ANNUAL REPORT

2022

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GCB

70TH ANNIVERSARY

PROFILE OF GCB BANK PLC

GCB Bank PLC is Ghana's first and largest indigenous bank with the **vision to be the leading Bank in all our markets and the mission to provide first class banking solutions for customers and value for all stakeholders.**

HISTORY AND KEY MILESTONES

Established in 1953 and listed on the Ghana Stock Exchange since 1996, GCB Bank acquired selected assets and liabilities of two indigenous banks in 2017 and expanded its branch network and ATMs to over 185 and 340 respectively in its quest to continue being the most dominant player in Ghana's banking industry.

In 2020, the Bank developed a four-year strategy to position itself as the most dominant market player and the best by every industry standard, anchoring its plan around three main strategic pillars namely revenue growth and profitability, operational excellence, people and talents.

Ratings

GCB Bank is rated Ghana's safest Bank by Moody's, Fitch, Standard & Poor's and the most compliant Bank in Africa by the Association for Certified Compliance Professionals in Africa (ACCPA).

Service Proposition

GCB prides itself as Ghana's most welcoming bank, offering timely and accessible financial support through quality service and expert solutions that encourage businesses and enrich people's lives.
The bank's services are structured to serve every facet of the customer's lifecycle and all types of businesses operating in diverse sectors of the economy irrespective of size. The Bank, given its unrivalled understanding of the Ghanaian economic context, has also developed unique solutions to serve the needs of Ghanaian residents abroad.

Financial Innovation and leadership

In 2020, GCB Bank became the first Bank to launch a digital mobile money wallet when it launched the G-Money product. The digital wallet which is telco-agnostic and fully interoperable allows customers to send and receive funds from any mobile money wallet or bank account by registered users and also performs unique functions including borrowing funds, and individual and group savings.

VISION

To be the leading Bank in all our markets

MISSION

To provide first class banking solutions for our customers and value for all stakeholders.

GCB Bank PLC

www.gcbbank.com.gh

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that GCB Bank PLC will hold a virtual 29th Annual General Meeting and stream online from Movenpick Ambassador Hotel, Accra via https://gcbbankagm.com, the Bank's social media handles (Facebook and YouTube) and GTV on **Friday, 30th June 2023 at 10:00 a.m.** to transact the following business:

Agenda

Ordinary Business

as ordinary resolutions

1. To consider and adopt the Financial Statements of the Company for the year ended December 31, 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Directors of the Company retiring by rotation under the Companies Act 2019 (Act 992).
   - Mr. Osmani Ayuba
   - Alhaji Alhassan Yakubu
   - Mr. Daniel Kwaku Tweneboah Asirifi
   - Hon. Dr. Stephen Amoah
3. To re-elect Directors of the Company in line with the Bank of Ghana Corporate Governance Directive 2018.
   - Mrs. Lydia Essah
   - Nana Ama Ayensua Saara III
4. To authorize the Directors to fix the remuneration of Auditors.

DATED THIS 23RD DAY OF MAY, 2023
BY ORDER OF THE BOARD OF DIRECTORS
(SGD.)
Amma Agyeman Kusi-Appouh
Company Secretary

Special Business

as ordinary resolutions

5. Capital Raise
   - To authorize the Directors to raise additional equity capital of up to GHS 1 billion through a renounceable rights issue on such terms (including the share price, the number of offer shares, allotment, and other modalities) as the directors deem fit and procure the additional listing of the issued ordinary shares on the Ghana Stock Exchange.
   - To authorize the Directors to raise any shortfall (in the required GHS 1 billion under the rights issue) through either a single or multiple private placement of ordinary shares to investors on such terms (including the share price and other modalities) as the directors deem fit and to procure the listing (by introduction) of the issued ordinary shares on the Ghana Stock Exchange, provided that the private placement(s) shall be implemented and completed within 12 months of the close of the rights issue.
   - To authorize the Directors to raise any shortfall (in the required GHS 1 billion under the rights issue and the private placement of ordinary shares) through either a single or multiple private placement of non-redeemable, non-cumulative and convertible preference shares to investors on such terms (including the coupon rate and other modalities) as the directors deem fit and to procure the listing (by introduction) of the issued preference shares on the Ghana Stock Exchange, provided that the private placement(s) shall be implemented and completed within 12 months of the close of the rights issue and the aggregate amount to be raised shall not exceed GHS 250 million.

as special resolutions

6. Amendment to the Bank's Constitution
   - To amend paragraph 12 of the Company's constitution by deleting and replacing it with the following:

     "The Company may issue preference shares to existing members or any other persons not exceeding an aggregate of 500,000,000 shares as authorised under paragraph 9 of this Constitution."
   - To amend paragraph 13 of the Company's constitution by deleting and replacing it with the following:

"The commercial terms of any preference shares issued by the Company shall be as agreed between the Company and the relevant person (and in accordance with applicable law, including any prevailing capital requirement directives of the Bank of Ghana) and set out in a relevant agreement."

Notice of Annual General Meeting (Continued)

Notes

In accordance with Regulatory Guidelines and the Bank's Constitution, attendance and participation by members or their proxies in this year's Annual General Meeting of the Bank, shall be virtual (by online participation).

A. Proxy

1. A member is entitled to virtually attend and vote or may appoint a proxy to attend and vote on his or her behalf either online or by post. Such a proxy need not be a member of the Bank. For a Proxy Form to be valid for purposes of the meeting, it must be completed and submitted via **shareregistry@gcb.com.gh** or deposited at the Share Registry, GCB Bank PLC, Head Office, High Street, Accra, not less than 48 hours before the meeting.
2. A copy of the Proxy Form can be downloaded from: **https://gcbbankagm.com** and may be filled and sent via email to: **shareregistry@gcb.com.gh.**
3. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online). Where a member attends the meeting, the proxy appointment shall be deemed to be revoked.

B. Accessing, Participating and Voting at the Virtual AGM

1. To access and vote at the Virtual AGM, a confidential unique token will be sent to shareholders by email and/or SMS effective 9th June, 2023 to grant access to the AGM.
2. Shareholders who do not receive this token can contact the GCB Bank PLC Share Registry on: **shareregistry@gcb.com.gh** or call 0302-668712, 0244-338508, 0244-318079, 0244-358514 to be sent the unique token any time before the date of the AGM.
3. To gain access to the Virtual AGM, shareholders must visit the designated website **https://www.gcbbankagm.com** and input their token on the portal to join and vote during the meeting.
4. Further assistance on accessing the meeting and voting electronically can be found on **https://www.gcbbankagm.com**
5. The AGM Proceedings would be streamed Live on GTV, Facebook and YouTube for shareholders' observation and effective participation.

C. Other Information

1. The Bank's Annual Report and other information on the AGM would be available on the Bank's websites, **https://gcbbank.com.gh** and **https://gcbbankagm.com.gh**
2. For further information contact:

The Registrar

Share Registry

GCB Bank PLC

High Street Accra

Tel: 0302668712, 0244-338508, 0244-318079, 0244-358514

Email: shareregistry@gcb.com.gh

Corporate Information

Directors:	Mr. Jude Kofi Arthur	- (Board Chairman)
	Mr. John Kofi Adomakoh	- (Managing Director)
	Mr. Socrates Afram	- (DMD- Finance)
	Mr. Emmanuel Odartey Lamptey	- (DMD-Operations)
	Mr. Samuel Kwame Yedu Aidoo	- (Executive Director, Wholesale & Investment Banking)
	Mrs. Lydia Gyamera Essah	- (Non-Executive Director)
	Nana Ama Ayensua Saara III	- (Non-Executive Director)
	Mr. Emmanuel Ray Ankrah	- (Non-Executive Director)
	Mr. Osmani Aludiba Ayuba	- (Non-Executive Director)
	Mr. Francis Arthur Collins	- (Non-Executive Director)
	Alhaji Alhassan Yakubu	- (Non-Executive Director)
	Mr. Daniel Kwaku Tweneboah Asirifi	- (Non-Executive Director)
	Hon. Dr. Stephen Amoah	- (Non-Executive Director)
Secretary:	Ms. Amma Agyeman Kusi-Appouh GCB Bank Building Thorpe Road, High Street P. O. Box 134, Accra	
Auditor:	Deloitte & Touche Chartered Accountants The Deloitte Place, Plot No. 71 Off George Walker Bush Highway North Dzorwulu P. O. Box GP 453, Accra	
Registrar:	Share Registry GCB Bank PLC Head Office, High Street , Accra	
Registered office:	GCB Bank Building Thorpe Road, High Street P. O. Box 134, Accra Digital Address - GA-183-1907	

Board of Directors

1. Mr. Jude Kofi Arthur
2. Mr. John Kofi Adomakoh
3. Mr. Socrates Afram
4. Mr. Emmanuel Odartey Lamptey
5. Mr. Samuel Kwame Yedu Aidoo
6. Mrs. Lydia Gyamera Essah
7. Nana Ama Ayensua Saara III
8. Mr. Francis Arthur Collins
9. Mr. Emmanuel Ray Ankrah
10. Mr. Osmani Aludiba Ayuba
11. Alhaji Alhassan Yakubu
12. Mr. Daniel Kwaku Tweneboah Asirifi
13. Hon. Dr. Stephen Amoah

Directors' Profiles

Mr. Jude Kofi Arthur
Board Chairman

Jude is an Independent Non- Executive Director of the Bank appointed in 2017. He is the Chairman of the Board and a Banker with over 40 years' experience in Banking.

Jude graduated from the University of Ghana Business School with a Second Class Upper degree in 1976. He is an honorary fellow of the Chartered Institute of Bankers Ghana. He commenced his Banking career in Merchant Bank Ghana Limited, now UMB, in 1978 where he rose to head the Corporate Finance Division of the Bank and became a Director of Merban Investment Holdings Limited, a subsidiary of the Bank.

In 1994, together with a group of investors, he set up First Atlantic Merchant Bank Limited (FAMBL) now First Atlantic Bank and was appointed the first Managing Director of the Bank in 1994. He served as Managing Director until 2012 when he retired honourably.

He has had extensive executive education and is associated with such renowned and prestigious institutions as Harvard Business School, INSEAD- France, Wharton Business School- University of Pennsylvania, Templeton College- Oxford University, Stanford University, National University of Singapore (NUS), Ashridge Institute of Management, Euromoney Training School and the International Centre for Monetary and Banking Studies in Geneva.

Mr. Kofi Adomakoh
Managing Director

Kofi is an experienced banking professional with close to thirty (30) years of experience leading strategic teams in international, regional, and domestic financial institutions. He has been working in executive management-level roles for the past sixteen (16) years.

Prior to joining GCB Bank in November 2020, Kofi worked with African Export-Import Bank (AFREXIMBANK), Cairo, as a Director and Global Head for Project and Asset-Based Finance for eleven (11) years. He also held executive leadership roles at Barclays Bank Ghana Limited (now ABSA Bank) as the Executive Director in charge of Corporate Banking, Ecobank Ghana Limited as the Head of Institutional Banking, and the erstwhile Trust Bank Limited.

Kofi has experience in International, Corporate/Institutional, Transaction Banking, Development Finance, Project, and Export Finance, with a track record in transforming businesses and sustainably growing revenue and balance sheet.

He led and structured several transactions worth over USD10 billion across the African continent (both public and private sectors) in different industries, including manufacturing, health care, telecommunication, energy (oil and gas), transport (ports, airports, rails, and roads), mining, agriculture, and manufacturing.

Kofi is an inspiring and energetic leader who is widely known for his collaborative leadership style and for building high-performance teams in delivering significant bottom-line growth in uniquely challenging situations.

Kofi holds an Executive Masters Degree in Business Administration and a Bachelor of Science Degree in Agriculture, majoring in Economics, both from the University of Ghana.

Directors' Profile (Continued)

Mr. Socrates Afram
Deputy Managing Director, Finance

Socrates is a finance professional with over 15 years' experience in the Financial Services sector. He has a breadth of experience across strategy; business performance and reporting (financial, regulatory and statutory); debt and capital raising; business combination; investment and risk management.

Prior to joining GCB Bank in February 2016, he was the Finance Director of Fidelity Bank Ghana Limited. Other positions he held at Fidelity include Head of Research and Head of Business Performance & Financial Control. He worked with UBA (Ghana) as Senior Analyst deputizing for the Financial Controller. He also worked with Export Finance Company Limited as Head of Finance & Administration and General Leasing & Finance Company Limited as Analyst for lease credit applications.

Socrates is a fellow of the Association of Chartered Certified Accountants (ACCA), having qualified by June 2003. He holds a Master of Business Administration (Finance) degree from the University of Ghana Business School and a Bachelor of Commerce degree from the University of Cape Coast. He is an alumnus of the Wharton Executive Education, University of Pennsylvania, USA.

Mr. Emmanuel Odartey Lamptey
Deputy Managing Director, Operations

Emmanuel is a seasoned Banker who brings on board over 20 years' multinational experience, working for listed companies in corporate and retail Banking, asset management, securities, brokerage services, pensions, insurance and micro-finance with operations in over 30 African countries.

He started his career with KPMG and has since held other positions including Chief Financial Officer – WAMZ at Ecobank Ghana; Group Head, Finance at Ecobank Transnational Incorporated (Togo), Group Chief Operating Officer, Letshego Holdings Limited (Botswana) and Executive Business Manager to the Group CEO - Alexander Forbes Group Holdings (South Africa). Emmanuel also held several roles with Standard Bank of South Africa Group in South Africa and Ghana.

Mr. Lamptey holds a Bachelor of Commerce degree from University of Cape Coast, Ghana and is a fellow of Association of Chartered Certified Accountants, United Kingdom. He is an alumnus of Harvard Business School, USA.

Directors' Profiles (Continued)

Mr. Samuel Kwame Yedu Aidoo
Exec. Dir. Wholesale & Investment Banking

Sam has a strong focus and understanding of Sub-Saharan African markets. He has worked in Africa and the UK with structuring, origination, trading and execution experience in several African markets including but not limited to Nigeria, Ghana, Kenya, Tanzania, Uganda, Egypt, Ethiopia, and Botswana.

He started his banking career with Standard Chartered Bank and later worked with Barclays Bank across Africa and in England for 10 years. In his time with Barclays, Sam worked in senior roles in the financial markets business in Ghana and subsequently for three years out of London, he managed and coordinated Barclays Capital's structured product offering (structured assets, Index Products, ALM, Access Trades etc) into and out of Sub-Saharan African markets.

He rejoined Barclays Africa in 2013 where Sam was initially the Director, Regional Head, Global Markets distribution looking after the North Africa and East African regions out of Nairobi-Kenya and subsequently looking after the West African business out of Lagos-Nigeria.

Prior to joining GCB Bank, Sam worked at Fidelity Bank Ghana Ltd as the Deputy Managing Director (Wholesale Banking) with responsibility for the bank's Corporate Banking, Financial Markets and Treasury, Capital Markets businesses as well as Fidelity Bank's subsidiaries – Fidelity Asia Bank and Fidelity Securities Limited. He joined Fidelity Bank in October 2016 as Director of Treasury and Markets and was appointed Group Head, Wholesale Banking in December 2018. He also served on the Board of Fidelity Securities Limited. In his time at Fidelity bank, Sam was instrumental in the implementation of certain landmark transactions which include the ESLA Bond programme and the Securitization of GOG Contractor arrears, just to mention a few.

At GCB Bank, Sam oversees the Bank's Wholesale and Investment Banking business, which comprises the Corporate Banking, Commercial Banking and Global Markets businesses as well as GCB Capital Limited, the Bank's investment banking subsidiary.

Sam is a thought leader on African financial and Capital markets development and is devoted to the continuous growth of businesses and people, with a passion to leaving things better than he found them.

Mrs. Lydia Essah
A Non-Executive Director

Mrs. Essah is an Independent Non-Executive Director of the Bank and the Chairperson of the Risk and Compliance Committee of the Bank. She brought to the Board a wealth of banking experience which spans over 30 years.

As a seasoned Bank Executive, she has a demonstrated record of exceeding profit targets, turning around underperforming units and driving increased revenue and market share.

Mrs. Essah possesses relevant experience including risk management, compliance and corporate governance concepts, strategy formulation and implementation that contributes to appropriate oversight of banking activities for the benefit of its shareholders, customers, employees and other stakeholders.

Additionally, she has demonstrated over a long period of time personal integrity, structured and strategic thinking and analytical capability to guide major decisions. She has leveraged her leadership and communication skills to lead significant negotiations and dialogue with senior executives and colleague board members.

Mrs. Essah holds a master's degree from GIMPA (Ghana Institute of Management and Public Administration, MPHIL) and a bachelor's degree from the University of Ghana. She also has numerous professional development certificates and programs from both international and national levels.

Directors' Profile (Continued)

Nana Ama Ayensua Saara III
A Non-Executive Director

Nana Ama Ayensua Saara III is the Omanhemaa of the Denkyira Traditional Area in the Central Region of Ghana. She is a Non-Executive Director of the Bank and the Chairperson of the Board HR and Remuneration Committee.

Currently, Nana is the Chief Executive Officer (CEO) of Nasaa Group of Companies and serves on the Board of Government Special initiatives. She holds Bachelor of Commerce degree from the University of Cape Coast and Diploma in Business Studies, Takoradi Polytechnic.

On the chieftaincy and cultural fronts, Nana has served on several Boards and Committees to promote traditional governance.

Nana is a Trustee of the Ghana Heritage and Conservative Trust (GHCT) at the Kakum National Park. She is also the President of the Paramount Queen Mothers Forum in the Central Region.

Mr. Francis Arthur-Collins
Independent Non-Executive Director

Francis is an Independent Non-Executive Director, and the Chairman of the Board IT/Digitalization & Procurement Committee of the Bank. He is an Information Technology Consultant whose experience in the management and implementation of Information Technology systems spans thirty-eight (38) years. He has in-depth knowledge in the deployment of IT concepts and tools for re-engineering business processes, to enhance customer service delivery, improve productivity and achieve overall business success. He drew a lot of experience from engaging in IT consultancy services by executing various IT projects both home and abroad.

Mr. Arthur-Collins is a Fellow - Ghana Institute of Information Technology; Member - BCS Chartered Institute for Information Technology, United Kingdom; Member - Institute for the Management of Information Systems, United Kingdom; Member - British Computer Society, United Kingdom; and Member - Institute of Data Processing Management, United Kingdom. He holds Master's Degree in Information Technology and Business Administration from the University of Leicester, United Kingdom; DP in Data Processing from the University of Science and Technology, Kumasi-Ghana; and Proficiency Certificate in Systems Analysis and Design from The National Computing Centre, Manchester - Awarded by the British Computer Society Information Systems Examination Board (ISEB) of the United Kingdom.

His skill-set includes professional training in Information Technology Management; Information Technology Strategic Planning & Project Management and Advanced Business Management Operations, all from the National University of Singapore - Institute of Systems Science, and Strategic Management from Galilee International Management Institute, Israel.

Mr. Arthur-Collins worked with the Ghana Ports and Harbours Authority from 1985 to 2012, where he established the Information Technology department, and rose to the position of "Head-of-IT" with oversight responsibility for all IT systems and resources at both Tema and Takoradi Ports, a position he held until he retired from the Ghana Ports and Harbours Authority in 2012.

Directors' Profiles (Continued)

Mr. Emmanuel Ray Ankrah
An Independent Non-Executive Director

Ray is an Independent Non-Executive Director and the Chairman of the Audit Committee of the Bank. He is an experienced Chartered Accountant and Chartered Global Management Accountant with solid technical knowledge and excellent communication skills, strong analytical skills and an effective team player.

He is a member of the Institute of Chartered Accountants of Ghana and a Fellow of the Chartered Institute of Management Accountants (UK), Fellow of the British Society of Commerce. He holds a post graduate diploma in Strategic Financial Management from Kingston University in the UK.

Ray was the Board Chairman of the National Insurance Commission from 2017 to March 2021. He is currently the Deputy Chief Executive (Finance and Administration) of Ghana Cocoa Board.

Mr. Osmani Aludiba Ayuba
A Non-Executive Director

Osmani is a Non-Executive Director of the Bank. He is a Professional Accountant, a Chartered Banker and Procurement Expert. He worked in various reputable organizations including Ernst & Young Ghana, the United Nations Population Fund, Parliamentary Centre- Africa, Stanbic Bank and the Northern Development Authority. His experience covers accounting, finance, procurement and auditing. He is currently the Managing Director of Northern Electricity Distribution Company Limited (NEDCo).

He is a member of the Institute of Chartered Accountants-Ghana, a member of the Chartered Institute of Procurement & Supply and a Chartered Banker. He also holds a Master of Arts in Economic Policy Management and Bachelor of Commerce Degree from the University of Ghana and University of Cape-Coast respectively.

Directors' Profile (Continued)

Alhaji Alhassan Yakubu
A Non-Executive Director

Alhaji Yakubu is a Non- Executive Director and the Chairman for the Board Credit Committee of the Bank. He is an experienced Banker who commenced his career with Merchant Bank Ghana Limited in September 1991 and later joined Bank of Ghana where he worked as a supervisor of Banks.

Alhaji Yakubu holds BSc Admin. (Banking and Finance) from the University of Ghana, Legon (1990) and studied for MBA (Finance) at the same University (2002).

He holds a Certificate from the Financial Institution Analysis School of the Federal Reserve Bank, Washington DC;

Alhaji Yakubu has attended many executive development courses and seminars.

He has deep knowledge and experience in Financial Institution Analysis, Corporate Governance, Credit Management, Treasury and Investment Management, Internal Controls and Computer Audit.

Mr. Daniel Kwaku Tweneboah Asirifi
A Non-Executive Director

Simply known as Kwaku Asirifi, a product of University of Ghana's School of Administration, now known as University of Ghana Business School, graduated with a Bachelor of Science in Administration (Public Administration option) followed it up with a Master of Public Administration (MPA).

Kwaku got enrolled at the Ghana School of Law, was called to the Bar and has been a private practitioner for over two decades. After his call to the Bar, he joined the Law firm of Messrs. Akufo-Addo, Prempeh and Co., where he has since 2003 been its Office Manager. He was appointed a Notary Public in 2019.

Mr. Asirifi, at the inception of the Ghana Stock Exchange pursued courses which gained him proficiency in its operations and was later engaged as a part time instructor.

As a Legal practitioner, Kwaku has represented many individuals, Companies, Institutions both Local and Foreign and has been involved in the resolutions of many complex legal issues. He brings to the Board a deep and clear understanding of the legal environment in which the Bank operates and the intricate corporate governance regime of the financial services industry.

He has been a member of the Legal Service Board since October 2017.

Directors' Profiles (Continued)

Hon. Dr. Stephen Amoah
A Non-Executive Director

Dr. Stephen Amoah is a Financial Economist, a Member of Parliament for Nhyiaeso Constituency in the Ashanti region of Ghana and the Deputy Minister of Trade and Industry. He is a Member of the African Parliamentary Union (APU).

He is a Member of the Finance and Lands & Natural Resources Committees of Parliament. Besides, Dr. Amoah is a member of one of the Parliamentary Service Board Sub-Committees in charge of the unit responsible for Procurement. He is also member of the committee tasked to manage the selection of Auditing Entity that will have the mandate to audit the Auditor General. He currently serves as a Board Member of Ghana Cocoa Board. He was formerly the Chief Executive Officer of the Microfinance and Small Loans Centre, MASLOC at the Office of President of Ghana where small and medium size businesses were capitalized. Dr. Amoah is the Chief Executive Officer of Zintex Portfolio Services Limited, a parent company with many subsidiaries: Zintex Finance & Investment Consult, Zintex Farms, Zintex Construction and owns Zintex Pharmaceutical Services Ltd. Dr. Amoah was formerly the Deputy National Health Insurance Authority (NHIA) Coordinator and later became the Chief Financial Officer (CFO) of Kencity Group of Companies. He is a Finance & Investment Consultant.

He holds a Doctor of Philosophy in Actuarial Science from Kwame Nkrumah University of Science and Technology, (KNUST) with the option of Finance and Investment. His PhD research title is "Optimal Pricing for Risky Assets in a Competitive Market with special emphasis on Finance and Macroeconomics". He holds a Master of Science Degree in Strategic Financial Management from the University of Derby in the United Kingdom. He has a Certificate in Entrepreneurship from MIT in the US. He also has BSc. in Computer Science from KNUST.

Dr. Amoah has participated in a number of International Programs, seminars and conferences in countries such as Germany, Netherlands, Italy and Portugal. In Italy, he spoke on the Investment Opportunity within the Sub-Region of Africa and the Challenges Confronting the Continent. Other programs in Africa Dr. Amoah has attended were in Botswana, Niger and Djibouti.

His expertise lies in the areas of Corporate Finance and Investment: Strategic Financial Management, Mergers & Acquisitions, Budget Setting and Controls, Investment Appraisals & Business Planning, Risk Management, Strategic Management, Designing M&E Tools, Organizational Behavior, Macroeconomics, Modelling and Research & Development.

Executive Committee (EXCO)

Mr. Kofi Adomakoh
Managing Director

Kofi is an experienced banking professional with close to thirty (30) years of experience leading strategic teams in international, regional, and domestic financial institutions. He has been working in executive management-level roles for the past sixteen (16) years.

Prior to joining GCB Bank in November 2020, Kofi worked with African Export-Import Bank (AFREXIMBANK), Cairo, as a Director and Global Head for Project and Asset-Based Finance for eleven (11) years. He also held executive leadership roles at Barclays Bank Ghana Limited (now ABSA Bank) as the Executive Director in charge of Corporate Banking, Ecobank Ghana Limited as the Head of Institutional Banking, and the erstwhile Trust Bank Limited.

Kofi has experience in International, Corporate/Institutional, Transaction Banking, Development Finance, Project, and Export Finance, with a track record in transforming businesses and sustainably growing revenue and balance sheet.

He led and structured several transactions worth over USD10 billion across the African continent (both public and private sectors) in different industries, including manufacturing, health care, telecommunication, energy (oil and gas), transport (ports, airports, rails, and roads), mining, agriculture, and manufacturing.

Kofi is an inspiring and energetic leader who is widely known for his collaborative leadership style and for building high-performance teams in delivering significant bottom-line growth in uniquely challenging situations.

Kofi holds an Executive Masters Degree in Business Administration and a Bachelor of Science Degree in Agriculture, majoring in Economics, both from the University of Ghana.

Mr. Socrates Afram
Deputy Managing Director, Finance

Socrates is a finance professional with over 15 years' experience in the Financial Services sector. He has a breadth of experience across strategy; business performance and reporting (financial, regulatory and statutory); debt and capital raising; business combination; investment and risk management.

Prior to joining GCB Bank in February 2016, he was the Finance Director of Fidelity Bank Ghana Limited. Other positions he held at Fidelity include Head of Research and Head of Business Performance & Financial Control. He worked with UBA (Ghana) as Senior Analyst deputizing for the Financial Controller. He also worked with Export Finance Company Limited as Head of Finance & Administration and General Leasing & Finance Company Limited as Analyst for lease credit applications.

Socrates is a fellow of the Association of Chartered Certified Accountants (ACCA), having qualified by June 2003. He holds a Master of Business Administration (Finance) degree from the University of Ghana Business School and a Bachelor of Commerce degree from the University of Cape Coast. He is an alumnus of the Wharton Executive Education, University of Pennsylvania, USA.

Executive Committee (EXCO) (Continued)

Mr. Emmanuel Odartey Lamptey
Deputy Managing Director, Operations

Mr. Emmanuel Odartey Lamptey joined GCB Bank PLC in December 2020. He has 20 years multinational experience working for listed companies in corporate and retail banking, asset management, securities, brokerage services, pensions, insurance and micro-finance with operations in over 30 African countries.

Mr. Lamptey started his career with KPMG and has since held other positions including Chief Financial Officer – WAMZ at Ecobank Ghana; Group Head, Finance at Ecobank Transnational Incorporated (Togo), Group Chief Operating Officer, Letshego Holdings Limited (Botswana) and Executive Business Manager to the Group CEO - Alexander Forbes Group Holdings (South Africa).

Emmanuel also held several roles with Standard Bank of South Africa Group in South Africa and Ghana.

He holds a Bachelor of Commerce degree from University of Cape Coast, Ghana and is a fellow of the Association of Chartered Certified Accountants, United Kingdom. He is an alumnus of Harvard Business School, USA.

Mr. Samuel Kwame Yedu Aidoo
Exec. Dir. Wholesale & Investment Banking

Mr. Aidoo has a wealth of experience in structuring, origination, trading and execution in the UK and several African markets including but not limited to Nigeria, Ghana, Kenya, Tanzania, Uganda, Egypt, Ethiopia, and Botswana.

Prior to joining GCB Bank, Sam worked at Fidelity Bank Ghana Ltd as the Deputy Managing Director (Wholesale Banking) with responsibility for the bank's Corporate Banking, Financial Markets and Treasury, Capital Markets businesses as well as Fidelity Bank's subsidiaries – Fidelity Asia Bank and Fidelity Securities Limited.

He also served on the Board of Fidelity Securities Limited. In his time at Fidelity bank, Sam was instrumental in the implementation of certain landmark transactions which include the ESLA Bond program and the Securitization of GOG Contractor arrears, just to mention a few.

Mr. Aidoo also worked for Barclays Africa as Director, Regional Head, Global Markets distribution looking after the North Africa and East African regions out of Nairobi-Kenya and subsequently looking after the West African business out of Lagos-Nigeria.

In his time with Barclays, he worked in senior roles in the financial markets business in Ghana and subsequently for three years out of London, where he managed and coordinated Barclays Capital's structured product offering (Structured Assets, Index Products, ALM, Access Trades etc.) into and out of Sub-Saharan African markets.

He started his banking career with Standard Chartered Bank.

Executive Committee (EXCO) (Continued)

Ms. Jessie Jacintho
General Counsel

Jessie Jacintho was appointed General Counsel in 2016 and is responsible for leading the legal and debt recovery functions of the Bank. Jessie has 27 years' experience as a lawyer. She has over twenty-two years' experience as an in-house counsel having worked with Barclays Bank of Ghana now Absa Bank Ghana as legal counsel responsible as business partner for Corporate Banking, Risk Management, Treasury, Human Resources and Compliance functions.

Jessie also worked as General Counsel and Corporate Affairs Director of the First Group Limited an investment and management company for one and a half years. During the same period Jessie doubled as the Acting Legal Director of Universal Merchant Bank an investee company of The First Group.

Prior to taking an in-house counsel role, Jessie worked as a private legal practitioner with the law firm Naoferg Chambers in Accra.

Jessie has a Bachelor of Laws Degree (LLB Hons) from the University of Ghana and professional legal qualification from the Ghana School of Law. She also has an Executive Master's Degree in Business Administration, Human Resource Option from the University of Ghana Business School and a certified Credit Administration Certificate from the Ghana Banking College among other professional development qualifications.

Mr. Theophilus Ayitey Adjin Aryee
Chief Risk Officer

Mr. Theo Aryee is a seasoned risk management professional with over two decades of professional experience that extended beyond the shores of Ghana. He worked as Associate Corporate Credit Director in Dubai, United Arab Emirates, where he had credit sanctioning responsibilities across varied product specialisms, industries and borrower types in a number of African countries - Kenya, Uganda, Tanzania, Zambia, Zimbabwe, Mauritius, Ghana and Seychelles.

During this time, he also had oversight of the credit portfolio in Pakistan. Significantly, he championed the successful role out and execution of the Credit Skills Development programme across India, The United Arab Emirates, Pakistan and a number of African countries. Theo served as Chief Risk Officer in GHL Bank. He is credited with the set-up of the Enterprise Risk Management framework, and the embedment of a business supportive risk culture across the bank.

He joins us from First National Bank where he was in charge of the consumer and home loans credit portfolios. He started his banking career with Ecobank as a Risk Analyst. Over the course of his career, he has played key leadership roles in a number of functional areas, including enterprise risk management, corporate credit, retail credit, project finance, credit audit, coaching, training, collections, recoveries, process optimization, credit operations and general banking operations.

Theo holds a Master's degree in Business Administration from the University of Central Lancashire, England and a B Sc. (Hons) in Mining Engineering from the then UST School of Mines, Ghana. When he is not doing risk management, he does poetry, songwriting, preaching, marriage counselling, teaching, corporate coaching, and plays the bass guitar.

Executive Committee (EXCO) (Continued)

Mr. Eric Coffie
Chief Digital Marketing Officer

Mr. Eric Abeku Coffie joined GCB Bank PLC effective 14th February 2022 as Chief Digital & Marketing Officer to lead the Bank's digital transformation agenda in line with our ambition to dominate the market.

Eric will partner with business units and functions to accelerate our digital transformation efforts to deliver superior client experience and improve shareholder value. He will also oversee and coordinate marketing activities across the bank.

Eric joins GCB Bank with over 20 years proven track record of driving growth in banking and telecommunication industries across Africa. Prior to joining GCB Bank, he worked as Vice President, Products & Solutions at VISA CEMEA where he was responsible for developing, delivering, and activating strategies and product plans aimed at driving VISA's competitive advantage and revenue growth agenda for products in Sub-Saharan Africa.

Eric also worked at Ecobank Transnational Incorporated, Kenya, Ghana & Togo as Group Head, Cards & Electronic Banking managing the deployment of digital platforms across 33 African countries. He also held several roles at subsidiaries of the Ecobank Group in Ghana, Guinea, Liberia, Sierra Leone and Gambia. He started his banking career at the erstwhile Trust Bank Ghana Limited.

In the Telecommunication industry, Eric worked at Airtel B.V, Kenya, as Director Group M-commerce. He was also responsible for planning and managing Airtel mobile money business with complete profit and loss accountability for the 14 operating subsidiaries.

He is a Chevening Scholar and holds an MBA (Marketing) from the University of Leeds Business School, UK, where he graduated as the best marketing student. He also holds a Postgraduate Diploma (Communication Studies), BA (Social Work & Administration) and BSc. Admin (Accounting) all from the University of Ghana.

Eric has attended several Executive Education programmes, including courses at Harvard Kennedy School, USA and the VISA Business School.

Nana Kwabena Yeboah
Head, Human Resources

Nana Kwabena Yeboah (MCIPD) is a Generalist, Senior HR Management Professional and business leader with 20+ years of experience in hands-on, progressive and wide-ranging multinational experience across West Africa and the Middle East.

Kwabena's experience spans oil and gas (upstream, midstream, downstream), supply chain, FMCG, agri-business and training organizations. He has led the HR function in Shell Ghana (HR Manager), MRS/ex-Chevron (GM Human Resources & Administration), Olam Nigeria (GM-Human Resources), Petrofac Nigeria and Petrofac Training (Head of HR and HR Director respectively) and most recently, ZEN Petroleum (Group HR Director) in Ghana, Nigeria and the United Arab Emirates. Kwabena is recognized among his HR peers and business managers as a commercially aware enabler of business performance, and a trusted advisor.

He has attended several HR and leadership development courses, including short courses at the London Business School, and also contributed to national policy development as Member of the Executive Committee of the Ghana Employers Association (GEA).

He holds an MBA in General Management from the University of Hull Business School in the UK, as well as a First-Class degree in Political Science with Sociology from the University of Ghana, Legon, and is a member of and/or certified by a number of international HR professional bodies, including Chartered Membership of the CIPD in the UK, Senior Professional in HR (SPHR), US and the CIPM in Nigeria. He is passionate about professional development for young graduates and HR professionals, and the author of "What Employers Want in Graduates".

He has also served on the faculty of the HR Certification Centre as a Facilitator for the Professional in Human Resources International (PHRi) and Senior Professional in Human Resources International (SPHRi) certification courses. Kwabena is married with three children, a staunch supporter of Accra Hearts of Oak SC, a Formula 1 car racing enthusiast, as well as a Christian street theologian and apologetic.

Executive Committee (EXCO) (Continued)

Mr. John Adamah
Executive Head, Retail Banking Department

John is a versatile Chartered Banker with over 20 years` experience in Retail Banking, Branch Operations and Credit Management. He is a member of the Institute of Chartered Accountants, Ghana, and a Fellow of the Chartered Institutes of Bankers, Ghana. John was called to the Ghana Bar as a Lawyer in 2016. He holds an MBA in Banking & Finance, an LLB, a Post-Graduate Certificate in Banking and Finance Law, a Post-Graduate Diploma in Corporate and Commercial Law, and an LLM in Corporate and Commercial Law from the University of London. John also holds a Bachelor of Commerce Degree from the University of Cape Coast.

He joined GCB in 2001 as a Management Trainee and was posted to Bawku where he had the opportunity to be engaged in all aspects of branch banking. He has played various roles in the Bank, including Branch Management, Credit Administration, Relationship Management, and Business Development. He managed five Branches of the Bank, including the High Street Branch, between 2007 and 2016 and has led the significant growth of the businesses of those branches. John began the transformation of the Central Processing Centre of the Bank in 2016. In 2017, he became the General Manager of the Consumer Banking Department and was appointed Executive Head of the Retail Banking Department in 2021. He has been responsible for the significant growth of the retail business of the Bank over the past six years.

John has a great interest in Banking Law and Practice and has authored various articles on various areas of Banking Law and Practice. He is a Part-time lecturer in Banking Law and Practice at the Chartered Institute of Bankers, Ghana.

Mr Linus Kumi
Head, Corporate Banking Department

Linus Kumi joined GCB Bank PLC in April 2021 from Fidelity Bank Ghana Limited, where he was Director of Multinational Corporates managing portfolios in Global and Regional Corporates, Mining, and Energy Sectors with additional responsibilities in Debt Capital Markets and Corporate Division of Fidelity Asia Bank (A wholly owned subsidiary based in Malaysia). In 2020, He was tasked in line with corporate strategy to re-establish the banks local prominence within the domestic space moving it from a 4% business contribution to a 18% by year end.

He also worked as Director, Financial Institutions with Standard Chartered Bank, Ghana. Leading teams in managing Correspondence Banking relationships with local and regional banks, Public Sector and Government related businesses.

He is a seasoned corporate banking professional with over 20 years' experience in credit origination, structuring, financial institutions solutions, trade finance, sovereign and corporate relationship management across 4 different banks. He has led various teams to win and close key transactions across the industry.

He is currently responsible for the Corporate Banking business where he leads in developing and executing strategies to attract and retain corporate clients, managing and mentoring a team of bankers, and maintaining relationships with key stakeholders. Under his leadership, the corporate banking business has negotiated and closed a number of industry significant transactions.

Linus holds an MBA (Corporate Finance) from Stirling University, Scotland and a Bachelor of Science degree in Administration with majors in Banking and Finance from the University of Ghana Business School, Legon. He also holds a professional certificate in Project Appraisal and Risk Management from Fuqua Business School, Duke University, North Carolina.

Executive Committee (EXCO) (Continued)

Mr Benjamin Kyei Armoo
Chief Compliance Officer

Mr. Benjamin Kyei Armoo joined the Bank as Chief Compliance Officer on 1st July 2022 from Absa Bank Ghana Limited. He has over twenty (20) years working experience which includes eighteen (18) years in Compliance. His expertise in compliance spans Regulatory Relationship Management, Business Advisory, Anti-Money Laundering/ Financial Crime Management, Monitoring and Testing, Training, and Board and Management Reporting. He also has experience in Credit, Internal Control, Auditing and Accounting with exposure in Retail Banking, Banking Operations, Trade Finance, Wholesale Banking and Financial Market activities.

He has played a leading role in setting up and reorganizing Compliance departments in previous employments and currently providing a leading support to the Board and Management in strengthening the Bank's Compliance function. He is an expert in formulating and implementing Compliance, and Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT & P) Programmes. He has provided instrumental support to Company Secretaries and Boards in complying with regulatory changes and the Bank of Ghana Corporate Governance Directive.

Prior to joining the Bank, Benjamin held Key Management Personnel and Senior Management roles comprising Head of Regulatory Advisory and Compliance at Absa Bank Ghana Limited; Anti-Money Laundering Reporting Officer and Head, Regulatory Affairs, Training and Monitoring at Fidelity Bank Ghana Limited. Prior to becoming a Key Management Personnel, he held several roles as a Regulatory Affairs and Training Manager at Fidelity Bank, Compliance and Regulatory Affairs Officer at Barclays Bank of Ghana (currently Absa) and Internal Control, Compliance and Monitoring Officer at United Bank for Africa (UBA) Ghana.

Benjamin is a Certified Compliance Professional (CCP) from International Academy of Business and Financial Management (IABFM) and Certified People Manager under the Harvard Manager Mentor Blended Learning Programme. He is also a registered member of the Association of Certified Anti-Money Laundering Specialist (ACAMS). He holds MSc. Accounting and Finance from the University of Northampton UK, MSc. Development Finance from the University of Ghana, and Bachelor of Education (Foundations) degree from University of Cape Coast.

He brings on board, his people management skills and expertise to lead the Compliance Team to provide the needed support for the bank to achieve its strategy whiles operating within the regulatory regime.

Five Year Financial Summary

Statement of Comprehensive Income - Group

Figures in thousands of Ghana Cedis	2022	2021	2020	2019	2018
Income Statement					
Interest income	2,829,445	2,379,370	1,938,908	1,555,646	1,355,151
Interest expense	(721,943)	(484,527)	(430,210)	(387,194)	(388,048)
Net interest income	**2,107,502**	**1,894,843**	**1,508,698**	**1,168,452**	**967,103**
Fee and commission income	458,316	410,277	329,702	293,127	249,025
Fee and commission expense	(73,310)	(50,749)	(51,722)	(51,622)	(51,429)
Net fee and commission income	**385,006**	**359,528**	**277,980**	**241,505**	**197,596**
Net trading income	487,226	157,540	166,628	141,745	90,638
Other operating income	25,933	15,582	14,374	21,167	26,242
Operating income	**3,005,667**	**2,427,493**	**1,967,680**	**1,572,869**	**1,281,579**
Net impairment loss on financial assets	(2,105,259)	(324,800)	(219,647)	(75,521)	(60,011)
Operating expenses	(1,631,952)	(1,263,747)	(1,129,641)	(924,583)	(776,650)
Operating profit	**(731,544)**	**838,946**	**618,392**	**572,765**	**444,918**
Share of profit of associates, net of tax	(11,915)	(6,972)	(7,566)	903	5,256
Profit before income tax	**(743,459)**	**831,974**	**610,826**	**573,668**	**450,174**
Income tax expense	150,061	(188,836)	(135,096)	(116,978)	(101,112)
National fiscal stabilization levy	-	(40,490)	(30,341)	(28,233)	(22,321)
Financial sector recovery levy	-	(30,368)	-	-	-
Profit for the year	**(593,398)**	**572,280**	**445,389**	**428,457**	**326,741**
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss					
Remeasurements on net defined benefit liability/asset	(10,097)	4,540	14,192	(16,528)	26,257
Fair value of equity instruments	17,014	284	(4,113)	(27,944)	-
Income tax relating to items that will not be reclassified	(7,068)	629	3,977	5,288	(6,564)
Total items that will not be reclassified to profit or loss	(151)	5,453	14,056	(39,184)	19,693
Items that may be reclassified to profit or loss					
Exchange differences on translating foreign operations	32,887	(8,836)	(1,211)	18,524	(3,903)
Fair value changes on financial assets at fair value through other comprehensive income	-	-	-	-	(14,792)

Five Year Financial Summary (Continued)

Statement of Comprehensive Income - Group (continued)

Figures in thousands of Ghana Cedis	2022	2021	2020	2019	2018
Share of comprehensive income of associates	(6,437)	(4,314)	401	2,321	(2,050)
Net gain on equity investments	-	14,139	-	-	-
Income tax relating to items that may be reclassified	-	-	-	-	4,010
Fair value changes on available for sale financial assets	-	-	-	-	-
Foreign currency translation difference for foreign operation	-	-	-	-	-
Total items that may be reclassified to profit or loss	**26,450**	**989**	**(810)**	**20,845**	**(16,735)**
Other comprehensive income, net of taxation	**26,299**	**6,442**	**13,246**	**(18,339)**	**2,958**
Total comprehensive income for the year	**(567,099)**	**578,722**	**458,635**	**410,118**	**329,699**
Basic and diluted earnings per share (in GH¢)	(2.24)	2.16	1.68	1.62	1.23

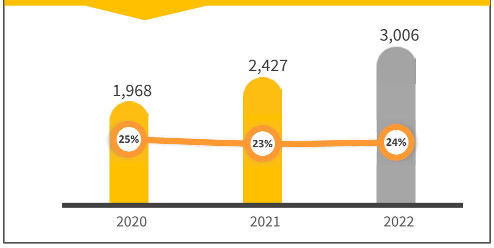
Five Year Financial Summary (continued)

Statement of Financial Position - Group

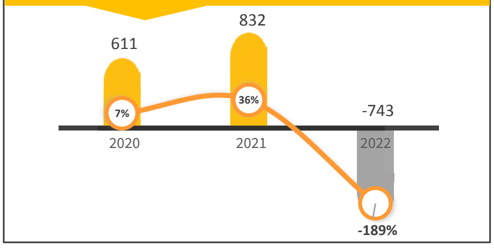
Figures in thousands of Ghana Cedis	2022	2021	2020	2019	2018
Assets					
Cash and cash equivalents	4,476,878	2,301,092	1,567,241	1,572,538	1,953,620
Non-pledged trading Assets	275,992	477,658	221,339	142,790	80,004
Derivative financial instruments	-	-	-	236	-
Investment (other than securities)	43,346	26,366	18,534	35,439	41,275
Loans and advances to customers	5,482,215	4,306,380	3,612,588	3,587,653	2,799,041
Advances to banks	229,115	201,030	200,904	209,614	212,986
Investment securities	8,673,601	9,765,840	8,622,846	6,025,382	4,646,034
Investment in associates	92,678	82,280	91,681	100,391	81,482
Investment in subsidiary	100	-	-	-	-
Deferred tax asset	758,124	238,171	158,465	95,324	47,872
Current tax asset	5,980	-	25,808	-	1,067
Intangible assets	123,752	168,226	191,136	201,820	190,901
Other assets	902,983	536,552	462,701	280,555	429,396
Property, equipment and right-of-use-assets	429,654	301,332	280,654	272,342	237,247
Total assets	**21,494,418**	**18,404,927**	**15,453,897**	**12,524,084**	**10,720,925**
Liabilities					
Deposits from banks & other financial institutions	259,147	747,589	615,418	501,911	272,769
Deposits from customers	17,515,911	13,154,527	11,345,240	9,320,878	8,024,425
Borrowings	1,003,168	988,073	772,525	457,578	344,884
Current tax liabilities	-	56,247	-	9,017	-
Employee benefit obligations	129,596	113,464	113,322	118,664	97,647
Other liabilities	587,724	646,556	421,394	335,674	531,456
Total liabilities	**19,495,546**	**15,706,456**	**13,267,899**	**10,743,722**	**9,271,181**
Equity					
Stated capital	500,000	500,000	500,000	500,000	500,000
Retained earnings	821,937	1,547,835	1,111,387	828,873	585,167
Statutory reserve	639,555	639,555	569,971	460,096	354,845
Fair value reserve	21,030	14,997	5,395	1,581	26,048
Other reserves	16,350	(3,916)	(755)	(10,188)	(16,316)
Total shareholders' equity	**1,998,872**	**2,698,471**	**2,185,998**	**1,780,362**	**1,449,744**
Total liabilities and shareholders' equity	**21,494,418**	**18,404,927**	**15,453,897**	**12,524,084**	**10,720,925**

Financial Highlights - Group

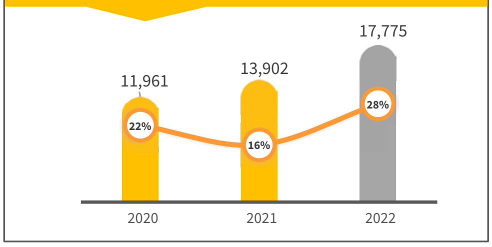
OPERATING INCOME(GHS 'M)



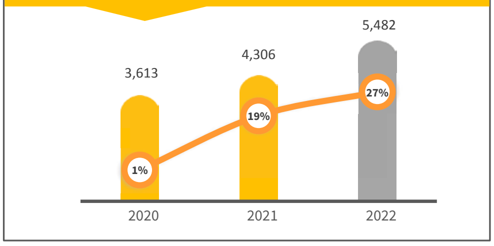
PROFIT BEFORE TAX(GHS 'M)



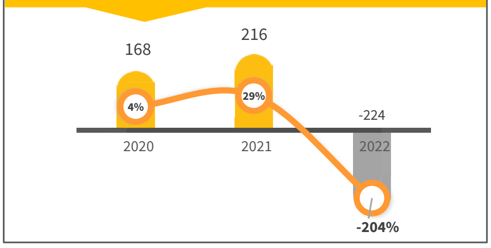
CUSTOMER DEPOSIT(GHS 'M)



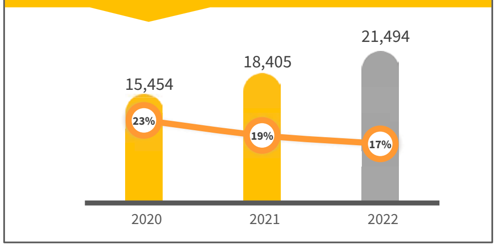
LOANS AND ADVANCES(GHS 'M)



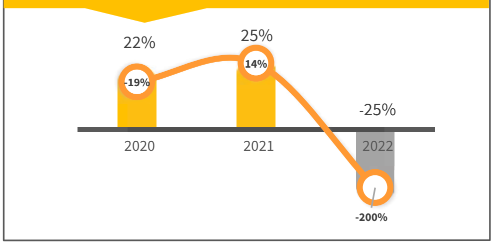
EPS(GHS' M)



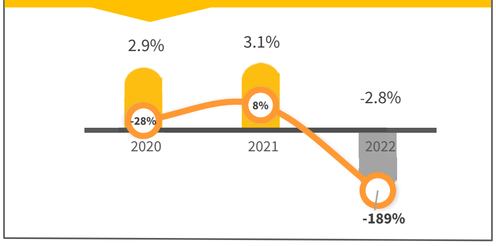
TOTAL ASSETS(GHS 'M)



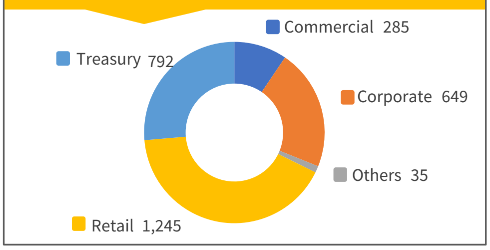
RETURN ON EQUITY(ROE)



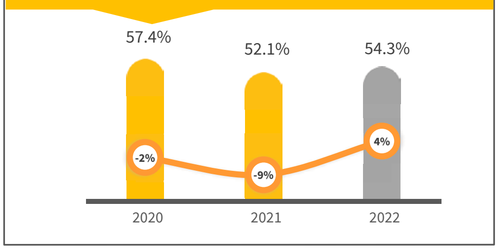
RETURN ON ASSETS(ROA)



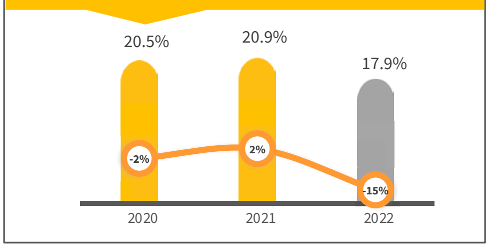
REVENUE PER SEGMENT(GHS 'M)



COST TO INCOME



CAPITAL ADEQUACY RATIO



Chairman's Statement

Mr. Jude Kofi Arthur
Board Chairman

> **Despite this challenge, I am pleased to inform you that GCB Bank PLC remains a viable business with distinct competitive advantages in the marketplace.**

Introduction

Distinguished Ladies and Gentlemen, I welcome you once again to the Annual General Meeting of your company, GCB Bank PLC.

We started the year 2022 very well with a continued focus on our strategy to drive revenue and profitable growth, enhance the resilience of our balance sheet and reinforce the core strengths of the Bank.

In the latter part of the year, specifically on 5th December 2022, the Government of Ghana launched the Domestic Debt Exchange Programme (DDEP) as part of efforts to address the economic crisis and bring the country's debt to sustainable levels. Under the DDEP the government invited certain holders of domestic notes and bonds issued by the Government to exchange them for a package of new bonds with lower coupons and longer tenors.

This programme which is intended to pave the way and lay a sound foundation for economic recovery also has a significant impact on the economy and on the financial performance of Banks that participated in the program including GCB,

Despite this challenge, I am pleased to inform you that GCB Bank PLC remains a viable business with distinct competitive advantages in the marketplace. Your Bank has strong fundamentals and significant potential for further growth and value creation for its shareholders.

Please permit me to touch briefly on the global economic environment, how it has impacted the Ghanaian economy and our operating environment and then share key highlights of a robust and comprehensive capital plan authorized by the Board to address the challenges posed by the DDEP. I will also update you on our financial performance for 2022 and our strategic priorities going forward.

Ladies and Gentlemen, as you are no doubt aware, this year also marks the 70th anniversary of your Bank. I shall in this report apprise you of an all-inclusive framework for celebrating our anniversary.

Global Economic Environment

Developments in the global environment weighed in heavily on economic growth resulting in a decline from 6.2 per cent in 2021 to 3.4 per cent in 2022. Some of the factors contributing to the decline include: rising energy and commodity prices; record levels of inflation and turnaround in interest-rate policy around the world. The devastating impact of COVID-19 in China also dampened growth in 2022. According to the International Monetary Fund (IMF) growth is projected to decline further to 2.8 per cent in 2023.

The balance of risks to global growth in 2023 remains tilted to the downside. Severe health outcomes in China could hold back economic recovery and along with geopolitical fragmentation and tightened global financing conditions hamper economic progress.

On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. China's recent lifting of COVID restrictions has also paved the way for a faster-than-expected recovery. These external developments had a profound impact on our domestic economy.

Chairman's Statement (Continued)

Ghanaian Economy & the Operating Environment

The combined effect of the adverse external events exposed Ghana to a surge in inflation, a large exchange rate depreciation, and stress on the financing of the Government budget at a time when the economy was just beginning to recover from the pandemic.

It is worth noting that global risk aversion triggered large capital outflows, and the loss of external market access resulted in increased domestic borrowing costs.

Ghana's Gross Domestic Product (GDP) growth rate declined to 3.1 per cent in 2022 from 5.1 per cent in 2021. The observed growth outturn was driven by the services and agriculture sectors with a growth of 4.2% and 5.5% respectively.

Inflation remained elevated in 2022, driven mainly by demand pressures, currency depreciation, transport, utility costs and supply disruptions. Inflation recorded a significant jump to 54.1 per cent in December 2022, from 12.6 per cent in 2021. Interest rates on the money market increased in tandem with inflation across the yield curve. The monetary policy rate shot up by 1,250 basis points(bps) to 27 per cent from 14.5 per cent in December 2021.

The local currency came under intense pressure in the year under review, reflecting portfolio reversals, lower foreign direct investment inflows, and enhanced demand pressures. This resulted in significant depreciation of the Ghana cedi against major currencies. For the year 2022, the Ghana Cedi depreciated by 30.0 per cent against the US dollar, after reversals of some of the losses in December 2022. Depreciation of the cedi to the dollar was 4.1 per cent in 2021. To address the above challenges and position the economy on a recovery path, the DDEP was launched as part of a comprehensive agenda by government to protect the economy and enhance our capacity to service public debt at sustainable levels.

On the Banking industry, total assets of the industry stood at GHS209.4 billion in December 2022, representing a growth of 16.4 percent, attributable to growth in deposits and currency translation effect. Total credit increased by 28.5 percent to GH69.1 billion in December 2022 from GHS53.8 billion in December 2021. Total deposits stood at GHS157.9 billion, representing an increase of 30.4 percent year-on-year, compared with 16.6 percent recorded during the same period in 2021.

The DDEP resulted in significant impairment loss on investments in government securities and consequently a deterioration in the capital position of banks. In order to mitigate the impact on the banking sector, the Bank of Ghana introduced regulatory forbearance on capital.

The minimum Capital Adequacy Ratio (CAR) required to be maintained by banks was reduced from 13 percent to 10 percent as of 31st December 2022, and losses from the DDEP are to be reflected in the computation of CAR over a period of up to three (3) years.

The average capital adequacy ratio for the industry was 15.7 percent in December 2022 largely supported by the regulatory reliefs, compared with 16.6 percent as of December 2021 without the DDEP.

Financial Performance

During the year, the implementation of our strategy resulted in strong quarterly financial performance. However, the DDEP significantly affected our full year financial performance for 2022.

The Bank generated a record revenue of GHS3.0 billion representing an increase of 24% or GHS578.2 million compared to 2021. The growth was mainly driven by 11% increase in Net Interest Income and a 7% rise in Net fees and commissions. Net Trading income was up by 209% largely from margins from foreign exchange trading on account of currency volatility. The Net Interest Income contributed 70% of our total revenue with the Non-Interest Income accounting for the remaining 30%. Operating expenses increased by 29% largely due to cedi depreciation against the USD and the surge in inflation to 54.1% from 12.6%. These resulted in a cost to income ratio of 54.4% in 2022 compared to 52.6% in 2021.

The Bank recorded a Loss Before Tax of GHS743.5 million in 2022 compared to a Profit before Tax of GHS832.0 million in the prior year. This loss is largely due to the impairment loss on investment in government securities of GHS1.8 billion. It is worth noting that our projected profit for the Year 2022 without the impairment would have been in excess of GHS1.0 billion.

Customer deposits grew by 28% from GHS13.9 billion in 2021 to GHS17.8 billion in 2022. We are eternally grateful for the business of our cherished customers. Our balance sheet remained strong, growing from GHS18.4 billion in 2021 to GHS21.5 billion in 2022. Total equity of the Bank declined by 39% from GHS2.7 billion in 2021 to GHS2.0 billion in 2022 on the back of impaired investments in securities due to the DDEP.

Turning to the stock market developments, during the year, the Ghana Stock Exchange (GSE) Composite Index depreciated by 12.38% whilst the GSE Financial Stock Index declined by 4.61%. Our Bank's share price also declined by 24.81% in 2022 and closed the year at GHS3.94 from GHS5.24 in 2021, which also reflected the general market performance.

Chairman's Statement (continued)

Domestic Debt Exchange Program (DDEP) – Challenges

Ladies and Gentlemen, businesses operating in this country have a stake in the recovery of the Ghanaian economy. It is against this background that we evaluated the programme focusing on the best options open to us.

The DDEP was an invitation for the voluntary exchange of about GHS130 billion of the domestic bonds of the Republic for a package of new bonds with lower coupons and longer tenors. The program is part of a comprehensive strategy aimed at bringing the public debt stock back to sustainable level and to unlock financial assistance from the International Monetary Fund (IMF). Your Bank exchanged a total amount of GHS6.784 billion being the value of Eligible Bonds under the DDEP. Under International Financial Reporting Standards shortfalls in the recoverable amounts of financial assets are required to be reflected in the income statement as an impairment charge. Your Bank's participation in the DDEP resulted in an impairment loss of GHS1.8 billion for the year.

Ladies and Gentlemen, your Bank due to the adequate build-up of retained earnings in the past was able to absorb this impairment loss and maintain an adequate capital buffer with regulatory forbearance. The Board reviewed the risk weights attached to the new bonds and noted the potential of illiquidity in the market for bonds which were subject to be exchanged.

Against this background and the relevance of the DDEP as a critical component of the debt reduction program and the IMF programme, concluded that participation in the DDEP was in the best long-term interest of the Bank and its shareholders.

The Bank accordingly, participated in the DDEP, to preserve value to shareholders, reinforce its competitive advantage and secure the future of the Bank.

Our Response to the DDEP

The DDEP adversely impacted on the Bank's capital adequacy ratio due to the impairment loss of GHS1.8 billion for the year. Excluding the adjustment related to the regulatory capital forbearance your Bank's capital adequacy was 7.59% at the end of December 2022 compared to a prudential limit of 13%. This reflects a significant decline in the capital adequacy ratio at the end of September 2022 of 17.7%. The reported capital adequacy ratio at the end of 2022 taking into consideration the capital forbearance was 17.86%.

The Bank of Ghana as part of measures to mitigate the impact of the DDEP on the banking sector has suspended dividends until further notice. In compliance with this regulatory directive, the directors are unable to recommend dividend for 2022.

In order to address the impact of the DDEP, the Bank has developed a robust and comprehensive capital plan. The immediate priority of the Bank reflected in this capital plan is to rebuild capital, further strengthen liquidity while we continue to boost our earnings generation capacity especially from non-funded sources.

Based on the capital plan we seek your support to raise additional capital of GHS1 billion to:

a. meet regulatory capital adequacy ratio requirements;
b. enhance our deal-making capacity and take advantage of opportunities available to the Bank while preserving our core strengths;
c. strengthen access to funding markets and bolster confidence in the Bank; and
d. support targeted and prioritized investment in digital transformation and ultimately help to drive our business strategy.

Following a review of the risk appetite and opportunities in our operating environment as part of the capital planning process, the Board has concluded that it is appropriate to maintain a capital adequacy ratio in excess of 14.0% by the end of 2023 and rebuild the ratio to at least 18.0% by 2025.

In order to limit dilution and maintain a high quality and efficient capital structure we are of the view that the most appropriate way to strengthen our capital base is through a combination of additional equity capital, internal capital generation through retention of profits and revaluation of landed property. Accordingly, the Board seeks the approval of shareholders to raise additional equity capital of GHS1 billion by way of Common Equity Tier 1 capital of GHS750 million and Additional Tier 1 capital of GHS250 million preference shares. All information on the capital raise and the relevant resolutions to be passed are contained in the Shareholder Circular and the letter to shareholders forwarded to your good selves together with the notice and agenda relating to the 29th Annual General Meeting. We urge you to support the proposals of your Board.

Progress on our Strategic Priorities

Ladies and Gentlemen, in all these developments your Bank remains focused in its pursuit of its market dominance strategy. Over the last two years of the implementation of our market dominance strategy, we have distinguished ourselves with impressive growth in core business.

Chairman's Statement (Continued)

I would like to share with you the key priorities we worked on in 2022, the progress we achieved and highlight our outlook going forward.

In order to ensure we maintain our competitive advantage and generate sustainable returns it is critical that we continue to invest in the future of the Bank, especially in our digital transformation agenda to enable us exploit opportunities and address potential risks and challenges in our market environment.

We have made good progress with regards to the implementation of our leadership and succession planning framework which seeks to ensure that the Bank has a pool of talent with relevant skills and capacity to support its market dominance agenda.

During the year we developed a best-in-class customer experience strategy for the Bank, ensuring uniform banking services across all our touch points.

Ladies and Gentlemen, as we seek to strengthen risk management, enhance our operational resilience and improve our service to clients we will sustain our investment in key strategic areas, enhance our resilience and improve our business risk complexion.

Corporate Social Responsibility

The Bank lived up to its commitment of supporting society, particularly in health, education and environment.

During the year we spent over GHS 21 million in various initiatives spread equitably across our focus areas.

Governance

The Board is committed to excellence in corporate governance. In line with best practice the Board regularly evaluates its effectiveness and that of its committees and ensures that our governance protocols are consistent with both the Bank of Ghana and Securities and Exchange Commission Directives and best industry practice.

The Bank's 70th Anniversary

This year marks a significant milestone of the Bank, its 70th anniversary. The Bank commenced its operations in 1953 as the Bank of Gold Coast (BGC) to provide banking services. The Bank was wholly owned by government until 1996 when it was restructured and listed on the Ghana Stock Exchange. Today, government of Ghana owns 21.36% of the bank while institutional and individual holdings add up to 78.64%. Over the years, your Bank's competitive position has continually improved and remains a leading bank with significant potential for sustainable and profitable growth. Our deep connection and commitment to the Ghanaian economy and the banking sector have guided all our activities and for the last seven decades it has exhibited a sterling track record of creating value for its shareholders. We shall during the anniversary celebration recognize the contributions of all stakeholders who have been part of the growth of GCB Bank.

Conclusion

We are well positioned to take advantage of considerable growth opportunities in our environment as we navigate an uncertain external environment in the year 2023 under an IMF programme. Ghana's GDP growth is estimated to be low, but the country offers prospects and opportunities for sustainable and profitable growth in the years ahead. The Board will continue to ensure an appropriate balance of investment and risk as we deliver on our mandate.

I would like at this time to say a big thank you to our shareholders for the trust placed in us and for your ongoing support of the Bank. We are confident that our economy will bounce back and accordingly urge you to vote in favour of the proposed resolutions under the special business as well as the ordinary business at the AGM to place your Bank in a stronger position to deliver on its mandate.

I would like to recognize our customers for their continued support and business. Their custom underpins our success.

I salute our Management and Staff for their dedication, diligence and commitment to the success of the Bank. Your collective efforts, team spirit and resilience have contributed immensely to delivering quality services and value to our customers and stakeholders during this difficult and challenging year.

On behalf of the Board of Directors, I say to you all, thank you and I wish you a happy 70th anniversary. Thank you once again for the privilege of serving.

Jude Kofi Arthur
Chairman

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GCB 70TH ANNIVERSARY

Managing Director's Review of Operations and Performance

Mr. Kofi Adomakoh
Managing Director

> **We are relentless in the pursuit of our ambition to dominate the market and are confident that we will navigate well the challenges that confront us and emerge a stronger, resilient and customer focused bank.**

Dear Shareholders,

Introduction

In 2022, GCB Bank witnessed a huge set back in its financial performance. Amid a background that included record levels of inflation, turnaround in interest-rate policy around the world, the protracted war in Ukraine and particularly an unprecedented Domestic Debt Exchange Programme (DDEP) in Ghana, GCB Bank recorded a loss for the year 2022.

Despite this set back GCB Bank remains viable with significant potential for delivering sustainable profit growth and enhanced value to shareholders. We are on course in the execution of our strategies to realise our ambition to dominate the market, and this is reflected in the improvement in our core business metrics.

In this report, I will share with you the progress we have made in the past year and our key focus areas going forward.

Operating & Economic Environment

The global economic growth slowed from 6.2 percent in 2021 to 3.4 percent in 2022. Tightened financial conditions, economic uncertainties, the ever-worsening impact of climate change, mounting debt vulnerabilities, the lingering effects of the COVID-19 pandemic and other factors stated earlier weighed heavily on economic growth.

The Ghanaian economy encountered significant challenges in 2022 due to the rippling effect of external economic pressures and the adverse effect of the DDEP. The domestic economy contracted, with real Gross Domestic Product growth rate dropping from 5.1 percent at the end of 2021 to 3.1 percent in 2022. In 2022, the services sector emerged as the most significant contributor to the economy, accounting for 44.9 percent of GDP. It was followed by the Industry sector with a share of 34.2 percent and the Agriculture sector with a share of 20.9 percent.

Price pressures in the Ghanaian economy remained high in 2022, resulting in a significant increase in inflation. The year ended with inflation reaching 54.1 percent compared to 12.6 percent recorded in 2021. The upturn in headline inflation was driven by food and non-food price pressures, influenced by local and imported components in the consumer price basket. Key factors contributing to the high inflation included high transport and utility costs and sharp currency depreciation. To address the increasing inflation, the Monetary Policy Committee of the Bank of Ghana progressively increased the Policy rate from 14.5 percent in January 2022 to 27.0 percent at the end of the year.

Interest rates experienced significant increases across different maturities during the year.
The Ghanaian Cedi consistently depreciated against the major foreign currencies throughout the year. By the end of the year, the Cedi had lost 30.0 percent of its value against the United States Dollar, 21.2 percent against the British Pound Sterling, and 25.3 percent against the Euro.

The government's access to the international capital market was compromised in 2022 when the top three global rating agencies unanimously downgraded Ghana's credit rating. This downgrade resulted in offshore investors' portfolio reversals, which put significant pressure on the local currency.

Managing Director's Review of Operations and Performance (continued)

As part of measures to protect the economy and achieve debt sustainability, the government launched the DDEP on 5th December 2022. The DDEP was, among other pre-conditions, set by the International Monetary Fund (IMF) as part of the government's request for a USD 3 Billion balance of payments support. All commercial Banks with investments in the eligible Bonds under the DDEP, including GCB Bank, voluntarily participated in the program.

The recent IMF Executive Board approval of a US$3 Billion Extended Credit Facility Arrangement for Ghana along with other planned and wide-ranging reforms by government to restore macroeconomic stability and debt sustainability has instilled confidence in the economic recovery of Ghana and generated renewed hope for improved profits and returns to our shareholders.

Operational Performance

During the year under review the successful execution of our strategy contributed to growth in our core business, strengthening operational resilience and driving our people and talent agenda.

Driving Revenue Growth and Profitability

The number of clients we serve continue to grow across our business segments through improved relationship management, marketing and stronger internal collaboration. This coupled with our intensified focus on cross selling generated growth in non-funded income at a rate faster than net interest income growth rate.

We embarked on a comprehensive review of our Retail and Commercial Banking operating model, focusing on enhancing sales orientation and optimising the customer experience.

GCB Bank's branch network has remained a cornerstone of our success complemented by our growing portfolio of digital solutions, providing a competitive edge in the market. We opened a new branch in Nalerigu, the capital of the Northeast Region of Ghana. This notable achievement establishes GCB Bank PLC as the first universal Bank in the country to establish and operate a branch in this region since its recent creation. This reinforces our commitment to driving the national financial inclusion agenda and serving the people of Nalerigu and the surrounding communities through our comprehensive portfolio of convenient banking products, services, and cutting-edge digital solutions.

With the addition of the Nalerigu branch, our total branch network in the Northern sector of Ghana has increased to twenty (20), and one hundred and eighty-six (186) branches nationwide.

Enhancing Operational Efficiency and Resilience

We remain committed to improving our technology infrastructure, ensuring it provides the reliable backbone for our core operations and enable us to deliver exceptional customer service. During the year we made investments to improve the performance of our systems. These investments have significantly reduced processing time and allowed us to focus on providing a more delightful customer experience across all touchpoints.

We have taken significant measures to strengthen the Bank's cyber security framework in response to the constantly evolving cyber threat landscape. Our efforts include the implementation of the internationally recognised ISO 27001 standard, which has provided us with a comprehensive and structured approach to managing information security risks.

We are also proud to announce that we have become a member of the Forum for Incident Response and Security Teams (FIRST). This membership allows GCB to tap into the expertise and knowledge of a leading body dedicated to equipping organisations with the necessary tools and best practices to enhance their response capabilities during cyberattacks.

During the year we reinforced our risk organisation and culture through training and have also reviewed risk ownership and accountability especially in the first line of defence. Through a collaborative effort we have aligned priorities for risk going forward and implemented enhancements to the first and second lines of defence. Through the effective implementation of our combined assurance framework, internal controls have been improved and are operating effectively. Our process optimisation initiatives were expanded during the year to cover our trade finance operations, our centralised back office processing centre and other areas of the bank leading to noticeable process improvements and faster turnaround time.

Leadership & Talent Development

The commitment and dedication of our management and staff played a pivotal role in our successes and performance in 2022. We fostered a continuous learning and development culture, empowering our employees with the essential skills and knowledge to thrive in an ever-changing market.

To reinforce our relationship management approach, we realigned our focus towards enhancing sales effectiveness, creating customer value and delivering exceptional experiences. We prioritised reskilling and upskilling of our customer-facing staff through a modular

Managing Director's Review of Operations and Performance (Continued)

training program designed to improve their selling skills and prepare them for more senior roles.

Further, we implemented Executive Mentorship programs across the Regions and Branches, providing valuable guidance and support to Regional and Branch Managers to drive performance and resolve operational challenges.

Building capacity and training a cadre of next-generation leaders is paramount to Management and the Board. This has been prioritised as a core element of our Employee Value Proposition. Under the leadership and guidance of the Board, we have made good progress in developing a Leadership Pipeline and Succession Planning framework that would harness talent and train leaders to take up senior positions in the Bank.

To strengthen staff engagement, we organised Human Resource Clinics, Strategy Roadshows, and other social programs to foster a sense of belonging and collaboration across the Bank.

These initiatives collectively reinforced our commitment to our employees' growth and development, enabling our staff to excel in their roles and adapt to the evolving needs of our customers and the industry.

Financial Performance

GCB Bank has a proven track record of generating strong revenue, profit and balance sheet growth over the years leveraging its distinct advantages and core strengths. In all our business decisions we are guided by our purpose and creating value for shareholders in a sustainable way.

We did not take the decision to participate in the DDEP lightly noting the significant impact it will have on profits and the capital adequacy of the bank. The Bank participated in the DDEP to avoid further deterioration in the capital adequacy ratio due to the higher regulatory risk weighting on bonds that are not exchanged and eliminate the risk of not realising value from the eligible bonds due to liquidity limitations.

The DDEP adversely impacted our performance for the year and our capital adequacy ratio.
GCB recorded a Loss Before Tax of GHS 743.5 million in 2022 compared to a Profit before Tax of GHS 832.0 million in the prior year. The loss is attributable to a GHS 1.8 billion impairment loss on investment in government securities following the Bank's participation in the DDEP.

In order to lessen the impact of the DDEP on the banking sector the Bank of Ghana granted regulatory reliefs. The Central Bank has reduced the minimum capital adequacy ratio from 13 percent to 10 percent as of 31 December 2022 and losses from the DDEP are to be reflected in the computation of capital adequacy ratio over a period of up to three years. The Bank of Ghana has also suspended payment of dividends until further notice.

GCB Bank's capital adequacy ratio was 7.6 percent at the end of December 2022, below the regulatory limit and significantly below the capital adequacy ratio 20.9 percent at end of December 2021. The capital adequacy ratio adjusted for the reliefs at the end of December 2022 was 17.9 percent.

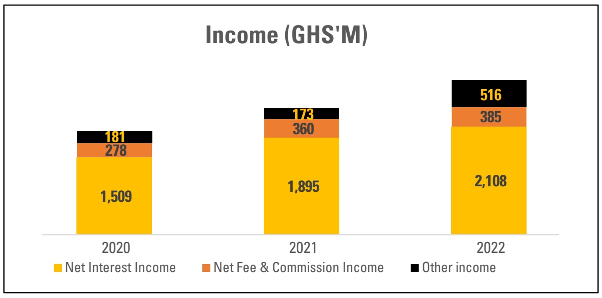
I would like to turn your attention to the continued and improved growth in our revenues and balance sheet which is the outcome of executing well on our strategy.

Despite the loss for the year, GCB Bank delivered improved and strong double-digit growth in revenue and pre provision profit supported by balance sheet expansion, growth in the number of clients, a rising share of our clients businesses as well as high adoption rates in our digital offerings.

GCB recorded remarkable growth in operating income from GHS 2,427.5 million in 2021 to GHS 3,005.7 million, representing a 24 percent growth. The growth was broad-based across our major income lines and reflected our well-diversified business. Net interest income rose from GHS 1,894.8 million in 2021 to GHS 2,107.5 million in 2022, indicating an increase of 11 percent. The growth was supported by higher volumes and yields on earning assets.

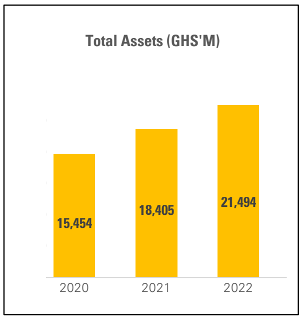
Net fees and commissions income increased by 7 percent, reaching GHS 385.0 million in 2022, driven by fees from loan book growth, growth in the number of new clients and higher transaction volume. The growth in our revenue reflects our core strengths and continuing focus on executing our 4-year strategy which began in 2020 to achieve revenue growth and profitability, operational excellence and drive our people and talent agenda.

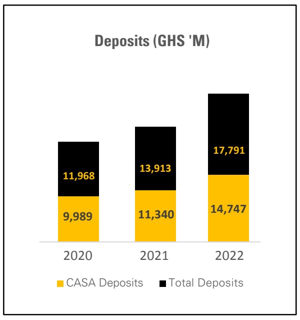
Managing Director's Review of Operations and Performance (continued)



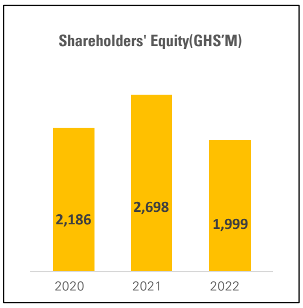
Total operating expenses, which comprise personnel expenses and other expenses, grew by 29 percent to GHS 1,632.0 billion in 2022. Personnel expenses growth was due to inflation-related salary adjustments. It increased by 25 percent from GHS 641.6 million in 2021 to GHS 801.6 million in 2022. Other expenses also escalated by 43 percent to GHS 676.1 million in 2022, attributable to the combined effect of the cedi depreciation against the USD and high inflation . Our ongoing cost management initiative, including the review of major contracts and strict discipline on cost helped to contain our cost growth. Pre-provision profit continued to improve and increased by 22 percent to GHS1.4 billion. The Bank's cost-to-income ratio increased marginally from 53.0 percent in 2021 to 54.0 percent in 2022.

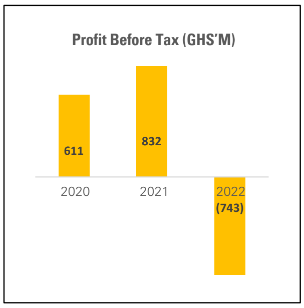
Total assets increased by 17 percent, from 18,404.9 million in 2021 to GHS 21,494.4 million in 2022. The growth was primarily driven by increased loans and advances, which grew by 27 percent year-on-year from GHS 4,306.4 million in 2021 to GHS 5,482.2 million. The Bank experienced significant growth in customer deposits, reaching GHS 17,791.4 million, a 28 percent increase over the previous year. The deposit growth was driven by new customer acquisition, growth in transaction Banking business and collections on our digital platforms and increased wallet share of existing clients' businesses. The setup of the Micro and Small Enterprises segment within the retail segment to focus on deposit mobilisation also contributed to the deposit growth.





Total impairment loss increased by 548 percent to GHS 2,105.3 million. Impairment loss comprises impairment loss on investment securities and impairment loss on loans. Impairment loss on investment securities accounted for 87 percent of the total impairment loss. Impairment loss on loans declined by 16 percent, from GHS 325.0 million in 2021 to GHS 274.0 million in 2022.





GCB Bank's Total Shareholders' Equity dropped from GHS 2.7 billion to GHS 2.0 billion in 2022, primarily due to the significant impairment loss on investment securities.

We are relentless in the pursuit of our ambition to dominate the market and are confident that we will navigate well the challenges that confront us and emerge a stronger, resilient and customer focused bank.

There is no doubt the recovery of the Ghanaian economy has significant upside for GCB Bank. As a leading Bank we are well positioned to benefit from Ghana's future economic prospects leveraging our core strengths. In order to increase our chances of success it's important to restore our capital strength and intensify efforts on accelerating sustainable profitable growth so as to increase returns for shareholders.

Turnaround Plan in Response to the DDEP

As part of measures to address the impact of the DDEP on the bank, management developed a robust and comprehensive capital plan. A component of the capital plan is to rebuild our capital through a combination of raising additional equity capital, internal capital generation through retention of profits and revaluation of landed property.

In line with our capital plan we seek to raise additional equity capital of GHS 1.0 billion by way of Common Equity Tier 1 capital of GHS 750 million and Additional Tier 1 capital of GH 250 million preference shares. The objective of the capital raise is to meet regulatory capital adequacy ratio requirement, enhance our deal-making capacity and take advantage of opportunities available to the Bank while preserving our core strengths.

Managing Director's Review of Operations and Performance (Continued)

Furthermore, the improved capital position will strengthen our access to funding markets, bolster confidence in the Bank, support targeted and prioritized investment in digital transformation and ultimately help to drive our business strategy.

Our industry dynamics require that we grow our revenues, continually review our risk management framework, reduce and effectively manage our costs and accelerate our digital transformation agenda.

Growing our revenue especially from non-funded sources will continue to be a key focus area. We aim to further grow our retail banking franchise. Our retail franchise is a core strength and has significant potential for further growth. We have the largest retail franchise in the banking sector and our client base continue to grow. Currently we serve over 2.0 million customers using our 186-branch network across the country complemented by our digital solutions. Our retail business has helped grow our stable deposit book enabling us to achieve lower cost of funds and build resilience in our balance sheet.

The restructuring of our Wholesale and Investment banking business continues to yield significant benefits for the Bank. Growth in our client numbers benefitted from stronger internal collaboration. We have strengthened our trade and transaction banking capabilities, reinforced pricing discipline and improved relationship management expertise through training and coaching. Going forward, we will continue to invest in appropriate technology platforms that will improve the client experience and operational efficiency.

Overall, through strategic partnerships we have been able to create and diversify our revenue streams especially in the area of non-funded income. We will continue to offer more and relevant innovative offerings and tailor our products to suit customer needs, intensify cross selling and marketing activities to drive growth of the business.

The DDEP has raised the need to review our risk management framework and in particular reset our risk appetite and allocate capital to profitable businesses in a manner that balances risk and return. We will continually evaluate risk in our portfolio and in our operations and proactively implement relevant measures to appropriately address them.

Further, our business continuity and cyber security management program will continue to benefit from purposeful investments.

Managing our cost base to ensure value for money has been a critical element of our strategy. While we recognise that we have made good progress in our cost management program we also acknowledge that there are areas where we can optimise processes, improve productivity to achieve cost savings and generate better value from our spending. We will continue with our prioritised and targeted approach to investments and strengthen project governance to reduce and keep cost under control.

The rapid pace of digitisation and disruption within our industry as well as the growing number of FinTech's continue to be a challenge and a threat. The strict and disciplined execution of our digital transformation strategy will be a key focus area going forward. We will enhance our revenue generation capacity by driving new and innovative digital solutions, implement measures to drive adoption of new products, optimise and automate key processes to deliver efficient and cost-effective back office operations with the view to drive best-in-class services to our cherished clients.

Corporate Social Responsibility

At GCB Bank, we have consistently demonstrated our commitment to the social responsibilities of the communities in which we operate, with a strong emphasis on health, education, sports, financial inclusion, and environmental initiatives. In the past year, we devoted resources towards various impactful projects and sponsorships spanning various sectors. Noteworthy among these are:

- Construction of classroom block for Nalerigu Junior High School.
- Support for the construction of an Office unit for the Ghana Prisons Service.
- Donation to Appiatse Support Fund to help in rebuilding the Appiatse community.
- Donation to Bagre Dam Relief fund.
- Sponsorship of the 2022 Ghana Economic Forum.

Through these initiatives and sponsorships, we strive to positively impact society, uplift communities, and foster sustainable development.

Platinum Anniversary

This year marks our 70th anniversary. The year-long celebration started with a Christian thanksgiving service at the forecourt of our Head Office and Muslim prayers at the national mosque. Other activities planned for the

Managing Director's Review of Operations and Performance (continued)

celebrations include various client and staff engagement activities and corporate social responsibility activities.

We are proud of our numerous achievements in supporting the Ghanaian economy and helping corporates, organisations, SMEs and individuals meet their financial goals and banking needs. We are excited about our past and to our cherished clients we assure you of our continued support both in good and bad times. GCB Bank will continue to be "Your Bank for Life."

As we celebrate this milestone which fell on May 20th, 2023, it is imperative to acknowledge and express gratitude to our founding fathers and all those who have contributed to the Bank's growth over the past seven decades. We commend the vision, dedication, and sacrifices of our past and current shareholders, previous managing directors and Board of Directors for their role and contribution in shaping the future of this invaluable national asset. To each and every one, we say Ayekooo! The commitment and dedication of each of you have propelled GCB Bank to its position as the foremost and largest indigenous Bank, spearheading Ghana's socioeconomic development.

In any organisation, staff form the bedrock of success. To our esteemed colleagues, both past and present, we appreciate your incredible contributions. Your unwavering dedication and support have been pivotal to our 70 years of achievements. We thank you for your commitment, loyalty and resilience in service to our clients. The consistent, strong and resilient performance we have achieved over the years is testament to your capabilities and hard work.

As we look forward to the years ahead it is crucial that we continuously adapt and remain relevant by anticipating and understanding our clients' needs and proactively offer innovative and best-in-class solutions that exceeds their expectations. We will leverage our large and growing client base as well as strategic partnerships and play a key role in connecting businesses, organisations and individuals. Our steadfast focus on deeply understanding our customer needs, continued investment in digitisation and data and analytics will form the foundation for our continued delivery of exceptional customer experience.

Conclusion

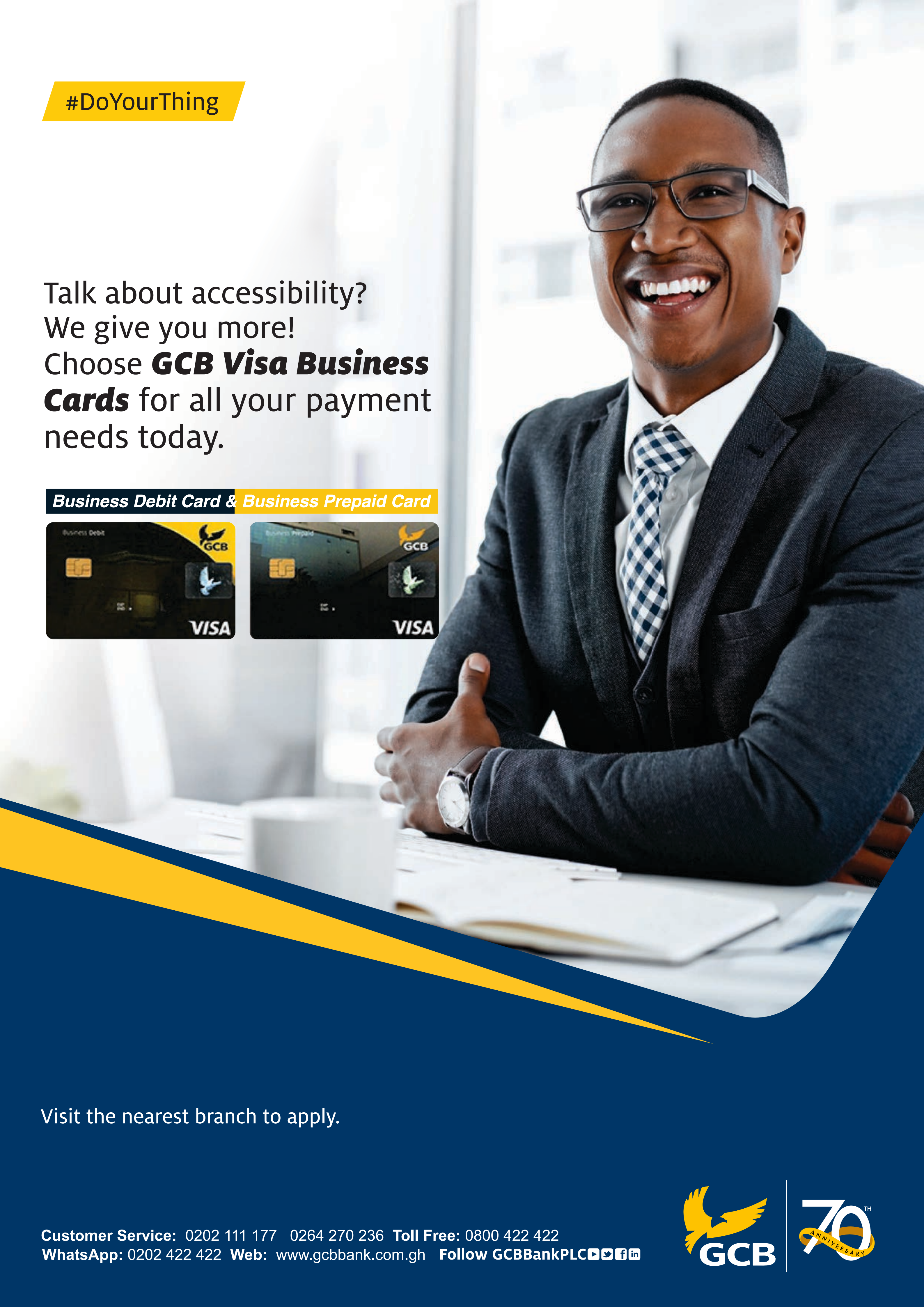
Undoubtedly, the current economic challenges have affected our stakeholders in various ways. For our customers we assure you of our continued support and to our shareholders we will always act in your best interest. Our Board has been a tremendous source of wisdom guiding us along the way and sharing their insights and expertise.

I wish to reiterate that our ambition to dominate the market remains.
We have a clear plan and a highly committed and resilient management team and staff to deliver increased value for our shareholders.

I am confident that with your support we will overcome this season of difficult and challenging economic conditions and rebound a much stronger Bank that is well positioned to take advantage of the opportunities in the economic prospects and success of our country and deliver increased value to our stakeholders.

On behalf of management, I would like to thank our Shareholders, Board of Directors, customers, management, staff, and all other stakeholders for your support and commitment to GCB Bank PLC. We look forward to another 70 years of progress and prosperity and I wish you all a happy anniversary.

Kofi Adomakoh
Managing Director



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GCB 70TH ANNIVERSARY

Report of the Directors

The Directors are pleased to submit their report on the consolidated and separate financial statements of GCB Bank PLC for the year ended 31 December 2022.

Directors' Responsibility Statement

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of GCB Bank PLC, comprising the statements of financial position at 31 December 2022, statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows for the year ended and notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS), 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 the Report of the Directors.

The Directors are also responsible for such internal controls as they determine are 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 ability of the Bank and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Principal Activities

The Bank has a universal banking license and is registered to carry on the business of retail banking, commercial banking, corporate banking and treasury activities. It also engages in investment banking and Fintech business through its subsidiaries. The nature of the Group's business did not change during the year.

Shareholding Structure

Details of the Bank's twenty largest shareholders are disclosed in Note 43a of the Annual Report.

The Bank's shareholding structure at the end of the year was as follows:

Shareholder	Percentage Holding
Social Security and National Insurance Trust (SSNIT)	29.89%
The Government of Ghana	21.36%
Institutions and Individuals	48.75%
Total	**100.00%**

Subsidiaries and Associates

GCB Capital Limited and G-Money Financial Service Limited, companies incorporated in Ghana to engage in investment banking and Fintech business respectively are wholly owned subsidiaries of the Bank.

The Bank holds 20% interest in Ghana International Bank PLC, a company incorporated in the United Kingdom to provide universal banking services.

The Bank holds indirect interest of 20%, 25% and 34% in Ghana Textiles Manufacturing Company, Accra Markets Limited and NCR Ghana Limited respectively through its subsidiaries.

Ghana Textiles Manufacturing Company is a company engaged in the production and processing of textile as well as warehousing.

Report of the Directors (continued)

Accra Markets Limited is a company incorporated in Ghana whose principal business is the management of the Kaneshie Market Complex. NCR Ghana Limited is a leading technology and omni channel solutions company incorporated in Ghana.

Details of serving directors' other engagements at the reporting date are disclosed below:

Directors	Qualification	Other Engagements and Positions
Mr. Jude Kofi Arthur	Fellow, The Chartered Institute of Bankers, Ghana BSc. Administration, University of Ghana Business School, Legon	Pinnacle group - Non-Executive Director
Mr. John Kofi Adomakoh	Executive MBA, University of Ghana, Legon BSc. Agriculture, University of Ghana, Legon	GCB Capital Ltd - Non-Executive Director G-Money Financial Services Ltd- Non-Executive Director Ghana International Bank PLC- Non-Executive Director Ghana Stock Exchange- Non-Executive Director
Mr. Socrates Afram	Fellow, Association of Chartered Certified Accountants-UK MBA Finance, University of Ghana, Legon Bachelor of Commerce, University of Cape Coast.	GCB Capital Limited - Non-Executive Director NCR Ghana Limited - Non-Executive Director G-Money Financial Services Ltd- Non-Executive Director
Mr. Emmanuel Odartey Lamptey	Fellow, Association of Chartered Certified Accountants-UK Bachelor of Commerce, University of Cape Coast Advanced Management Program, Harvard Business School	GCB Capital Limited -Non-Executive Director Vivo Ghana Limited - Non-Executive Director G-Money Financial Services Ltd- Non-Executive Director
Mr. Samuel Kwame Yedu Aidoo	Chartered Institute of Securities & Investment- Certificate in Investment FSA Financial Regulation Securities and Derivatives - London (Nov 2010) ACI - Certificate in FX Options (Nov 2006) South Africa MSc. International Securities, Investment Banking (June 2003) ICMA Centre, Henley Business School. University of Reading BSC Natural Resources Management (June 2001) KNUST	GCB Capital Limited - Non-Executive Director G-Money Financial Services Ltd- Non-Executive Director

Report of the Directors (Continued)

Directors	Qualification	Other Engagements and Positions
Mrs. Lydia Gyamera Essah	MPhil- Ghana Institute of Management & Public Administration (GIMPA) BA English & Literature, University of Ghana, Legon	None
Nana Ama Ayensua Saara III	Bachelor of Commerce, University of Cape Coast Diploma Business Studies, Takoradi Polytechnic	Nasaa Company Limited - Executive Director Government Special Initiative - Non-Executive Director
Mr. Emmanuel Ray Ankrah	Fellow, Chartered Institute of Management Accountants (CIMA) UK Fellow British Society of Commerce Member Institute of Chartered Accountants Ghana Post Graduate Diploma Strategic Financial Management, Kingston University	Deputy CEO – Finance and Administration - COCOBOD
Mr. Osmani Aludiba Ayuba	Member, The Chartered Institute of Bankers, Ghana Member, Institute of Chartered Accountants Ghana Member, Chartered Institute of Procurement and Supply M.A. Economic Policy Management, University of Ghana Legon Bachelor of Commerce, University of Cape Coast Diploma in Education, University of Cape Coast.	Northern Electricity Distribution Company (NEDCo Ltd) - Executive Director Finag Company Limited

Report of the Directors (continued)

Directors	Qualification	Other Engagements and Positions
Mr. Francis Arthur Collins	Fellow - Ghana Institute of Information Technology Member - BCS Chartered Institute for Information Technology, United Kingdom Member - Institute for the Management of Information Systems, United Kingdom; Member - British Computer Society, United Kingdom Member - Institute of Data Processing Management, United Kingdom Master's Degree in Information Technology and Business Administration from the University of Leicester, United Kingdom DP in Data Processing from the University of Science and Technology, Kumasi-Ghana Proficiency Certificate in Systems Analysis and Design from The National Computing Centre, Manchester - Awarded by the British Computer Society Information Systems Examination Board (ISEB) of the United Kingdom.	None
Alhaji Alhassan Yakubu	MBA Finance, University of Ghana, Legon Certificate from the Financial Institution Analysis School of the Federal Reserve Bank, Washington DC B.Sc. Administration, Banking & Finance, University of Ghana, Legon	None
Mr. Daniel Kwaku Tweneboah Asirifi	Ghana School of Law Master in Public Administration (MPA), University of Ghana, Legon B.Sc. Administration, Public Administration, University of Ghana, Legon	Legal Service Board

Report of the Directors (Continued)

Directors	Qualification	Other Engagements and Positions
Hon. Dr. Stephen Amoah	PHD. in Actuarial Science – KNUST Msc (Finance) – University of Derby (UK) BSc. Computer Science - KNUST	Zintex Portfolio- Executive Director Board Member - Ghana Cocoa Board The Lands and Natural Resources Committee in Parliament Deputy Minister of Trade and Industry, Ghana

Financial Results

The financial results of the Bank and Group for the year ended are set out in the financial statements, highlights of which are as follows:

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
(Loss)/Profit for the year (attributable to equity holders)	**(555,798)**	**(593,398)**	556,666	572,281
to which is added the balance brought forward on retained earnings of	**1,434,337**	**1,547,835**	1,013,504	1,111,387
	878,539	**954,437**	1,570,170	1,683,668
Out of which is transferred to the statutory reserve fund of	-	-	(69,583)	(69,583)
Dividend declared and paid of	**(132,500)**	**(132,500)**	(66,250)	(66,250)
	(132,500)	**(132,500)**	(135,833)	(135,833)
leaving a balance to be carried forward on retained earnings of	**746,039**	**821,937**	1,434,337	1,547,835

According to section 34 (1) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) a bank or specialised deposit-taking institution shall establish and maintain a Reserve Fund into which shall be transferred out of net profits for each year. The bank made a loss in the reporting year and therefore no amount was transferred from retained earnings to statutory reserve.

Related Party Transactions

The Board ensures that transactions with related parties including internal group transactions are reviewed to assess its risk and are subject to appropriate restrictions by requiring that such transactions be conducted on non-preferential terms.

Information regarding Directors' interests in ordinary shares of the Bank and remuneration is disclosed in Note 38 to the financial statements. Other than service contracts, no Director had a material interest in any contract to which any Group company was a party during the year. Related party transactions and balances are also disclosed in Note 38 to the financial statements.

Report of the Directors (continued)

Biographical Information of Directors

No.	Name	Profession	Nationality	Born
1.	Mr. Jude Kofi Arthur	Banker	Ghanaian	1955
2.	Mr. Kofi Adomakoh	Banker	Ghanaian	1966
3.	Mr. Socrates Afram	Banker / Chartered Accountant	Ghanaian	1973
4.	Mr. Emmanuel Odartey Lamptey	Banker / Chartered Accountant	Ghanaian	1974
5.	Mr. Emmanuel Kwame Yedu Aidoo	Banker	Ghanaian	1975
6.	Mrs. Lydia Gyamera Essah	Banker / Management & Banking Consultant	Ghanaian	1955
7.	Nana Ama Ayensua Saara III	Business Executive / Traditional Ruler	Ghanaian	1970
8.	Mr. Osmani Aludiba Ayuba	Chartered Accountant/ Banker	Ghanaian	1971
9.	Mr. Francis Arthur-Collins	Information Technologist	Ghanaian	1956
10.	Mr. Emmanuel Ray Ankrah	Chartered Accountant	Ghanaian	1962
11.	Alhaji Yakubu Adam Alhassan	Banker / Business Executive	Ghanaian	1966
12.	Mr. Daniel Kwaku Tweneboah Asirifi	Lawyer	Ghanaian	1963
13.	Hon. Dr. Stephen Amoah	Financial & Investment Consultant	Ghanaian	1970

The Directors are responsible for the long-term success of the Group, determining the strategic direction of the Group and reviewing operating, financial and risk exposures of the Group. There is a formal schedule of matters reserved for the Board of Directors, including approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Group's dividend policy, transactions involving the issue or purchase of the Group's shares, borrowing powers, appointments to the Board, alterations to the regulations, legal actions brought by or against the Group and the scope of delegation to Board committees, subsidiaries boards and management committees. Responsibility for the development of policy and strategy and operational management is delegated to the Executive Directors and a management committee, which as at the date of this report includes four (4) executive Directors and fifteen (15) senior managers.

Particulars of entries in the Interests Register during the financial year

No Director had any interest in contracts and proposed contracts with the Group 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).

Internal Control System

The Directors have overall responsibility for the Group's internal control systems and annually review its 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 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 Group as at the reporting date and found no significant failings or weaknesses during this review.

Report of the Directors (Continued)

Corporate Social Responsibility

Corporate social responsibility activities performed during the year have been disclosed in the note 42 of the financial statements.

Auditor

The auditor, Deloitte and Touche Ghana, has expressed willingness to continue in office in accordance with Section 139(5) of the Companies Act, 2019 (Act 992).

Auditor's fees

Included in other expenses (Note 16) for the year is the agreed auditor's remuneration of GHS 1,800,000 (2021: GHS 1,610,000).

Government of Ghana Domestic Debt Exchange (DDE)

On 5 December 2022, the Government of Ghana launched the Ghana's Domestic Debt Exchange programme. This was an invitation for the voluntary exchange of about GHS130 billion of the domestic bonds of the Republic, including E.S.L.A. and Daakye bonds, for a package of New Bonds to be issued by the Republic.

This was part of a comprehensive programme that aimed at bringing the public debt stock back on a sustainable path as part of a requirement to allow Ghana's economy to recover from its economic crisis and unlock financial assistance from the International Monetary Fund (IMF).

Under the exchange programme, eligible bond holders were put into three categories as follows:

- Category A: These includes collective Investment Schemes (CIS) and natural persons less than 59 years old as at 31st January 2023.
- Category B: Eligible Holders that are natural persons 59 years old or older as of 31st January 2023.
- Category C: Eligible holders that are not Category A or B. This includes corporate entities and financial institutions not defined as CIS.

The Group falls under Category C.

The key areas of the memorandum that relates to Category C Eligible Bond Holders were:

- The General Category C holders will receive new bonds for securities which are due in 2023 and later than 2023.
- Interest on the new bonds will be paid in Cash and in kind. The Payment in Kind (PIK) would be accrued and capitalized up to 21st February 2025 after which Interest payment would be fully cash.
- GOG will not make principal payments in cash on the Eligible Bonds maturing prior to the Settlement Date.

Operational & financial impact on the Group

The bank tendered a total amount of GHS 6.784 billion being the value of Eligible Bonds plus accrued interest for a set of New Bonds under the exchange.

The exchange was occasioned by the Obligor being financially challenged, hence the new Bonds were considered originated credit impaired. IFRS 9 requires that the new bonds be placed in stage three and assessed for impairment. The impairment assessment for the eligible bonds was done by discounting the cashflows under the New Bond using an appropriate discount factor and comparing same with the carrying amount of the Old Bonds before the exchange.

In addition, Treasury Bills and Bonds that were issued by the government but not subject to the debt exchange were also assessed for impairment.

Report of the Directors (continued)

The disclosure of Impairment on Government Securities can be found on note 6.

This resulted in the total impairment loss of GHS 1.814 billion to the Bank and GHS 1.831 billion to the Group. This had a significant impact on the performance of the Bank for the year ended 31 December 2022.

The debt exchange had significant impact on the Group considering the sizable amount of portfolio it has in Government of Ghana securities. The key areas of impact are liquidity, profitability, and capital. Management of the Group has assessed the impact on the Group's operations and concluded on this under the going concern assessment.

Going Concern assessment

The Directors have reviewed the Group and Bank's budgets and cash flow forecasts and considered the Group and Bank's ability to continue as a going concern in the light of current and anticipated economic conditions.

These budgets and cash flow forecasts considered the impact of the Government Domestic Debt Exchange Programme, including projections of the impact on the Group's capital, funding, and liquidity requirements.

As part of this assessment, the Directors considered the sufficiency of the Group's financial resources now and post-debt exchange. The management of the Group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Group's stated growth and return targets and is driven by the Group's overall risk appetite. Forecast growth in earnings and balance sheet risk weighted assets (RWA) is based on the Group's macroeconomic outlook and is evaluated against available financial resources, considering the requirements of capital providers, regulators, and rating agencies. The expected outcomes and constraints are then stress tested, and the Group set targets through different business cycles and scenarios.

Regulatory Reliefs

The Regulator, Bank of Ghana (BoG) has granted some reliefs to banks for purposes of determining Minimum Regulatory Capital. The key regulatory reliefs for the determination of capital were:

1. Reduction of Capital Conservation Buffer from 3% to zero, effectively reducing the minimum Capital Adequacy Ratio (CAR) from 13% to 10%.
2. Derecognition losses (ECL) emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of CAR computation.
3. Banks have a maximum of four (4) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses
4. Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk Weighted Assets (RWA)
5. Reduction of minimum Common Equity Tier 1 (CET1) capital from 6.5% to 5.5% of RWA
6. Increase in allowable portion of property revaluation gains for Tier II capital computation from 50% to 60%
7. Risk-weights attached to New Bonds to be set at 0% for CAR computation, and at 100% for Old Bonds
8. Derecognition losses arising from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of Net Own Funds computation.

Conclusion on going concern assessment

The Bank has conducted stress tests by incorporating the regulatory forbearances to determine the impact on capital and for that matter going concern. The outcome is that the Bank's Capital is above the regulatory minimum requirement.

Report of the Directors (Continued)

Based on the above, the directors are satisfied that the Group and Bank have resources to continue in business for the foreseeable future.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and Bank have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with applicable laws and the International Financial Reporting Standards, give a true and fair view of the Group and Bank's financial position, performance and cash flows; and
- the state of the Group and Bank's affairs is satisfactory.

Approval of consolidated and separate financial statements

The report of directors and consolidated and separate financial statements set out on pages 72 to 173, which have been prepared on the going concern basis, were approved by the Board of Directors on **18th April, 2023** and signed on its behalf by:

Mr. Jude Kofi Arthur
Chairman

Mr. Kofi Adomakoh
Managing Director

Corporate Governance Report

Dear Shareholders,

GCB Bank PLC is committed to continuously improving our corporate governance practices and ensuring that they align with our business and stakeholders needs. This statement describes the Bank's approach to corporate governance and best narrates the governance practices in place. GCB strives to conduct business in a more accountable manner by putting in place policies and procedures that shape our strong culture and integrity, guide how we take decisions and how risk is mitigated. Good Corporate Governance Principles also support the Bank's purpose, vision and values.

The Board has adopted a Board Corporate Governance Framework (CGF) that sets out the mandate, responsibilities and procedures of the Board and the Board Committees, including matters reserved for the Board's decision. The CGF is in accordance with international Corporate Governance principles, laws of Ghana such as Company Act 2019 (Act 992), the Bank & Specialized Deposit Taking Institutions Act 2016, (Act 930).

This Corporate Governance Statement is in accordance with the Bank of Ghana's Corporate Governance Directive 2018, Fit and Proper Person Directive 2019, Security and Exchange Commission Corporate Governance Code 2020, Ghana Stock Exchange Listing Rules and Regulations and Mandatory Disclosure Items for Public Companies in Ghana from Securities and Exchange Commission.

The CGF is reviewed by the Board as and when necessary, in line with evolving corporate governance requirements and practices to ensure its continued relevance to the Board and to meet stakeholder expectations and the dynamic environment in which the Group operates. For shareholders, and other stakeholders' value, the Bank is committed to fulfilling its Corporate Governance obligations and responsibilities in the best interest of the Bank.

It is our responsibility to guarantee that good corporate governance and its associated standards are rooted in the ideas and business practices driven by the Board.

The Board Governance Structure

Corporate Governance Report (Continued)

The Board is the highest decision-making body of the Bank and provides strategic direction and guidance for our business and represents the interests of our shareholders through the creation of sustainable value. The Board is responsible for setting the strategic objectives and risk appetite of the Bank and set the Board's expectations for the Bank's values and desired culture. The Board continues to focus on our customers, our people, the communities and environment in which we operate and in doing so enhances long-term shareholder returns and stakeholder value.

A robust Board Charter referred to as the Board Corporate Governance Framework is in place and compliant with Regulator's Corporate Governance Directives (Security and Exchange Commission Corporate Governance Code 2020 and Bank of Ghana Corporate Governance Directive 2018) and internationally accepted best practices to guide the way the Bank is governed. The Board Corporate Governance Framework outlines the roles and responsibilities of the Board.

The Board ensures that the Bank's governance processes align with regulators' directives and framework. The Board aligns strategies with goals embedded with high level of ethics and integrity, defining roles and responsibilities, and managing risk effectively.

Roles and Responsibilities

The Board being central in corporate governance and the highest decision-making body have the following responsibilities, which include but not limited to:

- Exercises entrepreneurial leadership, integrity and judgment in the oversight and control of Management
- Ensures that the Board and its Committees act in the best interest of the Bank at all times
- Considers and approves the long term and short-term strategies of the Bank and monitors its implementation by Management
- Ensures the integrity of Annual Reports and Accounts provided to regulators and other stakeholders
- Oversees Risk Management and Internal Audit Functions of the Bank
- Ensures the development of Succession and Leadership Pipeline and remuneration structure for Board and Senior Management
- Ensures that Management systems are put in place to identify and manage environmental and social risk and their impact.

The Board guides the strategic direction of the Bank and represents the interests of our shareholders by overseeing activities that create sustainable value. The roles and responsibilities of the Board, including the matters that are specifically reserved for the Board and those delegated to Management, are set out in the Board Corporate Governance Framework among others.

The Board approves the risk appetite, strategic & business plans and other initiatives which are likely to have material effect on the Bank's risk profile. Furthermore, the board oversees the implementation of the Bank's Corporate Governance framework and Internal Control Framework, and reviews from time to time whether these remain appropriate in view of material changes to the size, nature and complexity of the Bank's operations.

In addition, the Board oversees the selection, performance, remuneration and succession plans of the Managing Director (MD), Executive Management, Functional Heads and other members of Senior Management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Bank.

Separation of the Chairman and Managing Director Roles

a. **The Board Chairman, Mr. Jude Kofi Arthur** is an Independent Non-Executive Director.

The Chairman's role includes but not limited to the following:

- Promotes open and inclusive deliberations and debate by the Board;
- Maintains a regular, open and constructive dialogue with the Managing Director and Management, serving as the primary link between the Board and Management;
- Represents the views of the Board and the Bank to stakeholders, including shareholders, regulators and the community;
- Liaises with the Company Secretary in relation to the Board's information requirements to assist the Board with effective decision-making;
- Sets the Board agenda together with the Managing Director and the Company Secretary, ensuring that reasonable time and attention is dedicated to matters within the responsibilities of the Board.

b. **The Managing Director, Mr. John Kofi Adomakoh** is an Executive Director on the Board of GCB Bank PLC, the Chairman of Executive Committee (EXCO) and the Board Chairman of GCB Capital Ltd (GCL). He has delegated duties with authority from, and accountable to the Board for the development and successful implementation of the Bank's strategy. His role among others include but not limited to the following:

- He is the leader of the Executive Committee who enforces the Bank's code of conduct, culture and values;
- Implements the Bank's strategy, business and financial objectives and/or plan, exercising powers delegated by the Board as appropriate;
- Evaluates the impact of resource or capital allocation, approving expenditure or making financial decisions on strategic objectives and financial position;
- Implements processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Bank;
- Ensures the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities;
- Responsible for external engagement with stakeholders, including shareholders, government, regulators and the community.

The separation of authority is set out in writing and agreed by the Board in the Corporate Governance Framework. This enhances independent oversight of Executive Management by the Board and helps to ensure that no one individual on the Board has autonomous power, influence or authority.

Board and Management Roles

Recently, Boards have been given additional oversight responsibilities, notably in recovery and resolution planning, capital & liquidity planning, stress testing, model validation and new product/initiative approval as well as risk culture. As Boards are expected to engage more actively in a broad range of issues, they remain conscious of their responsibilities in comparison to Management.

Board Composition

The Board is made up of thirteen (13) Directors, with nine (9) Non-Executive Directors out of which 30% are Independent Directors in-line with the Bank of Ghana Corporate Governance Directive 2018.

With the nine (9) Non-Executive Directors and four (4) Executive Directors, there are clearly defined roles within our Board structure for the category of Directors as documented in the Board Corporate Governance

Corporate Governance Report (Continued)

Framework. The Board has a rich blend of skills and knowledge, combined with the extensive experience required to guide our business in Governance, Banking and Finance, Accountancy, Law, Information Technology, Marketing, Entrepreneurship and Management. A skills matrix for the Board has been tabled under Executives / non-executives directors of the same page.

New Appointments

During 2022 financial year, two (2) Non-Executive Directors (Mr. Daniel Kwaku Tweneboah Asirifi and Hon. Dr. Stephen Amoah) and one (1) Executive Director (Mr. Sam Kwame Yedu Aidoo) were appointed onto the Board. These Directors were inducted into office on 22 February 2022. An induction training and comprehensive induction pack prepared by the Secretariat was offered to them for guidance. The Board Succession Plan involves the guiding principles for effective succession planning as well as the procedures in ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.

In line with Securities, and Exchange Governance Code and best practice, the Board nominated Mrs. Lydia Essah as the Director in charge of relations with Minority Shareholders.

Executive/Non-Executive Directors

The Board comprises individuals of high calibre with diverse experience, which collectively has the necessary skills, experience and qualifications to effectively manage the Bank and to discharge the responsibilities of the Board. The diversity of the background of the Directors ensures good use of their different and wide-ranging skills.

The table below highlights the skills matrix and profile of Directors:

No.	Name	Profession	Status	Born	Appointment date
1.	Mr. Jude Kofi Arthur	Banker/Consultant	Non-Executive Director	1955	06/04/2017
2.	Mr. John Kofi Adomakoh	Banker	Executive Director	1966	15/11/2020
3.	Mr. Socrates Afram	Banker/Chartered Accountant	Executive Director	1973	24/03/2016
4.	Mr. Emmanuel Odartey Lamptey	Banker/Chartered Accountant	Executive Director	1974	20/01/2021
5.	Mr. Samuel Kwame Yedu Aidoo	Banker	Executive Director	1975	24/02/2022
6.	Mrs. Lydia Essah	Banker/Management & Banking Consultant	Non-Executive Director	1955	06/04/2017
7.	Nana Ama Ayensua Saara III	Business Executive/ Traditional Ruler	Non-Executive Director	1970	07/06/2017
8.	Mr. Osmani Aludiba Ayuba	Chartered Accountant	Non-Executive Director	1971	25/10/2017
9.	Mr. Francis Arthur-Collins	Information Technologist	Non-Executive Director	1956	25/10/2017
10.	Mr. Emmanuel Ray Ankrah	Chartered Accountant	Non-Executive Director	1962	25/10/2017

Corporate Governance Report (continued)

No.	Name	Profession	Status	Born	Appointment date
11.	Alhaji Alhassan Adam Yakubu	Banker/ Business Executive	Non-Executive Director	1966	12/07/2018
12.	Daniel Kwaku Tweneboah Asirifi Esq.	Lawyer	Non-Executive Director	1963	24/02/2022
13.	Hon. Dr. Stephen Amoah	Member of Parliament/ Accountant	Non-Executive Director	1970	24/02/2022

Independence of Board of Directors

All directors are expected to bring independent and unfettered judgment to the Board's deliberations.

The larger number of Non-Executive Directors on the Board makes the Board more independent and allows it to provide higher level of Corporate Governance to shareholders. It also satisfies our criteria for independence, which align with the guidance and recommendation provided in the Corporate Governance Framework.

Each Non-Executive Director must disclose all interests that may affect the exercise of their unfettered and independent judgment as a Director prior to their appointment or election and promptly as and when circumstances change would have to make disclosures that extends to include relevant Interests of associates such as close family members and family companies. The Board considers information about any such interests or relationships, including any related financial or other details when assessing Director's independence.

The Board considers a strong constituent of independence among its members, which depicts good corporate governance. Independent Directors of the Bank exercise independent judgment and participated in the deliberations of the Board objectively with no single person or small group of individuals dominating the Board's decision-making process.

Effectiveness of the Board

The Board is structured to ensure that the Directors provide GCB Bank PLC with the appropriate balance of skills, experience and knowledge as well as independence. Given the nature of GCB Bank's business experience of banking and financial services it is clearly of benefit, that the Bank has a number of Directors with the right skill and experience mix. The Board also derives some benefits from Directors with experience in other fields.

The GCB Board is an effective one that embodies the following characteristics:

- Have experience and knowledgeable members who have the relevant industry and market knowledge to impact the organization's activities.
- Are held accountable by shareholders for its actions by paying close attention to meeting attendance, Board elections and standards and time commitment.
- Put in place a mechanism to evaluate its performance regularly and act on recommendations.
- Ensures that Management and the Board Remuneration are in line with the organization and shareholders' long-term interest and are sufficient to attract the right caliber of Executive Directors.
- Separation of Powers with the Chairman heading the Board and the Managing Director heading Management.
- Have diverse tenure cycle to provide room for the gradual refreshment of Board Members.
- A diverse Board in terms of gender, age, ethnicity and religion leading to a diversified thought process in the Boardroom with constructive discussions and decision-making.

Corporate Governance Report (Continued)

Board Committees

The Board, in 2022, reconstituted the membership of its six (6) Committees to oversee the implementation of strategies and policies and maintaining effective governance in the following areas: business decisions; audit; risk and compliance; remuneration, Board composition; succession planning and corporate governance. Membership of the Committees is reviewed on an annual basis or as and when the need arises.

To ensure effective oversight leadership, the Board receives the minutes/reports of all Committee meetings at Board meetings for ratification and approval.

All the Committees have written terms of reference that are reviewed annually and mapped to applicable legislation, regulation and governance practices to ensure relevance and compliance to reflect changes in the industry.

The Committees' membership and functions are as follows:

Audit Committee

The Audit Committee was chaired by Mr. Emmanuel Ray Ankrah (an Independent Non-Executive Director) and other members included Mr. Osmani Ayuba, Alhaji Alhassan Yakubu and Hon. Dr. Stephen Amoah.

The functions of the Committee among others include the following:

- Overseeing the Internal Audit Co-sourcing arrangement;
- Reviewing the expertise, resources and experience of the Bank's finance function;
- Monitoring and reviewing the integrity of the financial statements of the Bank including its monthly, quarterly, bi-annual and annual reports, trading statements and any other formal announcement relating to its financial performance, and reviewing any significant financial reporting issues and/or judgments contained therein;
- Recommending the appointment of the External Auditor and to oversee the external process;
- Approving Internal Audit plans, monitoring & reviewing the effectiveness of the Bank's internal controls and internal audit function;
- Operating as an overseer and a maker of recommendations to the Board for its consideration and final approval; and
- Recommending the appointment of a Chief Internal Auditor.

Below are areas that were considered by the Committee in 2022:

a. 2022 Unaudited Financial Statement

b. Internal Audit Report for 2022

c. Status of Action taken by the Bank on 2021 Management Letter

d. 2022 Accounts as compared to the 2021 Budget

e. Outlook for 2022 & Strategies to Plough back missed profit with Focus on Tax Planning, Expense Rationalization & Tax Capital Allowance Acceleration

f. Internal Audit Presentations- Audit Activities for 2022

g. Internal Control & Operational Resilience Assessment

h. Update on 2022 Financial Statement Audit:

- Significant Risk Status
- IFRS 9 Model Validation Status
- Fraud Risk Consideration

- Loan Book Review
- Tax Audit Status

i. Internal Audit Presentation
  - 2022 Audit Plan & Thematic Issues
  - Internal Audit Plan

Risk Committee

The Risk Committee was chaired by Mrs. Lydia Essah (an Independent Non-Executive Director). The other members were Mr. Ray Ankrah, Alhaji Alhassan Yakubu and Hon. Dr. Stephen Amoah.

The Committee's role is to assist and advise the Board in the governance and effective management of the Bank's risk portfolio.

The risk functions of the Committee among others include the following:

- Establishing, reviewing, and recommending to the Board the Bank's overall Risk Appetite as well as assessing the appropriateness of the strategy in the context of the Risk Appetite, taking account of the current and prospective macroeconomic and financial environment.
- Reviewing and recommending the Bank's Risk Management Framework (i.e. policies, processes, models and limits) to manage and mitigate risk within the approved Strategy and Risk Appetite to the Board for approval.
- Monitoring the Bank's risk exposures through the;
  - Review of the Bank's risk profile
  - Review of management reports, monthly "key performance Indicators (KPIs), reports on any material breaches of risk limits, on the nature and extent of risk exposures of the Bank.

The Cyber security functions of the Committee among others include the following:

- Creating secure environment within "cyberspace" for the financial service industry and generate adequate trust and confidence in ICT systems as well as transactions in the cyberspace;
- Creating assurance framework for design of security policies and for promotion of compliance to global security standards and best practices by way of cyber and information security assessment;
- Improving the integrity of ICT products and services by establishing infrastructure for testing and validation of security of these products and services;
  - Promoting continuous cyber and information security risk assessment.
  - Promoting security awareness.
  - The establishment of a state-of-the-art Security Operation Centre (SOC) for the Bank.

The following matters were considered by the Risk Committee in 2022:

i. Risk Dashboard

ii. ILAAP & ICAAP

iii. Status of Corporate Loans approved in 2022

iv. Status of BoG Risk Management Directive Implementation

v. Risk Gap Closure proposal

vi. Terms of Reference of the Risk Committee

vii. Approved Policies on Risk Appetite Framework, Credit Risk, Collateral, Syndication, Market Risk, Liquidity Risk and Product Risk.

Corporate Governance Report (Continued)

At the Cyber Security meetings, the following matters were considered:

i. Cyber Security Initiatives and Overall Security Maturity Posture of GCB Bank PLC

ii. Update on Bank of Ghana's Cyber Security Directives-Current Position of the Bank

iii. Review and Approval of the Bank's Information Security Policies

Human Resource and Nominations Committee

The Human Resource and Nominations Committee was chaired by Nana Ama Ayensua Saara III (a Non-Executive Director). The other members were Mrs. Lydia Essah, Mr. Francis Arthur-Collins and Mr. Daniel Kwaku Tweneboah Asirifi.

The functions of the Committee among others include the following:

Establishing employment policies to support approved Human Resource strategy;

- Overseeing the establishment of remuneration policies that promote the achievement of strategic objectives and encourage individual performance;
- Considering risk to the Bank, which may arise from remuneration policies and practices that drive organization behaviours;
- Regularly reviewing incentives scheme to ensure continued contribution to shareholders' value;
- Developing strategies and policies for Board approval, in matters relating to recruitment, selection, training, motivation, development, reward and retention of staff;
- Regularly reviewing the structure, size and composition of the Board;
- Giving full consideration to succession planning for Directors and other Senior Management;
- Identifying and nominating for the approval of the Board, candidates to fill Board/Key Management vacancies as and when they arise;
- Evaluating the balance of skills, knowledge, experience and diversity on the Board prior to any appointment to the Board;
- Reviewing the results of the evaluation of Board performance;
- Keeping under review the leadership needs of the Bank, Executive and Non- Executive;
- Evaluating the Chairpersons of the various Committees.

The following matters were considered by the Committee in 2022:

i. Petition for staff on Disciplinary Cases

ii. Update on Disciplinary Committee cases

iii. HR Status Report

iv. Leadership Pipeline

v. Corporate Social Responsibility Budget for 2022

vi. Review of Service Agreement for outsourced Companies

vii. Update on Staff Retiring from January to December 2022

viii. Management Plan of Succession of the Retiree

ix. Update on Performance Management System

x. Update on Job Evaluation

xi. Review of the Terms of Reference

Board Credit Committee

The Board Credit Committee was chaired by Alhaji Alhassan Yakubu (a Non-Executive Director). The other members were Mrs. Lydia Essah, Nana Ama Ayensua Saara III and Mr. Daniel Kwaku Tweneboah Asirifi.

The functions of the Committee among others include the following:

- Making recommendations for the Board's approval in respect of credit requests made by customers;
- Reviewing sector, single name, and product/asset class concentration exposure reports in order to manage large credit exposures, and escalate any breaches to the Board taking into account the relevant Bank of Ghana publications;
- Reviewing at least annually, limits with respect to concentration risk, and make recommendations to the Board as necessary;
- Reviewing and monitoring the large credit exposure reports received from Management, and ensure that exposures are maintained within Bank of Ghana and Board-approved limits; and
- Determining if additional Management action is required to manage or mitigate the large credit exposures risk and escalate issues to the Board where it is deemed appropriate to do so.

The following matters were considered by the Committee in 2022:

Credit Reports on:

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

IT/Digitalization and Procurement Committee

The IT/Digitalization and Procurement Committee was chaired by Mr. Francis Arthur-Collins (an Independent Non-Executive Director). The role of this Committee was merged with meetings on Cyber Security issues. The other members were Mrs. Lydia Essah, Mr. Osmani Ayuba and Nana Ama Ayensua Saara III.

The functions of the Committee among others include the following:

- Overseeing the development of GCB Bank's Procurement Policy.
- Oversight and reviewing of tender process and appropriate probity processes to ensure the ethical procurement of goods and services to ensure compliance with the Procurement Policy;
- Ensuring strategic procurement objectives are developed and implemented through a procurement strategy to ensure that major investment decisions are procured strategically to enable prudent and efficient outcomes through market engagement;
- Assessing the adequacy and effectiveness of internal controls and risks as they relate to procurement activities;

Corporate Governance Report (Continued)

- Reviewing and monitoring procurement performance assessment and processes to identify improvement opportunities for the future;
- Reviewing, and approving IT strategic plans, oversee major initiatives, and allocate resources;
- Establishing IT priorities for the Bank as a whole.

The following matters were considered by the Committee in 2022:

i. IT Strategy
ii. IT License Strategy
iii. Digital/Marketing Strategy
iv. IT Projects - 2022 (Project Status)
v. Capital Expenditure Management Framework
vi. Cloud Migration
vii. Appraisal/Review of the Security Operations Centre
viii. Update on the Bank's ATM/POS Systems/Devices, App/USSD
ix. Digital Roadmap – Appraisal/Review
x. Flexcube Upgrade - Managed Service/Training
xi. Technology Strategy - Strategic Imperatives
xii. Projects on Schedule (Cost/Timelines/Status)
xiii. Enterprise Risk Management (ERM)
xiv. Customer Relations Management System (CRM)
xv. Wide Area Network (WAN) - Back-up
xvi. Data Warehouse
xvii. Armoured Cash-In-Transit (CIT) Services
xviii. Trade Solution (Front/Back End)
xix. Cash Counting Machines
xx. Capital Expenditure Management Framework (Development Guidelines)
xxi. GCB Platinum (70th) Anniversary Celebration April 2022 – December 2023
xxii. Review of Committee Terms of Reference

G-Money and Electronic Payment Committee

The G-Money and Electronic Payment Committee was chaired by Mr. Osmani Ayuba (an Independent Non-Executive Director). The other members were Mr. Francis Arthur-Collins, Nana Ama Ayensua Saara III and Mr. Daniel Kwaku Tweneboah Asirifi.

The functions of the Committee among others include the following:

- Providing direction on matters relating to enhancement of G-Money and other electronic channels as well as efficient customer service in pursuit of delivering on the Bank's digital transformation agenda which is customer centric;
- Assisting Management in developing effective strategies to stay ahead of the competition in the digital space;

Corporate Governance Report (continued)

- Reviewing report from Management on strategies to keep the Bank abreast with developments in the payment industry;
- Ensuring and driving the development and maintenance of the right payment infrastructure at all times by the Bank;
- Reviewing the metrics and indicators that provide information on customer's interaction with the Bank using the digital channels and providing direction to management on the actions to be taken to improve the metrics;
- Providing guidance to Management on developing a policy framework for the development/introduction of digital products/solutions;
- Providing inputs on the digital products introduced by the Bank with a view to ensure suitability and appropriateness;
- Reviewing the actions being taken by management to ensure reduction in payment fraud and other cybercrimes;
- Ensuring that adequate policies are in place to protect customer data and privacy;
- Ensuring the investment by Management in the Bank's digital capabilities is aligned to the Bank's digital strategy as approved by the Board;
- Reviewing results of customer surveys conducted that provide quantitative and qualitative information on the state of customer experience.

Review Bank's Digital Innovation performance via;

i. G-Money quarterly performance

ii. Card Issuance and usage report

iii. Website performance and capabilities

iv. Internet banking and sms messaging quarterly reports

v. Quarterly report on role out and performance of merchant point of sale device

vi. Customer communication platforms to include social media, social listening and automation

vii. Delivery of real time customer complaint settlement

Review of the Bank's progress towards achieving its budget in customer growth using electronic products and channels and recommend changes for improvement if any.

The following matters were considered by the Committee in 2022:

i. Update on G-Money Subsidiary

ii. G-Money Managed Service Contract – Options for Consideration upon Expiry of the Contract and Recommendation(s)

iii. Cessation of the G-Money and Electronic Payments Committee

iv. 2022 G-Money Final Audit Report

Corporate Governance Report (Continued)

The Company Secretary

A corporate secretarial team led by Company Secretary, Ms. Amma A. Kusi-Appouh, who has five (5) years of experience in the corporate secretarial function, currently supports the Board. Ms. Amma Kusi-Appouh is a Practicing Lawyer for the past 19 years and a member of the Ghana Bar Association. She has been trained as a Solicitor with a Legal Practice Certificate from the United Kingdom. She holds a Master of Business Administration from University of Ghana Business School.

The Board appointed the Company Secretary. She provides counsel to the Board on corporate governance matters and advocates the adoption of corporate governance best practices; renders effective support to the Chairman of the Board/Board Committees and Directors in the discharge of their roles and responsibilities; and facilitates effective communication of decisions and policies made by the Board/Board Committees to the Management.

She also ensures that Board procedures, applicable rules and regulations; and relevant laws are complied with. Ms. Kusi-Appouh constantly keeps herself abreast with changes in relevant laws; rules and regulations; and industry development through continuous training and regular interaction with various stakeholders.

The Board assesses the fitness and propriety of the Secretary on an annual basis in accordance with the regulator's directives. The Board is satisfied with the performance and support rendered by her as Company Secretary in FY2022.

Board Activities and Development

Annual Work Plan

An Annual Work Plan is drafted each year for the Board, which provides a list of scheduled meetings and Board Events that help the Board to shift the balance of its time toward matters that are important. It forces the Board to be realistic and prioritize its available time to properly consider key decisions and other matters of strategic significance. The Board of Directors follow an Annual Work Plan and cover all the necessary areas of its work during the year.

In 2022, the Board scheduled a minimum of six (6) meetings for the year to review progress reports from the Management as well as to consider business and other proposals that require the Board's approval. All Directors were informed of these scheduled Board meetings at the start of the year. Unscheduled Board meetings were called to deliberate and consider issues requiring the Board's immediate consideration/decision. At each scheduled Board meeting, the Managing Director and Deputy Managing Directors provide regular progress reports on the business and financial performance of the Bank. The Board also received regular updates on Internal Control, Risk Management, Legal, Compliance, Internal Audit, Human Resources, Sustainability, Governance and Information Technology related matters among others.

Board Development

The Board acknowledges the worth of continuous training for the Directors to gain insights, to further enhance their skills and knowledge in discharging their roles and responsibilities effectively and to keep abreast with the development in the industry. While the Directors are expected to have personal development skills to improve themselves, they are encouraged to attend a minimum of two (2) training programmes relating to the relevant areas within a financial year taking into consideration emerging trends in the Banking industry.

This is to ensure the Directors are accorded the appropriate training required. The Bank has in place Orientation Programme for newly appointed Directors to familiarize themselves with the Bank's operations in addition to the regulatory mandatory training programmes. Directors also received guidance from the Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

Corporate Governance Report (continued)

During 2022, the Directors attended the following training programmes:

a. Enterprise Risk Planning/Enterprise Risk Management Master Class by KPMG

b. Training by Purple Almond Consulting Services:
   - Prudential Reporting and Regulatory Compliance
   - Electronic Payment System Fraud and Countermeasures
   - AML/CFT Regulations/Guideline and Cybersecurity Training

c. Corporate Governance Training organized by Ministry of Finance

d. Women on Boards' development Programme for Women on the Board of GCB Bank PLC.

Annual Board Certification for Directors

Purple Almond Consulting Services accredited by Bank of Ghana as an Executive Training Consultant for the certification of Bank Directors took the Board through Annual Certification Programme in August 2022. The Board of GCB Bank PLC 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 Purple Almond Consulting Services having participated in a corporate governance programme and have completed a programme on directors' responsibilities.

Board Performance Evaluation

The Board reviews its performance, the Board Committees and the performance of the individual Directors, every year. As part of the annual evaluation process, the Board evaluates the quality of the Board meetings and the way the Chairman chairs the meetings. The various Committees and their meetings proceedings are also evaluated to improve leadership, clarify roles and responsibilities, and improve teamwork, greater accountability, better decision-making, improved communication and more efficient Board operations.

Purple Almond Consulting Services (Consultant) was engaged in 2022 for the services of the bi-annual external Board Evaluation in line with the Bank of Ghana Corporate Governance Directive. The Consultant assessed these key thematic areas such as the Board's Understanding of Duties and Liabilities, Board Structure and Composition, Board Practices, Meetings and Procedures, Accountability for Risk Management, Information and Communication Management and Regulatory Compliance.

In sum, the result of the Board Evaluation was that the performance of the Board and its Board Committees was effective for the year under review.

Code of Ethics for the Board and Employees

Code of Ethics for the Board is enshrined in the Board Charter referred to as the Corporate Governance Framework that is reviewed annually in addition to a Code of Ethics Policy for Directors.

The Code of Ethics for Board and employees are the standards of conduct expected of the Board, Management and staff.

The Board is governed by unambiguous, pragmatic and effective group governance framework, which confirms that the Board's deliberations are conducted with a high level of rigour, professionalism and openness. In terms of the Board skill set mix, the Board is made up of highly skilled and experienced individuals from the respective background in banking, finance, accounting and legal. The Board assumes ultimate responsibility for the Bank's

Corporate Governance Report (Continued)

ethics performance and compliance with human rights principles. This responsibility is delegated to Executive Management while the Board oversees the various tools, processes and systems used to embed an ethical culture in the Bank.

The principles making up the Code are:

- acting with honesty, integrity, and due skill, care and diligence;
- complying with laws and with our policies;
- respecting confidentiality and do not misuse information;
- placing importance on our professionalism;
- working as a team; and
- managing conflicts of interest responsibly.

The Code's guiding principles help the Bank to make the right decisions, ensuring that the reputation of the Bank is upheld. The Directors and employees of the Bank are also committed to creating greater accountability, transparency and trust with our customers and the broader community. With that in mind, the principles within our Code also reflect the community's expectations of the Bank.

Board Meetings and Attendance

In 2022, the Board had six (6) scheduled and seven (7) unscheduled meetings. The Board Committees have delegated authority to meet from time to time to undertake specific extra duties on behalf of the Board.

Below is the tabled Attendance Schedule for Directors on Board Meetings and Board Committee Meetings in the year under reference.

Name of Director	Board Meetings	Audit	HR & Nominations	Risk	G-Money and Electronic Payments	Credit	IT Digitalization & Procurement
Jude Arthur	13/13	-	-	-	-	-	-
Mr. John K. Adomakoh	13/13	-	-	-	-	-	-
Mr. Socrates Afram	11/13	-	-	-	-	-	-
Mr. Emmanuel O. Lamptey	13/13	-	-	-	-	-	-
Mr. Samuel K. Yedu Aidoo	12/13	-	-	-	-	-	-
Mr. Ray Ankrah	8/13	5/5	-	3/4	-	-	-
Mr. Francis Arthur-Collins	13/13		4/4	-	2/2	-	2/2
Mr. Osmani Aludiba Ayuba	12/13	5/5	-	-	2/2	-	2/2
Mrs. Lydia Essah	13/13	-	4/4	4/4	-	3/3	2/2
Nana Ama Nana Ama Ayensua Saara III	7/13	-	4/4	-	2/2	2/3	2/2
Alhaji Alhassan Yakubu	13/13	5/5	-	4/4	-	3/3	-

Corporate Governance Report (continued)

Name of Director	Board Meetings	Audit	HR & Nominations	Risk	G-Money and Electronic Payments	Credit	IT Digitalization & Procurement
Daniel Kwaku Tweneboah Asirifi Esq.	13/13	-	4/4	-	2/2	3/3	-
Hon. Dr. Stephen Amoah	12/13	5/5	-	4/4	-	-	-

The Board Calendar (Activities for 2022)

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

1. There were six (6) scheduled Board meetings where the Board had ample time for deliberation of critical success factors as indicated in the Corporate Governance Framework.
2. A Strategy Session was done which focused on the following areas:
   a. Leadership Pipeline, Staff Development, Talent Management, Human Resource Policies and Staff Motivation.
   b. Gaining Competitive Advantage, Strategic Business Objective, Performance Evaluation and Business Targets, Industry Share, Quality of Assets, Combined Assurance, ICAAP and ILAAP.
   c. Digital Road Map including G-Money, subsidiaries of the Bank and other Investments, Shareholder Engagements, CAPEX, ERP and ERM.
3. External Board Evaluation
4. Annual Board Certification
5. AML/CFT & Cybersecurity Training
6. Two (2) Overseas Board Training Programmes
7. Training for the Board Secretary and enhancing capacity of the Secretariat
8. A training programme for Female Directors on the Board and the Board Secretary
9. Selected training programmes for individual Directors based on their specific needs.
10. Stakeholder Consultations – The Board engaged the following stakeholders and fora.
    - Staff Meetings and Durbar
    - Engagement with Unions
    - Government
    - Shareholders
    - Ghana Stock Exchange
    - Securities and Exchange Commission
    - Bank of Ghana

Corporate Governance Report (Continued)

Remuneration Policy

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 shareholders.

Directors' Remuneration

The objective of the Bank's Policy on Directors' remuneration is to attract and retain Directors needed to steer the Bank towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole. The level of remuneration of Non-Executive Directors is linked to the level of their responsibilities.

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 Shareholders' Approval. However, the Board did not seek for an increment in the Directors' remuneration at the last AGM in 2022 and accordingly maintained and operated within the Directors' aggregate remuneration budget of GHS3,850,000 as approved by the Shareholders in 2021. All Non-Executive Directors were paid fixed net monthly fee of GHS13,870.00 and a net sitting allowance of GHS5,600.00 per meeting for each Board or Board Committee meeting attended. The Board Chairman was paid a net monthly fee of GHS20,000.00 and a sitting allowance of GHS7,500.00 per Board meeting.

Details of the Directors' remunerations for both Executive and Non-Executive Directors can be found in note 38 as part of notes to financial statement in the annual report.

Disclosures on Conflicts of interests and Related Party transactions

The Board Corporate Governance Framework is designed to ensure that actual, perceived or potential conflicts of interests are identified, managed or prevented. The Framework outlines the organizational and administrative arrangements that have been put in place to support the identification and management of conflicts of interest. This guarantees that Directors act at all times in the best interests of the Bank.

Directors disclose to the Board any conflicts or potential conflicts of interest they may have in relation to particular items of business if any or any related party transaction, at the beginning of every board meeting and submit a written declaration to the Company Secretary.

Details of all Directors' conflicts of interest are recorded in an Interests and Related Party Transaction Registers, which are maintained by the Secretariat in compliance with the Bank of Ghana Corporate Governance Directive and Companies Act 2019 (Act 992).

External Directorship and Other Engagements

The Directors of GCB Bank PLC are very experienced, and knowledgeable leaders who have other responsibilities and serve on other Boards. To ensure that Directors give greater time commitment to their oversight function in the Bank, no Director holds more than five (5) directorship positions at a time in both financial and non-financial institutions as tabled on page 39-42 of the annual report and in compliance with section 45 of the Bank of Ghana Corporate Governance Directive.

Internal Controls System

In 2021 an Internal Control Unit was established. The Bank operates a holistic internal control framework, which is envisioned to safeguard the Bank's assets, and customers' information and deposits. To do so, the internal control framework operates on a system of checks and balances.

The Bank's internal controls framework covers financial, operational, compliance, legal and information technology controls, as well as risk management policies and systems.

The Internal Control department closely work with the first line of defence for risk control. This includes identification and management of risks inherent in their businesses and ensuring that the Bank remains within approved boundaries of our risk appetite and policies.

Corporate oversight and control functions such as risk, compliance and parts of technology and finance form the second line of defence. They are responsible for design and maintenance of the internal control frameworks covering financial, operational, compliance and information technology controls as well as risk management policies and systems.

Internal Audit

The Bank's Audit & Assurance is the Internal Audit function of the Group, also called the 3rd Line of Defence.

It provides an independent assessment and assurance on the reliability, adequacy and effectiveness of our 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 of 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 in excess of the business area's approved risk appetite. The Internal Auditor also monitors and reports on progress in addressing significant control and risk issues.

Succession Planning

To improve our leadership and succession pipeline, the Bank has taken a deliberate approach to developing the senior leaders individually and collectively, starting with a benchmarked, holistic executive talent assessment process. This assessment process is followed by enhanced individual and collective leadership development and engagement initiatives, which commenced in 2022. The Bank also improved its efforts to accelerate the development of next-generation leaders. In so doing, it increased the number of top talents as the Bank's efforts to enhance our employer brand and attracted top talents in 2022. Furthermore, the Bank engaged Korn Ferry to help shape the Bank for the Succession Planning and Leadership Pipeline.

Corporate Governance Report (Continued)

The Bank also has E-Learning programmes, a comprehensive training and development portal which provides series of online tutorials designed to help staff to develop a deeper understanding of the financial services market. Its feature-rich functionality enables staff to manage and track their learning activities. It is also designed for study on tablet devices, such as iPads and Android devices, and can be downloaded from the Apple App Store or Android Store. This accord staff the privilege to access the learning and development opportunities they needed.

Environmental, Social and Governance Framework

At GCB Bank PLC, we are committed to our purpose and to a brighter future. That means a focus on sound Environmental, Social and Governance (ESG) practices – not just because it is the right thing to do, but because investing and operating sustainably allows us to deliver better value.

The Bank's various initiatives to incorporate ESG criteria into our operating framework reflect our commitment to our customers, partners, shareholders, and employees and the communities in which we operate. Our view on ESG is that it is a continuous process of aligning our operations and controls with our values.

Our approach to ESG management includes having robust governance systems, risk management and controls; striving to serve our customers exceptionally and transparently; investing in our employees and cultivating a diverse and inclusive work environment; and working to strengthen the communities in which we live and work.

Environmental - We are committed to limiting our environmental impact through the efficient use of natural resources, mitigating climate-related risks, and leveraging innovative energy solutions.

Social - We are committed to the effective management of our relationships with key stakeholders including clients, employees, regulators, suppliers and the communities in which we operate.

Governance - We are committed to operating with strong ethical business practices, fair and equitable compensation, a diversified Board of Directors and policies that acknowledge local, international and regulatory principles.

In GCB, governance is not an exercise in compliance, nor is it a specific form of management, it is an essential part of our public service ethos.

ESG Risk Management - Our Management Risk and Control (MRC) Committee drives our ESG agenda at the Senior Management level. Structured around our key stakeholder groups, it brings all our material ESG challenges together into one forum.

Reporting on our ESG Duties - We work to keep our ESG reporting at a level we believe appropriate for our business and useful for our stakeholders. Our approach is determined not only by reporting obligations, but also to provide insight into what matters most to our business and our stakeholders and to share our progress in each area. This provides assurance that we are properly addressing our responsibilities and communicating our ESG position and performance across relevant stakeholders.

Independent Auditor's Report

to the shareholders of GCB Bank PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of GCB Bank PLC and its subsidiary (the Group and the Bank), set out on pages 72 to 173, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of GCB Bank PLC as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit Taking-Institutions Act, 2016 (Act 930).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are key audit matters to communicate in our report regarding the audit of the separate financial statements of the Bank for the current period.

Independent Auditor's Report

to the shareholders of GCB Bank PLC (continued)

Impairment of Investments in Government Securities	Response
As disclosed in Note 15b, total impairment loss related to investment securities as at 31 December, 2022 was GHS 1.8 billion as a result of the Debt Exchange Programme. This is the first time the Group is assessing government securities for impairment and due to the significant judgements that are applied by management, we consider this to be a key audit matter. As described in Note 26, at 31 December 2022, the Group's total exposures held in government securities was GHS 10.5 billion with an associated impairment of GHS 1.8 billion. The areas of significant judgment within the ECL process includes: • Whether the debt exchange programme is considered an adjustment subsequent event. • The determination of cashflows of the new bonds in accordance with the financial terms of the new bonds. • Whether an appropriate discount rate is used to calculate the Estimated credit loss of the relevant government bonds. The determination of the discount rate is complex as the new bonds do not have an active trading market. • Whether there is increased credit risk around other instruments issued by the Government of Ghana. • Whether the disclosures around the impairment of these investments are considered relevant to the users of the financial statement and in accordance with the applicable accounting standards	We performed the following procedures on the ECL for investments in government securities with the assistance of our credit specialists: • We evaluated the design and tested the implementation of the key controls over the computation of impairment loss. • In evaluating the design of control, we considered the appropriateness of the control considering the nature and significance of the risk, competence and authority of the person(s) performing the control, frequency and consistency with which the control is performed. • We tested the completeness of the investments held with the Government of Ghana, obtained confirmations and reconciled the carrying amount of each category of investment to ensure all eligible bonds and other related exposures are fully assessed for impairment. • We evaluated the treatment of the valuation of the bonds as adjusting subsequent events. • For eligible bonds, we reviewed the expected cashflow and payments-in-kind from the new bonds based on the financial terms provided in the exchange memorandum. • We have engaged our internal specialist to challenge the appropriateness of the discount rate used for determining the present value of cashflows for the new bonds and also ensured that the rate used is within the acceptable range issued by the accounting and banking regulators. • For other investments held with the Government of Ghana, we challenged management on the appropriate staging, determination of an appropriate Loss Given Default (LGD) and Probability of Default (PD) for each category of investment. • We found that the assumptions used by management were comparable with current macroeconomic trends and have been assessed as reasonable. • Evaluated the appropriate application of regulatory directives on accounting for eligible bonds.

Independent Auditor's Report to the shareholders of GCB Bank Plc (continued)

Impairment of Investments in Government Securities	Response
	• We further tested the disclosures to ensure that the disclosures have been made in accordance with the requirements of IFRS 9. Based on the procedures performed, we found the judgement made by the Group and Bank reasonable and assess the related disclosures as appropriate.

Expected Credit Losses (ECL) on Loans and Advances	Response
As at 31 December 2022, the Group's loans and advances portfolio was GHS 6.7 billion (2021: GHS 5.2 billion) with an associated impairment allowance for expected credit losses ("ECL" or "allowance for impairment") of GHS 1.1 billion (2021: GHS 810 million). As described in Note 4, ECL represents a complex accounting estimate, which is based on management's evaluation of probable loan losses inherent in the loan portfolio. Expected credit losses is considered to be a key audit matter due to the level of subjective judgement applied in determining ECL. Corporate loans are an individually significant component of the loans and advances account balance, representing 66% of the net loan book. Allowance for impairment arising on corporate loans represent 91% of the ECL at 31 December 2022. The determination of related loss allowance is judgmental in nature. The areas of significant management judgement within the ECL measurement process include: • The assessment of whether an exposure has met predefined default criteria as at the reporting date (i.e., a trigger event that has caused a deterioration in credit risk and resulted in migration of the loan from Stage 2 to Stage 3);	We performed the following procedures on the ECL for corporate loans and advances with the assistance of our credit specialists: • Updated our understanding of management's processes around the measurement of the ECL including management's modelling methodology, incorporation of assumptions and input data. • Updated our understanding of management's policies and procedures around the reliability of qualitative and quantitative information as well as the calibration of the ECL model and ECL output. • Assessed the design and implementation of the relevant financial reporting controls as well as the general and application computer controls relating to input data and delinquency (days past due), early alert monitoring, LGD and Staging. • Assessed conformity of management's ECL accounting policy in the context of IFRS 9 and regulatory directives. • Assessed the appropriateness of the ECL methodology, including any refinements against actual experience and industry practice. • Using an audit sample, agreed the input data (days past due, delinquency) to underlying audit evidence including loan systems data, inquiries from relevant Bank personnel and loan documentation. • For a sample of loans identified by management as having no indicators of significant increases in credit risk (SICR) and/or default criteria, we determined if this was reasonable by forming an independent view based on available information (generated internally by the Bank or publicly available) and respective industry and segment

Independent Auditor's Report

to the shareholders of GCB Bank PLC (continued)

Expected Credit Losses (ECL) on Loans and Advances	Response
• Loss Given Default (LGD) — This is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including any collateral. Calibration of the LGD model is complex and requires management to accurately evaluate loss rates on secured and unsecured loan assets.	• information on whether SICR or default indicators were present. • Assessed the impact of the Domestic Debt Exchanged on government related exposures. • Assessed the Loss Given Default model for appropriate calibration of secured and unsecured loan assets, default and write off information. Based on the procedures performed, we found the judgement made by the Group and Bank reasonable and assess the related disclosures as appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Statement of Directors' Responsibilities, the Corporate Governance Report, the Chairman's Statement, the Report of the Audit Committee, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/ or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate 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.

Independent Auditor's Report

to the shareholders of GCB Bank PLC (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
2. In our opinion:
   - proper books of account have been kept by the Group, so far as appears from our examination of those books.
   - the information and explanations given to us, were in the manner required by the Companies Act, 2019 (Act 992) and give a true and fair view of the:
     a. statement of financial position of the Group at the end of the financial year, and
     b. statement of profit or loss and other comprehensive income for the financial year.
   - the group accounts have been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a true and fair view of the state of affairs, and the profit or loss of the Bank and its subsidiary.
3. The Group's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.
4. The group account has been properly prepared in accordance with the Companies Act, 2019 (Act 992), to give a true and fair view of the state of affairs, and the profit or loss of the Bank and its subsidiaries.
5. We are independent of the group, pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institution Act, 2016 (Act 930) requires that we state certain matters in our report. We hereby state that:

1. We confirm that the accounts give a true and fair view of the state of the affairs of the Bank and the results of operations for the year under review.
2. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors.
3. We confirm that the transactions of the entity were within the powers of the Bank.
4. In our opinion, the Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), as amended by the Anti-Money Laundering (Amendment) Act, 2014 (Act 874), the Anti-Terrorism Act, 2008 (Act 762) and Regulations made under these enactments.
5. The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Independent Auditor's Report to the shareholders of GCB Bank Plc (continued)

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327).**

Deloitte & Touche

For and on behalf of Deloitte & Touche (ICAG/F/2023/129)

Chartered Accountants

The Deloitte Place, Plot No.71

Off George Walker Bush Highway

North Dzorwulu

Accra Ghana

25th April 2023

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

		2022		2021	
Figures in thousands of Ghana Cedis	Note(s)	Bank	Group	Bank	Group
Interest income	9	**2,813,805**	**2,829,445**	2,369,457	2,379,370
Interest expense	10	**(722,006)**	**(721,943)**	(484,620)	(484,527)
Net interest income		**2,091,799**	**2,107,502**	1,884,837	1,894,843
Fee and commission income	11	**439,224**	**458,316**	390,408	410,277
Fee and commission expense	12	**(66,630)**	**(73,310)**	(50,749)	(50,749)
Net fee and commission income		**372,594**	**385,006**	339,659	359,528
Net trading income	13	**487,226**	**487,226**	157,540	157,540
Other operating income	14	**19,792**	**25,933**	9,576	15,582
Operating income		**2,971,411**	**3,005,667**	2,391,612	2,427,493
Net impairment loss on loans	15a	**(274,051)**	**(274,051)**	(324,800)	(324,800)
Net impairment loss on Investment securities	15b	**(1,814,474)**	**(1,831,208)**	-	-
Personnel expenses	17	**(796,993)**	**(801,593)**	(637,316)	(641,555)
Depreciation and amortisation	29,30	**(145,074)**	**(154,215)**	(148,171)	(148,466)
Other expenses	16	**(647,071)**	**(676,144)**	(471,520)	(473,725)
Operating profit/(loss)		**(706,252)**	**(731,544)**	809,805	838,947
Share of profit of associates, net of tax	28	**-**	**(11,915)**	-	(6,972)
Profit/(Loss) before income tax		**(706,252)**	**(743,459)**	809,805	831,975
Income tax expense	18	**150,454**	**150,061**	(253,138)	(259,694)
Profit/(Loss) for the year		**(555,798)**	**(593,398)**	556,667	572,281

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022 (continued)

		2022		2021	
Figures in thousands of Ghana Cedis	Note	Bank	Group	Bank	Group
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurements on net defined benefit liability/asset	35	**(10,097)**	**(10,097)**	4,540	4,540
Fair value of equity instruments	24	**497**	**17,014**	1,446	284
Income tax relating to items that will not be reclassified	20	**(2,648)**	**(7,068)**	1,337	629
Total items that will not be reclassified to profit or loss		**(12,248)**	**(151)**	7,323	5,453
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	28	**-**	**32,887**	-	(8,836)
Share of comprehensive income/(loss) of associates	28	**-**	**(6,437)**	-	(4,314)
Net gain on equity investments		**-**	**-**	-	14,139
Income tax relating to items that may be reclassified		**-**	**-**	-	-
Total items that may be reclassified to profit or loss		**-**	**26,450**	-	989
Other comprehensive income/(loss) for the year net of tax		**(12,248)**	**26,299**	7,323	6,442
Total comprehensive income/(loss) for the year		**(568,046)**	**(567,099)**	563,990	578,723
Profit attributable to:					
Owners of the parent		**(555,798)**	**(593,398)**	556,667	572,281
Non-controlling interest		**-**	**-**	-	-
		(555,798)	**(593,398)**	556,667	572,281
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**(568,046)**	**(567,099)**	563,990	578,723
Non-controlling interest		**-**	**-**	-	-
		(568,046)	**(567,099)**	563,990	578,723
Earnings per share					
Basic earnings per share (GHp)	21	**(210)**	**(224)**	210	216
Diluted earnings per share (GHp)	21	**(210)**	**(224)**	210	216

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statements of Financial Position

As at 31 December 2022

		2022		2021	
Figures in thousands of Ghana Cedis	Note	Bank	Group	Bank	Group
Assets					
Cash and cash equivalents	22	**4,476,878**	**4,476,878**	2,301,092	2,301,092
Non-pledged trading assets	23	**275,992**	**275,992**	477,658	477,658
Investments (other than securities)	24	**4,277**	**43,346**	3,779	26,366
Loans and advances to customers	25i	**5,482,215**	**5,482,215**	4,306,380	4,306,380
Advances to banks	25ii	**229,115**	**229,115**	201,030	201,030
Investment securities	26	**8,610,561**	**8,673,601**	9,707,421	9,765,840
Investments in associates	28	**28,274**	**92,678**	28,274	82,280
Investments in subsidiary	27	**3,000**	**100**	1,000	-
Deferred tax assets	20	**757,825**	**758,124**	237,927	238,171
Current tax assets	19	**6,818**	**5,980**	-	-
Intangible assets	30	**115,028**	**123,752**	167,999	168,226
Other assets	31	**938,588**	**902,983**	527,263	536,552
Property, equipment and ROU	29	**428,550**	**429,654**	300,458	301,332
Total assets		**21,357,121**	**21,494,418**	18,260,281	18,404,927
Liabilities					
Deposits from banks & other financial institutions	32i	**259,147**	**259,147**	747,589	747,589
Deposits from customers	32ii	**17,532,247**	**17,515,911**	13,165,666	13,154,527
Borrowings	34	**1,003,168**	**1,003,168**	988,073	988,073
Current tax liabilities	19	**-**	**-**	54,580	56,247
Employee benefit obligation	35	**129,596**	**129,596**	113,464	113,464
Other liabilities	33	**586,477**	**587,724**	643,877	646,556
Total liabilities		**19,510,635**	**19,495,546**	15,713,249	15,706,456
Equity					
Stated capital	36i	**500,000**	**500,000**	500,000	500,000
Retained earnings		**746,039**	**821,937**	1,434,337	1,547,835
Statutory reserve	36ii	**639,555**	**639,555**	639,555	639,555
Fair value reserve	36iv	**267**	**21,030**	(106)	14,997
Other reserves	36v	**(39,375)**	**16,350**	(26,754)	(3916)
Total shareholders' equity		**1,846,486**	**1,998,872**	2,547,032	2,698,471
Total liabilities and shareholders' equity		**21,357,121**	**21,494,418**	18,260,281	18,404,927

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statements of Financial Position
as at 31 December 2022 (continued)

The consolidated and separate financial statements and the notes on pages 72 to 173 were approved by the Board of Directors on 18th April, 2023 and signed on its behalf by:

Mr. Jude Kofi Arthur	**Mr. Kofi Adomakoh**
Chairman	**Managing Director**

Statement of Changes in Equity

For the year ended 31 December 2022

	Stated capital	Fair value reserves	Other reserves	Statutory reserves	Total reserves	Retained earnings	Total equity
Figures in thousands of Ghana Cedis							
Bank							
Balance at 1 January 2022	500,000	(106)	(26,754)	639,555	612,695	1,434,337	2,547,032
Total comprehensive income, net of income tax:							
Profit for the year	-	-	-	-	-	(555,798)	(555,798)
Other comprehensive income, net of income tax:							
Fair value change in equity instruments	-	373	-	-	373	-	373
Re-measurement of defined benefit liability	-	-	(12,621)	-	(12,621)	-	(12,621)
Total other comprehensive income	-	373	(12,621)	-	(12,248)	-	(12,248)
Total comprehensive income for the year	-	373	(12,621)	-	(12,248)	(555,798)	(568,046)
Transfer to/from reserves:							
Statutory reserves	-	-	-	-	-	-	-
Total Transfer to/ from reserves	-	-	-	-	-	-	-
Transactions with owners							
Dividends	-	-	-	-	-	(132,500)	(132,500)
Total transactions with equity holders	-	-	-	-	-	(132,500)	(132,500)
Balance at 31 December 2022	500,000	267	(39,375)	639,555	600,447	746,039	1,846,486

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statement of Changes in Equity

For the year ended 31 December 2022 (continued)

	Stated capital	Fair value reserves	Other reserves	Statutory reserves	Total reserves	Retained earnings	Total equity
Figures in thousands of Ghana Cedis							
Bank							
Balance at 1 January 2021	500,000	(1,754)	(32,429)	569,971	535,788	1,013,504	2,049,292
Total comprehensive income, net of income tax:							
Profit for the year	-	-	-	-	-	556,667	556,667
Other comprehensive income, net of income tax:							
Fair value change in equity instruments	-	1,648	-	-	1,648	-	1,648
Re-measurement of defined benefit liability	-	-	5,675	-	5,675	-	5,675
Total other comprehensive income	-	1,648	5,675	-	7,323	-	7,323
Total comprehensive income for the year	-	1,648	5,675	-	7,323	556,667	563,990
Transfer to/from reserves:							
Statutory reserves	-	-	-	69,584	69,584	(69,584)	-
Total Transfer to/ from reserves	-	-	-	69,584	69,584	(69,584)	-
Transactions with owners							
Dividends	-	-	-	-	-	(66,250)	(66,250)
Total transactions with equity holders	-	-	-	-	-	(66,250)	(66,250)
Balance at 31 December 2021	500,000	(106)	(26,754)	639,555	612,695	1,434,337	2,547,032

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statement of Changes in Equity

For the year ended 31 December 2022 (continued)

	Stated capital	Fair value reserves	Other reserves	Statutory reserves	Total reserves	Retained earnings	Total equity
Figures in thousands of Ghana Cedis							
Group							
Balance at 1 January 2022	500,000	14,998	(3,916)	639,555	650,637	1,547,835	2,698,472
Total comprehensive income, net of income tax:							
Profit for the year	-	-	-	-	-	(593,398)	(593,398)
Other comprehensive income, net of income tax:							
Fair value change in equity instruments, net of tax	-	12,469	-	-	12,469	-	12,469
Re-measurement of defined benefit liability, net of tax	-	-	(12,621)	-	(12,621)	-	(12,621)
Share of associate OCI	-	(6,437)	-	-	(6,437)	-	(6,437)
Net gain on equity investment	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	32,887	-	32,887	-	32,887
Total other comprehensive income	-	6,032	20,266	-	26,298	-	26,298
Total comprehensive income for the year	-	6,032	20,266	-	26,298	(593,398)	(567,100)
Transfer to/from reserves:							
Statutory reserve	-	-	-	-	-	-	-
Total transfer to/from reserves	-	-	-	-	-	-	-
Transactions with shareholders							
Dividends	-	-	-	-	-	(132,500)	(132,500)
Total transactions with equity holders	-	-	-	-	-	(132,500)	(132,500)
Balance at 31 December 2022	500,000	21,030	16,350	639,555	676,935	821,937	1,998,872

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statement of Changes in Equity
For the year ended 31 December 2022 (continued)

	Stated capital	Fair value reserves	Other reserves	Statutory reserves	Total reserves	Retained earnings	Total equity
Figures in thousands of Ghana Cedis							
Group							
Balance at 1 January 2021	500,000	5,395	(755)	569,971	574,611	1,111,387	2,185,998
Total comprehensive income, net of income tax:							
Profit for the year	-	-	-	-	-	572,281	572,281
Other comprehensive income, net of income tax:							
Fair value change in equity instruments, net of tax	-	(222)	-	-	(222)	-	(222)
Re-measurement of defined benefit liability, net of tax	-	-	5,675	-	5,675	-	5,675
Share of associate OCI	-	(4,314)	-	-	(4,314)	-	(4,314)
Net gain on equity investment	-	14,139	-	-	14,139	-	14,139
Foreign currency translation differences for foreign operations	-	-	(8,836)	-	(8,836)	-	(8,836)
Total other comprehensive income	-	9,603	(3,161)	-	6,442	-	6,442
Total comprehensive income for the year	-	9,603	(3,161)	-	6,442	572,281	578,723
Transfer to/from reserves							
Statutory reserve	-	-	-	69,584	69,584	(69,584)	-
Total transfer to/from reserves	-	-	-	69,584	69,584	(69,584)	-
Transactions with shareholders							
Dividends	-	-	-	-	-	(66,250)	(66,250)
Total transactions with equity holders	-	-	-	-	-	(66,250)	(66,250)
Balance at 31 December 2021	500,000	14,998	(3,916)	639,555	650,636	1,547,835	2,698,471

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Statements of Cash Flows

For the year ended 31 December 2022

Figures in thousands of Ghana Cedis	Note(s)	2022 Bank	2022 Group	2021 Bank	2021 Group
Cash flows from operating activities					
Profit for the period		**(555,798)**	**(593,398)**	556,667	572,281
Adjustments for:					
Depreciation and amortisation	29	**145,074**	**154,215**	148,169	148,464
Net impairment loss on financial assets	15	**2,088,525**	**2,105,259**	324,800	324,800
Employee benefit expense	17	**22,303**	**22,303**	20,995	20,995
Share of loss/(profit) of associates	28	**-**	**11,915**	-	6,972
Net interest income	9,10	**(2,091,799)**	**(2,107,502)**	(1,884,837)	(1,894,843)
Dividend income	14	**(2,697)**	**(8,838)**	(571)	(6,578)
Profit/Loss on sale of property and equipment	14	**(315)**	**(315)**	(137)	(137)
Foreign exchange (gain)/loss	13	**295,815**	**295,815**	(45,552)	(45,552)
Income tax expense	18	**(150,454)**	**(150,061)**	253,138	259,694
		(249,346)	**(270,607)**	(627,328)	(613,904)
Changes in non-pledged trading assets	23	**201,666**	**201,666**	(256,319)	(256,319)
Changes in derivative assets		**-**	**-**	-	-
Changes in advances to banks	25ii	**(28,085)**	**(28,085)**	(126)	(126)
Changes in loans and advances to customers	25i	**(1,415,749)**	**(1,415,749)**	(1,018,592)	(1,018,592)
Changes in other assets	31	**(411,325)**	**(366,431)**	(66,830)	(73,851)
Changes in deposit from banks and other financial institutions	32i	**(488,442)**	**(488,442)**	132,171	132,171
Changes in deposits from customers	32ii	**4,335,312**	**4,330,115**	1,813,148	1,809,287
Changes in borrowings	34	**7,684**	**7,684**	215,548	215,548
Changes in other liabilities	33	**(57,400)**	**(58,832)**	222,296	225,161
Employee benefit paid	35	**(16,268)**	**(16,268)**	(16,312)	(16,312)
Cash (used in)/ generated from operations		**1,878,047**	**1,895,051**	397,656	403,063
Interest received		**2,815,176**	**2,829,493**	2,389,140	2,399,061
Dividend received		**2,697**	**13,030**	571	10,086
Interest paid		**(683,327)**	**(683,327)**	(478,184)	(478,277)
Net income tax paid		**(433,491)**	**(439,187)**	(251,439)	(256,715)
Net cash from operating activities		**3,579,102**	**3,615,060**	2,057,744	2,077,218

Statements of Cash Flows
For the year ended 31 December 2022 (continued)

Figures in thousands of Ghana Cedis	Note(s)	2022 Bank	2022 Group	2021 Bank	2021 Group
Cash flows from investing activities					
Purchase of investments (other than securities)	24bi	-	34	-	(7,549)
Purchase of investments (subsidiary)		(2,000)	(100)	-	-
Purchase of investment securities	26	(753,121)	(773,144)	(1,157,639)	(1,169,024)
Purchase of property, equip. & right-of-use asset	29	(199,616)	(200,329)	(88,735)	(89,229)
Proceeds from the sale of property, equipment & right-of- use assets	29	358	358	461	461
Purchase of intangible assets	30	(20,622)	(37,778)	(57,282)	(57,328)
Net cash used in investing activities		(975,001)	(1,010,959)	(1,303,195)	(1,322,669)
Cash flows from financing activities					
Dividends paid		(132,500)	(132,500)	(66,250)	(66,250)
Net cash used in financing activities		(132,500)	(132,500)	(66,250)	(66,250)
Net (decrease)/increase in cash and cash equivalents		2,471,601	2,471,601	688,299	688,299
Cash and cash equivalents at 1 January	22	2,301,092	2,301,092	1,567,241	1,567,241
Effect of Exchange rate fluctuations on cash held		(295,815)	(295,815)	45,552	45,552
Cash and cash equivalents at 31 December	22	4,476,878	4,476,878	2,301,092	2,301,092

The notes on pages 82 to 173 form an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. Reporting entity

GCB Bank PLC is a limited liability company incorporated and domiciled in Ghana. These consolidated financial statements as at and for the year ended 31 December 2022 comprise the Bank and its subsidiaries, (together referred to as the 'Group') and the Group's interest in associates. The separate financial statements as at and for the year ended 31 December 2022 comprise the financial statements of the Bank.

The Bank is listed on the Ghana Stock Exchange.

2. New and amended IFRS Accounting Standards that are effective for the current year (2022)

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.1 Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

2.2 Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

2.3 Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

2.4 Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

[IFRS 1 First-time Adoption of International Financial Reporting Standards]

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

3. Basis of preparation

3.1. Statement of compliance

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

3.2.Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following material items, which are measured at fair value:

- financial assets measured at fair value and,
- defined benefit obligations measured at present value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Group's accounting policy on fair value is set out in note 7.

3.3. Functional and presentation currency

The financial statements are presented in Ghana Cedis, which is the Bank's functional currency. All financial information presented in Ghana Cedis have been rounded to the nearest thousands, except when otherwise indicated.

3.4. Presentation of financial statements

The Group presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented under a note item where applicable.

Financial assets and liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

4. Summary of significant accounting policies

The accounting policies set out below have been applied to all the periods presented in these financial statements and have been applied consistently by the Group entities.

4.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) up to 31 December each year. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

i. Subsidiaries

The subsidiaries are investees controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Bank's reporting date. The subsidiaries' financial statements are prepared in accordance with Group accounting policies.

There were no non-controlling interests in subsidiaries.

ii. Transactions eliminated on consolidation

Intra Group balances and transactions and any unrealised income and expenses (except foreign currency transaction gains or losses) arising from intra Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii. Associates

Associates are all entities over which the Bank has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of voting rights. Investment in associates are accounted for using the equity method of accounting and are initially recognised at cost.

iv. Change in ownership interest in subsidiaries

A change in ownership interest in subsidiaries, without loss of control, is accounted for as an equity transaction. The carrying amount of the Group's interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. If the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiaries and any related non controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any retained interest in the former subsidiaries is recognised at fair value at the date of loss of control.

v. Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

4.2. Foreign currency

4.2.1. Foreign currency transactions

Transactions in foreign currencies (currencies other than the entity's functional currency) are translated into the respective functional currency of the Group entities using 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 exchange rates ruling at that date. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

Foreign exchange gains and losses arising from the translation of items recognised in other comprehensive income are presented in other comprehensive income.

4.2.2 Foreign operations

The assets and liabilities of foreign operations are translated into Ghana Cedis at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Ghana Cedis at the average exchange rates for the period.

Foreign currency differences arising on the translation are recognised in other comprehensive income and presented within equity.

When a foreign operation is disposed of, the cumulative amount in equity relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiaries that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of subsidiaries that includes a foreign operation that does not result in the Group losing control over the subsidiaries, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4.3. Revenue recognition

The Group recognises revenue from the following major sources:

- Interest income
- Fee and commission income
- Net trading income

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

4.3.1 Recognition of interest income

The effective interest rate method (EIR)

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost, interest rate derivatives for which hedge accounting is applied and the related amortisation/recycling effect of hedge accounting. Interest income on interest bearing financial assets measured at FVTOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Bank recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

Expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, and changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the statement of financial position with a corresponding increase or decrease in interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

Interest income/expense is calculated using the effective interest method; the Group only includes interest on those financial instruments that are set out in Note 4.4.

Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in 'Net trading income'.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 4.10) and is therefore regarded as 'Stage 3', the Group suspends interest that would have accrued had the group applied the EIR. If the financial asset cures (as outlined in Note 4.10) and is no longer credit-impaired, the Bank releases suspended interest into interest income.

For purchased or originated credit-impaired (POCI) financial assets (as set out in Note 4.10), the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

4.3.2 Fee and commission income and expense

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in this part of the Group's consolidated statement of profit or loss include among other things fees charged for servicing a loan, non utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan syndication fees.

Other fees and commission income and expenses are recognised on an accrual basis when the related services are performed. Loan commitment fees for loans that are not likely to be drawn down are deferred, together with related direct costs and recognised on a straight-line basis over the commitment period.

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

4.3.3 Net trading income

Net trading income comprises gains less losses related to foreign exchange differences on foreign currency deal transactions as well as all realised and unrealised fair value changes related to held-for-trading investment securities. The Group has elected to present the full fair value movement of trading assets and liabilities in trading income, including any related expense.

4.4. Financial instruments

4.4.1 Initial recognition

4.4.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognised when funds are transferred to customers' accounts. The Group recognises balances due to customers when funds are deposited with the Group.

4.4.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 4.7. Financial instruments are initially measured at their fair value (as defined in Note 4.6), except in the case of financial assets and financial liabilities recorded at FVTPL, in which case, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

4.4.1.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.5 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms (as explained in 4.7), measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit and loss (FVTPL)

4.5.1 Initial recognition

The Group classifies and measures its derivative and trading portfolio at FVTPL, as explained in Notes 4.7.2 and 4.7.3. The Group may designate financial instruments at FVTPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading.

4.6 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – These are where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date. Details of financial instruments revalued under level 1 are shown at Note 24a
- Level 2 financial instruments – These are where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3. No instrument was valued under this category.
- Level 3 financial instruments – These include one or more unobservable input that is significant to the measurement as a whole. The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Bank's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore the Bank applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include, a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Bank estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself. Details of financial instruments revalued under level 3 are shown at Note 24b

The Bank evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary, based on the facts at the end of the reporting period.

4.7 Financial assets and liabilities

4.7.1 Advances to banks, Loans and advances to customers, Financial investments at amortised cost

The Group measures advances to banks, loans and advances to customers and other financial investments at amortised cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

4.7.1.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

4.7.1.2 The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.7.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

4.7.3 Debt instruments at FVTOCI

The Group classifies debt instruments at FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 4.3.1. The ECL calculation for Debt instruments at FVTOCI is explained in Note 4.10.1. Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

4.7.5 Equity instruments at FVTOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

4.7.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

- The liabilities contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own Credit Reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate, as explained in Note 4.3.1. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

4.7.7 Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement and an ECL allowance.

The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The Group occasionally issues loan commitments at below market interest rates. Such commitments are subsequently measured at the higher of the amount of the ECL allowance (as explained in Note 4.10.1) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised as outlined in Note 11.

4.8 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.9 Derecognition of financial assets and liabilities

4.9.1 Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in de-recognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

Modification Assessment of Government of Ghana Bonds

The Bank used the principles of IFRS 9 to assess for modification where the contractual terms of debt instruments are modified, an assessment is performed to ascertain if the new terms are "substantially different" from the old terms i.e., if the modification is significant or not.

IFRS 9 states that in some circumstances the renegotiation or modification of the contractual cash flows of a financial asset can lead to its derecognition although there is no explicit guidance on when a modification of a financial asset leads to a derecognition.

In assessing whether there is a substantial modification the bank may, but is not required to, analogise to the guidance on the derecognition of financial liabilities (IFRIC updates, May 2012, and September 2012).

The IFRS9.3.3.2 paragraph regarding derecognition of financial liabilities from which the analogy is drawn states that, an exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability

The Bank assessed the financial assets and applied its analogy to assess the exchange of the old bonds for the new bonds to be acquired under the Debt Exchange program, will result in a substantial modification due to the following:

- A holder of a single bond or a holder of portfolio of bonds will receive, in exchange for the old bond or portfolio of old bonds, twelve bonds with different maturities and cash flow profiles in accordance with the terms and conditions of the GDDE program.
- All of the bondholders are to receive the same restructuring deal irrespective of the terms and conditions of their individual holdings. This indicates that the individual instruments, terms and conditions were not taken into account. The different bonds (series) were not each modified in contemplation of their respective terms and conditions but were instead replaced by a new uniform debt structure; and
- The terms and conditions of the new bonds are substantially different from those of the old bonds. The changes include many different aspects, such as significant extension of the maturity date of the bonds and reduction of the coupon rates.

Consequently, the Bank will derecognize the old bonds, and a new asset recognised for the new bonds.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset [IFRS 9 paragraph B5.5.25]. Accordingly, the date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. This typically means measuring the loss allowance at an amount equal to 12-month expected credit losses until there is a significant increase in credit risk.

However, in some unusual circumstances following a modification that results in derecognition of the original financial asset, there may be evidence that the modified financial asset is credit-impaired at initial recognition, and thus, the financial asset should be recognised as an originated credit-impaired financial asset [IFRS 9 paragraph B5.5.26].

4.9.2 De-recognition other than for substantial modification

4.9.2.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

4.9.2 De-recognition other than for substantial modification

4.9.2.1 Financial assets

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates;
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients; and
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.9.2.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.10 Overview of the ECL principles

The Group records an allowance for expected credit loss for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12m ECL) as outlined in Note 4.10.1). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 6.

The 12-month ECL is the portion of LTECLs that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12 months ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bank's policy for grouping financial assets measured on a collective basis is explained in Note 6.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 6.

Based on the above process, the Group bands its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12months ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 6.) The Group records an allowance for the LTECL.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.10.1 The calculation of ECL

The Group calculates ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 6.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 6.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately, as set out in Note 4.4(vii). It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 6.

4.10.1 The calculation of ECL

When estimating the ECL, the Bank considers three scenarios (a base case, an upside, and a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of other revolving facilities, for which the treatment is separately set out below, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECL for undrawn loan commitments are assessed. The calculation of ECL (including the ECL related to the undrawn element) of revolving facilities is explained below.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12-month ECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired (as defined in Note 6), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECL since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit adjusted EIR.
  - Loan commitment and letters of credit: When estimating LTECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
  - For revolving facilities that include both a loan and an undrawn commitment, ECL is calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is also recognised together with the loan.
  - Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECL related to financial guarantee contracts are recognised within the loan.

4.10.2 Debt instruments measured at fair value through OCI

The ECL for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

4.10.3 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Bank only recognises the cumulative changes in LTECL since initial recognition in the loss allowance.

4.10.4 Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 6.

4.11 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position.

Cash flows expected from credit enhancements which are not required to be recognised separately by IFRS and which are considered integral to the contractual terms of a debt instrument which is subject to ECL, are included in the measurement of those ECL. On this basis, the fair value of collateral affects the calculation of ECL. Collateral is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Guarantees held are included in the measurement of loan ECLs when either they are specified in the contractual terms of the loan or else are integral to the loan, in that they formed part of the basis on which the loan was extended.

Guarantees that are not integral to the loan's contractual terms are accounted as separate units of accounts subject to ECL.

4.12 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date, in line with the Group's policy.

In its normal course of business, the Group engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

4.13 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

4.14 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis.

If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 6. The Group also considers whether the assets should be classified as Stage 3. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing
- The probation period of six months has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during six months probation period
- The customer does not have any contracts that are more than 30 days past due.
- If modifications are substantial, the loan is derecognised, as explained in Note 4.9.1.

Impairment of Government of Ghana Bonds

Per Appendix A of IFRS 9, an asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. The following are examples of such events:

- significant financial difficulty of the issuer or the borrower.
- a breach of contract - e.g., a default or past-due event.
- a lender having granted a concession to the borrower - for economic or contractual reasons relating to the borrower's financial difficulty - that the lender would not otherwise consider
- is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses

The assessments of the factors above led to the conclusion that the new bonds should be classified as originated credit impaired.

Initial recognition of originated credit-impaired assets

On initial recognition, originated credit-impaired assets do not carry an impairment allowance. Instead, lifetime ECLs are incorporated into the calculation of the effective interest rate [IFRS 9 paragraphs 5.5.13, A and B5.4.7]. This require the bank to determine the cash shortfalls or the expected cash flows under the new terms in calculating the effective interest rate of the new bonds at initial recognition.

Subsequent measurement of originated credit-impaired assets

The ECLs for originated credit-impaired assets are always measured at an amount equal to lifetime ECLs. However, the amount recognised as a loss allowance for these assets is not the total amount of lifetime ECLs, but instead the changes in lifetime ECLs since initial recognition of the asset [IFRS 9 paragraphs 5.5.13 and 5.5.14]. No impairment expense or allowance is recognised if, in subsequent periods, experience and expectations about the collectability of cash flows are unchanged from expectations on initial recognition.

Favourable changes in lifetime ECLs are recognised as an impairment gain, even if the favourable changes are more than the amount, if any, previously recognised in profit or loss as impairment losses.

If the Government can secure IMF Management and Executive Board Approval for an IMF program and the creditworthiness of the Government improves, the bank will revise the assessment of the expected cashflows from the new bonds and record an impairment gain.

Refer to Note 26 for details of the impairment assessment on the government of Ghana Bonds.

4.15 Cash and cash equivalents

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

4.16 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Group reclassifies those securities in its statement of financial position to financial assets held for trading pledged as collateral or to financial investments available-for-sale pledged as collateral, as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

4.17 Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties, in which case, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in net trading income.

4.18 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.18.1 The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in Other Liabilities in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within Property and Equipment in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 4.21 Impairment of non-financial assets. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 16).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4.18.2 The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance). When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

4.19 Property and equipment

Property and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 4.18.

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Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset (i.e. the cost of the asset, or other amount substituted for cost, less its residual value) over its useful life.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Freehold Land is not depreciated.

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

Computers	3 years
Motor vehicles	4 years
Furniture and equipment	3-4 years
Buildings	50 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

(iv) Capital work-in-progress

Property and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate class of property and equipment when commissioned and ready for its intended use.

(v) Dual use property

Properties that are partly used for own use activities and partly for rental activities are considered dual use properties. This would result in the property being considered to be classified as part property and equipment and the other part as investment property. If a significant portion of the property is used for own use and the portion rented out cannot be sold or leased out separately under a finance lease, then the entire property is classified as property and equipment. The Group considers an own use portion above 95% of the measure as significant.

(vi) Derecognition

Property and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either their use or disposal, if applicable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.20 Intangible assets

Intangible assets are the identifiable non-monetary assets without physical substance.

Intangible assets comprise computer software licenses and customer relationship. Intangible assets acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method and recognised in profit or loss over its estimated useful life, from the date that it is available for use.

The estimated useful life for the current and comparative periods are as follows:

Software	3 years
Customer Relationship	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.21 Impairment of non-financial assets

The carrying amounts of the Group'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 (CGU) exceeds its recoverable amount, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

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

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

4.22 Employment benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as personnel expenses in profit or loss in the period during which related services are rendered. The Group has the following defined contribution schemes:

Social Security and National Insurance Trust

Under the national pension scheme, the Bank contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

Provident Fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period. Employees contribute 10% of their basic salary to the Fund whilst the Group contributes 12.5%. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the Fund Manager.

(ii) Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a Qualified Actuary using the Projected Unit Credit Method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognised immediately in other comprehensive income.

The Group determines the net interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the period end, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group has the following defined benefit plans:

- Post-Retirement Medical Care

The Bank pays for post-retirement medical care of its staff.

- Pension Benefits

The Group pays monthly pension benefits to retired employees, under a closed defined benefit pension scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts. The scheme has been discontinued since 1985. At the reporting date, the scheme covered a closed Group of 214 (2021: 246) persons, who still receive monthly pensions. The monthly pensions are increased annually in line with adjustments to the basic salaries of their serving counterparts.

- Long service award

Long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees in service with the Group after fifteen (15) years become eligible to receive cash payments at graduated rates when employees achieve stipulated milestones set by the Group.

(iii) Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurement are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(v) Short term Employment benefits

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

4.23 Provisions and Contingent Liabilities

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of the economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of expenditures expected to be required to settle obligations using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the obligation. The unwinding of the discount is recognised as finance cost. The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Detailed disclosures are provided in Note 33.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

4.24 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

4.24.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Detailed disclosures are provided in Note 19.

4.24.2. Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- 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 temporary differences will not reverse in the foreseeable future.

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 are recognised to the extent that it becomes 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 tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value re-measurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Group also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Group's intention to settle on a net basis.

4.24.3. Levies and similar charges

The Group recognises the liability arising from levies and similar charges (such as National Stabilization Levy and Financial Sector Recovery Levy) when it becomes legally enforceable, which is on 31 December each year.

4.25 Stated capital and reserves

(i) Share capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

(ii) Dividends

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.

(iii) Statutory reserve

Statutory reserve is based on the requirements of section 34(1) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). Transfers into statutory reserve are made in accordance with the relationship between the Bank's reserve fund and it's paid up capital, which determines the proportion of profits for the period that should be transferred.

(i) Where the reserve fund is less than fifty percent of the stated capital, then an amount not less than 50% of net profit for the year is transferred to the reserve fund.

(ii) Where the reserve fund is more than 50% but less than 100% of the stated capital, then an amount not less than 25% of net profit is transferred to the reserve fund.

(iii) Where the reserve fund is equal to or more than 100% of the stated capital, then an amount not less than 12.5% of the net profit for the year is transferred to the reserve fund.

(iv)Credit risk reserve

This is a reserve created to set aside the excess or shortfalls between amounts recognised as impairment loss on loans and advances based on provisions made for bad and doubtful loans and advances calculated in accordance with IFRS and the Central Bank's prudential guidelines. See note 36iii.

4.26 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares outstanding during the period. The Bank has no convertible notes and share options, which could potentially dilute its EPS and therefore the Bank's Basic and diluted EPS are essentially the same.

4.27 Fiduciary assets

The Bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of the Bank.

4.28 Segment reporting

Segment results that are reported to the Group's Managing Director (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's property and equipment), head office expenses and tax assets and liabilities.

The Group has four reportable segments: retail banking, corporate banking, commercial banking, and treasury which are the Group's strategic operations. For each reportable segment, the Group's Managing Director reviews internal management reports on the performance of each segment.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

5.1. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires some level of judgement. In particular, management makes its significant judgement in the assessment of significant increase in credit risk and default. As explained in note 4.10, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 3 when its credit risk has increased significantly and has met predefined default criteria since initial recognition. The term "default" is not defined in IFRS 9. In assessing whether an asset has met the predefined default criteria, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5.2. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

For further details about determination of fair value, please see Note 4.6.

5.3. Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies, see Notes 4.23 and 37.

5.4. Employee benefit obligations

Discount rate used to determine the carrying amount of the Group's defined benefit obligation

The determination of the Group's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds or, where there is not an active market in high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds are used. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the currency of the bonds, quality of the bonds and the term of the bonds. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. Further information on the carrying amounts of the Group's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 3

6. Financial risk management

Effective risk management is of critical importance and key to the delivery of sustainable returns for shareholders. Risk taking is an inherent part of the Group's business activities and is defined as the possibility of losing some or all of an original investment. Risk management systems and governance structures are designed to reduce earnings volatility and achieve an appropriate balance between risk and reward and increased profitability.

Current changes to regulations in the banking sector reinforce the Group's commitment to embed an enhanced risk-based culture throughout the Group. Risk policies and procedures are regularly reviewed to reflect these changes as well as best practices in the market. The Group has upgraded its risk infrastructure to enhance effective management and also to meet future regulatory demands.

Notes to the Financial Statements (continued)

Risk Management Framework

The risk management framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposure in a consistent and effective manner across the Group. Through the framework, risk is managed at enterprise-wide level, with the objective of maximizing risk-adjusted returns within the context of the Group's risk appetite.

The most important types of risk are credit risk, liquidity risk, market risk and operational risk.

- Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.
- Market risk, which includes foreign currency risk, interest rate risk and equity price risk, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields.
- Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates.
- Operational risk is the potential loss resulting from inadequate or failed internal processes, systems, people, legal issues, external events and non-compliance with regulatory issues.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board's commitment to good risk management is supported by their continuing professional development in the field of risk management and their support for the implementation and continued improvement of the risk management framework within the Group.

The Board's Risk Committee is responsible for monitoring risk positions which the Group holds in the normal course of business as well as those risks that the Group may take in alignment with approved limits and controls. The Committee also reviews the adequacy of the risk management framework in relation to risks faced by the Group on an ongoing basis. The Committee is assisted in its functions by a risk management structure, which ensures consistent assessment of risk management controls and procedures.

The Board Audit Committee is responsible for reviewing the Group's accounting policies, the contents of financial reports, disclosure controls and procedures, management's approach to internal controls, the adequacy and scope of the external and internal audit functions, compliance with regulatory and financial reporting requirements, overseeing relationships with the Group's external auditors and providing assurance to the Board that executive management's control assurance process are complete and effective.

The Credit Committee is the highest management level authority on all counterparty risk exposures. It oversees control and management of all policies, processes and procedures relating to the Bank's lending function. The scope of risks covered by this Committee includes Credit Risk, Concentration Risk and Country & Cross Border Risk.

The Operational Risk and Control Committee is an Executive Management Committee with responsibility for monitoring and managing the level of operational risk exposures within the Bank as well as overseeing the control and management of all policies, processes and procedures relating to the Bank's Operational Risk function.

Asset and Liability Committee (ALCO) is a Management Committee which is a decision-making body for developing policies relating to all asset and liability management (ALM) matters.

The Risk Management Department (RMD) is responsible for developing and monitoring the Group's risk management policies and procedures over specified areas on a day-to-day basis. It reports regularly to the Board on its activities through the Executive Management Committee. Policies and procedures have been established to identify and analyze risks faced by the Bank and put appropriate controls in place to monitor adherence to these policies. These are reviewed regularly to reflect changes in market conditions, products and services offered.

Functional units or divisions are accountable for executing specific aspects of the Group's activities. Authority is delegated to the Head of each functional unit by the Managing Director. The Head of each function in turn delegates responsibility to individual staff for carrying out specific tasks in accordance with delegated authorities and within the procedural disciplines of the Group.

Functions are organized in accordance with the "Three Lines of Defence" governance model. The three lines of defence are constituted as follows:

- The first line of defence consists of functional units that are responsible for actual activities of the business and are responsible for managing their own risks.
- The second line of defence consists of functional units that are responsible for monitoring activities of the first line of defence and exercising risk control. The second line functions of the Bank are Governance, Risk, Compliance and Control, Product Control and Performance Monitoring.
- The third line of defence consists of functional units that are responsible for reviewing the activities of line 1 and 2 functions at appropriate frequencies, assessing the robustness of control and mandating corrective action or improvement where necessary. Risk Assurance services are provided to the Bank by the Internal Audit function.

Risk Appetite

Risk appetite is an expression of the amount of risk the Group is willing to take in pursuit of its strategic objectives, reflecting capacity to sustain losses and continue to meet obligations arising from a range of different stress conditions.

This is used to maximize returns without exposing the Group to levels of risk above its appetite. In particular, the risk appetite framework assists in protecting financial performance and improves management's responsiveness. It also improves control and co-ordination of risk-taking across business units and identifies unused risk capacity in pursuit of profitable opportunities.

The board approved the Group's risk appetite statement which forms the basis for establishing risk parameters within which business units must operate, including policies, concentration limits and business mix.

Credit Risk Management

Credit risk is the potential for financial loss due to the failure of counterparties to meet obligations to pay the Group in accordance with agreed terms. Credit risk is the most important risk for the Group's business.

Management carefully manages its exposure to credit risk. Credit risk is attributed to both on-balance sheet financial instruments such as loans, overdrafts, cash held with other financial institutions, debt securities and other bills, investments, and acceptances and credit equivalent amounts related to off -balance sheet financial items. The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into business management processes. Credit risk is managed through a framework that sets out policies and procedures covering the identification, measurement and management of credit risk. The goal of credit risk management is to evaluate and manage credit risk in order to further enhance a strong credit culture.

Credit Concentration Risk

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

Credit Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types.

Collateral

In order to proactively respond to credit deterioration, the Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Collateral is held to mitigate credit risk exposures. Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; property and equipment such as motor vehicles, plant and machinery, bank guarantees and floating charge over other assets.

The risk mitigation policy prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Where appropriate, collateral values are adjusted to reflect current market conditions. Longer-term finance and lending to corporate entities are generally secured; individual credit facilities are generally unsecured. In addition, in order to minimize credit losses, the Group seeks additional collateral from counterparties as soon as impairment indicators are noticed for relevant individual loans and advances.

Credit Related Commitments

Documentary and commercial letters of credit are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions. 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 less risk than direct loans. These arrangements are collateralized by the underlying shipments of goods. The likelihood of loss amounts is far less than the entire commitment as most commitments to extend credit of this nature are contingent upon the customer maintaining specific cash in margin accounts. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Impairment

Under IFRS 9, Banks are required to record an allowance for expected losses for all loans, investments and other debt financial assets at amortised costs, loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is primarily based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate;

- **Probability of default (PD):** This is the probability that an obligor or counterparty will default over a given period, usually one year.
- **Loss given default (LGD):** LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate).
- **Exposure at default (EAD):** This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

Expected Credit Loss Model

The Expected Credit Loss model has been built based on segmentation of business lines to reflect appropriate level of granularity.

- The Corporate model was segmented based on industry sectors which depict similar risk profile and characteristics.
- The Retail model was based on homogenous pool of cluster using product lines.
- The Investment model, mainly based on interbank placement, was also segmented into secured and unsecured products. The Treasury Bills and Government Bonds have, for the first time, been considered for Expected Credit Loss due to the GDDE program
- The Off-Balance sheet items were modelled via Credit Conversion Factor (CCF) principle based on BoG Capital Requirement Directive. Similarly, for contractual limits, the undrawn commitments CCF was applied to the undrawn portion to estimate the potential risk exposure.

Impairment of loans is recognised on an individual or collective basis – in three stages under IFRS 9.

Stage 1 – When a loan or investment is originated or purchased, ECLs resulting from default events that are possible within the next 12 months are recognised and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition. Interest revenue is calculated on the loan's gross carrying amount.

Stage 2 – If a loan or investment's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised. The calculation of interest revenue is the same as for Stage 1.

Stage 3 – If the loan or investment's credit risk increases to the point where it is considered credit-impaired, interest revenue is calculated based on the loan's amortised cost that is, the gross carrying amount less the loss allowance. Lifetime ECLs are recognised, as in Stage 2.

The ECL model incorporated forward looking information including reasonable and supportable forecasts of future economic conditions. Future cash flows and risk of default were also considered. The Bank considered three different scenarios for the model to mitigate non-linearity in the portfolio. The base, optimistic and pessimistic scenarios of macroeconomic conditions were used in estimating the probability of default. This was to ensure that the impairment estimates were not biased due to cyclicality of economic conditions.

Early Alerts

Corporate, Retail and Commercial Banking accounts are placed on early alert status when they display signs of weakness. Such accounts and portfolios are subject to a dedicated process of oversight involving Senior Risk Officers and Remedial Officers in the Loans Recovery Unit. The approach to Early Alerts monitoring includes but not limited to:

- Deterioration of the customer's financial position;
- Delays by customers in settling their obligations;
- Overdraft balances exceeding approved limits; and
- Clear indications of the customer not being able to settle commitments on due dates.

Customer payment plans are re-evaluated and remedial actions agreed and monitored until delinquency situations are resolved. Remedial actions include, but are not limited to, exposure reduction, security enhancement and movement of the account to the Loans Recovery Unit.

Notes to the Financial Statements (continued)

Write off policy

The Bank writes off loans and advances balance (and any related allowances for impairment losses) when the Bank's Credit Risk Management determines that the loans and advances 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 discharge the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status. Related and connected lending is not permitted to be written off unless with the approval of the Bank of Ghana and the Board of Directors.

Impairment (Prudential)

An account is considered to be in delinquent when payment is not received on due date. Accounts that are overdue by more than 90 days are considered default. These accounts are closely monitored and subjected to a collection process. The process used for impairment is based on Bank of Ghana guidelines which recognise cash as a credit mitigant. Individual impairments are made for outstanding amounts depending on the number of days past due with full impairment made after 360 days. In certain situations such as bankruptcy, fraud and death, the loss recognition process is accelerated. Loans and advances less than 90 days past due are generally not considered impaired unless other information is available to indicate otherwise.

The Bank of Ghana Guideline is as set out below:

Grade Description	Number of days	Impairment (%)
Current	Less than 30 days	1
Other Loans Exceptionally Mentioned (OLEM)	30 to less than 90 days	10
Substandard	90 to less than 180	25
Doubtful	180 to less than 360 days	50
Loss	360 days and above	100

Credit quality

The Bank monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement:

Class of financial instrument	Financial statement line	Note
Loans and advances to banks at amortised cost	Loans and advances to banks	25
Debt investment securities at amortised Cost	Investment securities	26
Debt investment securities at FVTOCI	Investment securities	26
Other assets	Other assets	31
Loan commitments and financial guarantee contracts	Contingent Liabilities & Commitments	37

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Credit Quality

Loans and advances to customers at amortised cost

Figures in thousands of Ghana Cedis	2022	2021
Retail:		
Personal Loan	**2,231,163**	1,648,988
Corporate Employee Scheme	**332,935**	215,475
SME	**9,633**	12,596
Staff Loan	**210,554**	150,072
Corporate:	**-**	
Agriculture, forestry & fishing	**47,855**	23,070
Commerce & finance	**1,129,804**	922,267
Construction	**176,761**	106,032
Electricity, gas & water	**88,357**	191,268
Manufacturing	**366,138**	321,168
Mining & quarrying	**41,696**	96,734
Services	**1,872,622**	1,366,594
Transport, storage & communication	**58,828**	62,195
Total	**6,566,346**	5,116,459
Concentration by region		
Europe	**-**	-
America	**-**	-
Middle East and Africa	**6,566,346**	5,116,459
Asia	**-**	-
Total	**6,566,346**	5,116,459
Investment		
Concentration by Type		
Sovereign	**10,425,035**	9,707,421
Banking	**189,031**	189,031
Total	**10,614,066**	9,896,452
Concentration by region		
Europe	**-**	-
Middle East and Africa	**10,614,066**	9,889,794
Total	**10,614,066**	9,889,794

An analysis of the Bank's credit risk exposure per class of financial asset, internal rating and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contract the amounts in the table represent the amounts committed or guaranteed, respectively.

Notes to the Financial Statements (continued)

Loans and Advances to Customers at Amortised costs	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	2022 Total	2021 Total
Figures in thousands of Ghana Cedis						
On Balance sheet						
Grades 1-3: Low to fair risk	4,920,600	-	-	-	**4,920,600**	4,110,973
Grades 4-6 Monitoring	-	293,828	-	-	**293,828**	187,488
Grades 7-8: Substandard	-	-	245,513	-	**245,513**	129,460
Grade 9: Doubtful	-	-	149,915	-	**149,915**	67,189
Grade 10: Impaired	-	-	956,490	-	**956,490**	621,349
Total gross carrying amount	4,920,600	293,828	1,351,918	-	**6,566,346**	5,116,459
Loss allowance	105,887	43,702	901,066	-	**1,050,655**	775,374
Interbank Placement						
Grades 1-3: Low to fair risk	189,031	-	-	-	**189,031**	189,031
Grades 4-6 Monitoring	-	-	-	-	-	-
Grades 7-8: Substandard	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-
Grade 10: Impaired	-	-	-	-	-	-
Total gross carrying amount	189,031	-	-	-	**189,031**	189,031
Loss allowance	2,926	-	-	-	**2,926**	2,926
Off Balance sheet						
Grades 1-3: Low to fair risk	1,611,077	-	-	-	**1,611,077**	1,437,296
Grades 4-6 Monitoring	-	8,910	-	-	**8,910**	-
Grades 7-8: Substandard	-	-	-	-	-	-
Grade 9: Doubtful	-	-	-	-	-	-
Grade 10: Impaired	-	-	-	-	-	6,388
Total gross carrying amount	1,611,077	8,910	-	-	**1,619,987**	1,443,684
Loss allowance	32,515	960	-	-	**33,475**	34,705
Investment						
Grades 1-3: Low to fair risk				-	**-**	9,707,421
Grades 4-6 Monitoring	-	3,696,876	-	-	**3,696,876**	-
Grades 7-8: Substandard	-	-	6,728,159	-	**6,728,159**	-
Grade 9: Doubtful	-	-	-	-	**-**	-
Grade 10: Impaired	-	-	-	-	**-**	-
Total gross carrying amount	-	3,696,876	6,728,159	-	**10,425,025**	9,707,421
Loss allowance		123,192	1,691,282	-	**1,814,474**	-

Loss allowance charge in the current year is resulting from the debt exchange program. See note 15b.

This table summarises the loss allowance as of the year end by class of exposure/asset.

Figures in thousands of Ghana Cedis	2022	2021
Class of exposure/asset		
Loss allowance		
Loans and advances to customers at amortised cost	**1,050,656**	775,374
Debt investment securities at amortised cost	**1,814,474**	-
Inter bank Placements	**2,926**	2,926
Off balance sheet	**33,475**	34,705
Total	**2,901,531**	813,005

The Bank did not recognise any other class of Purchased or Originally Credit Impaired (POCI) financial assets during the period. More information about the significant changes in the gross carrying amount of financial assets during the period that contributed to changes in the loss allowance is provided in the table below:

Loans and advances to customers at Amortised Cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross carrying amount as at 01/01/2022	4,110,973	187,488	817,998	-	5,116,459
Changes in the gross carrying amount	-	-	-	-	-
--Transfer to stage 1	17,078	(13,173)	(3,905)	-	-
--Transfer to stage 2	(25,539)	26,648	(1,109)	-	-
--Transfer to stage 3	(40,231)	(128,525)	168,756	-	-
--Changes due to modifications that did not result in derecognition	117,361	41,598	121,840	-	280,799
New financial assets originated or purchased	2,548,105	229,487	873,633	-	3,651,225
Financial assets that have been derecognised	(1,551,840)	(43,288)	(591,565)	-	(2,186,693)
Other changes	(255,307)	(6,407)	(33,730)	-	(295,444)
Gross carrying amount as at 31/12/2022	4,920,600	293,828	1,351,918	-	6,566,346
Loss allowance as at 31/12/2022	105,887	43,702	901,066	-	1,050,655

Notes to the Financial Statements (continued)

Loss allowance – Loans and Advances at Amortised Cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Figures in thousands of Ghana Cedis					
Loss allowance as at 01/01/2022	65,036	49,164	661,174	-	775,374
Changes in the loss allowance	-	-	-	-	-
--Transfer to stage 1	6,790	(4,187)	(2,603)	-	-
--Transfer to stage 2	(246)	931	(685)	-	-
--Transfer to stage 3	(690)	(34,413)	35,103	-	-
--Increases due to change in credit risk	8,466	803	84,623	-	93,892
Decreases due to change in credit risk	(5,745)	-	(23,968)	-	(29,713)
Write-offs	-	-	-	-	-
Changes due to modifications that did not result in derecognition	1,933	9,562	6,908	-	18,403
New financial assets originated or purchased	37,598	29,835	633,328	-	700,761
Financial assets that have been derecognised	(26,627)	(5,514)	(75,762)	-	(107,903)
Changes in models/risk parameters	35,960	(3,817)	(290,432)	-	(258,289)
Foreign exchange and other movements	(16,588)	1,338	(126,620)	-	(141,870)
Loss allowance as at 31/12/2022	105,887	43,702	901,066	-	1,050,655

Interbank Placements at Amortised Cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross carrying amount as at 01/01/2022	189,031	-	-	-	189,031
Changes in the gross carrying amount	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	-	-	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Financial assets that have been derecognised	-	-	-	-	-
Write off	-	-	-	-	-
Other changes	-	-	-	-	-
Gross carrying amount as at 31/12/2022	189,031	-	-	-	189,031
Loss allowance as at 31/12/2022	2,926	-	-	-	2,926

Notes to the Financial Statements (continued)

Loss allowance – Interbank placement at Amortised Cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Figures in thousands of Ghana Cedis					
Loss allowance as at 01/01/2022	2,926	-	-	-	2,926
Changes in the loss allowance	-	-	-	-	-
–-Transfer to stage 1	-	-	-	-	-
–-Transfer to stage 2	-	-	-	-	-
–-Transfer to stage 3	-	-	-	-	-
–-Increases due to change in credit risk	-	-	-	-	-
Decreases due to change in credit risk	-	-	-	-	-
Write-offs	-	-	-	-	-
Changes due to modifications that did	-	-	-	-	-
not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	-	-	-	-	-
Financial assets that have been derecognised	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Loss allowance as at 31/12/2022	2,926	-	-	-	2,926

Off Balance Sheet	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross carrying amount as at 01/01/2022	1,437,296	-	6,388	-	1,443,684
Changes in the gross carrying amount	-	-	-	-	-
–-Transfer to stage 1	-	-	-	-	-
–-Transfer to stage 2	(15,278)	15,278	-	-	-
–-Transfer to stage 3	-	-	-	-	-
–-Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	1,083,689	3,481	-	-	1,087,170
Financial assets that have been derecognised	(891,721)	-	(6,388)	-	(898,109)
Write off	-	-	-	-	-
Other changes	(2,909)	(9,849)	-	-	(12,758)
Gross carrying amount as at 31/12/2022	1,611,077	8,910	-	-	1,619,987
Loss allowance as at 31/12/2022	32,515	960	-	-	33,475

Notes to the Financial Statements (continued)

Loss allowance – Off Balance Sheet	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Figures in thousands of Ghana Cedis					
Loss allowance as at 01/01/2022	33,473	-	1,232	-	34,705
Changes in the loss allowance	-	-	-	-	-
--Transfer to stage 2	(335)	335	-	-	-
--Transfer to stage 3	-	-	-	-	-
--Increases due to change in credit risk	2,840	568	.	-	3,408
Decreases due to change in credit risk	(1,633)	.	.	-	(1,633)
Write-offs	-	-	-	-	-
Changes due to modifications that did	-	-	-	-	-
not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	35,241	533	.	-	35,774
Financial assets that have been derecognised	(23,139)	.	(1,232)	-	(24,371)
Changes in models/risk parameters	-	-	-	-	-
Foreign exchange and other movements	(13,932)	(476)	.	-	(14,408)
Loss allowance as at 31/12/2022	32,515	960	-	-	33,475

Bank

Debt investment securities at Amortised Cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross carrying amount as at 01/01/2022	9,707,421	-	-	-	9,707,421
Changes in the gross carrying amount	-	-	-	-	-
--Transfer to stage 1	-	-	-	-	-
--Transfer to stage 2	(1,368,798)	1,368,798	-	-	-
--Transfer to stage 3	(6,728,159)	-	6,728,159	-	-
--Changes due to modifications that did not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	717,614	2,328,078	-	-	3,045,692
Financial assets that have been derecognised	(2,328,078)	-	-	-	(2,328,078)
Write off	-	-	-	-	-
Other changes	-	-	-	-	-
Gross carrying amount as at 31/12/2022	-	3,696,876	6,728,159	-	10,425,035
Loss allowance as at 31/12/2022	-	123,192	1,691,282	-	1,814,474

Loss allowance – Debt investment securities at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Figures in thousands of Ghana Cedis					
Loss allowance as at 01/01/2022	-	-	-	-	-
Changes in the loss allowance	-	-	-	-	-
––Transfer to stage 1	-	-	-	-	-
––Transfer to stage 2	-	86,775	-	-	86,775
––Transfer to stage 3	-	-	1,691,282	-	1,691,282
––Increases due to change in credit risk	-	-	.	-	-
Decreases due to change in credit risk	-	.	.	-	-
Write-offs	-	-	-	-	-
Changes due to modifications that did	-	-	-	-	-
not result in derecognition	-	-	-	-	-
New financial assets originated or purchased	-	36,417	.	-	36,417
Financial assets that have been derecognised	-	.	-	-	-
Changes in models/risk parameters	-	-	-	-	-
Foreign exchange and other movements	-	-	.	-	-
Loss allowance as at 31/12/2022	-	123,192	1,691,282	-	1,814,474

Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Bank did not hold any financial instrument for which no loss allowance is recognised because of collateral at 31 December 2022.

Personal lending

The Bank's personal lending portfolio consists of secured and unsecured loans.

Corporate lending

The Group requests collateral and guarantees for corporate lending. The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. For this reason, the valuation of collateral held against corporate lending is not routinely updated. The valuation of such collateral is updated if the loan is put on the "watch list" and is therefore monitored more closely.

For credit impaired loans, the Group obtains appraisals of collateral to inform its credit risk management actions.

The investment securities held by the Group are sovereign bonds and corporate bonds which are not collateralised, as well as asset backed securities which are secured by financial assets.

b) Liquidity management risk

Liquidity risk is the risk that the Group will not be able to meet payment obligations associated with financial liabilities when they fall due and replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend. It is the policy of the Group to maintain adequate liquidity at all times and to be in a position to meet all obligations, repay depositors, fulfil commitments to lend and meet any other commitments as and when they fall due.

The management of liquidity risk is governed by the Bank's liquidity policy. Responsibility for the management of liquidity risk lies with the Bank's Assets and Liability Management Committee (ALCO), which is chaired by an Executive Director. ALCO is responsible for both statutory and prudential liquidity as well as compliance with regulatory requirements.

The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behaviour or abnormal market conditions.

ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes.

Liquidity is managed on a short to medium-term basis. In the short term, the focus is on ensuring that cash flow demands can be met as and when required. The focus, in the medium term, is on ensuring that the balance sheet remains structurally sound and aligned to the Bank's strategy.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity represent a stable source of surplus funds. Lending is normally funded by liability in the same currency.

The Bank also maintains significant levels of marketable securities to meet compliance with prudential investment of surplus funds. ALCO oversees structural foreign currency and interest rate exposures that arise within the Bank. These responsibilities are coordinated by ALCO during monthly meetings. The Bank places low reliance on interbank funding and foreign markets.

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets include cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported Bank's ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2022	2021
	%	%
At 31 December	**124.00%**	58.39%
Average for the period	**123.00%**	65.39%
Maximum for the period	**147.00%**	75.21%
Minimum for the period	**98.00%**	48.03%

Maturity analysis for financial assets and liabilities

The Group manages liquidity risk. The primary objective of liquidity risk management is to provide a planning mechanism for unanticipated changes in demand or needs for liquidity created by customer behaviour or abnormal market conditions.

The amounts disclosed in the table are the remaining contractual undiscounted cash flows which include estimated interest payment.

2022 Group	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Figures in thousands of Ghana Cedis						
Financial liabilities by type *Non-derivative liabilities*						
Deposits from customers	**3,555,320**	**2,797,646**	**4,187,808**	**7,234,284**	**17,775,058**	**17,775,058**
Borrowings	**296,358**	**47,537**	**470,273**	**189,000**	**1,003,168**	**1,003,168**
Other liabilities	**-**	**-**	**254,236**	**-**	**254,236**	**254,236**
Financial guarantee contracts	**-**	**-**	**-**	**877,478**	**877,478**	**877,478**
Unrecognised loan commitments	**90,347**	**184,834**	**402,470**	**145,963**	**823,614**	**823,614**
	3,942,025	**3,030,017**	**5,314,787**	**8,446,725**	**20,733,554**	**20,733,554**
Financial assets by type *Non-derivative assets*						
Cash and cash equivalents	**4,476,878**	**-**	**-**	**-**	**4,476,878**	**4,476,878**
Advances to banks	**40,084**	**-**	**-**	**189,031**	**229,115**	**229,115**
Investment securities	**605,662**	**821,714**	**1,367,940**	**5,878,285**	**8,673,601**	**8,673,601**
Trading assets	**38,639**	**74,518**	**154,555**	**8,280**	**275,992**	**275,992**
Loans and advances to customers	**238,811**	**248,120**	**374,740**	**4,620,544**	**5,482,215**	**5,482,215**
Investment (other than securities)	**-**	**-**	**-**	**43,346**	**43,346**	**43,346**
Other asset	**-**	**-**	**703,708**	**76,472**	**780,180**	**780,180**
Assets held for managing liquidity risk	**5,400,074**	**1,144,352**	**2,600,943**	**10,815,958**	**19,961,327**	**19,961,327**
Period liquidity gap	**1,458,049**	**(1,885,665)**	**(2,713,844)**	**2,369,233**	**(772,227)**	**(772,227)**

2021 Group	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Financial liabilities by type *Non-derivative liabilities*						
Deposits from customers	2,582,711	3,105,940	6,017,676	2,195,790	13,902,117	13,902,117
Borrowings	500,000	-	299,073	189,000	988,073	988,073
Other liabilities	175,624	217,450	223,811	199,382	816,267	816,267
Financial guarantee contracts	41,721	9,608	865,147	-	916,476	916,476
Unrecognised loan commitments	19,490	12,699	479,210	134,027	645,426	645,426
	3,319,546	3,345,697	7,884,917	2,718,199	17,268,359	17,268,359

Notes to the Financial Statements (continued)

2021 Group	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Figures in thousands of Ghana Cedis						
Financial assets by type *Non-derivative assets*						
Cash and cash equivalents	2,301,092	-	-	-	2,301,092	2,301,092
Advances to banks	-	11,999	-	189,031	201,030	201,030
Investment securities	218,667	661,313	1,279,637	7,606,223	9,765,840	9,765,840
Trading assets	-	2,532	16,898	458,228	477,658	477,658
Loans and advances to customers	708,802	575,114	988,010	2,034,454	4,306,380	4,306,380
Investment (other than securities)	-	-	-	108,646	108,646	108,646
Other asset	136,065	235,444	579,382	293,390	1,244,281	1,244,281
Assets held for managing liquidity risk	3,364,626	1,486,402	2,863,927	10,689,972	18,404,927	18,404,927
Period liquidity gap	45,080	(1,859,295)	(5,020,990)	7,971,773	1,136,568	1,136,568

2022 Bank	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Financial liabilities by type ***Non-derivative liabilities***						
Deposits from customers	**2,797,646**	**4,187,808**	**7,250,620**	**3,555,320**	**17,791,394**	**17,791,394**
Borrowings	**296,358**	**47,537**	**470,273**	**189,000**	**1,003,168**	**1,003,168**
Other liabilities	**-**	**-**	**254,236**	**-**	**254,236**	**254,236**
Financial guarantee contracts	**-**	**-**	**877,478**	**-**	**877,478**	**877,478**
Unrecognised loan commitments	**184,834**	**402,470**	**145,963**	**90,347**	**823,614**	**823,614**
	3,278,838	**4,637,815**	**8,998,570**	**3,834,667**	**20,749,890**	**20,749,890**
Financial assets by type ***Non-derivative assets***						
Cash and cash equivalents	**4,476,878**	**-**	**-**	**-**	**4,476,878**	**4,476,878**
Advances to banks	**40,084**	**-**	**-**	**189,031**	**229,115**	**229,115**
Investment securities	**605,662**	**821,714**	**1,367,940**	**5,815,245**	**8,610,561**	**8,610,561**
Trading assets	**38,639**	**74,518**	**154,555**	**8,280**	**275,992**	**275,992**
Loans and advances to customers	**238,811**	**248,120**	**374,740**	**4,620,544**	**5,482,215**	**5,482,215**
Investment (other than securities)	**-**	**-**	**-**	**4,277**	**4,277**	**4,277**

Notes to the Financial Statements (continued)

2022 Bank	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Figures in thousands of Ghana Cedis						
Other assets	**-**	**-**	**735,845**	**79,964**	**815,809**	**815,809**
Assets held for managing liquidity risk	**5,400,074**	**1,144,352**	**2,633,080**	**10,717,341**	**19,894,847**	**19,894,847**
Period liquidity gap	**2,121,236**	**(3,493,463)**	**(6,365,490)**	**6,882,674**	**(855,043)**	**(855,043)**

2021 Group	Up to 1 month	1-3 months	3-12 months	Over 1 year	Total	Carrying Amount
Financial liabilities by type *Non-derivative liabilities*						
Deposits from customers	2,582,711	3,105,940	6,017,676	2,206,928	13,913,255	13,913,255
Borrowings	500,000	-	299,073	189,000	988,073	988,073
Other liabilities	175,624	217,450	223,811	195,036	811,921	811,921
Financial guarantee contracts	41,721	9,608	865,147	-	916,476	916,476
Unrecognised loan commitments	19,490	12,699	479,210	134,027	645,426	645,426
	3,319,546	3,345,697	7,884,917	2,724,991	17,275,151	17,275,151
Financial assets by type *Non-derivative assets*						
Cash and cash equivalents	2,301,092	-	-	-	2,301,092	2,301,092
Advances to banks	-	11,999	-	189,031	201,030	201,030
Investment securities	218,667	661,313	1,279,637	7,547,804	9,707,421	9,707,421
Trading assets	-	2,532	16,898	458,228	477,658	477,658
Loans and advances to customers	708,802	575,114	988,010	2,034,454	4,306,380	4,306,380
Investment (other than securities)	-	-	-	33,053	33,053	33,053
Other asset	136,065	235,444	579,382	282,756	1,233,647	1,233,647
Asset held for managing liquidity risk	3,364,626	1,486,402	2,863,927	10,545,326	18,260,281	18,260,281
Period liquidity gap	45,080	(1,859,295)	(5,020,990)	7,820,335	985,130	985,130

The amounts in the table above have been compiled as follows:

- Non derivative financial liabilities and financial assets – undiscounted cash flows, which include estimated interest payment
- Issued financial guarantee contracts and unrecognised loan commitments – earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Notes to the Financial Statements (continued)

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investments in government securities which can be readily sold to meet liquidity requirements.

In the normal course of business, assets are sometimes pledged for specific purposes. The table below sets out the availability of the Group's financial assets to support future funding.

Group	Available as collateral	Unencumbered other*	Total
Figures in thousands of Ghana Cedis			
31 Dec 2022			
Cash and cash equivalents	**4,476,878**	**-**	**4,476,878**
Loans and advances to customers	**-**	**5,482,215**	**5,482,215**
Advances to banks	**229,115**	**-**	**229,115**
Investment securities	**8,673,601**	**-**	**8,673,601**
Trading assets	**275,992**	**-**	**275,992**
Investment (other than investment securities)	**43,346**	**-**	**43,346**
Total assets	**13,698,932**	**5,482,215**	**19,181,147**

Group			
31 Dec 2021			
Cash and cash equivalents	2,301,092	-	2,301,092
Loans and advances to customers	-	4,306,253	4,306,253
Advances to banks	201,030	-	201,030
Investment securities	9,765,840	-	9,765,840
Trading assets	477,658	-	477,658
Investment (other than investment securities)	108,646	-	108,646
Total assets	12,854,266	4,306,253	17,160,519

Bank	Available as collateral	Unencumbered other*	Total
31 Dec 2022			
Cash and cash equivalents	**4,476,878**	**-**	**4,476,878**
Loans and advances to customers	**-**	**5,482,215**	**5,482,215**
Advances to banks	**229,115**	**-**	**229,115**
Investment securities	**8,610,561**	**-**	**8,610,561**
Trading assets	**275,992**	**-**	**275,992**
Investment (other than investment securities)	**4,277**	**-**	**4,277**
Total assets	**13,596,823**	**5,482,215**	**19,079,038**

Bank	Available as collateral	Unencumbered other*	Total
Figures in thousands of Ghana Cedis			
31 Dec 2021			
Cash and cash equivalents	2,301,092	-	2,301,092
Loans and advances to customers	-	4,306,253	4,306,253
Advances to banks	201,030	-	201,030
Investment securities	9,707,421	-	9,707,421
Trading assets	477,658	-	477,658
Investment (other than investment securities)	33,053	-	33,053
Total assets	12,720,254	4,306,253	17,026,507

*Represents assets that are not restricted for use as collateral, but the Group would not consider them as readily available to secure funding in the normal course of business.

Financial assets pledged as collateral

The Group pledged GHS 1.438b (2021: GHS 968.9m) of its investments in Government securities as collateral to Bank of Ghana, Development Bank Ghana, First Atlantic Bank, First National Bank, Akwapim Rural bank, NIB Bank, Stanbic Bank, Newmont PF and Ghana Hostels. The Group has not received collateral that it is permitted to sell or re-pledge in the absence of default.

c) Market Risk

Management of Market Risk

The Group takes on exposure to market risk, which is the risk of potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposure to market risk arises principally from customer-driven transactions and pension obligations.

Foreign Exchange Exposure

Foreign exchange or currency risk is the risk of loss that results from changes in foreign exchange rates. The Bank's exposure to foreign currency risk is limited to non-trading book and is strictly controlled by the Treasury and Risk Management units. Non-trading book refers to the assets of the Bank that are not traded or held with the intent of trading. The Group's foreign exchange exposures are principally derived from customer-driven transactions.

Notes to the Financial Statements (continued)

The Group and The Bank At 31 December 2022	EUR '000	USD '000	GBP '000
Assets			
Cash and cash equivalents	**18,270**	**83,146**	**8,661**
Advances to banks	**3,120**		
Loans and advances to customers	**-**	**185,196**	
Investment securities		**31,820**	**2,742**
Total Assets	**21,390**	**300,162**	**11,403**
Liabilities			
Deposits due to customers	**16,674**	**249,404**	**6,590**
Total liabilities	**16,674**	**249,404**	**6,590**
Net on balance sheet position	**4,716**	**50,758**	**4,813**
Off balance sheet credit commitments	**(32,465)**	**(116,731)**	**(1,218)**
Total Exposure	**(27,749)**	**(65,973)**	**3,595**

The Group and The Bank At 31 December 2021	EUR '000	USD '000	GBP '000
Assets			
Cash and cash equivalents	10,389	11,594	4,100
Advances to banks	-	528	-
Loans and advances to customers	-	214,884	-
Investment securities	-	-	-
Total assets	10,389	227,006	4,100
Liabilities			
Deposits from customers	15,132	213,837	5,899
Total liabilities	15,132	213,837	5,899
Net on-balance sheet position	(4,743)	13,169	(1,799)
Off-balance sheet credit commitments	(6,940)	(181,711)	(26,700)
Total exposure	(11,683)	(168,542)	(28,499)

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

GHS to	Average Rate 2022	Average Rate 2021	Reporting Rate 2022	Reporting Rate 2021
USD 1	**8.4468**	5.8177	**8.5760**	6.0061
EUR 1	**8.8216**	6.8654	**9.1457**	6.8281
GBP 1	**10.2958**	7.9962	**10.3118**	8.1272

Foreign Exchange Sensitivity

The following table shows the effect of a strengthening or weakening of GHS against the currencies listed below on profit or loss and equity. This sensitivity analysis indicates the potential impact on profit or loss and equity based on foreign currency exposures recorded at 31 December (See "currency risk" above).

It does not represent actual or future gains or losses.

A strengthening/weakening of the GHS by the rates shown in the table against the following currencies at 31 December would have impacted equity and profit or loss by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

As at 31 Dec		2022			2021	
In GHS	% Change	Profit or loss impact: Strengthening	Equity impact: Strengthening	% Change	Profit or loss impact: Strengthening	Equity impact Strengthening
USD	**±1**	**13,887**	**13,887**	±1	25,292	25,292
EUR	**±1**	**3,223**	**3,223**	±1	2,148	2,148
GBP	**±1**	**612**	**612**	±1	69	69

A 1% weakening of the GHS against the above currencies at 31 December would have had an equal but opposite effect.

Interest Rate Risk

Interest rate exposure

Interest rate risk is the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both fair value and cash flow risks. Interest margins may increase as a result of such changes which may cause losses to be incurred in the event of unexpected movements.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risks associated with the non-trading book. Gap analysis is used in measuring interest rate risk. It compares the values of interest rate sensitive assets and liabilities that mature or are re-priced at various time periods in the future. Subjective judgment/assumptions are made about the behaviour of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

Interest rate risk evaluates potential volatility to net interest income caused by changes in market interest rates and represents the most significant market risk exposure to the Group's non-trading book. The management of interest rate risk against interest rate gap limits is supplemented by monitoring sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

Notes to the Financial Statements (continued)

Group At 31 December 2022	Up to 1 month	1-3 months	3- 12 months	Over 1 year	Total
Figures in thousands of Ghana Cedis					
Assets					
Investment securities	**2,452,013**	**2,166,736**	**2,155,201**	**1,899,651**	**8,673,601**
Non-Pledged trading assets	**38,639**	**74,518**	**154,555**	**8,280**	**275,992**
Advances to banks	**40,084**	**-**	**-**	**189,031**	**229,115**
Loans and advances to customers	**238,811**	**248,120**	**374,740**	**4,620,544**	**5,482,215**
Total financial assets	**2,769,547**	**2,489,374**	**2,684,496**	**6,717,506**	**14,660,923**
Liabilities					
Interest bearing deposits	**1,801,108**	**2,283,159**	**573,628**	**4,828,789**	**9,486,684**
Borrowings	**296,358**	**47,537**	**470,273**	**189,000**	**1,003,168**
Total financial liabilities	**2,097,466**	**2,330,696**	**1,043,901**	**5,017,789**	**10,489,852**
Total interest rate gap	**672,081**	**158,678**	**1,640,595**	**1,699,717**	**4,171,071**

2021 Group					
Assets					
Investment securities	218,667	661,313	1,279,637	7,606,223	9,765,840
Trading assets	-	2,532	16,898	458,228	477,658
Advances to banks	-	11,999	-	189,031	201,030
Loans and advances to customers	708,802	575,114	988,010	2,034,454	4,306,380
Total financial assets	927,469	1,250,958	2,284,545	10,287,936	14,750,908
Liabilities					
Interest bearing deposits	2,461,258	2,987,199	5,189,604	2,089,695	12,727,756
Borrowings	500,000	-	299,073	189,000	988,073
Total financial liabilities	2,961,258	2,987,199	5,488,677	2,278,695	13,715,829
Total interest gap	(2,033,789)	(1,736,241)	(3,204,132)	8,009,241	1,035,079

Bank At 31 December 2022	Up to 1 month	1-3 months	3- 12 months	Over 1 year	Total
Assets					
Investment securities	**2,452,013**	**2,166,736**	**2,174,558**	**1,817,254**	**8,610,561**
Non-Pledged Trading Assets	**38,639**	**74,518**	**154,555**	**8,280**	**275,992**
Advances to banks	**40,084**	**-**	**-**	**189,031**	**229,115**
"Loans and advances to customers"	**238,811**	**248,120**	**374,740**	**4,620,544**	**5,482,215**
Total financial assets	**2,769,547**	**2,489,374**	**2,703,853**	**6,635,109**	**14,597,883**

Bank					
At 31 December 2022	Up to 1 month	1-3 months	3- 12 months	Over 1 year	Total
Figures in thousands of Ghana Cedis					
Liabilities					
Interest bearing deposits	**1,801,108**	**2,283,159**	**573,628**	**4,828,789**	**9,486,684**
Borrowings	**296,358**	**47,537**	**470,273**	**189,000**	**1,003,168**
Total financial liabilities	**2,097,466**	**2,330,696**	**1,043,901**	**5,017,789**	**10,489,852**
Total interest rate gap	**672,081**	**158,678**	**1,659,952**	**1,617,320**	**4,108,031**

2021 Group					
Assets					
Investment securities	218,667	661,313	1,279,637	7,547,804	9,707,421
Trading assets	-	2,532	16,898	458,228	477,658
Advances to banks	-	11,999	-	189,031	201,030
Loans and advances to customers	708,802	575,114	988,010	2,034,454	4,306,380
Total financial assets	927,469	1,250,958	2,284,545	10,229,517	14,692,489
Liabilities					
Interest bearing deposits	2,461,258	2,987,199	5,189,604	2,089,695	12,727,756
Borrowings	500,000	-	299,073	189,000	988,073
Total financial liabilities	2,961,258	2,987,199	5,488,677	2,278,695	13,715,829
Total interest rate gap	(2,033,789)	(1,736,241)	(3,204,132)	7,950,822	976,660

Analysis of the Group's sensitivity to market interest

Standard scenarios that are considered on a monthly basis include a 200 basis point (bp) parallel fall or rise in market interest rates. A change of a 200 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

Group	2022		2021	
	Increase	Decrease	Increase	Decrease
Interest income impact	**143,576**	**(143,576)**	295,016	(295,016)
Interest expense impact	**(104,899)**	**104,899**	(274,317)	274,317
Net impact	**38,677**	**(38,677)**	20,699	(20,699)

Bank	2022		2021	
	Increase	Decrease	Increase	Decrease
Interest income impact	**142,973**	**(142,973)**	293,847	(293,847)
Interest expense impact	**(104,899)**	**104,899**	(274,317)	274,317
Net impact	**38,074**	(38,074)	19,530	(19,530)

Market risk monitoring and control

The Risk Management Division (RMD) is responsible for monitoring the Bank's exposure to market risk. The analysis of impact of unlikely but plausible events by means of scenario analysis enables management to gain a better understanding of risks that the Bank is potentially exposed to under adverse conditions.

d) Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. Operational risk is inherent in the Group's business activities and as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. The Group endeavours to minimize operational losses by ensuring that effective infrastructure, controls, systems and individuals are in place throughout the organization.

Operational Risk Framework

To monitor, mitigate and control operational risk, the Group maintains a system of policies and has established a framework for assessing and communicating operational risks as well as the overall effectiveness of the internal control environment across business lines. Each major business segment is expected to implement an operational risk process consistent with the requirements of this framework. The process for operational risk management includes the following steps:

- identify and assess key operational risks;
- establish key risk indicators;
- produce comprehensive operational risk reports; and
- prioritize and ensure adequate resources to actively improve the operational risk environment and mitigate emerging risks.

The operational risk standards facilitate the effective communication and mitigation actions both within and across businesses. The Group is committed to continuously enhancing its operational risk framework to encourage a culture of effective accountability and responsibility.

e) Compliance and regulatory risk

Compliance and Regulatory risk include the risk of non-compliance with regulatory requirements. The Group's Compliance Department is responsible for establishing and maintaining an appropriate framework for the Group's compliance with policies and procedures. Compliance with such policies and procedures is the responsibility of all managers. However, the Compliance Unit monitors and reports on compliance to Executive Management and the Board. The Group generally complied with regulatory requirements.

f) Capital management

GCB Bank is subject to regulatory capital rules as set out in Bank of Ghana's Capital Requirement Directive (CRD) which addresses capital adequacy and provides minimum capital requirements.

Capital Structure

Under the CRD, total capital consists of two tiers of capital, Tier 1 and Tier 2. Tier 1 capital is further composed of CET1 capital and additional tier 1 capital. CET1 capital primarily includes common equity, retained earnings and statutory reserve. Goodwill, intangible assets and deferred tax assets are excluded from CET1 capital. Additional tier 1 capital includes qualifying non-cumulative preference shares. Tier 2 capital consists of qualifying subordinated debt and a limited portion of unaudited profit. The central bank reduced the capital conservation buffer from 3% to 0% as a regulatory forbearance for banks participating in the domestic debt exchange programme.

Risk-Weighted Assets

Risk-weighted assets are calculated using the standardised approach which includes measures of credit risk, market risk and operational risk. Credit risk-weighted assets are based on pre-defined risk weighted for credit exposures. Market risk capital charges are determined by applying prescribed risk weightings to positions held as of the reporting date. Operational risk charges are based on beta factors on income from business lines.

Capital Adequacy

The Bank manages its capital position to ensure its capital is adequate to support its business activities and aligns with its risk appetite and strategic planning. Additionally, the Bank seeks to maintain safety and soundness at all times, take advantage of organic growth opportunities, meet obligations to counterparties and satisfy current and future regulatory capital requirements.

Capital management is integrated in our risk and governance processes, as capital is a key consideration in the development of our strategic plan, risk appetite and risk limits.

We conduct an Internal Capital Adequacy Assessment Process (ICAAP) periodically which is a forward-looking assessment of our projected capital needs and resources, incorporating earnings, balance sheet and risk forecasts under baseline and adverse economic and market conditions. We utilize periodic stress tests to assess the potential impacts to our balance sheet, earnings, regulatory capital and liquidity under a variety of stress scenarios.

The capital management function is governed primarily by management-level committees that oversee the risks associated with capital management, namely the Bank's asset and liability committee (ALCO) and the executive committee

Regulatory Reliefs

The Ghana Domestic Debt Exchange Program has significantly impacted the bank's capital levels due to expected credit losses of government bonds. See Note 15b.

The Bank of Ghana has however provided regulatory forbearances to help preserve financial stability within the banking industry. Key reliefs granted by the regulator include the following:

1. Reduction of Capital Conservation Buffer from 3% to zero, effectively reducing the minimum Capital Adequacy Ratio (CAR) from 13% to 10%.
2. Derecognition losses (ECL) emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of CAR computation.
3. Banks have a maximum of three (3) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses
4. Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk-Weighted Assets (RWA)
5. Reduction of minimum Common Equity Tier 1 (CET1) capital from 6.5% to 5.5% of RWA
6. Increase in an allowable portion of property revaluation gains for Tier II capital computation from 50% to 60%
7. Risk weights attached to New Bonds to be set at 0% for CAR computation, and at 100% for Old Bonds

A total amount of GHS1.8bn was recorded as impairment losses on government bonds due to the DDEP of which GHS 1.7bn directly relates to the eligible bonds. In line with the regulatory forbearance above, the bank's capital adequacy computation takes account of impairment losses of GHS423m representing 25% of the total ECL recorded on the eligible bonds.

Notes to the Financial Statements (continued)

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Tier 1 Capital				
Stated capital ordinary	**500,000**	**500,000**	500,000	500,000
Statutory reserve	**639,555**	**639,555**	639,555	639,555
Retained earnings	**2,014,679**	**2,090,577**	1,434,337	1,547,835
Intangible/other assets	**(115,028)**	**(123,752)**	(167,999)	(168,226)
Deferred tax assets	**(757,825)**	**(758,124)**	(237,927)	(238,171)
Investments in capital of other Banks and financial / other institutions	**(35,551)**	**(136,124)**	(33,054)	(99,081)
Total qualifying tier 1 capital	**2,245,830**	**2,212,132**	2,134,912	2,181,912
Tier 2 Capital				
Fair value reserves	**267**	**21,030**	(106)	14,997
Other reserves	**(39,375)**	**16,350**	(26,754)	(3,916)
Total qualifying tier 2 capital	**(39,108)**	**37,380**	(26,860)	11,081
Total regulatory capital	**2,206,722**	**2,249,512**	2,108,052	2,192,993
Risk profile				
Total credit risk equivalent weighted asset (RWA)	**7,834,534**	**7,800,033**	6,354,165	6,364,329
Total operational risk equivalent weighted asset (RWA)	**4,467,851**	**4,467,851**	3,597,938	3,597,938
"Total market risk equivalent weighted asset (RWA)"	**55,386**	**55,386**	133,814	133,814
Total RWA	**12,357,771**	**12,323,270**	10,085,917	10,096,081
Regulatory Quantitative Disclosures				
Capital Adequacy Ratio	**17.86%**	**18.25%**	20.90%	21.72%
Non-Performing Loans Ratio	**20.59%**	**20.59%**	15.98%	15.98%
Liquid Ratio	**69.66%**	**70.28%**	64.00%	65.00%
Compliance with Statutory Liquidity				
(i) Default in Statutory Liquidity	**-**	**-**	220	220
(ii) Default in Statutory Sanction	**Nil**	**Nil**	Nil	Nil

The Capital Adequacy Ratio (CAR) has been computed in accordance with the Capital Requirement Directive (CRD) by Bank of Ghana. The CRD was developed and issued by Bank of Ghana for the adoption of all banks in Ghana. It is based on the Basel II and III frameworks.

Non- performing loans

	2022	2021
Non-Performing Loans (Sub-standard to Loss)	**1,351,917**	817,997
NPL Ratio (Non-performing loans/ total gross loans)	**20.59%**	15.98%

g) Renegotiated loans which have been reclassified

Loans renegotiated and reclassified during the year amounted to GHS 418,067,060

h) Amount of repossessed properties/collateral

No collateral was repossessed during the year. (2021: Nil)

i) Statutory breaches and non-compliance with other prudential requirements;

The Bank did not record a liquidity breach during the period under review.

7. 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 Group determines fair values using other valuation techniques.

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

(a) Valuation models

The Group measures fair values using the methods which reflects the significance of inputs used in making the measurements.

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 Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation.

Availability of observable market prices and model inputs reduces the need for management judgment 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.

Fair Valuation of Government of Ghana Bonds

Valuation techniques

Investments of eligible bonds have been fair valued at the end of the year due to the Ghana Domestic Debt Exchange Programme. See note 15b.

The price of bonds is typically measured using techniques that fall under the market approach and/ or the income approach. The valuation approaches that may be considered include:

1. Market Approach

This valuation approach uses the prices and other relevant information generated by market transaction involving identical or comparable instruments. Under this approach, the price of the new bonds is based on either:

- the price of a bond from quoted prices on the bond market or stock exchange by a comparable issuer, or
- the price of a similar bond issued by a comparable issuer on an unquoted market.

Notes to the Financial Statements (continued)

This approach may not be appropriate to be used by the bank in valuing the new bonds because there is no principal or advantageous market for these bonds since they come to replace all Government bonds currently on the market.

2. Income Approach

This valuation technique converts future cash flows or income streams to a discounted amount. The value is determined on the basis of the value indicated by current market expectations about those future amounts, discounted to their present value. The common technique under the income approach that is used to measure the value of unquoted bonds is the discounted cash flow method (present value technique).

Under this method, the value of the bond is measured by discounting the estimated future cash flows of the bond using a rate of return that comprises the time value of money and the risks of the investment such as, credit risk, liquidity risk and other risks. This is based on assumptions that are inherently uncertain because they reflect estimates of the future rather than known amounts. Even contractual cash flows that may appear certain at first glance contain risk because of uncertainty about the ability of the counterparty to meet its contractual obligations. For example, contractual cash flows of a bond is subject to a risk of default. A risk premium is therefore included in the fair value measurement to reflect the amount that risk-averse market participants would demand to be compensated for the uncertainty of the cash flows.

An active market is yet to develop for the new bonds thus the discounted cash flow method under the income approach would be a more suitable valuation approach for determining the fair value of the new bonds.

The two approaches to applying a discounted cash flow method:

- **The discount rate adjustment technique**

This technique requires discounting the contractual or promised cash flows using a risk-adjusted rate. These cash flows are conditional upon the occurrence of specified events (e.g. contractual or promised cash flows for a bond are conditional on the event of no default by the debtor). The discount rate used in the discount rate adjustment technique is derived from observed rates of return for comparable assets or liabilities that are traded in the market. Accordingly, the contractual, promised or most likely cash flows are discounted at an observed or estimated market rate for such conditional cash flows (i.e. a market rate of return)

- **The expected present value technique**

This technique requires discounting either:

- Method 1- the risk-adjusted expected cashflows using a risk-free rate, or
- Method 2 - the non-risk adjusted expected cash flows using a risk-adjusted rate (this rate is different from the rate used in the discount rate adjustment technique).

This technique uses as a starting point a set of cash flows that represents the probability-weighted average of all possible future cash flows (i.e., the expected cash flows). The resulting estimate is identical to expected value, which, in statistical terms, is the weighted average of a discrete random variable's possible values with the respective probabilities as the weights. Because all possible cash flows are probability-weighted, the resulting expected cash flow is not conditional upon the occurrence of any specified event (unlike the cash flows used in the discount rate adjustment technique). In theory, the present value (i.e. the fair value) of the asset's cash flows is the same whether determined using Method 1 or Method 2. When using an expected present value technique to measure fair value, either Method 1 or Method 2 could be used. The selection of Method 1 or Method 2 will depend on facts and circumstances specific to the asset or liability being measured, the extent to which sufficient data are available and the judgements applied.

The technique observed to be commonly used by banks in Ghana for valuing government bonds is the discount rate adjustment technique whereby the contractual cashflows are discounted using yields available from the bond market.

The bank discounted the contractual cash flows of the new bond using a yield to maturity calculated from the market yields of the old bonds at date of measurement.

The yield to maturity of the old bonds is considered the appropriate discount rate since it currently reflects the risks and uncertainty associated with the Government of Ghana and it maximises the use of relevant observable inputs and minimise the use of unobservable inputs. In determining the yield to maturity, banks should consider the suitability of old bonds based on their proximity of the maturity date to the respective new bond to be priced.

b) Valuation framework

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

- The particular asset or liability that is the subject of measurement (consistently with the unit of account);
- The principal (or most advantageous) market for the asset or liability;
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

	2022		2021	
	Level 1		Level 1	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Investment in equity securities	**3,873**	**42,345**	3,196	4,903
Non-pledged trading asset	**275,992**	**275,992**	477,658	477,658
	279,865	**318,337**	480,854	482,561

	2022		2021	
	Level 3		Level 3	
	Bank	Group	Bank	Group
Investment in unlisted equity securities	**404**	**1,001**	584	22,861
	404	**1,001**	584	22,861

Bank	Level 2	Level 3	Total
Investment securities	2,096,954	8,328,081	10,425,035
	2,096,954	8,328,081	10,425,035

Group	Level 2	Level 3	Total
Investment securities	2,118,191	8,386,618	10,504,809
	2,118,191	8,386,618	10,504,809

Valuation Technique

The Income approach was used for the valuation of the unlisted equities. The Dividend Growth and the Book Value methods specifically were adopted for the purposes of the valuation.

The discounted cash flow technique was used in the valuation of the debt instruments.

Main inputs and assumptions

Level 2 and level 3 inputs were deployed in the valuation.

The following information were used:

- Dividend Income of the entities being valued.
- Beta of all shares listed on the GSE from the Bloomberg Terminal. The average beta for entities similar to the ones being valued was used to value the respective investee company.
- Market rate of return, using the GSE Composite Index as a proxy.
- The discount rate of 15.70% was used for the valuation of Government of Ghana bonds

Sensitivity Analysis

Bank	Changes-if-discount-rates	
Figures in thousands of Ghana Cedis		
	+5%	**-5%**
Loss impact	**(171,000)**	**190,000**
	(171,000)	**190,000**

Group	Changes-if-discount-rates	
	+5%	**-5%**
Loss impact	**(172,434)**	**191,524**
	(172,524)	**191,524**

7i. Financial instruments not measured at fair value

The carrying amount of the financial instruments not measured at fair value approximate their fair values.

7ii. Classification of financial assets and financial liabilities

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities. 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 Group has access at that date.

Bank	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
Figures in thousands of Ghana Cedis					
31 December, 2022					
Cash and cash equivalents	-	4,476,878	-	-	4,476,878
Investment securities	-	8,610,561	-	-	8,610,561
Trading Assets	275,992		-	-	275,992
Advances to banks	-	229,115	-	-	229,115
Loans and advances to customers	-	5,482,215	-	-	5,482,215
Investments (other than investment securities)	-	-	4,277	-	4,277
Other assets	-	815,810	-	-	815,810
Total assets	275,992	19,614,579	4,277	-	19,894,848
Deposits from banks & other financial institutions	-	-	-	259,147	259,147
Deposits from customers	-	-	-	17,532,247	17,532,247
Other liabilities	-	-	-	254,236	254,236
Borrowings	-	-	-	1,003,168	1,003,168
Total liabilities	-	-	-	19,048,798	19,048,798

Bank	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
31 December, 2021					
Cash and cash equivalents	-	2,301,092	-	-	**2,301,092**
Investment securities	-	9,707,421	-	-	**9,707,421**
Trading assets	477,658	-	-	-	**477,658**
Advances to banks	-	201,030	-	-	**201,030**
Loans and advances to customers	-	4,306,381	-	-	**4,306,381**
Investment (other than investment securities)	-	-	3,779	-	**3,779**
Other assets	-	527,263	-	-	**527,263**
Total assets	477,658	17,043,187	3,779	-	**17,524,624**
Deposits from banks & other financial institutions	-	-	-	747,589	**747,589**
Deposits from customers	-	-	-	13,165,666	**13,165,666**
Other liabilities	-	-	-	643,878	**643,878**
Borrowings	-	-	-	988,073	**988,073**
Total liabilities	-	-	-	15,545,206	15,545,206

Notes to the Financial Statements (continued)

Group	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
Figures in thousands of Ghana Cedis					
31 December, 2022					
Cash and cash equivalents	-	4,476,878	-	-	4,476,878
Investment securities	-	8,673,601	-	-	8,673,601
Trading Assets	275,992		-	-	275,992
Advances to banks	-	229,115	-	-	229,115
Loans and advances to customers	-	5,482,215	-	-	5,482,215
Investments (other than investment securities)	-	-	43,346	-	43,346
Other assets	-	780,180	-	-	780,180
Total assets	275,992	19,641,989	43,346	-	19,961,327
Deposits from banks & other financial institutions	-	-	-	259,147	259,147
Deposits from customers	-	-	-	17,515,911	17,515,911
Other liabilities	-	-	-	254,236	254,236
Borrowings	-	-	-	1,003,168	1,003,168
Total liabilities	-	-	-	19,032,462	19,032,462

Group	Fair value through profit or loss	Amortised cost	Fair value through OCI	Financial liabilities	Total carrying amount
31 December, 2021					
Cash and cash equivalents	-	2,314,179	-	-	**2,314,179**
Investment securities	-	9,765,840	-	-	**9,765,840**
Trading assets	476,870	-	-	-	**476,870**
Advances to banks	-	201,030	-	-	**201,030**
Loans and advances to customers	-	4,306,381	-	-	**4,306,381**
Investment (other than investment securities)	-	-	26,366	-	**26,366**
Other assets	-	536,553	-	-	**536,553**
Total	476,870	17,123,983	26,366	-	**17,627,219**
Deposits from banks & other financial institutions	-	-	-	747,589	**747,589**
Deposits from customers	-	-	-	13,165,666	**13,165,666**
Other liabilities	-	-	-	648,225	**648,225**
Borrowings	-	-	-	988,073	**988,073**
Total liabilities	**-**	**-**	**-**	**15,549,553**	**15,549,553**

8. Operating segments

a. Segment information

For performance management purposes, the Bank is organized into 4 core segments based on their products and services. These are:

- Retail Banking;
- Corporate Banking;
- Treasury; and
- Commercial Banking

The Retail Banking arm of the business concentrates mainly on individual customers and therefore provides the required platform to enhance service delivery to that segment. The coverage of this function also extends to sole proprietorships and very small and medium scale enterprises.

Corporate Banking is responsible for the top tier Business Banking customers. The function is sub categorized into Multinational Corporate, Large Local Corporate, Development Organizations and Public Sector. Depending on customer profiling, clients of this function are mostly relationship managed with a few of them managed on portfolio basis.

The Treasury function provides the expertise and platform for the centralized management of the Group's market risk exposures. The function manages the funding requirements and ensures that the Bank is well capitalized to boost investor confidence and sustain future development of the business.

The Commercial Banking arm of the business provides banking services by way of financing and raising deposit as well as providing trade services to these small-scale clients.

For the purpose of segmental reporting, surplus funds or deficit per business unit is either sold to or purchased from the Bank pool based on a pool rate determined by Treasury using the Group's incremental cost of funds for both local and foreign currencies.

Management monitors the operating results of business segments separately for the purpose of making decisions about capital allocation and for assessing performance. Segment performance is evaluated based on operating profit or loss together with the underlying balance sheet position for the reporting period. To be able to assess each of the three businesses in a fairer and consistent manner, common corporate operating expenses are allocated to segments based on an established cost sharing policy that permits a reasonable and consistent allocation of central management expenses.

31 Dec 2022	Retail	Corporate	Treasury	Commercial	Total
Figures in thousands of Ghana Cedis					
External Revenue					
Net interest income	347,595	71,093	1,651,722	21,389	2,091,799
Inter-segment revenue	668,968	304,610	(1,091,097)	117,519	-
Net fees and commission income	220,008	114,728	-	37,858	372,594
Net trading income	-	155,507	227,725	103,994	487,226
Other income/other revenue	8,690	3,526	3,512	4,064	19,792
Total segment revenue	1,245,261	649,464	791,862	284,824	2,971,411

Notes to the Financial Statements (continued)

31 Dec 2022	Retail	Corporate	Treasury	Commercial	Total
Figures in thousands of Ghana Cedis					
Operating expenses	**(839,690)**	**(315,196)**	**(182,322)**	**(251,930)**	**(1,589,138)**
Other material non-cash items:					
Impairment loss on loans/ advances and securities	**(37,545)**	**(225,406)**	**(1,814,474)**	**(11,100)**	**(2,088,525)**
Reportable segmental profit before tax	**368,026**	**108,862**	**(1,204,934)**	**21,794**	**(706,252)**
Reportable segment assets	**2,731,274**	**2,246,061**	**8,350,983**	**178,175**	**13,506,493**
Reportable segment liabilities	**9,674,848**	**6,538,135**	**596,101**	**1,578,412**	**18,387,496**

31 Dec 2021	Retail	Corporate	Treasury	Commercial	Total
External revenue					
Net interest income	167,636	86,377	1,610,796	20,028	1,884,837
Inter-segment revenue	592,492	191,044	(924,808)	141,272	-
Net fees and commissions	213,667	73,084	11,266	41,642	339,659
Net trading income	-	11,357	136,216	9,967	157,540
Other income / other revenue	805	10,419	3,029	(4,677)	9,576
Total segment revenue	974,600	372,281	836,499	208,232	2,391,612
Operating expenses	(650,527)	(240,398)	(145,560)	(220,522)	(1,257,007)
Other material non-cash items:	-	-	-	-	-
Impairment loss on loans and advances	(11,994)	(259,279)	-	(53,527)	(324,800)
Reportable segmental profit before tax	312,079	(127,396)	690,939	(65,817)	809,805
Reportable segment assets	1,840,728	2,191,964	12,253,757	273,561	16,560,010
Reportable segment liabilities	7,442,431	4,638,910	925,573	1,899,414	14,906,328

b. Reconciliations of information on reportable segment

i. Assets

	2022	2021
Total assets for reportable entities	**13,506,493**	16,560,010
Unallocated amounts	**7,850,628**	1,700,271
Total assets	**21,357,121**	18,260,281

ii. Liabilities

Figures in thousands of Ghana Cedis	2022	2021
Total liabilities for reportable entities	**18,387,496**	14,906,328
Unallocated amounts	**1,123,139**	800,128
Total liabilities	**19,510,635**	15,706,456

Note

c. Geographic information

	In Ghana		Outside Ghana		Total	
	2022	2021	2022	2021	2022	2021
Revenues	**2,971,411**	2,391,612	**-**	-	**2,971,411**	2,391,612

No individual customer contributed 10% or more to revenue. Segment revenue is based on the geographical location of customers, whilst segment asset is based on the geographical location of assets.

	In Ghana		Outside Ghana		Total	
	2022	2021	2022	2021	2022	2021
Non-current assets						
Property, equipment and right -of- use asset	**428,550**	301,332	**-**	-	**428,550**	301,332
Intangible assets	**115,028**	168,225	**-**	-	**115,028**	168,225
Total	**543,578**	469,557	**-**	-	**543,578**	469,557

9. Interest income

	2022		2021	
	Bank	Group	Bank	Group
Cash and short term funds	**54,153**	**54,144**	31,607	31,603
Investment securities	**1,724,424**	**1,738,749**	1,598,704	1,608,621
Loans and advances to customers	**1,035,228**	**1,036,552**	739,146	739,146
	2,813,805	**2,829,445**	2,369,457	2,379,370

10. Interest expense on financial liabilities measured at amortised cost

	2022		2021	
	Bank	Group	Bank	Group
Financial liabilities measured at amortised cost				
Current and savings accounts	**255,270**	**255,270**	205,144	205,144
Time and other deposits	**323,630**	**323,630**	227,631	227,631
Borrowings	**143,106**	**143,043**	51,845	51,752
	722,006	**721,943**	484,620	484,527

Notes to the Financial Statements (continued)

11. Fee and commission income

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Commission on letters of credit and guarantees	18,140	18,140	15,366	15,366
Commission on foreign services	47,837	47,837	30,594	30,594
Commission on turnover	63,249	63,230	55,328	55,326
Processing and facility fees	72,884	72,884	68,462	68,462
Other fees and commissions	237,114	256,225	220,658	240,529
Total Fee and Commission Income	439,224	458,316	390,408	410,277

Other fees and commissions include earnings from payment orders, bancassurance, mobile financial services and money transfers.

12. Fee and commission expense

	2022		2021	
	Bank	Group	Bank	Group
Direct cost of services	66,630	73,310	50,749	50,749
Total	66,630	73,310	50,749	50,749

13. Net trading income

	2022		2021	
	Bank	Group	Bank	Group
Foreign exchange	277,541	277,541	84,983	84,983
Fixed income trading	209,685	209,685	72,557	72,557
	487,226	487,226	157,540	157,540

Other foreign exchange differences arising on non-trading activities are taken to other operating income/ expense in the statement of profit or loss and other comprehensive income.

14. Other operating income

	2022		2021	
	Bank	Group	Bank	Group
Dividend income	2,697	8,838	571	6,578
Bad debt recoveries	-	-	584	584
(Profit)/Loss on sale of property and equipment	315	315	137	137
Rental income	377	377	709	709
Others	16,403	16,403	7,575	7,574
	19,792	25,933	9,576	15,582

Summary of the Impairment assessment are disclosed below;

15a. Net impairment loss on loans and advances

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Impairment charge	**274,051**	**274,051**	324,800	324,800
Analysis of impairment charge				
Allowance for impairment – loans and advances	**274,051**	**274,051**	324,800	324,800

15b. Net impairment loss on investment securities

	2022		2021	
	Bank	Group	Bank	Group
Impairment charge	**1,814,474**	**1,831,208**	-	-
Analysis of impairment charge				
Allowance for impairment – Investment Securities	**1,814,474**	**1,831,208**	-	-

The government of Ghana announced a Debt exchange program during the last quarter of 2022, under the program, the Government of Ghana, ESLA and Daakye Bonds (eligible bonds) outstanding as at 31 December 2022 was to be exchanged for a new set of Bonds with terms specified by the Government. Though the announcement of the exchange occurred during the year under review, the exchange of the bonds occurred after the year end. Management has therefore assessed for the modification of the bonds during the subsequent period as required by IFRS 9.

The Bank subjected the eligible old bonds to specific Expected Credit Loss assessment in accordance with IFRS 9. In the assessment, the bank determined the eligible bonds as credit impaired. The default by the obligor, the issue of the new bonds with a significantly lower coupons and the modification of the tenure qualifies the instruments as originated credit impaired.

In assessing the impairment, the credit impaired financial asset carries a probability of Default (PD) of 100%. The bank determined the cashflows from the new bonds as the collateral for the old eligible bonds, this was used in the determination of the Loss Given Default (LGD). This was fair valued using the discounted cashflow technique in accordance with the requirement of IFRS 13.

The discount rate used for the valuation of the bonds at 31 December 2022 was determined to be the weighted average of the yield to maturity of the old eligible bonds.

The carrying amount of the eligible bonds was compared to the fair values determined using the discounted cashflows and the difference was deemed as impairment loss on the eligible bonds.

The debt exchange did not result in the transfer of cash to or from the government, hence there is no impact of the debt exchange on cashflows.

Notes to the Financial Statements (continued)

16. Other expenses

Figures in thousands of Ghana Cedis	2022 Bank	2022 Group	2021 Bank	2021 Group
Technology and communication	205,674	210,087	149,045	149,045
Advertising and marketing	4,100	6,748	7,598	7,598
Training	9,258	9,378	4,794	4,794
Audit fees	2,491	2,571	1,980	2,050
Donations	11,242	11,243	2,331	2,331
Utilities	32,940	32,971	28,786	28,812
Other professional fees	63,007	63,664	74,055	75,328
Rent and rates	9,691	9,691	7,330	7,340
Printing, Stationery & Publication	17,231	17,231	9,258	9,258
Repairs and maintenance	33,104	33,149	15,863	15,889
Security services	19,653	19,653	17,318	17,318
Travelling	6,031	6,137	2,735	2,740
Cash Collection	33,829	33,829	24,720	24,720
Premium-Ghana Deposit Protection Scheme	38,494	38,494	28,443	28,443
Business promotion	6,184	6,275	2,515	2,515
Settlement of legal cases	8,498	8,498	(2,412)	(2,412)
Bad debt written off	4,572	4,572	-	-
Cleaning	9,072	9,098	7,659	7,677
Outsourced Services	27,399	27,399	21,213	21,488
Other administrative expenses	104,601	125,456	68,289	68,791
	647,071	676,144	471,520	473,725

Other administrative expenses include general administration expenses, covid-19 expenses, correspondence bank charges, subscription fees etc.

17. Personnel expenses

	2022 Bank	2022 Group	2021 Bank	2021 Group
Staff expense comprise:				
Wages and salaries	282,758	286,494	229,530	233,603
Staff allowances	250,903	251,131	190,748	190,748
Performance award	112,310	112,478	100,217	100,217
Social security fund contributions	34,056	34,111	29,802	29,802
Provident fund contributions	31,429	31,481	27,959	27,959
Retirement benefit obligations	22,303	22,303	20,995	20,995
Restructuring cost	7,315	7,315	96	96

17. Personnel expenses (continued)

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Other staff costs	**52,375**	**52,479**	35,430	35,471
Directors fees	**3,544**	**3,801**	2,539	2,664
	796,993	**801,593**	637,316	641,555

18. Income tax expense

	2022		2021	
Amount recognised in profit or loss	Bank	Group	Bank	Group
Current tax expense				
Corporate tax	**372,093**	**376,960**	261,416	267,969
National Fiscal Stabilisation Levy	-	-	40,490	40,490
Financial Sector Recovery Levy	-	-	30,368	30,368
	372,093	**376,960**	332,274	338,827
Deferred tax expense	**(522,547)**	**(527,021)**	(79,136)	(79,133)
Total income tax expense	**(150,454)**	**(150,061)**	253,138	259,694

Reconciliation of the tax expense

The tax charge on the Group and Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2022		2021	
	Bank	Group	Bank	Group
Profit before tax	**(706,252)**	**(743,459)**	809,805	842,372
Corporate tax rate	**25%**	**25%**	25%	25%
National fiscal stabilisation levy rate	**5%**	**5%**	5%	5%
Financial sector recovery levy rate	**5%**	**5%**	5%	5%
Tax calculated at corporate tax rate	**(176,563)**	**(185,865)**	202,451	210,593
Deductible Income	**(3,822)**	**(6,119)**	(19,680)	(19,639)
Tax exempt income	-	**11,869**	(313)	(2,701)
Assessed Loss	-		-	-
Disallowed expenses	**29,931**	**30,054**	-	-
Income subject to tax at different rate	-	-	(178)	(178)
National Fiscal Stabilisation Levy	-	-	40,490	40,490
Financial Sector Stabilization Levy	-	-	30,368	30,368
Current income tax charge	**(150,454)**	**(150,061)**	253,138	258,933
Effective tax rate	**22.74%**	**22.00%**	31.26%	30.83%

19. Current tax (assets) / liabilities

The movement on the current tax account was as follows:

Group 2022	Balance at 1 January	Charge for the year	Payment	Balance at 31 December
Figures in thousands of Ghana Cedis				
Year of assessment				
Up to 2021	**37,385**	**10,799**	**(22,819)**	**25,365**
2022	**-**	**376,960**	**(334,725)**	**42,235**
National Fiscal Stabilization Levy	**14,397**	**(10,870)**	**(41,578)**	**(38,051)**
Financial Sector Recovery Levy	**4,536**	**-**	**(40,065)**	**(35,529)**
Tax adjustment related to prior year	**(71)**	**71**	**-**	**-**
	56,247	**376,960**	**(439,187)**	**(5,980)**

Group 2021	Balance at 1 January	Charge for the year	Payment	Balance at 31 December
Year of assessment				
Up to 2020	(34,087)	-	-	(34,087)
2021	-	267,969	(196,497)	71,472
National Fiscal Stabilization Levy	8,350	40,490	(34,443)	14,397
Financial Sector Recovery Levy	-	30,368	(25,832)	4,536
Tax adjustment related to prior year	(71)	-	-	(71)
	(25,808)	338,827	(256,772)	56,247

Bank 2022	Balance at 1 January	Charge for the year	Payment	Balance at 31 December
Year of assessment				
Up to 2021	**35,718**	**10,799**	**(22,777)**	**23,740**
2022	**-**	**372,093**	**(329,071)**	**43,022**
National Fiscal Stabilization Levy	**14,397**	**(10,870)**	**(41,578)**	**(38,051)**
Financial Sector Recovery Levy	**4,536**	**-**	**(40,065)**	**(35,529)**
Tax adjustment related to prior year (2018 tax audit report)	**(71)**	**71**	**-**	**-**
	54,580	**372,093**	**(433,491)**	**(6,818)**

Bank 2021	Balance at 1 January	Charge for the year	Payment	Balance at 31 December
Figures in thousands of Ghana Cedis				
Year of assessment				
Up to 2020	(34,534)			(34,534)
2021		261,416	(191,164)	70,252
National Fiscal Stabilization Levy	8,350	40,490	(34,443)	14,397
Financial Sector Recovery Levy	-	30,368	(25,832)	4,536
Tax adjustment related to prior year (2018 tax audit report)	(71)	-	-	(71)
	(26,255)	332,274	(251,439)	54,580

The tax position up to the 2021 year of assessment has been agreed with the tax authorities. Liabilities arising have been settled as of 31 December 2022.The tax position for the remaining year of assessment is yet to be agreed with the tax authorities.

20. Deferred taxation (assets) / liabilities

Bank 2022	Balance at 1 Jan	Movement during the year	Balance at 31 Dec	Deferred tax assets	Deferred tax liabilities
Recognised in profit and loss					
Property and equipment	**7,480**	**4,248**	**11,728**	**-**	**11,728**
Loans and advances	**(173,910)**	**(522,131)**	**(696,041)**	**(696,041)**	**-**
Employee benefit obligation	**(28,366)**	**(4,033)**	**(32,399)**	**(32,399)**	**-**
Provision	**(2,207)**	**(630)**	**(2,837)**	**(2,837)**	**-**
	(197,003)	**(522,546)**	**(719,549)**	**(731,277)**	**11,728**
Recognised in OCI					
Employment benefit obligations	**(11,948)**	**2,524**	**(9,424)**	**(9,424)**	**-**
Listed equity investments	**436**	**-**	**436**	**-**	**436**
Adjustment listed equity investments	**(108)**	**169**	**61**	**61**	**-**
Fair Value-Unlisted Investment	**36**	**(45)**	**(9)**	**-**	**(9)**
	(11,584)	**2,648**	**(8,936)**	**(9,363)**	**427**
Recognised in Retained Earnings					
Impairment for 2017 (IFRS 9)	**(29,340)**	**-**	**(29,340)**	**(29,340)**	**-**
	-	**-**	**-**	**-**	**-**
Total	**(237,927)**	**(519,898)**	**(757,825)**	**(769,980)**	**12,155**

Notes to the Financial Statements (continued)

Group 2022	Balance at 1 Jan	Movement during the year	Balance at 31 Dec	Deferred tax assets	Deferred tax liabilities
Figures in thousands of Ghana Cedis					
Recognised in profit and loss					
Property and equipment	7,482	3,957	11,439	-	11,439
Loans and advances	(173,910)	(526,314)	(700,224)	(700,224)	-
Employee benefit obligation	(28,366)	(4,033)	(32,399)	(32,399)	-
Provisions	(2,207)	(630)	(2,837)	(2,837)	-
Tax losses carried forward	44	-	44	-	44
	(196,957)	(527,020)	(723,977)	(735,460)	11,483
Recognised in OCI					
Employee Benefit obligation	(11,948)	2,524	(9,424)	(9,424)	-
Listed equity investments	313	(153)	160	160	-
Adjustment listed equity investments	(107)	169	62	-	62
Fair Value - Unlisted Investment	(132)	4,527	4,395	4,395	-
	(11,874)	7,067	(4,807)	(4,869)	62
Recognised in Retained Earnings					
Impairment for 2017 (IFRS 9)	(29,340)	-	(29,340)	(29,340)	-
Total	(238,171)	(519,953)	(758,124)	(769,669)	11,545

Bank 2021	Balance at 1 Jan	Movement during the year	Balance at 31 Dec	Deferred tax assets	Deferred tax liabilities
Recognised in profit and loss					
Property and equipment	20,361	(12,881)	7,480	-	7,480
Loans and advances	(120,150)	(53,760)	(173,910)	(173,910)	-
Employee benefit obligation	(17,521)	(10,845)	(28,366)	(28,366)	-
Provisions	(558)	(1,649)	(2,207)	(2,207)	-
	(117,868)	(79,135)	(197,003)	(204,483)	7,480
Recognised in OCI					
Employment benefit obligations	(10,813)	(1,135)	(11,948)	(11,948)	-
Listed equity investments	647	(211)	436	-	436
Adjustment listed equity investments	(108)	-	(108)	(108)	-
Fair Value-Unlisted Investment	27	9	36	-	36
	(10,247)	(1,337)	(11,584)	(12,056)	472

Notes to the Financial Statements (continued)

Bank 2021	Balance at 1 Jan	Movement during the year	Balance at 31 Dec	Deferred tax assets	Deferred tax liabilities
Figures in thousands of Ghana Cedis					
Recognised in Retained Earnings					
Impairment for 2017 (IFRS 9)	(29,340)	-	(29,340)	(29,340)	-
Total	(157,455)	(80,472)	(237,927)	(245,879)	7,952

Group 2021	Balance at 1 Jan	Movement during the year	Balance at 31 Dec	Deferred tax assets	Deferred tax liabilities
Property and equipment	20,361	(12,879)	7,482	-	7,482
Loans and advances	(120,150)	(53,760)	(173,910)	(173,910)	-
Employee benefit obligation	(17,521)	(10,845)	(28,366)	(28,366)	-
Provisions	(558)	(1,649)	(2,207)	(2,207)	-
Tax losses carried forward	44	-	44	-	44
	(117,824)	(79,133)	(196,957)	(204,483)	7,526
Recognised in OCI					
Employment benefit obligations	(10,813)	(1,135)	(11,948)	(11,948)	-
Listed equity investments	262	51	313	-	313
Adjustment listed equity investments	(107)	-	(107)	(107)	-
Fair Value-Unlisted investment in subsidiary - 2018	(5,368)	-	(5,368)	(5,368)	-
Fair Value-Unlisted investment in subsidiary - 2017	12,232	-	12,232	-	12,232
Fair Value-Unlisted Investment	(7,507)	511	(6,996)	(6,996)	-
	(11,301)	(573)	(11,874)	(24,419)	12,545
Recognised in Retained Earnings					
Impairment for 2017 (IFRS 9)	(29,340)	-	(29,340)	(29,340)	-
Total	(158,465)	(79,706)	(238,171)	(258,242)	20,071

21. Earnings per share

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

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Profit attributable to equity holders	**(555,798)**	**(593,398)**	556,667	572,281
Weighted average number of ordinary shares (basic and diluted)	**265,000**	**265,000**	265,000	265,000
Basic earnings per share (expressed in Ghana pesewas per share)	**(210)**	**(224)**	210	216
Diluted earnings per share (expressed in Ghana pesewas per share)	**(210)**	**(224)**	210	216

22. Cash and cash equivalents

	2022		2021	
	Bank	Group	Bank	Group
Cash on hand	**619,614**	**619,614**	415,788	415,788
Balance with Bank of Ghana	**3,333,909**	**3,333,909**	1,653,519	1,653,519
Items in course of collection	**105,878**	**105,878**	187,571	187,571
Accounts with other Banks	**417,477**	**417,477**	44,214	44,214
	4,476,878	**4,476,878**	2,301,092	2,301,092
Current	**4,476,878**	**4,476,878**	2,301,092	2,301,092
Non-current	**-**	**-**	-	-

An amount of GHS 2,367,446,461 was maintained with Bank of Ghana (2021:GHS 1,107,093,994) representing the mandatory cash reserve as per the weekly Banking Supervision Department (BSD1) returns for the week ending 11 January 2023 (2021: 12 January 2022). This reserve represents and complies with the mandatory minimum of 14% (2021: 10%) of the Bank's total deposits and is not available for use in the Bank's day-to-day operations. Cash on hand, items in the course of collection and balances with Bank of Ghana are non-interest-bearing.

23. Non-pledged trading assets

	2022		2021	
	Bank	Group	Bank	Group
At 1 January	**477,658**	**477,658**	221,339	221,339
Net movement	**(200,877)**	**(200,877)**	84,959	84,959
Gains/losses from changes in fair value	**(789)**	**(789)**	171,360	171,360
At 31 December	**275,992**	**275,992**	477,658	477,658
Current	**275,992**	**275,992**	477,658	477,658
Non-current	**-**	**-**	-	-

24. Investments (other than securities)

Figures in thousands of Ghana Cedis	2022 Bank	2022 Group	2021 Bank	2021 Group
Listed equity instruments (note 24a)	**3,872**	**4,469**	3,195	4,902
Unlisted equity instruments (note 24bi)	**405**	**38,877**	584	21,464
	4,277	**43,346**	3,779	26,366

24a. Listed equity instruments

	2022 Bank	2022 Group	2021 Bank	2021 Group
At 1 January	**3,196**	**4,902**	1,895	2,994
Disposal	**-**	**(880)**	-	-
Changes in fair values	**676**	**447**	1,300	1,908
At 31 December	**3,872**	**4,469**	3,195	4,902

This represents investments in the ordinary shares of a number of listed companies.

24bi. Unlisted equity instruments

	2022 Bank	2022 Group	2021 Bank	2021 Group
At 1 January	**584**	**21,464**	438	15,540
Additions	**-**	**846**	-	7,321
Changes in fair values	**(179)**	**16,567**	146	(1,397)
At 31 December	**405**	**38,877**	584	21,464

24bii. Fair values of unlisted equity instruments

	2022 Ordinary shares	2022 Bank	2022 Group	2021 Ordinary shares	2021 Bank	2021 Group
Fidelity Bank	**0.05%**	**405**	**405**	0.05%	584	584
Vivo Energy Limited	**9%**	**-**	**5,469**	9%	-	3,899
Oasis Africa Fund	**5.94%**	**-**	**27,929**	4.95%	-	13,022
Real Estates Investment Trust	**9.13%**	**-**	**5,074**	9.13%	-	3,959
At 31 December	**-**	**405**	**38,877**	-	584	21,464

Notes to the Financial Statements (continued)

25i. Loans and advances to customers

Figures in thousands of Ghana Cedis	2022 Bank	2022 Group	2021 Bank	2021 Group
Term loans	**6,133,970**	**6,133,970**	4,696,829	4,696,829
Overdrafts	**371,907**	**371,907**	211,667	211,667
Staff loans	**210,554**	**210,554**	295,219	295,219
Gross loans and advances	**6,716,431**	**6,716,431**	5,203,715	5,203,715
Less				
Interest in suspense	**(150,086)**	**(150,086)**	(87,256)	(87,256)
Allowance for impairment	**(1,084,130)**	**(1,084,130)**	(810,079)	(810,079)
Net loans and advances	**5,482,215**	**5,482,215**	4,306,380	4,306,380
Current	**4,788,782**	**4,788,782**	3,456,245	3,456,245
Non-current	**693,433**	**693,433**	850,135	850,135
Allowance for impairment				
Balance at 1 January	**810,079**	**810,708**	597,965	598,594
Charge for the year	**274,051**	**274,051**	324,800	324,800
Write offs	**-**	**-**	(112,686)	(112,686)
Balance at 31 December	**1,084,130**	**1,084,759**	810,079	810,708

The fifty largest exposures represent 52% of the loans and advances at the end of the year (2021: 45%). For detailed analysis of list per stage, refer to Credit Risk disclosures.

25 ii. Advances to banks

	2022 Bank	2022 Group	2021 Bank	2021 Group
Placement with other banks	**232,041**	**232,041**	203,956	203,956
Impairment	**(2,926)**	**(2,926)**	(2,926)	(2,926)
Balance at 31 December	**229,115**	**229,115**	201,030	201,030
Current	**229,115**	**229,115**	201,030	201,030

All placement with other banks are short-term and mature less than 3 months after year-end.

Allowance for impairment

	2022 Bank	2022 Group	2021 Bank	2021 Group
Balance at 1 January	**2,926**	**2,926**	2,926	2,926
Charge for the year	**-**	**-**	-	-
Balance at 31 December	**2,926**	**2,926**	2,926	2,926

For detailed analysis of list per stage, refer to Credit Risk disclosures (Note 6).

26. Investment securities

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Short - term investments				
Stocks and bonds	**3,497,830**	**3,497,830**	3,981,539	4,038,078
Treasury bills	**2,096,954**	**2,118,191**	600,969	602,849
	5,594,784	**5,616,021**	4,582,508	4,640,927
Medium - term investments				
GOG bonds	**-**	**-**	58,993	58,993
Long - term investments				
GOG note 5 years fixed rate	**4,830,251**	**4,888,788**	5,065,920	5,065,920
Impairment of investment	**(1,814,474)**	**(1,831,208)**	-	-
Balance at 31 December	**8,610,561**	**8,673,601**	9,707,421	9,765,840
At 1 January	**9,707,421**	**9,765,840**	8,575,901	8,622,846
Additions	**11,164,174**	**11,186,629**	13,837,968	13,845,854
Disposals	**(10,446,560)**	**(10,447,660)**	(12,706,448)	(12,702,860)
Impairment of investment	**(1,814,474)**	**(1,831,208)**	-	-
	8,610,561	**8,673,601**	9,707,421	9,765,840
Current	**2,096,954**	**2,118,191**	937,818	939,697
Non-current	**6,513,607**	**6,555,410**	8,769,603	8,826,143

Allowance for investment securities

	2022		2021	
	Bank	Group	Bank	Group
Balance at 1 January	**-**	**-**	-	-
Charge for the year	**(1,814,474)**	**(1,831,208)**	-	-
Balance at 31 December	**(1,814,474)**	**(1,831,208)**	-	-

27. Investments in subsidiaries

GCB Bank PLC has two subsidiaries; GCB Capital Limited and G-Money Mobile Services Limited. GCB Capital Limited is engaged in investment banking activities while G-Money Mobile Services is into Mobile Money Services.

The Bank's holding in this entity is as set out below:

Bank

Name of company	2022 % holding	2021 % holding	2022 Carrying amount	2021 Carrying amount
GCB Capital Limited	**100**	100	**2,000**	1,000
G-Money Financial Services Limited	**100**	-	**1,000**	-
			3,000	

Notes to the Financial Statements (continued)

Group

Name of company	2022 % holding	2021 % holding	2022 Carrying amount	2021 Carrying amount
Figures in thousands of Ghana Cedis				
Shelter and Habitat	**100**	-	**100**	-
			100	

28. Investment in associates

	2022 Bank	2022 Group	2021 Bank	2021 Group
At 1 January	**28,274**	**82,280**	28,274	91,681
Additions	**-**	**-**	-	15,709
Share of profit, net of tax	**-**	**(11,915)**	-	(6,972)
Share of OCI	**-**	**(6,437)**	-	(4,314)
Dividends received from associates	**-**	**(4,193)**	-	(3508)
Impairment of associates	**-**	**-**	-	(1571)
Exchange differences on translating foreign operation	**-**	**32,888**	-	(8,836)
Interest received from associate	**-**	**(9)**	-	(4)
Interest paid to associate	**-**	**64**	-	95
Total at 31 December	**28,274**	**92,678**	28,274	82,280

The Bank has one direct associate Ghana International Bank (GHIB) and it considers Ghana International Bank (GHIB) as material to the Group. The Bank in addition holds indirect interest of 25% and 34% in Accra Markets Limited and NCR Ghana Limited respectively through its subsidiary, GCB Capital. This is accounted for using the equity method.

The country of incorporation is the same as the principal place of business for all associates. The percentage voting rights is equal to the percentage ownership for all associates.

Ghana International Bank is a strategic investment that facilitates the Group's international trade.

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income

	2022	2021
Revenue	**246,714**	101,856
Profit/(Loss) from continuing operations	**(93,105)**	(72,311)
Other comprehensive income/(loss)	**(32,186)**	(21,570)
Total comprehensive income	**(125,291)**	(93,881)
Attributable to investee's shareholders	**(125,291)**	(93,881)

Summarised Statement of Financial Position

Figures in thousands of Ghana Cedis	2022	2021
Assets		
Current	8,914,930	5,798,360
Non-current	364,146	432,176
Total assets	9,279,076	6,230,536
Liabilities		
Current	7,477,677	5,170,506
Non-current	173,692	84,235
Total liabilities	7,651,369	5,254,741
Net assets	1,627,707	975,795
Attributable to investee's shareholders	1,627,707	975,795
Group's interest in net assets	325,541	195,159
Carrying amount	92,678	82,280

29. Property, equipment and right-of-use assets

Bank	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Right of use assets	Capital work in progress	Total
Cost							
Balance as at 1 January 2022	192,533	248,567	25,029	208,108	38,704	42,927	755,868
Addition	4,164	11,858	9,319	46,063	87,596	40,916	199,916
Disposals	-	(53)	(2,025)	(4)	-	-	(2,082)
Transfer to G -Money	-	(154)	-	(5,722)	-	-	(5,876)
Transfers	22,975	12,650	2,009	843	-	(38,477)	-
Balance at 31 December 2022	219,672	272,868	34,332	249,288	126,300	45,366	947,826
Accumulated depreciation							
1 Jan 2022	32,976	213,624	14,818	164,558	29,434	-	455,410
Charge for the year	6,409	18,979	4,617	28,714	12,761	-	71,480
Disposal	-	(53)	(1,982)	(4)	-	-	(2,039)
Transfer to G -Money	-	(78)	-	(5,497)	-	-	(5,575)
Balance at 31 December 2022	39,385	232,472	17,453	187,771	42,195	-	519,276
Net book value							
Balance as at 31 December 2022	180,287	40,396	16,879	61,517	84,105	45,366	428,550

Notes to the Financial Statements (continued)

Bank	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Right of use assets	Capital work in progress	Total
Figures in thousands of Ghana Cedis							
Cost							
Balance as at 1 January 2021	177,280	231,029	20,334	184,026	34,509	23,589	670,767
Addition	842	13,769	7,436	7,306	4,195	55,187	88,735
Disposals	-	(140)	(3,478)	(16)	-	-	(3,634)
Transfers	14,411	3,909	737	16,792	-	(35,849)	-
Balance at 31 December 2021	192,533	248,567	25,029	208,108	38,704	42,927	755,868
Accumulated depreciation							
1 Jan 2021	27,222	192,405	14,699	138,480	17,948	-	390,754
Charge for the year	5,754	21,354	3,278	26,094	11,486	-	67,966
Disposal	-	(135)	(3,159)	(16)	-	-	(3,310)
Balance at 31 December 2021	32,976	213,624	14,818	164,558	29,434	-	455,410
Net book value							
Balance as at 31 December 2021	159,557	34,943	10,211	43,550	9,270	42,927	300,458

Group	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Right of use assets	Capital work in progress	Total
Cost							
Balance as at 1 January 2022	**192,996**	**248,906**	**25,524**	**208,339**	**38,704**	**42,927**	**757,396**
Addition	**4,171**	**11,874**	**9,669**	**46,103**	**87,596**	**40,916**	**200,329**
Disposals	**-**	**(53)**	**(2,027)**	**(4)**	**-**	**-**	**(2,084)**
Transfers	**22,975**	**12,650**	**2,009**	**843**	**-**	**(38,477)**	**-**
Balance at 31 December 2022	**220,142**	**273,377**	**35,175**	**255,281**	**126,300**	**45,366**	**955,641**
Accumulated depreciation							
1 Jan 2022	**32,990**	**213,808**	**15,132**	**164,700**	**29,433**	**-**	**456,063**
Charge for the year	**6,418**	**19,088**	**4,764**	**28,932**	**12,761**	**-**	**71,963**
Disposal	**-**	**(53)**	**(1,982)**	**(4)**	**-**	**-**	**(2,039)**
Balance at 31 December 2022	**39,408**	**232,843**	**17,914**	**193,628**	**42,194**	**-**	**525,987**
Net book value							
Balance as at 31 December 2022	**180,734**	**40,534**	**17,261**	**61,653**	**84,106**	**45,366**	**429,654**

Group	Leasehold land & buildings	Furniture & equipment	Motor Vehicles	Computers	Right of use assets	Capital work in progress	Total
Figures in thousands of Ghana Cedis							
Cost							
Balance as at 1 January 2021	177,495	231,218	20,829	184,161	34,509	23,589	671,801
Addition	1,090	13,919	7,436	7,402	4,195	55,187	89,229
Disposals	-	(140)	(3,478)	(16)	-	-	(3,634)
Transfers	14,411	3,909	737	16,792	-	(35,849)	-
Balance at 31 December 2021	192,996	248,906	25,524	208,339	38,704	42,927	757,396
Accumulated depreciation							
1 Jan 2021	27,227	192,525	14,890	138,558	17,947	-	391,147
Charge for the year	5,763	21,418	3,402	26,158	11,486	-	68,227
Disposal	-	(135)	(3,159)	(16)	-	-	(3,310)
Balance at 31 December 2021	32,990	213,808	15,133	164,700	29,433	-	456,064
Net book value							
Balance as at 31 December 2021	160,006	35,098	10,391	43,639	9,271	42,927	301,332

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

30. Intangible assets

Bank	CWIP	Software	Customer relationship	Total
Cost				
Balance at 1 January 2022	**25,607**	**343,347**	**95,306**	**464,260**
Transfer to G -Money	**-**	**(25,714)**	**-**	**(25,714)**
Additions	**31,670**	**5,367**	**-**	**37,037**
Transfers	**(22,159)**	**22,159**	**-**	**-**
Balance at 31 December 2022	**35,118**	**345,159**	**95,306**	**475,583**
Accumulated amortisation				
Balance at 1 January 2022	**-**	**220,015**	**76,245**	**296,260**
Transfer to G -Money	**-**	**(9,299)**	**-**	**(9,299)**
Charge for the year	**-**	**54,533**	**19,061**	**73,594**
Balance at 31 December 2022	**-**	**265,249**	**95,306**	**360,555**
Carrying amounts				
Balance at 31 December 2022	**35,118**	**79,910**	**-**	**115,028**

Notes to the Financial Statements (continued)

Bank	CWIP	Software	Customer relationship	Total
Figures in thousands of Ghana Cedis				
Cost				
Balance at 1 January 2021	43,837	267,834	95,306	406,977
Additions	57,281	-	-	57,281
Transfers	(75,512)	75,512	-	-
Balance at 31 December 2021	25,606	343,346	95,306	464,258
Accumulated amortisation				
Balance at 1 January 2021	-	158,873	57,183	216,056
Charge for the year	-	61,142	19,061	80,203
Balance at 31 December 2021	-	220,015	76,244	296,259
Carrying amounts				
Balance at 31 December 2021	25,606	123,331	19,062	167,999

Group	CWIP	Software	Customer relationship	Total
Cost				
Balance at 1 January 2022	**25,769**	**343,449**	**95,306**	**464,524**
Additions	**32,247**	**5,531**	**-**	**37,778**
Transfers	**(22,159)**	**22,159**	**-**	**-**
Balance at 31 December 2022	**35,857**	**371,139**	**95,306**	**502,302**
Accumulated amortisation				
Balance at 1 January 2022	**-**	**220,053**	**76,245**	**296,298**
Charge for the year	**-**	**63,191**	**19,061**	**82,252**
Balance at 31 December 2022	**-**	**283,244**	**95,306**	**378,550**
Carrying amounts				
Balance at 31 December 2022	**35,857**	**87,895**	**-**	**123,752**

Group	CWIP	Software	Customer relationship	Total
Cost				
Balance at 1 January 2021	43,955	267,936	95,306	407,197
Additions	57,327	-	-	57,327
Transfers	(75,513)	75,513	-	-
Balance at 31 December 2021	25,769	343,449	95,306	464,524
Accumulated amortisation				
Balance at 1 January 2021	-	158,878	57,183	216,061
Charge for the year	-	61,176	19,061	80,237
Balance at 31 December 2021	-	220,054	76,244	296,298
Carrying amounts				
Balance at 31 December 2021	25,769	123,395	19,062	168,226

Intangible assets represent licenses for computer software and customer relationship. There was no indication of impairment of intangible assets held by the Group and the Bank at the reporting date and at the end of the previous year.

31. Other Assets

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Account receivables	815,809	780,180	418,404	427,677
Prepayments	122,779	122,803	108,859	108,875
	938,588	902,983	527,263	536,552

Account receivables for 2022 include GHS 406 million mobile money e-value wallet held by the bank not liquidated at year end.

32 (i) Deposits from banks & other financial institutions

	2022		2021	
	Bank	Group	Bank	Group
Current account	95,039	95,039	596,261	596,261
Time deposits	164,108	164,108	151,328	151,328
	259,147	259,147	747,589	747,589
Current	259,147	259,147	747,589	747,589

32 (ii) Deposits from customers

	2022		2021	
	Bank	Group	Bank	Group
Current account	8,210,499	8,194,163	5,725,298	5,714,159
Savings deposits	6,605,673	6,605,673	5,018,638	5,018,638
Time deposits	2,716,075	2,716,075	2,421,730	2,421,730
	17,532,247	17,515,911	13,165,666	13,154,527
Current	17,532,247	17,515,911	13,165,666	13,154,527

The twenty largest depositors made up 21.01% of total deposits at the end of the year (2021:17.30%).

33. Other liabilities

	2022		2021	
	Bank	Group	Bank	Group
Creditors	254,236	254,236	322,992	322,992
Accruals	73,740	74,768	86,643	89,939
Others	258,501	258,720	234,242	233,625
	586,477	587,724	643,877	646,556
Current	586,477	587,724	643,877	646,556

33a. Provisions

Provisions are made for liabilities that the Bank believe will be payable as a result of past events. The figures for the various provisions are the best estimates they believe will be paid to settle the liabilities.

Legal: Provision for legal cases is the best estimates of claims from legal cases that the bank believes it is probable that judgement may go against the bank based on assessment by the bank's legal team.

Annual General Meeting: The bank holds AGM every year in line with the requirement of the Companies Act. The provisions made for the year is management best estimate of the cost of holding 2022 AGM.

Other Provisions: This includes provision for Audit fees, Provision for 70th anniversary and staff related provisions such as staff awards and staff welfare provisions. The amount for each provision is the best estimate management believe will be required to settle the liability.

Movement on Provisions during the year

	Legal	AGM	Others	Total Provision
Figures in thousands of Ghana Cedis				
Balance as at January 1, 2022	8,827	810	95,008	104,645
Add Charged for the year	6,466	948	170,866	178,280
Payments/Releases in 2022	(3,945)	(893)	(128,256)	(133,094)
Balance at December 31, 2022	**11,348**	**865**	**137,618**	**149,831**

34. Borrowings

The Group and Bank	2022	2021
At 1 January	**988,073**	772,525
Additions	**30,591,745**	25,402,045
Repayments	**(30,576,650)**	(25,186,497)
	1,003,168	988,073
Comprising:		
Bank of Ghana	**199,384**	599,384
First National Bank (FNB)	**-**	13,860
First Atlantic Bank	**100,000**	-
KAE Ghana Limited	**6,406**	-
Fidelity Bank	**-**	30,000
CAL Asset Management Ltd	**17,900**	-
Ghana Amalgamated Trust Plc	**20,000**	42,500
Teachers Fund	**-**	25,000
National Investment Bank	**100,000**	-
Service Intergrity Savings & Loans	**25,000**	-
United Bank for Africa	**-**	46,201
Energy Commission	**22,227**	20,000
Sahel Sahara Bank	**-**	35,000

The Group and Bank	2022	2021
Figures in thousands of Ghana Cedis		
Societe Generale Bank	-	50,000
Ghana International Bank	-	126,128
Development Bank Ghana	400,000	-
Ghana Hostels Limited	3,000	-
Allianz Insurance	3,000	-
Akwapim Rural Bank Ltd	2,082	-
ICBC Standard Bank Plc	66,461	-
Others	37,708	-
	1,003,168	988,073

35. Employment benefit obligations

The Group and Bank	2022	2021
Post-employment defined benefit plan (a)	127,206	110,779
Other long-term employee benefit (b)	2,390	2,685
	129,596	113,464

Post employment defined and other long term benefit plan

Apart from the legally required social security scheme, the Bank contributes to the following post employment defined benefit plans and other long term employee benefit plan. These plans expose the Bank to actuarial risks, such as longevity risk, interest rate risk and market risk (investment risk).

Other long term employee benefit plan

Plan A long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees in service with the Bank after fifteen (15) years become eligible to receive cash payments at graduated rates when employees achieve stipulated milestones set by the Bank. The terms of settlement of long service award is based on the achievement of every milestone.

Post employment defined benefit plan

Plan B The Bank pays monthly pension benefits to retired employees, under a closed defined benefit pension scheme. Under this scheme, beneficiaries are paid pensions equal to 60% of the net basic salaries of their serving counterparts.

Plan C The Bank also pays post retirement medical care for its retired staff and their dependents below 18 years of age.

Notes to the Financial Statements (continued)

Movements for the year

Figures in thousands of Ghana Cedis	2022	2021
At 1 January	**110,779**	110,599
Net expense recognised in profit or loss	**22,642**	21,401
Other comprehensive income	**10,097**	(4,540)
Other	**(16,312)**	(16,681)
	127,206	110,779
Net expense recognised in profit or loss		
Current service cost	**756**	686
Interest expense / (income)	**21,886**	20,715
	22,642	21,401
Included in other comprehensive income		
Re-measurement of loss/(gain)		
Actuarial loss/(gain) arising from:		
Financial assumptions	**1,020**	(11,067)
Experience	**9,077**	6,527
	10,097	(4,540)
Other		
Benefits paid	**(16,312)**	(16,681)
Net movement	**16,427**	180
Balance at 31 December represented by:		
Net defined benefit liability (Plan B)	**64,607**	65,820
Net defined benefit liability (Plan C)	**62,599**	44,959
	127,206	110,779

Other long-term employee benefits

Figures in thousands of Ghana Cedis	2022	2021
Movement for the year		
At 1 January	**2,685**	2,723
Net expense recognised in profit or loss	**652**	596
Actuarial gains/loss recognised in profit or loss	**737**	988
Other	**(1,684)**	(1,622)
At 31 December	**2,390**	2,685
Movement for the year		
Net expense recognised in profit or loss		
Current service cost	**216**	178
Interest expense/(income)	**436**	418
	652	596
Included in profit or loss		
Re-measurement of loss/(gain)		
Actuarial loss/(gain) arising from:		
Financial assumptions	**(294)**	(27)
Experience	**1,031**	1,015
	737	988
Other		
Benefits paid	**(1,684)**	(1,622)

The following are the principal actuarial assumptions at the reporting date:

	2022	2021
Discount rates used	**21.38%**	20.51%
Future salary growth	**15.00%**	12.50%
Rate of inflation	**10.00%**	11.00%
Medical inflation	**13.00%**	13.00%
Future pension growth	**13.50%**	12.50%

Sensitivity analysis (Combined schemes)

Reasonably possible changes at the reporting date to any of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the following amounts shown below:

	2022		2021	
	Increase	Decrease	Increase	Decrease
Discount rate (2% movement)	**(12,579)**	**16,105**	(11,520)	14,578
Future pension growth (2% movement)	**5,433**	**(4,803)**	6,030	(5,307)
Medical inflation (2% movement)	**12,835**	**(9,616)**	10,413	(7,609)

Notes to the Financial Statements (continued)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

36. Capital and reserves

i. Stated Capital

Authorised:	2022 Number (000)	2022 Value	2021 Number (000)	2021 Value
Figures in thousands of Ghana Cedis				
Ordinary shares of no par value	1,500,000	-	1,500,000	-
Issued:				
Issued for cash	115,000	60,030	115,000	60,030
Transfer from Retained Earnings	86,500	438,343	86,500	438,343
Capitalisation of reserves	1,000	2	1,000	2
Transfer from other surplus	62,500	1,625	62,500	1,625
	265,000	500,000	265,000	500,000

There is no unpaid liability and no call or instalment unpaid on any share. There is no share in treasury. There was no movement on stated capital during the year.

ii. Statutory reserve fund

Statutory reserve represents cumulative amounts set aside from annual profits after tax required under the Banking Act. The proportion of net profits transferred to reserves ranges from 12.5% to 50% of net profit after tax, depending on the relationship that the balance on statutory reserves bears to paid-up capital.

iii. Regulatory Credit risk reserve

Credit risk reserve represents the cumulative balance of amounts transferred from retained earnings to meet gaps in impairment allowances based on Bank of Ghana's provision guidelines and IFRS.

Credit risk reserves - Loans and advances	2022 Bank	2022 Group	2021 Bank	2021 Group
IFRS impairment	2,901,531	2,918,265	813,005	813,005
Bank of Ghana provision	1,170,687	1,170,687	764,736	764,736
Excess of BoG provision over IFRS impairment	-	-	-	-
Total credit risk reserve	-	-	-	-

iv. Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of equity instruments until the assets are derecognised or impaired.

v. Other reserves

Other reserves represent actuarial gains and losses on pension obligations and foreign currency differences arising from the translation of the financial statements of foreign operations.

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
At 1 January	(26,754)	(3,916)	(32,429)	(755)
Actuarial (loss)/ gain	(10,097)	(10,097)	4,540	4,540
Deferred tax on actuarial loss	(2,524)	(2,524)	1,135	1,135
Foreign currency translation differences on foreign operations	-	32,887	-	(8,836)
At 31 December	(39,374)	16,350	(26,754)	(3,916)

37. Contingent liabilities and commitments

Off balance sheet items

The Group engages in business activities involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties, the nominal amounts of which are not reflected in the statements of financial position.

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.

Other contingent liabilities include transaction related customs and performance bonds and are generally short term commitments to third parties.

Commitments to lend to a customer in the future are made subject to certain conditions. Such commitments are either made for a fixed period or agreed maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties on the production of documents, which are usually reimbursed immediately by customers. Customers are required to deposit cash in a margin account in respect of documentary and commercial letters of credit.

The following summarize the nominal principal amounts of contingent liabilities and commitments with off balance sheet risks.

	2022		2021	
	Bank	Group	Bank	Group
Guarantees and indemnities	882,917	882,917	916,478	916,478
Documentary and commercial letters of credit	737,070	737,070	527,205	527,205
	1,619,987	1,619,987	1,443,683	1,443,683
Commitments				
Loan commitments	642,920	642,920	645,425	645,425
	2,262,907	2,262,907	2,089,108	2,089,108

Legal proceedings

The Bank is defending a number of legal actions brought against it as at 31 December 2022. Legal proceedings as at the end of the reporting period, instituted against the Group/Bank are described below. These cases have been brought against the Bank by either former employees, customers or other persons. No provision has been made in this financial statement as the Group's Management does not consider that there is any probable loss.

Plaintiff vrs GCB Bank PLC & Others

The Plaintiff, had an ongoing litigation against UT Bank in the High Court relating to ownership of 10,000 metric tons of crude oil on board the vessel Olympic Faith. The High Court during the pendency of the suit ordered the crude to be sold and US$7,000,000.00 of the proceeds of the sale lodged with UT Bank in the name of the Registrar and invested at a rate of 2%. Prior to the court granting judgment in this case, the Bank of Ghana revoked the banking licence of UT Bank and appointed Receivers to handle the affairs of UT Bank.

The High Court gave judgment against UT Bank and directed GCB Bank to pay an amount of US$7.43m. The Receivers filed an Application in the Supreme Court in the name of UT Bank (in Receivership) and quashed the ruling of the High Court, which had ordered GCB Bank to pay the said amount to the Registrar.

The High Court on February 7, 2020 delivered its ruling after the examination of the judgment debtors and ordered that GCB pays the Plaintiff the said US$7.43m. The Bank filed an Appeal in the Court of Appeal seeking for a reversal of the ruling given by the High Court requesting the Bank to pay the US$ 7.43m to the Registrar of the Court following the assumption of UT Bank.

Management believes that its appeal in the Court of Appeal will be successful as there is evidence on the records of the High Court by the Joint Receivers that the claim by the Plaintiff should be directed to the Joint Receivers for settlement and not GCB. Furthermore, the Supreme Court in its previous decision of July 17th 2018 quashed an earlier ruling of the High Court and clearly stated that the order of the High Court dated 2/2/2018 to GCB to pay the said amount was against the provisions of section 128 (c) of Act 930. The Appeal is slated for March 30, 2023 There is no need to provide for it.

Plaintiff vrs GCB Bank PLC & Others

This case involved a vessel and its owners, who had instituted legal action against the then UT Bank, UT Financial Services Limited and Morgan Energy Limited under charter party agreement for wrongful arrest of their vessel, with potential liabilities of US$1.64 million. The High Court in Nigeria on 4th July 2016 dismissed the case against UT Bank and two other persons, but the vessel and its owners dissatisfied with the High Court's judgment appealed to the Court of Appeal. The appeal was pending against ex-UT Bank before the Purchase & Assumption arrangement was entered into. Following the withdrawal of UT Bank's licence in August 2017, the Appellant obtained an order to substitute GCB for UT Bank. GCB resisted this motion but the Court of Appeal of Nigeria substituted both GCB and the Joint Receivers in place of UT Bank. GCB has appealed against this interlocutory ruling substituting it to the Supreme Court of Nigeria. The case is currently pending before the Supreme Court of Nigeria. No date has been fixed for the hearing of the appeal against the substitution yet.

Meanwhile the appeal by the appellant (the Vessel MT Sylla) against the decision of the High Court dismissing the case of wrongful arrest was dismissed by Court of Appeal in Nigeria on 22 April, 2022. The Plaintiff further appealed to the Supreme Court in Nigeria but later filed a notice of discontinuance which is yet to be heard,

Based on legal advice, the amount has not been provided for on the grounds that the Bank is indemnified of all liabilities that may arise outside the purchase and assumption agreement.

Plaintiff vrs GCB Bank PLC & Others

An originating summons has been filed in the Federal High Court of Nigeria by the Plaintiffs claiming jointly and severally against the UT Bank Ghana Limited, GCB Bank PLC , and UT Financial Services Limited (hereinafter referred to as "Respondents") for an order that the undertaking given by UT Bank on the 9th of November 2010 to pay damages for the release of vessel which had been arrested, the respondents are liable jointly and severally for the payments of damages amounting to US$1,082,000.00 and legal costs of US$250,000.00.

At the time the said undertaking was given GCB Bank PLC was not part of the respondents. However, the plaintiffs are seeking to enforce the undertaking against GCB on the principle that GCB Bank PLC is the successor company of UT Bank Ghana Limited (under receivership) and therefore vicariously liable for the actions of UT Bank Limited.

Based on legal advice, the bank cannot be held liable for the undertaking given by UT Bank.

Plaintiff vrs GCB Bank PLC & Others

The plaintiff claims against the Bank for rent arrears from July 2018 till date at US$ 11,698 per month, that the alleging that the Bank vacated the property of the plaintiff in Kumasi. The plaintiff further claims for arrears of service charges at GHS 1,615 per month from March 2016 as well as US$ 10,000 for property damage plus interest on all the amounts being claimed.

The Bank is of the opinion that the Plaintiff had already lodged a proof of debt with the Joint Receivers which is the right thing to do as the Bank never stepped into the shoes of the ex-Capital bank as a tenant to the said property.

Plaintiff vrs GCB Bank PLC & Others

The Plaintiff claims for the reliefs below being severe loss suffered and damages to its operations allegedly caused by the actions of the Bank:

A declaration that the 1st and 2nd Defendants knew that the destroyed machines were not the subject matter of the facility which was finally auctioned in satisfaction of the judgment debt; Recovery of the sum of sixty-three million, eight hundred and fifty two thousand United States Dollars (US$ 63,852,000) being the total sum of unlawful destruction and or appropriation of Plaintiffs machines, chemicals and office equipment; Interest on the said sum at the prevailing Commercial Bank rate from February 2012 to the date of final payment; Damages for trespass against the Defendants; and Costs including legal fees and any other relief(s) that the Court deem fit.

The estimated liability to the Bank is as stated in the claim, which shall not exceed US$ 64,000,000. The Bank is confident in its defence as the figures the Plaintiff is claiming have to be proved with documentary evidence.

Plaintiff vrs GCB Bank PLC & Others

Plaintiff's claim is for general damages of GHS70 million for its breach of duty of care and general damages of GHS30 million for defamation for dishonoured cheques and cost including legal fees. The Bank has filed conditional appearance and statement of defence. The Bank has also filed a motion to strike out the suit against it because the Bank is not the proper party to the suit.

Management is confident of winning this case as the issues set out for trial is a matter between Gen X and the 4th Defendant for which the court has already directed that the two parties try amicable settlement of same.

38. Related parties

a. Transactions with executive directors and key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group (directly or indirectly) and comprise the Directors and Senior Management of GCB Bank PLC.

Remuneration of Executive Directors and other key management personnel

Figures in thousands of Ghana Cedis	2022	2021
Salaries and other short-term benefits	**29,463**	20,150
Post-employment benefits	**3,531**	2,507
	32,994	22,657

Remuneration of the Executive Directors during the year amounted to GHS 13.78m. (2021: GHS 7.62m).

Details of transactions and balances between the Bank and Executive Directors and other key management personnel are as follows:

Loans	2022	2021
Loans outstanding at 1 January	**4,130**	2,463
Net movement	**(282)**	1,667
Loans outstanding at 31 December	**3,848**	4,130
Interest income	**207**	172
Deposits		
Deposits at 1 January	**1,215**	1,048
Net movement during the year	**3,781**	167
Deposits at 31 December	**4,996**	1,215
Interest expense	**263**	130

Loans to executive directors and key management personnel which include housing, car and other personal loans are given under terms that are not more favourable than those given to other staff. No impairment has been recognised in respect of loans granted to executive directors and key management personnel at 31 December 2022. The housing and car loans are secured by the underlying assets. All other loans are unsecured. No individual director has a loan amount more than 1% of the stated capital. The total loan amount of the directors is also less than 1% of the stated capital. No individual staff member has a loan amount more than 2% of the stated capital.

b. Transactions with non executive directors

No loan was advanced to non executive director during the year. There were no balances outstanding on account of loans due from non executive directors at the year end.

Fees and allowances paid to non executive directors during the year amounted to GHS 3.54m (2021: GHS 2.54m).

c. Transactions and balances with subsidiaries

GCB Capital Limited

Fixed deposit investments are placed with the Bank. The subsidiaries' current account is held with the Bank. Interest accrues on these placements at normal commercial rates. Balances due to/from the subsidiaries at the year-end were as follows:

Other Assets	2022	2021
Figures in thousands of Ghana Cedis		
Amounts due from subsidiary in respect of unpaid expenses	-	-
Deposits		
Current account	**16,337**	11,139
The Bank entered into the following transactions with its subsidiary:		
	2022	2021
Management fees	-	-

d. Balances and transactions with associates

Balances due to/from associates at year-end were as follows:

	2022	2021
Current account balances (Foreign) - GHIB	**(606,203)**	31,112
Credit Facilities (Foreign) - GHIB	-	116,775
Contingent letter of credit and acceptances (Foreign) - GHIB	**1,080**	8,663
The Group entered into the following transactions with its associates:		
Dividend received	-	-
Interest received on current account balances (foreign)	**45**	21
Interest paid on current account balances (foreign)	**(318)**	(468)

Government of Ghana

The Government of Ghana directly holds 21.36% shares in GCB Bank PLC and 29.89% indirectly through its shareholding in SSNIT. The total of its direct and indirect shareholding is 51.25%.

39. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis.

Notes to the Financial Statements (continued)

40. Subsequent events

In February 2023, the Group signed on to the Ghana Domestic Debt Exchange program and exchanged its eligible bonds for new bonds issued by the Republic of Ghana. Due to the announcement on 5 December 2022 and the level of investments held, there has been a significant impact on the carrying amount of investments held with the Government of Ghana.

In 2023, the Group will derecognise the old bonds and recognise the fair value of the new bonds. The difference between the carrying amount of the old bond and the fair value amount of the new bonds shall be recognized in the income statement. See note 15b for disclosure on the DDE program.

41. Corporate social responsibility

As the Bank with rich Ghanaian heritage, we have consistently been committed to our social responsibilities towards the country and communities we operate in.

Our CSR policy aimed at ensuring that we develop impactful and measurable CSR projects annually.

In line with the policy objectives, a number of CSR projects and interventions were implemented in the year under review.

A sum of GHc3,638,877.6 was invested in education, environment, youth development, culture and tradition, health, sports, financial inclusion, poverty alleviation, among others.

Notable among our CSR initiatives for the year include:

- The construction of office units for the Ghana Prisons Service
- Construction of Junior High School block for Nalerigu in the East Mamprusi District of the North East Region
- Donation to the Bagre Dam Spillage Relief Fund for victims of the dam spillage.
- Donation to the Appiatse Community Relief Fund for the reconstruction of the community affected by the Appiatse explosion.
- Donation to the Keta flood relief fund in collaboration with Ghana Association of Bankers (GAB).
- Donation to the Korle-Bu Children's Cancer Unit
- The purchase of five incubators through partnership with an NGO for distribution to needy health facilities to help reduce infant mortality rate in the country.

Over the course of our 70 years in existence, GCB's commitment to our communities has remained a key part of our mandate. As Ghana's largest indigenous Bank, GCB's commitment to society is unparallel and we will continue to make substantial investments in CSR in the face of the current economic challenges.

Value Added Statement

Value added statements for the year ended 31 December 2022

	2022		2021	
Figures in thousands of Ghana Cedis	Bank	Group	Bank	Group
Interest earned and other operating income	**3,740,256**	**3,774,987**	2,917,406	2,947,188
Direct cost of Services	**(1,435,707)**	**(1,471,397)**	(1,006,890)	(1,009,001)
Value added by banking services	**2,304,549**	**2,303,590**	1,910,516	1,938,187
Non-banking income	**19,792**	**25,933**	9,576	8,610
Impairments	**(2,088,525)**	**(2,105,259)**	(324,800)	(324,800)
Value added	**235,816**	**224,264**	1,595,292	1,621,997
Distributed as follows:				
To Employees:				
Non-Executive Directors	**3,544**	**3,802**	2,539	2,664
Executives directors	**13,789**	**14,965**	9,450	9,952
Other employees	**779,660**	**782,826**	625,327	628,939
	796,993	**801,593**	637,316	641,555
To Government:				
Income tax	**(150,453)**	**(150,061)**	253,138	259,694
To providers of capital				
Dividend to shareholders	**132,500**	**132,500**	66,250	66,250
To expansion and growth:				
Depreciation and amortisation	**145,074**	**154,215**	148,171	148,466
Retained Earnings	**(688,298)**	**(713,983)**	490,417	506,032
Total Distribution	**235,816**	**224,264**	1,595,292	1,621,997

Shareholders' Information

Analysis of shareholding as at the year-end 2022

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	84,996	92	18,388,787	7
1001 - 5,000	6,017	7	13,184,765	5
5001 - 10,000	539	1	3,978,783	2
Above 10,000	402	0	229,447,665	87
	91,954	**100**	**265,000,000**	**100**

Directors' Shareholdings

The Director named below held the following number of shares in the Bank as at 31 December 2022:

	No. of shares	% of Holding
Samuel Kwame Yedu-Aidoo	580	0.0002

a. Analysis of shareholding as at the year-end 2022

No.	Names	No. of shares	% of Holding
1.	Social Security And National Insurance Trust	79,199,550	29.9
2.	Government Of Ghana C/O Ministry Of Finance	56,608,613	21.3
3.	Ofori, Daniel	19,867,154	7.4
4.	Scgn/Jpmse Lux Re Skagen Kon-Tiki Verdipapirfond:evd47	13,815,000	5.2
5.	Scgn/Pictet Africa Non Tax 6275j Pictetmast	7,604,968	2.9
6.	Scgn/Citibank Kuwait Inv Authority	4,165,700	1.6
7.	Gcb Staff Provident Fund	2,996,695	1.1
8.	Scgn/Ssbtc For Change Glbl Frontier Mkts , Lp-Cgpa , 056900600926	2,499,285	0.9
9.	Krohne Fund	2,303,800	0.8
10.	Scgn / Enterprise Life Ass. Co. Policy Holders	2,264,312	0.8
11.	Ghana Reinsurance Company Ltd General Business	1,799,651	0.8
12.	Ghana Cocoa Board	1,600,000	0.6
13.	Enterprise Tier 2 Occupational Pension Scheme	1,519,207	0.6
14.	Scgn/'Epack Investment Fund Limited Transaction E I F L	1,474,200	0.6
15.	Scgn/Ntgs Se Lux Cl A/C Re Ludp Re: Aif Cl 8%	1,470,022	0.6
16.	Scgn/Ssb Eaton Vance Structured , Emerging Market Fund	1,347,533	0.5
17.	Scgn/Ssb Eaton Vance Tax- , Managed Emerging Market Fund	1,285,170	0.5
18.	Ges Occ Pension - Databank Financial Services	1,266,741	0.5
19.	Tema Oil Refinery (Tor) Limited	1,000,000	0.4
20.	African Tiger Holding Limited	995,782	0.4
	Total Top 20	**205,083,383**	**77.4**
	Others	59,916,617	22.6
	Grand Total	**265,000,000**	**100**

Agents and Correspondent Banks

Correspondent Banks

LONDON	
Ghana International Bank Plc	67 Cheapside, 1st Floor Regina House London EC2V 6AZ England **BIC: GHIBGB2L**
UNITED STATES OF AMERICA	
Citibank N.A.	16th Floor, Zone Street New York, N.Y. 10043, USA **BIC: CITIUS33**
EUROPE	
Commerzbank AG.	Kaiserstrasse 16 60261 Frankfurt AM Main Germany **BIC: COBADEFF**
BHF Bank AG	Frankfurt AM Main Germany **BIC: BHFBDEFF**

MTOs/Agents

UNITED KINGDOM		
UnityLink Financial Services Ltd.	The Triangle, 5-17 Hammersmith Grove London W6 0LG	Tel: 0044-20-87722160 Email: info@unitylink.com
SPAIN		
Money Exchange, S.A	P. Santa Maria de la Cabeza 12 28045 Madrid Spain	Tel: +34917617170 www.moneyspain.net Email: pnovoa@moneyexchange.net Skype: money.exchange.eur

Agents and Correspondent Banks (continued)

UNITED STATES OF AMERICA		
MoneyGram International	Money Transfer MoneyGram Payment Systems Inc. 1550 Utica Avenue South Minneapolis, MN 55416 USA	Email: www.moneygram.com Tel: +17203625024
Familylink Money Transfer Inc.	Transfers Inc. USA 1205 College Avenue Bronx N.Y. 10456, USA	Tel: 001 718 293 6280 Email : familylink@mns.com
Western Union	100 Summit Avenue Montvale, New Jersey 07645 USA	Tel: +1-201-263-6384 +1-201-263-5949
RIA Money Transfer	6565 Knott Avenue Buena Park California 90620 U.S.A.	Tel: +1 5623452632
SFB Capital Systems LLC	1031 Sterling Road Suite 201, Herndon Virginia 20170 U.S.A.	Tel: + 1 7035996975
Transfast / MasterCard Transaction Services (US) LIC	44 Wall Street, Suite 800 New York, NY 10005 USA	

List of Branches

BRANCH	GPS ADDRESS
A&C Mall	GA412-0880
Abeka Lapaz	GA-428-6468
Abelemkpe	GA-091-3739
Abor	VK-2263-7594
Abossey Okai	GA-263-4698
Abura Dunkwa	CA-0000-1639
Aburi	E3-003-4398
Accra New Town	GA-045-6621
Accra North	GA-100-9433
Achimota	GE-370-2646
Ada	GY-0772-3463
Adabraka	GA-102-3830
Adenta Shopping Centre	GD-039-0201
Adjiringano	GD-212-4214
Aflao	VZ-0225-8170
Agogo	AN-0005-7030
Agona Ashanti	AZ-0000-4116
Agona Swedru	CO-0000-9729
Ahinsan	AK-305-2032
Airport City	GL-116-7441
Terminal 3	GL-125-4096
Akatsi	VX-0008-5279
Akim Oda	EB-0005-8535
Akosombo	EA-0495-7471
Akropong Akwapim	E2-0003-2559
Akumadan	A6-0000-3963
Akuse	EL-1063-9249
Amasaman	GW-0023-8235
Anyinam	ET-0743-4788
Asafo Market	AK-039-1603
Asamankese	EW-0001-8055

List of Branches (continued)

BRANCH	GPS ADDRESS
Ashaiman	GB-029-1204
Mandela Park-Ashaiman	GB-005-9057
Assin Foso	CR-0008-0889
Axim	WN-0000-5802
Bantama	AK-059-5478
Bawku	UA-0000-1529
Bechem	B3-0000-8954
Bekwai Ashanti	AB-0003-6475
Berekum	BB-0007-6719
Bimbilla	NN-0004-7771
Bogoso	WP-004-4349
Bole	NB-00007-7386
Bolgatanga	UB-0003-2952
Boundary Road	GA-106-5454
Breman Asikuma	CB-0013-7330
Burma Camp	GL-088-0982
Cape Coast Coronation Jun	CC-001-9477
Cape Coast Main	CC-008-5753
Cape Coast University	CC-121-1279
Dadieso	WU-0007-6342
Dambai	VR-00000-4712
Damongo	N5-00004-8712
Dansoman	GA-539-0336
Dome	GE-307-1198
Donkorkrom	EP-000-9516
Dormaa-Ahenkro	BD-0003-7891
Drobo	BI-0007-8239
Duayaw-Nkwanta	B2-0002-8068
Dunkwa-On-Offin	CU-0004-6276
Dzodze	VY-0000-1830
East Legon	GA-334-6211

List of Branches (continued)

BRANCH	GPS ADDRESS
Effiduase Ashanti	AR-0000-3083
Ejisu	AE-0000-0241
Ejura	AJ-0018-3770
Elmina	CK-0010-1794
Elubo	WJ-2710-3555
Enchi	WA-00000-5079
Goaso	BU-0005-1331
Haatso	GE-299-2057
Half Assini	WJ-0001-2730
High Street	GA-183-1907
Ho Main	VH-0002-9142
Ho Market	VH-0056-5101
Ho Polytechnic	VH-0043-4220
Hohoe	VC-0000-6172
Hwidiem	BR-0000-4631
Jasikan	VJ-0001-7272
Juaso	AA-0000-0645
Jubilee House (Suame)	AK-030-7597
Kade	EK-0021-2750
Kadjebi	VM-0000-6816
Kaneshie Industrial Area	GA-172-2421
Kaneshie Market	GA-358-5820
Kantamanto	GA-181-4054
Kasoa Main	CX-000-9076
Kasoa Market	CG-0702-0050
Kejetia	AK-019-7603
Keta	VK-0010-8786
Kete Krachi	VS–0005–1021
Kibi	EE-0005-1120
Kintampo	BK-00000-4208
Kisseman	GA-344-0742

List of Branches (continued)

BRANCH	GPS ADDRESS
U.s.t.(Kumasi)	AK-315-1958
Koforidua	EN-010-4324
Koforidua Central	EN-010-4424
Konongo	AN-0003-3954
Korle Bu	GA-269-1628
Kpando	VP-0005-3441
Kumasi Main	AK-064-4856
Kn Circle	GA-100-9235
Labone	GL-026-2020
Lawra	XL-0000-9934
Legon	GA-488-0208
Liberty House	GA-141-0278
Madina	GD-212-4616
Madina Zongo Junction	GM-016-5223
Mampong Akwapim	AM-0007-2880
Mampong Ashanti	AM-0007-3287
Mankessim	CM-0412-4692
Spintex-Martey Tsuru	GZ -196-0672
Mim	BU-1225-3379
Ministries	GA-107-3312
Mpraeso	EI-0000-5437
Navrongo	UK-0007-7323
New Edubiase	A3-0005-5393
New Offinso	A7-0001-6443
New Tafo	EE-1135-6593
Nima	GA-012-9063
Nkawie	AH-0000-4210
Nkawkaw	EJ-0001-0348
Nkoranza	BO-0007-0669
Nkwanta	VO-00000-2468
Nsawam	EG-039-0065

List of Branches (continued)

BRANCH	GPS ADDRESS
Nungua	GZ-010-2589
Obuasi	AO-028-3084
Okaishie	GA-142-7699
Osu	GA-115-6609
Osu Oxford Street	GA-035-6262
Peki	VK-0010-8786
Prestea	WP-2580-0759
Republic House	GA-105-1077
Ring Road West	GA-216-3530
Saboba	NX-0003-1299
Tema Safe Bond	GT-140-8152
Salaga	N4-00007-7512
Saltpond	CM-0002-6190
Sampa	BJ-003-8518
Samreboi	WY-3374-0525
Sankore	BV-2275-2415
Sefwi Wiawso	WG-0011-9940
Sekondi	WS-019-2158
Sogakope	VU-0005-8862
Somanya	EY-0000-3518
Spintex Road	GZ-142-9946
Suame Magazine	AK-030-7249
Suhum	ES-0000-6936
Sunyani Main	BS-0007-5220
Sunyani Market	BS-0008-2307
Takoradi Harbour	WS-406-1610
Takoradi Main	WS-247-7131
Takoradi Market Circle	WS-245-2138
Aboabo-Tamale	NT-0005-3831
Tamale Hospital Rd.	NT-0061-6472
Tamale Main	NT-0003-5485

List of Branches (continued)

BRANCH	GPS ADDRESS
Tamale Market	NT-0005-0027
Tantra Hill	GW-0845-2608
Tarkwa	WT-0005-5782
Tech Junction	AK-316-4029
Techiman Main	BT-0000-9353
Techiman Market	BT-0003-2964
Tema Community 2	GT-071-0033
Tema Fishing Harbour	GT- 105 - 4205
Tema Industrial Area	GT-070-1829
Tema Main	GT-000-7970
Tema Market	GT--007-9740
Tema Meridian House	GT-021-67-01
Tepa	AX-0000-8210
Tesano	GA-166-8117
Tetteh Quarshie Circle	GA-289-4891
Trade Fair Site	GL-035-3019
Tumu	XS-00013-0995
Twifo Praso	CT-0000-3606
Wa	XW-0006-9068
Walewale	ND-00002-4241
Weija	GS-0164-7269
Wenchi	BW-0006-4992
Winneba	CE-008-3160
Yeji	BP-00000-5390
Yendi	NY-0010-6685
Sofoline Branch	AK-170-0339
Dzorwulu	GA-156-1108
Tema Community 25	GA-0544-4625
Derby Avenue	GA-142-9561
Nalerigu	TNE-0840-0153
UDS Tamale Campus	NT-0273-5541

GCB Bank PLC
PROXY FORM

I/We ____ being a member(s) of the above-named Company

hereby appoint ____ or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Friday, **June 30, 2023 at 10.00am**.

This Form is to be used in favour of/against the Resolutions set out in the Agenda.

Ordinary Business ***as Ordinary Resolutions***	**FOR**	**AGAINST**
1. To consider and adopt the Financial Statements of the Company for the year ended December 31, 2022 together with the Reports of the Directors and Auditors thereon.		
2. To re-elect Directors of the Company retiring by rotation under the Companies Act 2019 (Act 992)		
a) Mr. Osmani Ayuba		
b) Alhaji Alhassan Yakubu		
c) Mr. Daniel Kwaku Tweneboah Asirifi		
d) Hon. Dr. Stephen Amoah		
3. To re-elect Directors of the Company in line with the Bank of Ghana Corporate Governance Directive 2018		
a) Mrs. Lydia Essah		
b) Nana Ama Ayensua Saara III		
4. To authorize the Directors to fix the remuneration of Auditors		
Special Business ***as Ordinary Resolutions***	**FOR**	**AGAINST**
5. Capital Raise		
a) To authorise the Directors to raise additional equity capital of up to GHS1 billion through a renounceable rights issue on such terms (including the share price, the number of offer shares, allotment, and other modalities) as the directors deem fit and procure the additional listing of the issued ordinary shares on the Ghana Stock Exchange.		
b) To authorise the Directors to raise any shortfall (in the required GHS1 billion under the rights issue) through either a single or multiple private placement of ordinary shares to investors on such terms (including the share price and other modalities) as the Directors deem fit and to procure the listing (by introduction) of the issued ordinary shares on the Ghana Stock Exchange, provided that the private placement(s) shall be implemented and completed within 12 months of the close of the rights issue.		
c) To authorise the Directors to raise any shortfall (in the required GHS1 billion under the rights issue and the private placement of ordinary shares) through either a single or multiple private placement of non-redeemable, non-cumulative and convertible preference shares to investors on such terms (including the coupon rate and other modalities) as the Directors deem fit and to procure the listing (by introduction) of the issued preference shares on the Ghana Stock Exchange, provided that the private placement(s) shall be implemented and completed within 12 months of the close of the rights issue and the aggregate amount to be raised shall not exceed GHS250 million.		

Special Business ***as Special Resolution***	**FOR**	**AGAINST**
6. Amendment to the Bank's Constitution		
a) To amend paragraph 12 of the Company's constitution by deleting and replacing it with the following: "The Company may issue preference shares to existing members or any other persons not exceeding an aggregate of 500,000,000 shares as authorised under paragraph 9 of this Constitution".		
b) To amend paragraph 13 of the Company's constitution by deleting and replacing it with the following: "The commercial terms of any preference shares issued by the Company shall be as agreed between the Company and the relevant person (and in accordance with applicable law, including any prevailing capital requirement directives of the Bank of Ghana) and set out in relevant agreement".		

DATED THE ______ DAY OF ________________, 2023.

____

SIGNATURE

Notes:

1. Please indicate with an **"X"** in the spaces above how you wish your vote to be cast. Unless otherwise instructed, the Proxy will vote as he thinks fit.

2. If executed by a corporate body, the form should be completed by the signature of a duly authorized officer and should be accompanied by a resolution in accordance with Section 11 of Schedule 8 of the Companies Act, 2019 (Act 992).

3. To be valid, this Proxy form must be filled out, signed and lodged (together with any authority under which it is signed) with the Registrars at GCB Bank PLC, High Street, Accra not later than 10.00am on June 28, 2023.

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Social Media Handles
& Other Contact Details

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