesale funds e.g. call accounts.

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

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

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

At 31 December 2023	**Up to 1 month**	**1 - 3 months**	**3-12 months**	**Over 1 year**	**Total**
Liabilities					
Deposits from customers	2,311,353	1,822,614	2,848,777	3,445,284	**10,428,028**
Borrowed funds	147,839	106,597	8,351	716,915	**979,702**
Lease liabilities	6,542	12,446	23,702	78,443	**121,133**
Other liabilities	56,444	204,771	161,325	496,346	**918,886**
Total liabilities (contractual maturity date)	**2,522,178**	**2,146,428**	**3,042,155**	**4,736,988**	**12,447,749**
Assets					
Cash and bank balances	1,678,520	-	-	-	**1,678,520**
Due from other banks	390,951	-	-	-	**390,951**
Investment securities	207,689	513,841	202,615	7,385,803	**8,309,948**
Non-pledged trading assets	2,954	-	-	-	**2,954**
Loans and advances to customers	300,133	111,861	415,915	1,126,143	**1,954,052**
Other assets (less prepayments)	71,042	11,459	93,573	5,703	**181,777**
Total assets held for managing liquidity risk (contractual maturity date)	**2,651,289**	**637,161**	**712,103**	**8,517,649**	**12,518,202**

At 31 December 2022	Up to 1 month	1 - 3 months	3-12 months	Over 1 year	Total
Liabilities					
Deposits from customers	1,565,070	1,462,085	2,461,849	2,347,786	7,836,790
Borrowed funds	256,190	278,764	1,450,536	643,586	2,629,076
Lease liabilities	3,779	8,775	31,190	81,160	124,904
Other liabilities	13,247	169,614	121,244	389,656	693,761
Total liabilities (contractual maturity date)	1,838,286	1,919,238	4,064,819	3,462,188	11,284,531
Assets					
Cash and bank balances	1,341,331	-	-	-	1,341,331
Due from other banks	94,351	-	-	-	94,351
Investment securities	16,832	4,935,376	912,795	258,529	6,123,532
Non-pledged trading assets	-	-	-	-	-
Loans and advances to customers	456,094	185,491	325,386	1,089,170	2,056,142
Other assets (less prepayments)	11,145	3,429	37,591	4,116	56,281
Total assets held for managing liquidity risk (contractual maturity date)	1,919,753	5,124,296	1,275,772	1,351,815	9,671,636

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

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

3.4.1 Exposure to liquidity risk

The Bank holds a diversified portfolio of cash and liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise cash and balances with Bank of Ghana, placements and balances with other banks, government treasury bills and bonds, and loans and advances.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers set out as follows:

	2023	2022
At period end	**54%**	87%
Average for the year	**73%**	84%
Maximum for the year	**89%**	98%
Minimum for the year	**42%**	65%

The Bank's liquidity reserves are represented by its cash and cash equivalents as disclosed in Note 15 with the necessary mandatory reserve which is not available to the Bank in the ordinary course of business.

3.3.5 Statutory Liquidity Breaches and non-compliance with other prudential requirements

With reference to Section 39 (1) of the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930, the Bank breached the weekly cash reserve requirement in 2023 and was not levied by Bank of Ghana (the regulator).

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

3. Financial risk management (continued)

3.5 Country analysis

The assets and liabilities of the Bank held inside and outside Ghana are analysed below:

	2023			2022		
	Ghana	**Outside**	**Total**	Ghana	Outside	Total
Assets						
Cash and bank balances	**1,450,585**	**227,935**	**1,678,520**	1,229,114	112,217	1,341,331
Due from other banks	**390,951**	**-**	**390,951**	94,351	-	94,351
Investment securities	**8,309,948**	**-**	**8,309,948**	6,119,974	-	6,119,974
Non-pledged trading assets	**2,954**	**-**	**2,954**	-	-	-
Loans and advances to customers	**1,954,052**	**-**	**1,954,052**	2,056,142	-	2,056,142
Intangible asset	**26,524**	**-**	**26,524**	37,533	-	37,533
Right-of-use asset	**107,330**	**-**	**107,330**	97,477	-	97,477
Property and Equipment	**241,450**	**-**	**241,450**	189,714	-	189,714
Current income tax asset	**9,251**	**-**	**9,251**	9,251	-	9,251
Deferred income tax asset	**711,259**	**-**	**711,259**	539,512	-	539,512
Other assets	**253,963**	**5,702**	**259,665**	131,083	-	131,083
Total assets	**13,458,267**	**233,637**	**13,691,904**	10,504,151	112,217	10,616,368
Liabilities						
Deposits from customers	**10,428,028**	**-**	**10,428,028**	7,836,791	-	7,836,791
Borrowed funds	**414,579**	**565,123**	**979,702**	2,629,076	-	2,629,076
Lease Liability	**121,133**	**-**	**121,133**	124,094	-	124,094
Other liabilities	**918,886**	**-**	**918,886**	739,290	-	739,290
Total liabilities	**11,882,626**	**565,123**	**12,447,749**	11,329,251	-	11,329,251

NOTES (continued)

3. Financial risk management (continued)

3.6 Fair values of financial instruments

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

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

(a) Valuation models

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

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

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other 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 also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The 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.

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

3. Financial risk management (continued)

3.6 Fair values of financial instruments (continued)

(b) 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

At 31 December 2023	**Level 1**	Level 1
Assets	**2023**	2022
Non-pledged trading assets (note 17)	2,954	-

(c) Financial instruments not measured at fair value

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

At 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Assets					
Cash and bank balances	-	1,678,520	-	**1,678,520**	**1,678,520**
Due from other banks	-	390,951	-	**390,951**	**390,951**
Investment securities	-	8,309,948	-	**8,309,948**	**8,309,948**
Loans and advances to customers	-	1,954,052	-	**1,954,052**	**1,954,052**
Other assets (less prepayments)	-	181,777	-	**181,777**	**181,777**
	-	**12,515,248**	-	**12,515,248**	**12,515,248**
Liabilities					
Deposits from customers	-	10,428,028	-	**10,428,028**	**10,428,028**
Borrowed funds	-	979,702	-	**979,702**	**979,702**
Lease liabilities		121,133	-	**121,133**	**121,133**
Other liabilities	-	918,886	-	**918,886**	**918,886**
	-	**12,447,749**	-	**12,447,749**	**12,447,749**

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

3. Financial risk management (continued)

3.6 Fair values of financial instruments (continued)

(c) Financial instruments not measured at fair value (continued)

At 31 December 2022	Level 1	Level 2	Level 3	Fair value	Carrying amount
Assets					
Cash and bank balances	-	1,341,331	-	1,341,331	1,435,682
Due from other banks	-	94,351	-	94,351	94,351
Investment securities	-	2,147,948	3,972,026	6,119,974	6,119,974
Loans and advances to customers	-	2,056,142	-	2,056,142	2,056,142
Other assets (less prepayments)	-	214,219	-	214,219	214,219
	-	5,853,991	3,972,026	9,826,017	9,826,017
Liabilities					
Deposits from customers	-	7,836,791	-	7,836,791	7,836,791
Borrowed funds	-	2,629,076	-	2,629,076	2,629,076
Lease liabilities	-	124,904	-	124,904	124,904
Other liabilities	-	739,290	-	739,290	739,290
	-	11,330,061	-	11,330,061	11,330,061

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

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

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

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

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

NOTES (continued)

3. Financial risk management (continued)

3.7 Capital management

Regulatory capital

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

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

- Tier 1 capital, also referred to as core/primary capital is made up of equity and disclosed reserves. Equity includes issued and fully paid ordinary share capital and perpetual non-cumulative preference shares. Disclosed reserves relate to those created or increased by appropriation of after-tax retained earnings/surplus, retained profits and general statutory reserves and does not include regulatory credit risk reserve.

- Tier 2 capital, also referred to as supplementary/secondary capital includes revaluations reserves, latent revaluation reserves and hybrid capital instruments. Latent revaluation reserves relate to unrealised gains on equity instruments classified as available-for-sale.

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

Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank complied with the statutory capital requirements throughout the period. There have been no material changes in the Bank's management of capital during this period.

Capital adequacy ratio

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk-weighted asset base. In accordance with Central Bank of Ghana regulations, a minimum ratio of 13% is to be maintained. The ratio has temporarily been reduced to 10% (2022: 10%) as part of the Domestic Debt Exchange programme mitigation measures by the Bank of Ghana in 2023.

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

3. Financial risk management (continued)

3.7 Capital management (continued)

Capital adequacy ratio (continued)

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

	Note	2023	2022
Common Equity Tier 1 (CET1) Capital			
Ordinary share capital	27(a)	**3,127,784**	627,784
CET 1 Reserves			
Statutory reserve	27 (c)	**93,815**	93,815
Retained earnings	27 (b)	**(1,977,445)**	(1,434,482)
DDEP Regulatory relief		**1,538,499**	1,538,499
Total CET1 Reserves		**(345,131)**	197,832
CET1 Capital before Deductions/Adjustments		**2,782,653**	825,615
Less: Regulatory Adjustment to CET1 Capital			
Provisions and expected losses not provided for		**(769,249)**	(384,625)
Intangibles		**(865,032)**	(638,087)
CET1 Capital after Deductions		**1,148,372**	(197,097)
Additional Tier1 (AT1) Capital		**-**	-
Tier 1 Capital		**1,148,372**	(197,097)
Tier 2 Regulatory Capital		**-**	-
Total Regulatory Capital (Tier1 + Tier2)		**1,148,372**	(197,097)

	2023	2022
Risk Profile		
Credit Risk		
On-Balance Sheet RWA	**2,708,667**	2,434,441
Off-Balance Sheet RWA	**188,660**	208,189
On & Off Balance Sheet Trading Book RWA	**-**	-
Credit Risk Reserve (CRR)	**-**	-
Total Credit Risk Equivalent Weighted Assets	**2,897,327**	2,642,630

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

3. Financial risk management (continued)

3.7 Capital management (continued)

Capital adequacy ratio (continued)

	2023	2022
Operational Risk		
Total Operational Risk Capital Charge	**174,282**	160,887
Total Operational Risk Equivalent Weighted Assets	**1,742,821**	1,608,871
Market Risk		
Interest Rates	**17,873**	14,167
Foreign Exchange	**1,500**	186
Total Market Risk Charge	**19,373**	14,352
Total Market Risk Equivalent Weighted Assets	**242,163**	179,406
Total for Credit Risk, Operational Risk and Market Risk		
Total RWA	**4,882,311**	4,430,906
Risk-based Capital Ratios		
Common Equity Tier 1/RWA	**23.52%**	(4.45%)
Tier 1/RWA	**23.52%**	(4.45%)
Tier 2/RWA		-
Capital Adequacy Ratio (CAR)	**23.52%**	(4.45%)
Minimum Capital Requirement		
Minimum Capital Requirement	10%	10%
Prudential Minimum (with Capital Conservation Buffer)	10%	10%
Surplus Minimum Capital		
Surplus/(deficit) to Minimum Capital	**13.52%**	(14.45%)
Surplus/(deficit) to Prudential Minimum Capital	**13.52%**	(14.45%)

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

3. Financial risk management (continued)

3.7 Capital management (continued)

Capital adequacy ratio **(continued)**

	2023	2022
Tier 1 Leverage Ratio		
Off-Balance Sheet Exposures	**466,941**	677,542
On-Balance Sheet Exposures	**13,691,904**	10,616,368
Total Exposures	**12,528,918**	10,655,823
Leverage Ratio	**9.17%**	(1.85%)

Capital allocation

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

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

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

3.8 Operational risk

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

3.8.1 Business Units and Support Functions

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

3.8.2 Operational Risk Department

The department has direct responsibility for formulating and implementing the Bank's operational risk framework including methodologies, policies and procedures approved by the Board. The department works with the Business Units and Support Functions to ensure that the day-to-day operations of the Bank are in line with the approved

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

3. Financial risk management (continued)

3.8 Operational risk (continued)

3.8.2 Operational Risk Department (continued)

Operational risk policies. The unit provides trainings and workshops to facilitate interpretation and implementation of the various operational risk programs. The department continuously monitors the effectiveness and the quality of the controls and risk mitigation tools.

3.8.3 Internal Audit

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

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

On 5 December 2022, the Government of Ghana announced Ghana's Domestic Debt Exchange Programme (DDEP). The Programme invited eligible bondholders to voluntarily exchange eligible local currency bonds issued by the Government of Ghana, ESLA and Daakye bonds for a new series of bonds to be issued by the Government. Subsequently on 4 September 2023, the Government further invited eligible holders of Cocoa Bills and local dollar bonds to exchange them for new bonds to be issued to them.

In 2023 the Bank successfully exchanged GHS 5.5 billion Government of Ghana Cedi bonds, GHS 964.1 million COCOBOD bonds and GHS 29.6 million equivalent of Government of Ghana USD bonds for a series of new bonds with maturity dates commencing from 2027-2038, 2024-2028 and 2027-2028 respectively. A modification loss of GHS1.5 billion was recognised as a result of the exchange.

In assessing modification gain/loss for investment securities that are within the scope of the Government of Ghana's Domestic Debt Exchange Programme, modification gains/loss is calculated as the difference between the carrying value of the old investments and the fair value of new investments calculated as the present value of future cash flows using an appropriate discount rate.

In assessing the impairment for investment securities that are within the scope of the Government of Ghana's Domestic Debt Exchange Programme, impairment is calculated as the difference between carrying value of the exchanged investments and their fair value calculated as the present value of future cash flows using an appropriate discount rate.

Management has applied a range of valuation assumptions to arrive at a proxy for an appropriate discount rate due to the current complexities in Ghana's bond market. The discount rates used were 15.67%, 7% and 17% for the Government of Ghana Cedi bonds, local USD bonds and Ghana Cocoa Board bonds respectively.

Sensitivity analysis -Investment securities under the DDEP programme
The sensitivity of the impairment provision to a 1% change in the discount rate is set out below:

	2023	2022
1% decrease in discount rate	2,030,376	1,534,051
Base	2,322,035	1,775,527
1% increase in discount rate	2,592,070	2,000,293

NOTES (continued)

4. Critical accounting judgements, estimates and assumptions

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

(a) Measurement of the expected credit loss allowance

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

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

Refer to Note 2.8 and 3.2 for further details on these estimates and judgements.

(b) Fair value of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer to Note 2.8 for further details on these estimates and judgements.

(c) Income taxes

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

NOTES (continued)

4. Critical accounting judgements, estimates and assumptions (continued)

(c) Income taxes (continued)

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.

(d) Lease term

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

The following factors are normally the most relevant:

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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

5. Interest income

	2023	2022
Loans and advances to customers	**501,573**	360,799
Placement with other banks	**3,965**	48,183
Investment securities	**1,127,586**	1,315,216
	1,633,124	1,724,198

6. Interest expense

Demand deposits	**101,584**	44,136
Savings deposits	**32,524**	22,156
Time and other deposits	**466,932**	440,829
Borrowed funds	**459,419**	596,205
Finance cost - lease liability	**11,241**	5,760
	1,071,700	1,109,086

7. Fee and commission income

Trade fees	**58,475**	45,913
Alternate channel fees	**43,211**	36,987
Loan related fees	**17,293**	19,503
Remittance fees	**22,991**	8,106
Banking charges	**32,899**	39,180
	174,869	149,689

8. Fee and commission expense

Alternate channel expenses	**13,231**	9,996
Transfer charges	**2,396**	1,493
Bank charges	**2,014**	1,552
	17,641	13,041

9. Net trading income

Net foreign exchange gain	**119,619**	133,645
Fixed Income Trading	**11,130**	57,568
	130,749	191,213

10. Other operating income

Gain on asset disposal – Note 21 (b)	**1,063**	103
Other miscellaneous income	**3,955**	3,677
	5,018	3,780

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

11. Impairment losses on financial assets

	2023	2022
a) Impairment (release)/charge on loans and advances	**(23,142)**	301,727
b) Impairment losses on other financial assets		
Impairment charge on investment securities	**546,507**	1,773,165
Impairment charge/(release) on off balance sheet items	**251**	(11)
Impairment charge on other assets	**-**	36,156
	546,758	1,809,310

12. Personnel expenses

	2023	2022
Wages, salaries and allowances	**389,130**	338,346
Social security obligations	**25,825**	22,269
Provident fund contribution	**19,777**	17,292
Staff loan fair valuation expense	**10,783**	7,227
Other staff cost	**60,484**	42,955
	505,999	428,089

13. Other expenses

	2023	2022
Occupancy costs	**64,979**	48,164
Information Technology expenses	**134,151**	80,148
Directors' emoluments	**3,044**	1,750
Auditor's remuneration	**1,085**	835
General and administrative expenses	**241,832**	210,315
	445,091	341,212

14. Income tax expense

	2023	2022
Current income tax charge – (Note 14 (a))	**-**	18,347
Deferred income tax credit - (Note 22)	**(171,747)**	(519,014)
	(171,747)	(500,667)

(a) Income tax

Year ended 31 December 2023	**Balance at 1/1/2023**	**Charge for the year**	**Payments during the year**	**Balance at 31/12/2023**
Income tax				
up to 2022	(9,251)	-	-	**(9,251)**
2023	-	-	-	**-**
	(9,251)	-	-	**(9,251)**

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

14. Income tax expense (continued)

(a) Income tax (continued)

Year ended 31 December 2023	**Balance at 1/1/2023**	**Charge for the year**	**Payments during the year**	**Balance at 31/12/2023**
Growth and sustainability levy				
up to 2022	(3,345)	-	-	**(3,345)**
2023	-	-	-	**-**
	(3,345)	-	-	**(3,345)**
Financial Sector Recovery levy				
up to 2022	(3,929)	-	-	**(3,929)**
2023	-	-	-	**-**
	(3,929)	-	-	**(3,929)**

Year ended 31 December 2022	Balance at 1/1/2022	Charge for the year	Payments during the year	Balance at 31/12/2022
Income tax				
up to 2021	(223)	-	-	(223)
2022	-	18,347	(27,375)	(9,028)
	(223)	18,347	(27,375)	(9,251)
National fiscal stabilisation levy				
up to 2021	(104)	-	-	(104)
2022	-	-	(3,241)	(3,241)
	(1,018)	-	(3,241)	(3,345)
Financial Sector Recovery levy				
up to 2021	(688)	-	-	(688)
2022	-	-	(3,241)	(3,241)
	(688)	-	(3,241)	(3,929)

(b) Tax reconciliation

Tax on the Bank's loss before income tax differs from the theoretical amounts as follows:

	2023	2022
Loss before income tax	**(714,709)**	(2,006,123)
Income tax at the statutory income rate of 25%	**(178,677)**	(501,531)
Changes in estimates related to prior years	**-**	-
Non-deductible expenses	**178,677**	519,878
Income tax charge	**-**	18,347

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

15. Cash and bank balances

	2023	2022
Cash on hand	**530,758**	274,884
Balances with Bank of Ghana	**919,404**	954,230
Balances with local and foreign Banks – Nostro balances	**228,358**	112,217
Balances with Banks – Placements	**390,951**	94,351
	2,069,471	1,435,682

Cash and bank balances for purposes of the statement of cash flows

Cash on hand	**530,758**	274,884
Balances with Bank of Ghana	**919,404**	954,230
Balances with local and foreign Banks – Nostro balances	**228,358**	112,217
Balances with Banks – Placements	**390,951**	94,351
Treasury bills maturing within 90 days	**724,486**	1,578,308
Less mandatory cash reserve	**(1,564,197)**	(1,085,428)
	1,229,760	1,928,562

The Bank is required to hold a minimum cash reserve equivalent to 15% (2022: 14%) of the Bank's deposits at the reporting date.

16. Investment securities

	2023	2022
Government of Ghana bonds	**9,761,001**	6,212,146
Modification loss	**(1,517,292)**	-
	8,243,709	6,212,146
Treasury bills	**870,983**	1,683,356
Expected credit loss	**(804,744)**	(1,775,528)
At 31 December (net)	**8,309,948**	6,119,974

The movement on impairment allowance on investments is as follows:

At 1 January	**1,775,528**	2,309
Derecognised on exchange of investments	**1,517,292**	-
Impairment (release)/charge	**(970,784)**	1,773,219
At 31 December	**2,322,036**	1,775,528

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

16. Investment securities (continued)

Analysis of investment securities by tenor	**2023**	2022
Maturing within 91 days of acquisition	**721,530**	1,578,308
Maturing after 91 days but within 182 days of acquisition	**97,761**	827,216
Maturing after 182 days of acquisition	**104,854**	10,749
Maturing after 1 year of acquisition	**9,707,839**	5,479,229
Gross total	**10,631,984**	7,895,502
Impairment loss on investment securities	**(2,322,036)**	(1,775,528)
At 31 December	**8,309,9 48**	6,119,974

During the year, the Bank successfully exchanged GHS 5.5 billion Government of Ghana Cedi bonds, GHS GHS964.1 million COCOBOD bonds and GHS29.6 million Government of Ghana USD bonds for a series of new bonds with maturity dates commencing from 2027-2038, 2024-2028 and 2027-2028 respectively, through the Ghana Domestic Debt Exchange Programme. A modification loss of GHS1.5 billion was recognised as a result of the exchange of bonds.

Collateral accepted as security for assets

At 31 December 2023, the Bank had pledged GH¢348,131,702 (2022: GH¢922,371,246) of its investments in Government securities. The Bank has not received collateral that it is permitted to sell or re-pledge in case of default by counterparties.

17. Non-pledged trading assets

	2023	2022
Treasury bills	**2,956**	-
Government of Ghana bonds	**-**	-
Gross	**2,956**	-
Fair value loss position on hold to sell investment securities	**(2)**	-
At 31 December (net)	**2,954**	-

The changes in fair value recognised in other comprehensive income for the year was *Nil (2022: GH¢11,961,920)*

Analysis of Non-pledged trading assets by tenor	**2023**	2022
Maturing within 91 days of acquisition	**2,956**	-
Gross total	**2,956**	-
Fair value loss on hold to sell investment securities	**(2)**	-
At 31 December	**2,954**	-

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

18. Loans and advances to customers

	2023	2022
Loans and advances to customers at amortised cost	**2,276,305**	2,401,537
Less allowance for impairment	**(322,253)**	(345,395)
Loans and advances to customers at amortised cost	**1,954,052**	2,056,142
Current	**190,566**	1,018,850
Non-current	**1,763,486**	1,037,292
	1,954,052	2,056,142

(a) Loans and advances to customers at amortised cost

At 31 December 2023	**Gross amount**	**Impairment allowance**	**Carrying amount**
Individual customers	491,759	(28,869)	**462,890**
Corporate customers	1,784,546	(293,384)	**1,491,162**
	2,276,305	**(322,253)**	**1,954,052**

At 31 December 2022	Gross amount	Impairment allowance	Carrying amount
Individual customers	413,434	(18,126)	395,308
Corporate customers	1,988,103	(327,269)	1,660,834
	2,401,537	(345,395)	2,056,142

(b) Allowances for impairment

	2023	2022
Balance at the beginning of the reporting year	**345,395**	44,065
(Credit)/charge for the year	**(23,142)**	301,727
Write offs	-	(396)
Total allowances for impairment	**322,253**	345,395

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

19. Intangible assets

	2023	2022
Cost		
At 1 January	**75,362**	51,651
Additions	**3,244**	4,175
Transfer from work in progress	**2,009**	19,536
At 31 December	**80,615**	75,362
Accumulated amortisation		
At 1 January	**37,829**	21,434
Amortisation	**16,262**	16,395
At 31 December	**54,091**	37,829
Carrying amount at 31 December	**26,524**	37,533

20. Leases

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:

Right-of-use assets

	2023	2022
Cost		
At 1 January	**176,485**	154,113
Additions	**106,271**	15,308
Remeasurement	**(48,516)**	7,064
At 31 December	**234,240**	176,485
Accumulated depreciation		
At 1 January	**(79,008)**	(85,805)
Charge for the year	**(45,842)**	(34,102)
Remeasurement	**(2,060)**	40,899
At 31 December	**(126,910)**	(79,008)
Net book amount	**107,330**	97,477

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

20. Leases (continued)

	2023	2022
Lease Liabilities		
Current	**42,690**	42,934
Non-current	**78,443**	81,160
	121,133	124,094
Amounts recognised in profit or loss		
Depreciation charge of right-of-use of assets - Buildings	**45,842**	34,102
Interest expense on lease liabilities	**11,241**	5,760
Expense relating to short term and low value leases (included in administrative expenses)	**7,727**	516
Exchange loss on lease liability	**26,011**	27,019

Additions to the right-of-use assets in the year is GH¢106,271,353 (2022: GH¢15,307,710). The total cash outflow for leases in 2023 was GH¢ 74,119,609 (2022: GH¢36,453,059).

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

21. Property and equipment

	Land and building	Leasehold improvement	Furniture and equipment	Computers	Motor vehicles	Capital Work in Progress	Total
Cost							
Balance at 1 January 2023	75,354	19,857	75,849	50,473	17,584	41,997	**281,114**
Additions during the year	-	12,326	17,817	9,340	2,164	44,495	**86,142**
Disposals during the year	-	-	-	-	(1,565)	-	**(1,565)**
Transfers	-	13,105	1,486	203	-	(16,803)	**(2,009)**
Balance at 31 December 2023	75,354	45,288	95,152	60,016	18,183	69,689	**363,682**
Accumulated depreciation							
Balance at 1 January 2023	9,084	3,197	42,583	27,148	9,388	-	**91,400**
Charge for the year	2,057	6,830	11,641	9,276	2,514	-	**32,318**
Disposals during the year	-	-	-	-	(1,486)	-	**(1,486)**
Balance at 31 December 2023	11,141	10,027	54,224	36,424	10,416	-	**122,232**
Net book value							
At 31 December 2023	**64,213**	**35,261**	**40,928**	**23,592**	**7,767**	**69,689**	**241,450**

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

21. Property and equipment (continued)

	Land and building	Leasehold improvement	Furniture and equipment	Computers	Motor vehicles	Capital Work in Progress	Total
Cost							
Balance at 1 January 2022	75,354	5,029	55,926	38,422	13,367	29,055	217,153
Additions during the year	-	10,926	17,961	11,044	4,784	40,132	84,847
Disposals during the year	-	-	(518)	(265)	(567)	-	(1,350)
Transfers	-	3,902	2,480	1,272	-	(27,190)	(19,536)
Balance at 31 December 2022	75,354	19,857	75,849	50,473	17,584	41,997	281,114
Accumulated depreciation							
Balance at 1 January 2022	7,028	912	34,523	20,204	7,878	-	70,545
Charge for the year	2,056	2,285	8,578	7,195	1,927	-	22,041
Disposals during the year	-	-	(518)	(251)	(417)	-	(1,186)
Balance at 31 December 2022	9,084	3,197	42,583	27,148	9,388	-	91,400
Net Book Value	66,270	16,660	33,266	23,325	8,196	41,997	189,714

There was no indication of impairment of property and equipment held by the Bank at 31 December 2023. None of the property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date.

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

21. Property and equipment (continued)

(a) Depreciation and amortisation	**2023**	2022
Right-of-use assets (Note 20)	**45,842**	34,102
Property, plant and equipment (Note 21)	**32,318**	22,041
Intangible assets (Note 19)	**16,262**	16,395
	94,422	72,538

(b) Profit on disposal

Cost	**1,565**	1,350
Accumulated depreciation	**(1,486)**	(1,186)
Carrying amount	**79**	164
Proceeds from disposal	**1,144**	259
Profit on disposal	**1,065**	95

22. Deferred income tax

Deferred tax assets and liabilities are attributable to the following:

Year ended 31 December 2023	**Assets**	**Liabilities**	**2023 Net**
Property and equipment	-	(1,853)	**(1,853)**
Impairment provisions	661,673	-	**661,673**
Leases	3,452	-	**3,452**
Deferred finance cost	6,215	-	**6,215**
Carry forward tax losses	41,772	-	**41,772**
Net deferred income tax assets/(liabilities)	**713,112**	**(1,853)**	**711,259**

Year ended 31 December 2022	Assets	Liabilities	2022 Net
Property and equipment		(745)	(745)
Impairment provisions	533,603		533,603
Leases	6,654		6,654
Fair value loss on investment securities	-	-	-
Net deferred income tax assets/(liabilities)	540,257	(745)	539,512

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

22. Deferred income tax (continued)

Movements in deferred income tax balances

Year ended 31 December 2023	**Balance at 1 January 2023**	**Recognised in profit or loss**	**Recognised in Other comprehensive income**	**At 31 December 2023**
Property and equipment	(745)	(1,108)	-	**(1,853)**
Impairment provisions	533,603	128,070	-	**661,673**
Leases	6,654	(3,202)	-	**3,452**
Carry forward tax losses	-	41,772	-	**41,772**
Deferred finance cost	-	6,215	-	**6,215**
	539,512	**171,747**	**-**	**711,259**

Year ended 31 December 2022	Balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2022
Property and equipment	854	(1,599)	-	(745)
Impairment provisions	17,277	516,326	-	533,603
Leases	2,569	4,085	-	6,654
Fair value gain/loss on investment securities	(3,192)	202	2,990	-
	17,508	519,014	2,990	539,512

Recognised deferred income tax

Recognition of deferred income tax assets of GH¢ 711,258,971 (2022: GH¢ 539,512,043) is based on management's profit forecasts for three years, which indicate that it is probable that the Bank will have future taxable profits against which these assets can be utilised.

23. Other assets

	2023	2022
Prepayments	**77,888**	52,879
Receivables	**229,211**	149,188
Stationary	**6,830**	5,525
Others	**81,751**	59,506
Gross	**395,680**	267,098
Impairment on other assets	**(136,015)**	(136,015)
	259,665	131,083

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

24. Customer deposits

	2023	2022
Demand deposits	**5,529,669**	3,612,802
Savings deposits	**1,931,840**	1,432,050
Term deposits	**2,966,519**	2,791,939
	10,428,028	7,836,791
Analysis by type of depositors		
Financial institutions (regulated)	**973,511**	1,150,997
Individual and other private enterprises	**8,314,347**	5,327,606
Public enterprises	**1,140,170**	1,358,188
	10,428,028	7,836,791
20 largest depositors to total deposit ratio	**30%**	27%

All customer deposits are current.

25. Borrowed funds

Interbank borrowings	**414,579**	2,187,784
Other borrowings	**565,123**	441,292
	979,702	2,629,076

26. Other liabilities

Accruals	**54,624**	44,134
Other payables	**562,203**	576,016
Others	**302,059**	119,140
	918,886	739,290
Current	**499,546**	548,926
Non-current	**419,340**	190,364
	918,886	739,290

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

27. Capital and reserves

(a) Stated capital	**2023**		2022	
	No. of shares	**Proceeds**	No. of shares	Proceeds
Authorised				
Ordinary shares of no par value	100,000,000		100,000,000	
Issued and fully paid up capital:				
Ordinary shares of no par value	125,813	3,127,784	125,813	627,784

There is no unpaid liability on any ordinary shares and there are no calls or instalments unpaid at 31 December 2023. There were no shares held in treasury at the year end. (2022: Nil).

The Bank received additional capital of GH¢2,500,000,000 in 2023 following the adverse impact of the DDEP. The form of the capital was newly issued Government of Ghana marketable bonds. The Bank was in the process of registering the additional capital at the office of Registrar General as at 31 December 2023.

(b) Retained earnings

This represents the retained cumulative earnings that are available for distribution to shareholders.

(c) Statutory reserve

This reserve represents amounts set aside as a non-distributable reserve from annual profits in accordance with Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2019 (Act 930) and guidelines from the Central Bank. No transfer was made to the statutory reserve fund in the current year (2022: Nil). The cumulative balance on the statutory reserve fund is GH¢93,814,662 at the year end.

(d) Fair value reserve

Fair value reserve represents unrealised gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income.

28. Dividends

The Directors do not recommend the payment of a dividend for the period ended 31 December 2023.

29. Contingencies and commitments

(a) Claims and litigation

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

(b) Contingent liabilities and commitments

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

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

29. Contingencies and commitments (continued)

(b) Contingent liabilities and commitments (continued)

Nature of instruments

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

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

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

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

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

	2023	2022
Letters of credit	**41,580**	288,757
Letters of guarantee	**382,780**	358,218
Undrawn commitments	**42,581**	30,567
	466,941	677,542

(c) Commitments for capital expenditure

At 31 December 2023, the Bank had no commitments for capital expenditure.

30. Regulatory disclosures

(i) Non-performing loans ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) was 15.03% as at 31 December 2023 (2022: 19.34%)

(ii) Amount of loans written-off

The Bank did not write off any principal and unpaid interest on loans and advances during the year (2022: GH¢15,364).

(iii) Breaches in statutory liquidity

With reference to Section 39 (1) of the Banks and Specialised Deposit-Taking Institution Act, 2016 (Act 930, the Bank breached the weekly cash reserve requirement in 2023. No levies were imposed by Bank of Ghana (the regulator).

(iv) Capital Adequacy Ratio

The Bank's capital adequacy ratio at 31 December 2023 was 23.52% (2022: deficit of 4.45%).

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

30. Regulatory disclosures (continued)

(v) Liquid Ratio

The Bank's liquid ratio at 31 December 2023 was 54% (2022: 87%).

(vi) Regulatory risk reserve

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

As at 31 December 2023, impairment allowance required by the Bank of Ghana prudential guidelines was lower than the expected credit loss under IFRS 9. No transfer to Regulatory risk reserve has been made (2022: Nil).

31. Related parties

Parties are related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both.

Directors' emoluments

In line with section 185 of the Companies Act, 2019 (Act 992), the following are the aggregate of the Directors' emoluments:

	2023	*2022*
Directors Fees	**1,348**	1,116
Directors Sitting Allowances	**1,696**	635
Total	**3,044**	1,750

Key management compensation

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of Consolidated Bank Ghana LTD.

	2023	2022
Salaries and short-term employee benefits	**32,614**	23,258
Social security fund contribution	**2,127**	1,742
Provident fund contribution	**1,636**	1,340
	36,377	26,340

Loans with key management personnel

Loans outstanding at the beginning of the period	**7,443**	3,547
Net movement during the period	**5,553**	3,896
	12,996	7,443
Net interest earned	**656**	275

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

31. Related parties (continued)

Loans include mortgage loans and personal loans. Loans granted to employees and executive directors are granted at a concessionary rate of 5%. No specific impairments have been recognised in respect of loans granted to key management at the reporting date (2022: nil).

Deposits and current accounts with key management personnel

	2023	2022
Deposits outstanding at the beginning of the period	**15,155**	1,137
Net movement during the period	**(6,195)**	14,018
	8,960	15,155
Net interest expense	**966**	-

32. Cash generated from operations

	Note	2023	2022
Loss before income tax		**(714,709)**	(2,006,123)
Adjustments for:			
Depreciation and amortisation	21	**94,422**	72,538
Impairment losses on loans and advances	11	**(23,142)**	301,727
Impairment losses on other financial assets	11	**546,758**	1,809,310
Net interest income		**(561,424)**	(615,112)
Profit on disposal	21	**(1,065)**	(103)
Interest expense on lease liabilities	20	**11,241**	5,760
Unrealised exchange losses on leases	20	**26,011**	27,019
		(621,908)	(404,984)
Changes in:			
Loans and advances to customers		**102,090**	(1,026,595)
Other assets		**(128,581)**	(65,080)
Investment securities		**(2,189,974)**	412,611
Non-pledged assets		**(2,954)**	971,140
Mandatory cash reserve		**(478,769)**	(545,342)
Deposits from customers		**2,591,237**	1,085,716
Borrowed funds		**(1,649,374)**	202,280
Other liabilities		**179,596**	46,139
Cash flow (used in)/generated from operations		**(2,198,637)**	675,885

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

33. Subsequent events

There were no events after the end of the reporting period, which could have had a material effect on the state of affairs of the Bank as at 31 December 2023 and on the results for the year then ended which have not been adequately provided for and/or disclosed.

CONSOLIDATED BANK GHANA LTD
Supplementary information
for the year ended 31 December 2023

VALUE ADDED STATEMENT
(All amounts are in thousands of Ghana cedis)

	2023	2022
Interest earned and other operating income	**1,943,760**	2,068,880
Direct cost of services and other costs	**(1,532,682)**	(1,462,224)
Value added by banking services	**411,078**	606,656
Non-banking income		
Impairments	**(523,616)**	(2,111,038)
Value added	**(112,538)**	(1,504,381)
Distributed as follows:		
To employees		
Directors	**(1,752)**	(1,116)
Other employees	**(505,999)**	(428,089)
Total	**(507,751)**	(429,204)
To Government		
Income tax	**171,747**	500,667
To providers of capital		
Dividends to shareholders	**-**	-
To expansion and growth		
Depreciation and amortisation	**(94,421)**	(72,538)
Retained (deficit)/earnings brought forward	**(1,434,482)**	70,975
Transfer to statutory Reserve	**-**	-
Retained earnings	**(1,977,445)**	(1,434,482)