Standard Chartered

ANNUAL REPORT 2019

Here for good

Driving commerce and prosperity through our unique diversity

Who we are

Standard Chartered Bank Ghana Limited is Ghana's premier bank drawing its history from the Bank of British West Africa established in 1896. We are a member of a leading international Banking Group with presence in 59 markets worldwide. Our heritage and values are expressed in our brand promise, Here for good.

The Bank is made up of client segments supported by functions. Standard Chartered Bank Ghana Limited is listed on the Ghana Stock Exchange.

For more information please visit sc.com/gh
Follow Standard Chartered Bank Ghana Limited on

Facebook.com/standardcharteredGH

@StanChartGH

StanchartGH

Belt & Road Relay

The photographs on the cover of this Annual Report were taken during our global Belt & Road Relay, which took place over 90 days from February 2019 and made a stop in Ghana on 18 April 2019. Eight employees, representing our four global regions, ran across 44 markets in the world's first global running event of its kind.

Read more on page 25.

Notice and agenda

Notice is hereby given that the Annual General Meeting of Standard Chartered Bank Ghana Limited will be held virtually and streamed live from the Head Office of Standard Chartered Bank Ghana Limited, Accra on **Wednesday 29th July 2020 at 11.00am** for the ordinary business of the Company.

Agenda

Ordinary business

1. To receive and consider the reports of the directors and auditor, the financial statements as at 31st December 2019 for the year ended on that date.
2. To elect directors
3. To approve directors' remuneration
4. To authorize the Directors to fix the remuneration of the auditor

Special business

5. To consider and if thought fit, pass the following resolutions as recommended by the directors, which will be proposed as Special Resolutions:

a. That the name of the Company, Standard Chartered Bank Ghana Limited, be changed to Standard Chartered Bank Ghana PLC, to comply with Section 21 (1) (b) and Section 21 (15) of the Companies Act, 2019 (Act 992)

b. That rule 126 of the Company's Constitution be amended to allow the Company to pay interest on unclaimed dividends where mandated to do so by law and for such interest to be calculated in line with the Company's policy.

c. That rule 127 of the Company's Constitution be amended to allow any dividend unclaimed for such period as may be prescribed under any applicable law to be dealt with by the Company in accordance with the provisions of the law relating to unclaimed dividends.

Dated this 2nd day of July, 2020

BY ORDER OF THE BOARD

SIGNED

ANGELA NAA SAKUA OKAI
(COMPANY SECRETARY)

NOTES:

i. In compliance with the current restrictions on public gatherings in force pursuant to the imposition of Restrictions Act, 2020 (Act 1012) and consequent Regulatory Directives, attendance and participation by all members and/or their proxies in this year's Annual General Meeting of the Company shall be strictly virtual (i.e. by online participation).

ii. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

iii. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting (via online participation). Where a member attends the meeting in person (participates on line), the proxy appointment shall be deemed to be revoked.

iv. A copy of the Form of Proxy can be downloaded from the Standard Chartered Bank Ghana Ltd website **https://www.sc.com/gh/about-us/investor-relations.htm**l and may be filled and sent via email to shareregistry@gcb.com.gh or deposited at the registered office of the **Registrars of the Company, GCB Bank Ltd., Head Office, No.2 Thorpe Road, P.O. Box 134, Accra to arrive no later than 48 hours before the appointed time for the meeting.**

ACCESSING AND VOTING AT THE VIRTUAL AGM

v. A unique **token number** will be sent to shareholders by email/ SMS or by post from 8th July 2020 to give them access to the meeting. Shareholders who do not receive this unique token number can contact the **Registrars of the Company** at their address **GCB Bank Ltd., Head Office, No.2 Thorpe Road, P. O. Box 134, Accra** or on telephone number 0302 668712 or by email shareregistry@gcb.com.gh at any time after 8th July 2020 but before the date of the AGM to be sent the token number.

vi. To gain access to the Virtual Annual General Meeting, shareholders must visit https://scghanaagm.com on Wednesday 29th July 2020 and input the unique token number shared with them.

vii. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting they may vote electronically during the Virtual AGM; again, using their unique token number. Further assistance on accessing the meeting and voting electronically can be found on **https://scghanaagm.com**

vii. Shareholders are encouraged to submit their questions by email ahead of the Annual General Meeting to **SCBGhana.Events@sc.com**

For further information, please contact the Registrar: GCB Share Registry, GCB Bank Ltd. Head Office, No. 2 Thorpe Road, P. O. Box 134, Accra. Telephone No: 0302668712 / 0244338508 / 0244358514 / 0244318079. Email: shareregistry@gcb.com.gh

Explanatory notes on the special resolutions

The notes below provide an explanation to the proposed resolutions set out in item 5 (b-c) of the Notice and Agenda of the Annual General Meeting. These resolutions require 75 per cent of the votes to be cast in favour. The resolutions are proposed to enable the Company to comply with the provisions of the Company's Act, 2019 (Act 992) which was passed in August 2019.

Below are the specific rules in the Companies Constitution for which amendments are proposed:

(a) **Rule 126:** No dividend shall bear interest against the Company

The amended rule to read as follows:

Rule 126: The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

(a) The terms on which the share was issued

(b) Any applicable law or regulation mandating the Company to do so

(b) **Rule 127:** All dividends unclaimed for year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company.

The amended rule to read as follows:

Rule 127: Any dividend unclaimed for such period as may be prescribed under any applicable law shall be dealt with by the Company in accordance with the provisions of the law relating to unclaimed dividends.

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Delivering our strategy

We have made good progress in executing our refreshed strategic priorities. We gauge our annual progress against a set of key performance indicators (KPIs), a selection of which are shown below, as well as client segment KPIs, some of which are shown on pages 26 to 31

FINANCIAL KPIS

Return on equity	Capital adequacy ratio	Leverage ratio
25.5% 2019 ↑ 450bps	27.5% 2019 ↓ 110bps	8.4% 2019 ↓ 110bps
21.0% 2018	28.6% 2018	9.5% 2018

NON-FINANCIAL KPIS

Diversity and inclusion: women in senior roles

40.0% 2019

40.9% 2018

OTHER FINANCIAL MEASURES

Operating income	Profit before tax	Earnings per share
GH¢853.0m ↑ 20% 2019	GH¢424.2m ↑ 30% 2019	GH¢2.08 ↑ 35% 2019
GH¢712.9m 2018	GH¢325.9m 2018	GH¢1.54 2018

Who we are and what we do

At Standard Chartered Bank Ghana Limited, our purpose is to drive commerce and prosperity through our unique diversity. We have client segments, supported by functions.

How we are organised

OUR CLIENT SEGMENTS

Corporate & Institutional Banking

Serving large corporations, governments, banks and investors.

Operating income

GH¢465.0m

Retail Banking

Serving individuals and small businesses.

Operating income

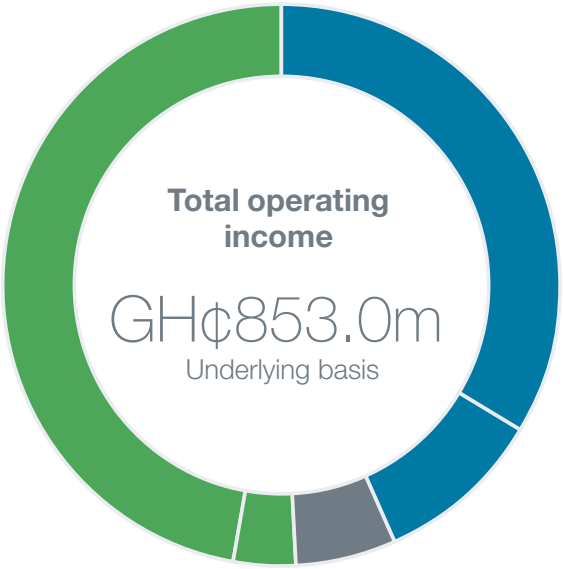
GH¢271.3m

Commercial Banking

Supporting local corporations and medium-sized enterprises.

Operating income

GH¢116.7m



How we do it

GLOBAL FUNCTIONS

Our client-facing businesses are supported by our functions, which work together to ensure the Bank's operations run smoothly and consistently with our legal and regulatory obligations, our purpose and our risk appetite.

Human Resources

Enables business performance through recruiting, developing and engaging colleagues.

Legal

Enables sustainable business and protects the Bank from legal-related risk.

Technology & Innovation

Responsible for the Bank's operations, systems development and technology infrastructure.

Risk

Responsible for the sustainability of our business through good management of risk across the Bank and ensuring that business is conducted in line with regulatory expectations.

Operations

Responsible for all client operations, end-to-end, and ensures the needs of our clients are at the centre of our operational framework. The function's strategy is supported by consistent performance metrics, standards and practices that are aligned to client outcomes.

Finance

Comprises support functions: Finance, Supply Chain Management and Property.

The leaders of these functions report directly to the Chief Financial Officer.

Corporate Affairs & Brand and Marketing

Manages the Bank's communications and engagement with stakeholders in order to protect and promote the Bank's reputation, brand and services.

Internal Audit

An independent function whose primary role is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Bank.

Conduct, Financial Crime and Compliance

Enables sustainable business by delivering the right outcomes for our clients and our business by driving the highest standards in conduct, fighting financial crime and compliance.

VALUED BEHAVIOURS

We are committed to promoting economic and social development in the markets we serve, doing so sustainably and equitably in line with our purpose and three valued behaviours.

Never settle

We recognise that there can be challenges in balancing environmental, social and economic needs, and continually ask ourselves questions to ensure we get this right.

Better together

We set and regularly review, standards for clients via our Position Statements, in order to manage environmental and social challenges based on international best practice. We expect our clients to meet these standards.

Do the right thing

Our Prohibited Activities List details those activities the Bank will not support. Where clients or suppliers breach this, or show insufficient progress in aligning to our Position Statements, we will decline transactions or exit relationships.

Chairman's statement

Driving more profitable and sustainable growth

Dr. Emmanuel Oteng Kumah
Chairman

The Bank's performance in 2019 shows significant progress made over the last couple of years, a testament to the disciplined execution of the new strategic priorities set out last year.

Distinguished Shareholders, in my statement last year – my first as Board Chair, I committed to focus my efforts on four priorities: building a resilient franchise to deliver long-term sustainable value, putting our clients at the centre of our operations, enriching relationships with major stakeholders, and ensuring excellent governance and high ethical standards. I believe that this is critical to achieving sustainable long-term growth and improving long-term value.

The Bank's performance in 2019 shows significant progress made over the last couple of years, a testament to the disciplined execution of the new strategic priorities set out last year. The Bank delivered the highest percentage growth in underlying income in five years. Together with my colleagues on the Board, we continue to support the Management team's efforts to improve the Bank's resilience while delivering great financial returns in a sustainable manner and while maintaining discipline on needed controls.

The world continues to go through instability and unpredictable change which is impacting the local economy and businesses. It has become more apparent now more than ever the importance of building a resilient franchise to withstand external shocks which come in varying degrees from economic downturns emanating from subdued world trade and geopolitical tensions, the effects of stricter regulations, emerging societal issues and rapid technological changes.

In the midst of such global challenges, our priority is to continue to enhance our risk management framework which includes non-financial risks to achieve sustainable growth and to expand our capabilities to keep up with the ever evolving risks of financial and cyber crime.

Further, the digital transformation drive we embarked on to create an organisation that is agile and efficient is well underway. We have enhanced our capabilities across our digital platforms to make banking easier and more convenient.

Also, we are making progress in delivering financial solutions that drive positive social and economic impact, as well as manage environmental and social risks associated with our financing activities. With the deadline for achieving the Sustainable Development Goals (SDGs) only ten years away we will focus on promoting sustainable finance that supports the UN SDGs.

Client focused

Over the course of the year I met with several clients who have great affection for the Bank and appreciate the value we bring to them and their businesses. Some have also expressed concern that we have become quite difficult to

deal with due to our stringent procedures. We continue to address this by putting clients at the heart of our activities. For example, our continued investment in technology is to help provide clients with simpler and seamless processes in banking and finance. We aim to deliver improved outcomes for clients by carefully designing products and delivering services that meet their needs and are appropriate to their circumstances. Where and when complaints arise, we aim to deal with them in a fast, fair and efficient way. We have received positive clients feedback which indicate that we are moving in the right direction. As we have emphasised, we are always open to your suggestions for improvement.

Supporting our communities

Having operated in Ghana for over 120 years, we are living our Here for good promise by supporting our communities and helping to provide a better future especially for the youth. In 2019, we rolled out several initiatives as part of our new community engagement programme "Futuremakers by Standard Chartered" which aims to tackle inequality and promote greater economic inclusion for young people in our communities. We expanded Goal, our existing girls' empowerment programme, which reached more than 2,000 girls and young women in 2019. During the year, 45 of our Goal girls and coaches aged 11 to 20 years, took part in an active skills-based workshop to equip them with key communication, leadership, entrepreneurial and employability skills.

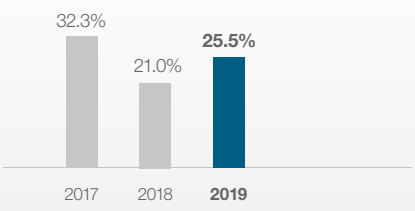
In 2019, under the Standard Chartered Endowment Fund which comprises the Standard Chartered Science Education Trust Fund and Standard Chartered Kenneth Dadzie Memorial Education Trust Fund, we awarded scholarships to 31 students who gained admission to the 5 public universities - The University of Ghana, Kwame Nkrumah University of Science and Technology, University College of Education, Winneba, University of Development Studies and University of Cape Coast. These scholarships totalling GHS200,000 will cover their period of study over the next three years.

We are continuing to support the delivery of eye health projects as part of Seeing is Believing (SiB), our global initiative to tackle avoidable blindness. In 2019, working with partner NGO Orbis International, the current programme on paediatric eyecare and the programme for building the capacity of School Health Education in Ghana achieved impressive results. 210 Primary Health Care Workers (CHNs) were trained leading to over 33,000 paediatric eye screenings at the primary level. Over 30,000 community members were reached at the primary level through avenues such as community durbars, child welfare clinics, and school health for eye health education. Additionally, in November 2019, Orbis International in partnership with Standard Chartered Bank hosted a three-week Flying Eye Hospital programme in Accra and Kumasi. The programme aimed to strengthen the capacity of Ghanaian health professionals in delivery of high-quality services in paediatric and adult eye care.

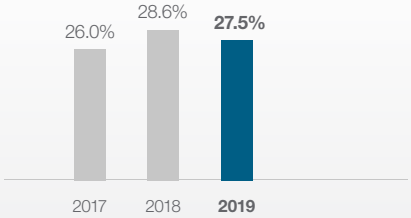
In 2019, the Bank working through partner NGO – Operation Eyesight Universal — is investing to upgrade and

Financial KPIs

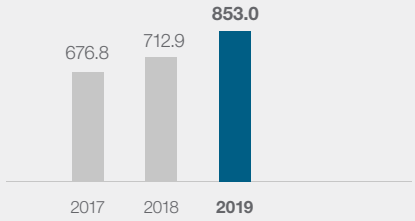
Return on equity (ROE)



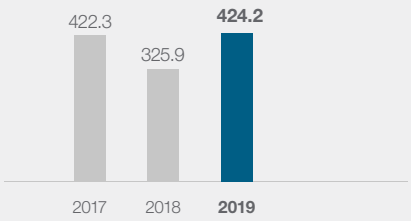
Capital adequacy ratio (CAR)



Operating income (GH¢'m)



Profit before tax (GH¢'m)



Chairman's statement continued

strengthen the delivery of quality education at the Ophthalmic Nursing School, Korle-Bu, Accra by supporting the establishment of fully equipped skills laboratory at the school.

Our plan is to bring SiB to a close in 2020 having reached over 5million Ghanaians through several programmes since 2007.

Enhanced governance and culture of ethical banking

Last year, I commissioned an independent Board effectiveness review. The aim of the review was to demonstrate that the Board acknowledges good governance and is operating effectively. The outcome of the review shows that the Board functions effectively on several fronts, though there are, as is expected, areas we could improve and we intend to do so. I have shared details on that in the notes.

As a Bank we are also very passionate about good conduct and instilling a culture of ethical behaviour in all our employees. To this end we continue to invest in building systems and rolling out the appropriate infrastructure to ensure that we continue to play a leading role in discovering and disrupting financial crime. We remain focused on behaviours, values and principles to enable us make the right decisions and exercise good judgement for our clients and stakeholders.

Dividends

It is the Board's desire to recommend payment of dividend, considering the good performance of your Company in 2019. However due to Bank of Ghana's Notice NO. BG/GOV/SEC/2020/03, Notice to Banks and Specialised Deposit-Taking Institutions, on the suspension of distribution of dividends for the financial years 2019 and 2020, the Board is not recommending payment of dividend for the 2019 financial year.

Board changes

During the year, two new members were appointed to the Board. Mr. Sheikh Jobe was appointed as Executive Director and Mr. Kwabena Nifa Aning was appointed Independent Non-Executive Director. Both of them have a wealth of experience and will bring significant value to the Board.

Conclusion and outlook

The Bank continues to make great strides in 2019 despite the challenging external environment. 2020 however presents a different set of challenges. I believe that your Bank is ever ready and uniquely placed to soar and take advantage of the evolving opportunities. By all measures, the team is on the right track and we believe that with a disciplined focus on executing the strategic priorities and by being quick and nimble, we can continue to deliver good performance. The Board will continue to support the team while maintaining appropriate governance and risk oversight, to deliver profitable returns in a sustainable manner. On behalf of the Board, I would like to thank our clients for their continued loyalty, our employees for their dedication, commitment and resilience through challenging times and our valued shareholders for your support, feedback and contributions.

Dr. Emmanuel Oteng Kumah
Chairman
20 February 2020

The Standard Chartered Endowment Fund

SEEING IS BELIEVING PHASE V

Tackling avoidable blindness especially among children

Seeing is Believing, launched in 2007 in Ghana, is our flagship programme to tackle avoidable blindness and visual impairment. In 2017, we launched SiB Phase V tranche 3 in partnership with ORBIS with the aim of increasing the uptake of eye health services especially among children. The programme is being implemented in four districts in the Ashanti region - Afigya Kwabre, Ejisu Juaben, Atwima Kwanwoma and Bosomtwe Districts and has achieved impressive results.

In November 2019, Orbis International supported by SiB, hosted a three-week Flying Eye Hospital programme in Accra and Kumasi. The programme aimed to strengthen the capacity of Ghanaian health professionals in the delivery of high-quality services in paediatric and adult eye care.

Tackling avoidable blindness especially among children.

2019 in review

Seeing is Believing

210 Primary Health Care Workers (CHNs) were trained leading to

33,887 Pediatric eye screenings at the primary level.

80 School based Health Coordinators were trained from selected schools leading to

11,469 pupils screened.

407 Spectacles were delivered to students identified with refractive errors.

16 Frontline Ophthalmic nurses were trained leading to

5,937 Pediatric screenings at the 4 district hospitals.

156 CHPs zones and **four (4) district hospitals received consumables and equipment** to help improve access and efficiency of eye care.

30,966 community members were reached through outreach programs.

198,067 community members were reached through mass media campaigns on avoidable blindness.

2,272 people across the 4 project districts were reached through film screening sessions.

Chief Executive's review

Delivering on our commitments

Mansa Nettey
Chief Executive

Last year, we announced a new strategic direction, drawing on our core capabilities and in alignment with our aspiration of harnessing growth opportunities while focusing on clients. The aim was to significantly improve our growth, financial returns and create shareholder value.

I'm pleased to share that we have made significant progress on our strategic priorities, delivering strong financial outcome in 2019. This is a direct result of our commitment and robust execution of the identified actions we took to transform the business.

Our 2019 results showed a strong rebound with underlying operating income increasing by 20 per cent to GH¢ 853.0 million from GH¢ 712.9 million in 2018. This translates to the highest percentage growth in the last five (5) years following several years of muted performance.

The Bank posted a strong profit before tax of GH¢ 424.2 million, representing 30 per cent year-on-year increase. Operating expenses increased by 15 per cent from GH¢ 286.3 million in 2018 to GH¢ 329.0 million in 2019. Loan impairment was GH¢ 99.9 million marginally better than the 2018 position of GH¢ 100.8 million. Total assets increased by 28 per cent over prior year. We exited 2019 with a liquid and well-diversified balance sheet.

We continued our strong momentum in our digital transformation agenda achieving key milestones during the year.

In February 2019, we launched our first fully digital bank on mobile – SC Mobile App -with enhanced features including full onboarding of new clients in 15 minutes. SC Mobile has digitised up to 70 in branch service requests giving total control to clients while making their banking more convenient. The integration of additional solutions including wealth management, mobile money and credit card has given clients an even more superior banking experience.

These, coupled with the installation of Digital Banking Centers (DBCs) to augment our branch network and give clients better access to our digital banking experience have cemented our place as the bank for the future. Our first DBC is located at Westlands in Accra and we expect to roll out more in the near term.

> We delivered strong financial outcome in 2019; a direct result of the strategic actions we took to transform our business.

We continue to invest in cutting edge digital tools for our Corporate clients deploying new technologies to enhance security features and product offering, transforming how we serve our clients. We have maintained our focus on supporting sustainable economic growth and continue to leverage our network to drive commerce and prosperity by providing unique financing solutions for our Commercial and Corporate Clients.

From turnaround to transformation

Throughout the year under review, we maintained a steady focus, embedding our refreshed strategic priorities to help the business better meet client needs and grow sustainably. All our client segments posted strong performance with double-digit growth in underlying incomes in 2019.

Our Commercial Banking business, which had initial difficulties including legacy bad debts from the financial crisis of 2015, has turned around significantly achieving underlying income growth of 104 percent and a breakeven position on the bottom line compared to a loss in 2018. By sharpening our focus on key sectors of the economy such as manufacturing, health and hospitality, onboarding new clients and deepening relationships with the existing clients in those sectors, while embedding innovation into the portfolio, we expect an upward trend in the performance of the Commercial Banking business.

The Corporate and Institutional Banking business delivered income growth of 12 per cent over previous year driven by a diversified product suite and expanded client solutions against a backdrop of challenging geopolitical and macroeconomic conditions. We effectively leveraged our network capabilities and our local and offshore investor engagements to identify and provide capital market and sovereign solutions leading to the Bank winning key mandates.

Being one of the world's top three trade banks, we will continue to deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows. This was highlighted through our global Belt and Road Relay running event which made a stop in Ghana in April 2019, sharing our expertise and opportunities on the China corridor with clients and key stakeholders. Into 2020, we will accelerate the introduction of Sustainable Finance products to our clients through product innovation.

We have continued digitising our Retail Banking business, improving client experience through an enhanced end to end digital offering. We leveraged our digital platform to deepen our Wealth proposition making wealth management products available on SC Mobile. By continuously enhancing our offering for clients we are able to meet the wealth needs of our affluent and emerging affluent clients and build on our client ecosystem and alliance initiatives.

Beyond financial performance, we made other great strides in delivering our strategic priorities.

- We have made good progress on improving client experience by driving our 'People' objective of collectively making SCB a more "Human Bank" that promotes client centricity to deliver Memorable Experiences (#Makingmemorableexperiences) with every interaction. This has been demonstrated through positive feedback and recommendations from clients. A sizeable number of our staff received various internal awards for being client-centric and living our valued behaviours including the highest internal Award by Standard Chartered Group - The Standard Chartered Recognition Awards.
- We continue to invest heavily in digitisation and innovation, delivering several digital initiatives across our Retail and Corporate segments, transforming our business with improved turnaround times for customer service improved turnaround times for customer service and onboarding processes.
- We continue to improve overall productivity through enhanced cross function and business collaboration.

Culture and sustainability

We embarked on a journey of refreshing the culture of the Bank that emphasizes sustainability and conduct. By engaging employees and providing them with a positive experience, we unleash their potential to provide great service to our clients, deliver our business strategy, live our valued behaviours and embody 'Here for good'.

We made significant investment in our people, equipping them with the right tools and providing the support they need to deliver. By further empowering middle management and engaging the millennials (who make up over 50 percent of employee population) in the process of setting our strategic actions, we reinforced our pledge to advance a renewed ownership and accountability for driving strategic priorities within teams.

As a Bank, we are committed to working with our employees, clients and stakeholders to deliver sustainable banking. Our main impact on the environment and society emanates from the business activities we finance. As such, delivering finance that drives positive social and economic impact while managing environmental and social risks is vital.

Our vision is to become the most sustainable and responsible bank, and the leading private sector catalyser of finance for the United Nations Sustainable Development Goals (SDGs). We will work with our clients and peers, indirectly and directly, to drive thought leadership on SDGs to deliver sustainable development. Following the launch of Oppo2030, the Standard Chartered Investment Map earlier this year, we are committed to further be part of the solution in financing the SDGs where it matters the most.

As a key lever of the Standard Chartered Group, we continue to follow through on our global sustainability aspirations including developing innovative sustainable financing solutions and taking bold, ambitious steps to address major challenges such as climate change, both globally and locally. Meanwhile, we continue to challenge ourselves and our employees to among other things, reduce our local environmental impact.

Good conduct remains a top priority for us and we continue to make good progress on our conduct agenda, embedding practices that identify and manage conduct risk. We set expectations through our Code of Conduct and each year, employees recommit to the Code after they go through mandatory conduct training. We are relentless in the fight against financial crime.

Last year, we reviewed our Anti-Bribery and Corruption (ABC) policies to complement the efforts of our dedicated Financial Crime Compliance (FCC) team in the management of Financial Crime Risk, which includes adhering to anti-money laundering and sanctions policies.

Chief Executive's review continued

Awards

In 2019, Standard Chartered Bank Ghana Limited won several internal, local and international awards - a reflection of our investment in people and technology and our financial performance. They include:

- Best Digital Consumer Bank in Ghana 2019 – Global Finance Awards
- 2019 Excellence in Employment Opportunity - Ghana Disability Excellence Awards
- Digital App of the Year, Digital Team of the Year, Digital Bank of the Year (2019) – Ghana Information and Technology and Telecom Awards 2019
- Bancassurance Leader of the Year 2019 – Ghana Insurance Awards

Our employees also excelled, winning several internal awards including:

- The Standard Chartered Recognition Award for 'Never Settle' – Prince Nyarko
- Africa &Middle East Regional Awards for 'Do the Right Thing' – John Laaso

Management Team Changes

Two colleagues were appointed to the Management Team during the period under review. Yvonne Gyebi was appointed Head of Retail Banking and Michael Oseku-Afful, Head of Conduct, Financial Crime & Compliance (CFCC). Both succeeded colleagues who left to pursue interests outside the Bank.

Conclusion and outlook

We delivered strong financial outcomes in 2019 and improved our Return on Tangible Equity (RoTE) by 450 basis points to 25.5 per cent in 2019.

We started 2020 on a good note with all businesses on a strong momentum prior to the outbreak of the Coronavirus disease (COVID-19). The COVID-19 pandemic will bring with it unprecedented impact on the global economy with a rippling effect on our local economy impacting our clients at different levels. This could lead to a disruption in the operating cycles of clients and we remain committed to work with them to navigate the challenging times. These external headwinds coupled with challenges associated with election cycles could impact our growth in 2020. We will however seek opportunities in the growth areas of the economy, consistent with our strategic priorities, which we believe will mitigate the risks. We would also draw on lessons from the recent past difficult periods the Bank has been through to minimise expected losses.

Our focus remains on the diligent and collaborative execution of the strategy while maintaining a tight control, governance and risk environment to deliver sustainable growth for our clients and value to our shareholders. I thank my colleagues who have consistently, with zeal and dedication, worked hard to deliver on our turnaround priorities.

Although we've kicked off 2020 in a challenging environment, guided by our strategic direction, and united through our purpose, I am confident in our collective ability to rise to the occasion, weather the storm and emerge stronger for indeed, we are Here for good.

I would like to thank our shareholders and investors, who have remained steadfast through challenging times, and despite the headwinds, continue to spur us on to deliver on our aspirations. I am confident that with this new strategic direction, we have set up for ourselves, sustainable transformation and lasting success.

Mansa Nettey
Chief Executive
20 February 2020

Launch of SC Mobile in February 2019

Thought leadership programme on Anti-Bribery and Corruption held in December 2019

Goal our global education programme for adolescent girls and young women was launched in Ghana in 2017 in partnership with the Right to Dream Academy. Through sports and life skills training we equip girls with the confidence, knowledge and skills they need to be leaders in their communities.

The progamme has reached over 3500 girls. In 2019, the girls took part in active skills-based workshops to equip the Goal participants with key communication, leadership, entrepreneurial and employability skills through debating skills.

They also participated in speed mentoring during the Belt and Road relay stop in Ghana.

My name is Zuwah Alhassan, I took part in the Goal activities during the 2018/2019 academic year before I graduated from the Juapong R/C Junior High School.

I enjoyed the programme and the lessons made a positive impact on me. At the beginning I was not expecting much because I thought it was another school programme we were being forced to attend. After the first session, I changed my mind. The coaches from the Right to Dream Academy were about the same age as me. My friends and I really enjoyed the sessions especially the games we played before the sessions with the coaches. Through the games we understood what we were being taught.

The GOAL sessions had a very positive effect on me, more than I thought. I am now in Senior High School and I realize that the GOAL sessions have given me a head start. I am a star among my peers teaching them basic things I learned from the GOAL sessions, because I had an opportunity they did not have whilst I was in basic school.

I share my knowledge on personal hygiene, public speaking and general knowledge on issues relating to females with the girls in my class. I am now a prominent member of the Girls Guide and the Debating Club of my School.

My thanks go to the GOAL PROGRAMME and its organizers for putting me a step ahead of my pals.

Zuwah Alhassan
Hohoe E. P
Senior High School.
Hohoe Volta Region,
Ghana

Market environment

2019 in brief

- Ghana exited the IMF's Extended Credit Facility (ECF) in 2019.
- Under the programme, Ghana significantly narrowed its fiscal and current account deficits
- The Fiscal Responsibility Law was passed, capping the fiscal deficit at 5% of GDP.
- Inflation lowered to single digit.

Outlook

- We expect robust growth of 6.2% in 2020, supported by recovery in the financial sector.
- Rise in private sector credit extension by better capitalised banks
- Positive developments in the Oil and gas sector
- Though Government has cut back on capital expenditure in response to revenue shortfalls, other drivers of infrastructure spending are expected to become more prominent in the run up to the 2020 elections.
- Bank of Ghana has also introduced the FX forward auctions to enhance FX flows to the market. We expect depreciation within 10%-15% range despite the issuance of the $3billion Eurobonds earlier in February, 2020.
- We expect inflation to remain within the target range 8%(+/-) 2% in 2020.
- We also expect BoG to cut policy rate by 200bps in 2020

The market environment report has been produced in collaboration with our Global Research team.

The forecasts reflect its projections, and not necessarily those of the Board.

Business model
Built on long-term relationships

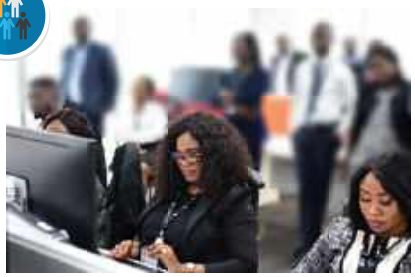
What makes us different

OUR PURPOSE

To drive commerce and prosperity through our unique diversity – is underpinned by our brand promise, **Here for good.**

Client focus

Our clients are our business. We build long-term client relationships through trusted advice, expertise and best in class capabilities.



Robust risk management

Our risk management approach helps us to grow in a sustainable manner.

Distinct proposition

By combining our local expertise and international network, we offer our clients superior tailored propositions.

Sustainable and responsible business

We promote social and economic development by contributing to sustainable economic growth through our core business of banking, by being a responsible company and promoting inclusive communities.

The inputs we rely on

OUR RESOURCES

We aim to use resources in a sustainable way, to achieve our long-term strategic objectives

Human capital

Our diversity differentiates us. Achieving our strategic priorities hinges on the way we invest, manage and organise our people, the employee experience we curate and the culture we develop.

Strong brand

We are Ghana's premier bank established in 1896 and a member of a leading international group. We have been at the forefront of financial market development in Ghana.

International network

Being part of an international group with presence in over 59 markets we connect companies, institutions, and individuals to and in the world's most dynamic regions.

Technology

We possess leading technological capabilities to enable best-in-class customer experience, operations and risk management.

Business model continued

What we deliver

We deliver an extensive set of solutions, products and services adapted to the needs of our clients.

CLIENT SEGMENTS

Corporate & Institutional Banking

Retail Banking

Commercial Banking

See our client segment reviews on pages 26 to 31

PRODUCTS AND SERVICES

Retail Products

- Deposits
- Savings
- Credit cards
- Debit cards
- Personal loans
- Other Retail
- Banking products

Wealth Management

- Insurance

Transaction Banking

- Cash management
- Payments and transactions
- Securities holdings
- Trade finance products

Financial Markets

- Investment
- Risk management
- Debt capital markets
- Corporate Finance

FINANCIAL PERFORMANCE

Income

- Net interest income
- Fee income
- Trading income

Profits

Income gained from providing our products and services minus expenses and impairments

Return on equity

Profit generated relative to tangible equity invested

The value we create

We aim to create long-term value for a broad range of stakeholders in a sustained manner.

OUTCOMES

Clients

We enable individuals to achieve their ambitions, grow and protect their wealth. We help businesses to trade, transact, invest and expand. We also help a variety of financial institutions, including banks, public sector and development organisations, with their banking needs.

Employees

We believe great employee experience drives great client experience. We want all our people to pursue their ambitions, deliver with purpose and have a rewarding career enabled by great people leaders.

Society

We strive to operate as a sustainable and responsible company, driving prosperity through our core business and collaborating with local partners to promote social and economic development.

Regulators and governments

We engage with relevant authorities to play our part in supporting the effective functioning of the financial system and the broader economy.

Investors

We aim to deliver robust returns and long-term sustainable value for our investors.

Suppliers

We work with local and global suppliers to ensure they can provide the right goods and services for our business, efficiently and sustainably.

BELT & ROAD

Our first-ever global running event along the Belt & Road

At the beginning of 2019, eight (8) Standard Chartered employees from different markets across Asia, Africa, the Middle East, and Europe and the Americas set off to run across 44 markets over the course of 90 days in the first-ever global running event spanning the Belt & Road Initiative.

The Standard Chartered Belt & Road Relay began in Hong Kong on 17 February and ended in Beijing, China on 11 May, 2019, covering a total of 353km. The relay made a stop in Ghana on 18 and 19 April, 2019, where runners participated in a 10km run in partnership with the Chinese Embassy. There were other activities including a press briefing to create awareness for the relay highlighting our key capabilities and a client event with clients with business interest along the China corridor.

Standard Chartered is present in two-thirds of Belt & Road markets. Being part of the network, Standard Chartered Bank Ghana Limited is ideally placed to help its partners, clients and communities to make the most out of the initiative.

Corporate & Institutional Banking

At a glance

Profit before taxation

GH¢352.6m
2019

GH¢309.9m
2018

Total assets

GH¢6,413m
2019

GH¢4,655m
2018

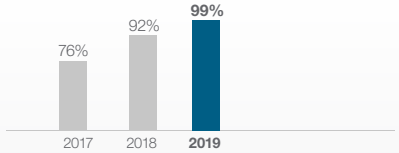
Return on assets

5%
2019

7%
2018

KPIs

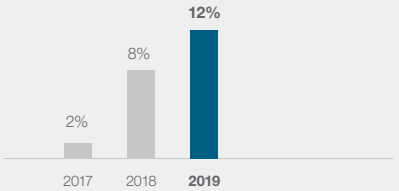
Percentage of Clients on Digital Platforms



Aim: Provide needed convenience, flexibility and value desired by our clients and drive efficiency through our innovative platform solutions.

Analysis: Digital adoption has continued to grow year-on-year with the proportion of Corporate and Institutional Banking clients on digital platforms up from 92 per cent in 2018 to 99 per cent in 2019 while 87 per cent of clients submitted instructions for transactions electronically in 2019 compared to 83 per cent for 2018.

Revenue Growth



Aim: Generate high-quality returns by growing capital-lite income and driving balance sheet growth within sound control environment.

Analysis: Annual per centage growth in revenue has increased from 2 per cent in 2017 to 12 per cent in 2019 driven largely by improved year-on-year performance from Trade, Financial Market Sales and Corporate Finance.

Segment overview

Corporate and Institutional Banking (CIB) supports our clients with Cash Management, Trade, Securities Services, Lending, Financial Markets, Corporate Finance, Syndications, Debt Capital Market, Lending services laced with innovative technology platforms. The solutions we offer cover over 500 clients across the various sectors of the economy. These clients are segmented into Global Subsidiaries made up of Multinational Corporates, and Financial Institutions which cover banking activities with Banks, Non-bank financial institutions, Development Organisations as well as Sovereign and Government-related entities.

Strategic objectives

Our focus is to be a strategic partner to our clients supporting them with our diverse solutions to achieve their core business objectives. Leveraging on our extensive product and geographic coverage, deep industry experience, innovative platform solutions among others, we are poised to be the leader and partner of choice to our clients.

Our value proposition to clients will continue to evolve with our clients' needs and macroeconomic trends. Our offerings will support the client in the management of key challenges their businesses face. Highlights of the priorities of the business include:

- Structure financial solutions to drive balance sheet growth and increase our wallet share of clients' business and the market. Churn both new and existing assets to increase balance sheet efficiency and better mitigate risks.
- Aspire to be a lead bank across our portfolio in the provision of debt and risk management solutions, and thought leadership.
- Leverage on our network capabilities across our global footprints to extend the reach of our clients to enable them benefit from our extensive capabilities and experience across the Group.
- Drive the government's agenda of industrialization through manufacturing with our Transaction Banking platform and provide efficient solutions across our clients via ecosystem banking.
- Continue to drive our corridor value proposition across key markets - mainly China, India and Europe's trade with Ghana.

DRIVING INNOVATION

Our various digital offerings are facilitating 360-degree banking opportunities for our clients. We continue to improve and grow our product capabilities offering to our customers and accelerate the digital drive. Our receivables suite of products - POS, QR codes and Mobile Collections are delivering aggregated and customizable collection solutions to our clients.

We have witnessed an increase in the number of clients holding operating accounts with the Bank as well as improved customer liabilities through provision of client centric solutions. The Bank has achieved successes in the area of strengthening our client relationships through continuous engagements over the period.

Customer feedback has been pivotal in defining the improvements to the new version of online banking (Straight2Bank – NextGen). This improved version of our award-winning Corporate Internet banking platform will bridge identified gaps in various payments and collection processes and revolutionize customer online banking experience.

Financial & Performance Highlights

- The business closed 2019 with revenues of GH¢ 465million which was 12 per cent better than the GH¢ 414million recorded in 2018. Improved year-on-year performance from Trade, Financial Market Sales and Corporate Finance was the reason for the growth.
- Transaction Banking contribution of 40 per cent to the overall business revenues was nearly flat year-on-year despite a better performance from Trade. This was because of subdued performance from Cash Management.
- Financial Markets and Corporate Finance had a sterling performance because of a key derivative deal closed in addition to improved FX volume to our clients.
- Cost grew by 19 per cent to close at GH¢ 111million on the back of lease costs for the new Head Office and inflationary impact on staff-related expenses.
- Profit before tax of GH¢ 353million was up 14 per cent when compared to GH¢ 310million in the prior year.
- Our balance sheet remains liquid and robust with adequate capital to keep providing balance sheet – led solutions to our clients.
- Total assets closed at GH¢ 6,413million, up 38 per cent from the GH¢ 4,655million recorded in 2018. This was driven largely by the 26 per cent build up in country deposits.

Progress against Strategic Objectives

- Our strategic positioning remains on course as we continue to aspire to be the market leader with our thought leadership initiatives to our clients and other stakeholders.
- The ecosystem banking value proposition is well established and beginning to yield the necessary results.
- We are creating the right level of assets in line with our clients' business growth and providing them with the appropriate risk management solutions.
- We continue to deploy e-platforms as a key enabler to drive our growth agenda and provide the needed convenience, flexibility and value desired by our clients.

Outlook for 2019

- The Corporate and Institutional Banking (CIB) business is well positioned for further growth in 2020. Nonetheless, we would like to highlight that 2020 has headwinds which may pose a risk to our performance especially with the coronavirus which is impacting global trade. While this remains a key challenge, we believe opportunities in line with Ghana's evolving economy places us in a unique position as a global bank to continue playing the financial intermediation role within our risk appetite to grow our business.

Retail Banking

At a glance

Profit before taxation

GH¢69.8m
2019

GH¢50.7m
2018

Total assets

GH¢656m
2019

GH¢580m
2018

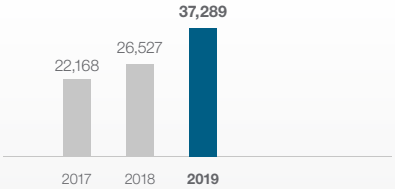
Return on assets

11%
2019

9%
2018

KPIs

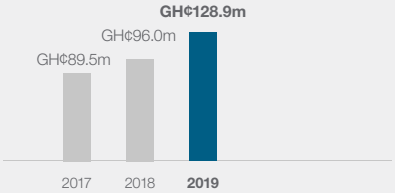
Retail Digital Banking Adoption



Aim: Become the digital main bank for our clients providing end to end digital capabilities with straight through processing to improve client experience.

Analysis: Total active digital clients went up by 41 per cent in 2019 from 26,527 clients in 2018 to 37,289 clients. We will continue to offer clients seamless banking and access information on banking and financial trends through our digital platforms.

Priority and Business Banking Focus



Aim: Increase the proportion of income from Priority and Business Banking clients reflecting the strategic shift in client mix towards high value segment.

Analysis: Retail Banking income from Priority and Business Banking clients increased to GH¢ 128.9m in 2019, an increase of 34 per cent from 2018, supported by more than 1,500 new-to-bank Priority and Business clients in the year.

Segment overview

Retail Banking serves Personal, Priority and Business banking clients and represents a third of the Bank's income and profits. Our focus is on serving the banking needs of clients with market leading digital capabilities and best in class products across deposits, payments, financing and wealth management. We focus on high value segments with a growing Wealth Management business made largely of Offshore Investments, Retail Forex and Bancassurance.

Our clients continue to show us the way they want to do business. Our ardent pre-occupation is to help our clients build and protect their wealth and offer them banking channels that save them money, make them more efficient and are totally secure.

We are steadfastly heading in the right direction with our commanding lead of the digital agenda. Our capabilities in the online and mobile banking space has seen significant improvements during the year under review.

We aim to deliver convenient and easy banking for clients in our chosen segments

Strategic objectives

We have made tremendous progress in transforming our business, channels and footprint. This has positioned us for the future and sharpened our competitive advantage as a business.

Our priorities for the segment are:

- Accelerate business momentum, growth and profitability. We continue to remain innovative in our product offers and back them with relationship deepening in our managed segments to drive business growth.
- We remain intently focused on building an increasingly more efficient business. Efficiency for us derives from optimising the gains from our digital revolution and ensuring our channels of distribution are sized right.
- Embed the key tenets of the Bank's refreshed strategic priorities by improving our service, delivering a differentiated proposition to our

IMPROVING CLIENT EXPERIENCE

With banking now a lifestyle, our clients expect total convenience, security as well as responsiveness.

Each innovation is based on insights from our clients and our Digital Bank, SC Mobile, continues to make strides in this direction for our clients.

We have enhanced SC Mobile with a range of innovations and functionalities including the ability to;

- Buy Local and Foreign Currency Bonds,
- Access your bank accounts from any mobile messaging platform through SC Keyboard,
- Make payments using QR Code payment and P2P.

Our ultra-modern, fully self-service Digital Hub at Westlands is also equipped with state of the art digital banking devices including intelligent ATMs for Cash withdrawal, Cash deposit, Cardless services, Credit Card payments as well as internet enabled banking terminals to cater for in-branch services like investments. Additionally, the Digital Hub has installed phone services for clients to engage directly with the Client Care Centre. Adequate security is provided 24/7.

Technology will continue to play a key role to enable us meet the expectations of our clients.

Our ardent pre-occupation is to help our clients build and protect their wealth as well as offer them channels that makes banking affordable, efficient and is totally secure.

clients and stakeholders, and becoming a future-focused bank.

- We will continue to build the right culture around risk, conduct and compliance. We will continue to build a business that assures stakeholders of the safety of the incomes the business generates
- We have implemented a client experience which ensures that, we keep our service commitments to our clients. We are on a path of continuously improving our processes to ensure that clients' feedback is leading to improvements in the way we serve them.

2019 Performance Highlights

Income

Retail Banking delivered a strong financial performance in 2019, appreciable double-digit growth in income and operating profits. Total Income went up by 12 per cent year-on-year from GH¢242million to GH¢271million which was primarily driven by growth in income from Deposits, Assets and Wealth Management. Operating profit grew by 37 per cent year-on-year from GH¢ 51million to GH¢70million. The revenue streams of the business are well diversified by customer segments. Our performance is very much in line with our strategic direction to be the bank of choice for our clients. All customer segments delivered good performances and our business remains well positioned to deliver a superior performance in 2020.

Expenses

Expenses went up by 7 per cent year-on-year from GH¢169million to GH¢181million which is primarily attributable to investment in our digital platforms and distribution network to deliver convenient and easy banking experience for our clients. We will continue to manage cost very tightly to release funds for further investments.

Impairments

We saw a slight improvement in our loan Impairments, which dropped by 10 per cent year-on-year from GH¢ 23million to GH¢ 21million. This was largely achieved through enhanced portfolio management and recoveries.

Balance Sheet

Deposits grew by 20 per cent year-on-year from GH¢1,546million to GH¢ 1,848million. Growth in deposits was mainly driven by various initiatives including competitive product offerings and sales campaigns. Loans and Advances went up by 13 per cent from GH¢580million to GH¢656million mainly driven by personal loans. We experienced appreciable growth in lending to our business banking relationships during the year and this will continue to be our direction.

Updates on strategic objectives

- The Retail Business made significant progress in 2019 in driving its digital and transformation agenda. Various investments were made into our digital banking platform – with the launch of our flagship end to end digital bank which features an end to end digital client onboarding, 70 client service journeys, a fully enhanced payment proposition including mobile money and wealth solutions on mobile. A range of other digital innovations were rolled out including; SC Keyboard, QR Code payment and P2P Payments.
- We invested in our footprints with the opening of a Priority centre and a digital hub. The digital hub is a fully self-service digital offering, equipped with state-of-the-art digital banking devices including intelligent ATMs for Cash withdrawal, Cash deposit, Card-less services, Credit Card payments as well as internet enabled banking terminals to cater for in-branch Services like investments. Additionally, the digital hub has installed phone services for clients to engage directly with the Client Care Centre. Adequate security is provided 24/7.
- We were also committed to serving our clients better by listening and paying attention to their needs. In 2019, we successfully rolled out enhanced products for clients including; Higher Value Personal Loans, Corporate Credit Cards, Secured Credit Cards and Credit cards for Non-domiciled clients.
- Good progress was made in delivering on our strategic initiatives of deepening our share of market and wallet in our chosen segments. In 2019, we opened our digital hub at Westlands, KNUST priority centre in Kumasi and optimised some of our branches at key strategic locations to help us serve our clients better. The strategic shift towards banking the ecosystem is progressing steadily and will continue to remain one of the focus areas as we move into 2020.

Outlook for 2020

2019 was a good year for Retail Banking and we expect to build and sustain this performance. However, 2020 will inevitably have its own challenges, but we are clear on what we want to achieve as a business. We will continue to focus on the shift to build a more diversified and robust balance sheet to better hedge the book and work harder on providing superior wealth solutions that have become crucial in helping our clients build and manage their personal wealth. The investments and changes we have made over the last couple of years to transform the business have taken shape and placed us on a trajectory to accelerate towards achieving greater heights. In 2020, our main focus will be to grow our customer base, rollout innovative and best in class product offerings to meet the ever-changing needs of our clients and revolutionise client experience. We will continue to invest heavily in our digital capabilities and agent banking to grow our footprints and provide convenient banking for our clients.

Commercial Banking

At a glance

Profit before taxation

GH¢1.8m
2019

GH¢(34.8)m
2018

Total assets

GH¢549m
2019

GH¢726m
2018

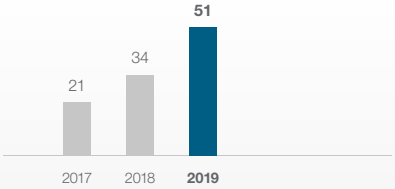
Return on assets

0%
2019

(5)%
2018

KPIs

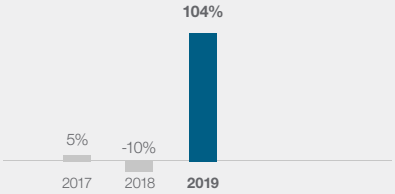
New to Bank clients onboarded



Aim: Building scale by on-boarding new to bank clients.

Analysis: We maintain strong momentum in the on-boarding of new to bank clients, while deepening relationship with clients on-boarded in prior years.

Revenue Growth



Aim: Growing topline as we increase client base and optimise low-returning relationships.

Analysis: Our income doubled from GHC 57million in 2018 to GHC 116 million in 2019, a mark of the beginning of complete turnaround in the business.

Segment overview

The Commercial Banking business is made up of High Value Small Businesses, Medium Enterprises and Local Corporates in Ghana. These companies are primarily engaged in productive sectors of the economy and looking to expand beyond Ghana. These companies also play a critical role in the ecosystem of our multinational clients managed under CIB. We serve our clients through dedicated relationship managers providing financial solutions and services in Transaction Banking, Financial Markets and Corporate Finance.

In 2019, we repositioned the business and achieved break-even point by the end of the year following a challenging 2018. Our strategy remained doing business with increasing number of clients (i.e. onboarding new clients) and deepening existing business with clients. In 2019, our income doubled and our assets quality improved. We continued to deploy our transaction banking and risk management solutions to our clients. Clients have benefitted from the use of our award-winning online banking platform, Straight2Bank and we will continue to emphasise this as one of our key competitive advantages. We will continue to focus on the relatively small remaining non-performing loans in the portfolio.

Strategic objectives

We strive to be the bank of choice for all local corporate clients seeking to build their brands both within and beyond Ghana. We have taken steps to sharpen our strategic focus, restructure cost and push the boundaries of the business through digital, optimise low-returning relationships, deliver the network and improve productivity.

Progress towards strategic objectives

In 2019, the business made key strides in key sectors of the economy by carefully going after new clients. These new clients are either growing with positive outlook in their business or industry leaders. The business also had to bear remnants of legacy loan impairments predominantly in relation to clients who were once involved in steel manufacturing. We also made some key recoveries which eventually helped the business achieve break-even position. The key highlights of the year included;

- Extended banking facilities to new clients in the infrastructure sector of the economy
- Extended banking facilities to clients who are suppliers to major

SUPPORTING HEALTH INFRASTRUCTURE

Contracta Construction UK Limited won a EUR 138m EPC/Turnkey contract with the Republic of Ghana (Represented by the Ministry of Health) for the execution of the Modernisation of the Komfo Anokye Teaching Hospital (KATH) Maternity and Associated Infrastructure. As part of the project requirements, Standard Chartered financed the Advance Payment Guarantee and Performance Bond.

Under the agreement, the 750-800 bed facility will include a Paediatric, Gynaecology and Obstetrics units. It will also have nine theatres, all situated on one floor for greater efficiency plus one located on the ground floor for emergencies. There will be a pharmacy with a dispensary on each floor with high-quality equipment. The facility will also include student lecture halls and associated facilities, banks, gift shops and offices of the National Health Insurance Scheme (NHIS).

multinationals in the country

- Increased our business with key clients engaged in the manufacturing sector
- Increased engagements with our network clients i.e. clients operating in Ghana and other parts of our network

Performance highlights

2019 saw a healthy growth in revenues and recoveries compared to previous years. The two primary income lines which are net interest income and net fees and commissions income went up significantly.

- Overall income grew from GH¢ 57million in 2018 to over GH¢ 116million in 2019 which was up 105 per cent year-on-year mainly driven by growth from Cash. We view this as the beginning of the complete turnaround of our Commercial Banking business.
- Underlying profit before taxation of GH¢ 1.8million was up from the loss recorded in 2018.
- Loan impairment however persisted but we note that these were impairments on loans granted before 2015 and the companies had experienced significant financial crises prior to 2018.
- We increased our business with key clients engaged in manufacturing sector and increased engagements with our network clients that is clients operating in Ghana and other parts of our network.

Outlook for 2020

We really want to maintain the momentum from 2019 into 2020. Very early in 2020, we have seen a number of headwinds and we also note there will be elections later in the year. All things being equal we expect the business to achieve an improved profitability in 2020. We will continue to pursue the following;

- Focus on the industrialisation agenda set by the government to diversify our asset portfolio. We believe this is important to promote import substitution enterprises and export oriented activities.
- Supporting health, hospitality and education sectors with efficient collections and payments solutions
- Executing more into the supply chain agenda and delivering tailor made solutions to grow and to aid our clients business
- Continually embed innovation, digitisation and analytics into our business model to become more efficient

Chief Financial Officer's review

An encouraging and resilient performance

We delivered strong results during a time of challenges in the industry. We will continue to focus on the fundamentals of banking to assure the future for our customers and business.

Our highlights and achievements in 2019

- Strong operating profit was delivered against a backdrop of industry challenges
- Revenue growth was the highest for the past five years.
- We exited 2019 with a liquid, diversified balance sheet and remain open for business to our customers
- A conservative approach to risk management has worked favourably for the Bank
- We took advantage of our strength and talents to support our clients during stress conditions.

Our priorities in 2020

- We expect 2020 to be a year of continued economic turbulence with global recessionary conditions. Against this backdrop, we believe the maintenance of a liquid, conservative and well diversified balance sheet is the best way to sustain the Bank and serve our customers. We will pace investments and discretionary expenditure throughout the year.
- Commercial and Corporate Banking will continue with disciplined execution of the existing client-focused strategy with effective management of capital, liquidity and risk.
- Retail Banking will continue to undergo significant repositioning, diversifying income streams and accelerating the transition to an increasingly customer-centric model

Kweku Nimfah-Essuman
Chief Financial Officer

Summary of financial performance

The Bank recorded a good performance in 2019 amid unexpected market and macroeconomic challenges. Revenue grew at record levels, propelling operating profit after tax to high double-digit growth and key return metrics to impressive levels.

The Balance Sheet remained strong, adequately capitalised and very liquid with growth seen across earning assets, deposits and capital.

Operating income was up 20 per cent year on year (YoY) to GH¢ 853.0 million compared to prior year of GH¢712.9 million. The percentage growth is the highest for the past five (5) years.

Net interest income (NII) was up 22 per cent, largely driven by revenue impact of robust balance sheet growth (earning assets and liabilities) which was partly offset by the impact of lower interest margins.

Non funded income (NFI) growth was decent at 15 per cent driven by major growth in trading income.

The contribution of our three (3) business segments to decent revenue are as follows:

- **Corporate & Institutional Banking (CIB)** remained the largest segment within the Bank, contributing 54 per cent to revenue and up 12 per cent year on year through closure of key pipeline deals.
- **Retail Banking (RB)** contributed 32 per cent of the total revenue and has 12 per cent of the asset portfolio. Revenue was up 12 per cent underpinned by a strong balance sheet growth and sterling underlying Wealth Management performance.
- **Commercial Banking (CB)** also generated 14 per cent to total revenue and holds 9 per cent of the asset portfolio. Major revenue growth of over 100 per cent was driven by a turnaround in the CB

business with expectations of further growth for subsequent years.

Operating expenses were up 15 per cent (compared to 17 per cent for 2018) from GH¢ 286.3 million in 2018 to GH¢ 329.0 million in 2019 mainly due to increased spend on investment in technology and marketing activities to help drive the business and general price movements.

The changes in cost and revenue have moderated cost-to-income ratio at 39 per cent, a 100 basis point drop from 40 per cent for prior year.

The JAWS ended at a positive of 5 per cent as revenue growth exceeded that of cost.

Impairment provision declined by a percentage point from GH¢ 100.8 million to GH¢ 99.9 million on the back of strong recovery strategies adopted. However, this was off-set by the Bank of Ghana's write-off directive that was effected.

Profit before tax subsequently improved by 30 per cent from GH¢ 326 million to GH¢ 424 million.

Return on equity improved by 400 basis points to 25 per cent compared to prior year of 21 per cent on the back of impressive growth in profit compared to a lower growth in equity invested in the business.

Basic and diluted earnings per share (EPS) increased by 35 per cent from GH¢ 1.54 in 2018 to GH¢ 2.08 per share in 2019.

Balance sheet

The Balance Sheet has remained consistently strong, adequately capitalised, structurally liquid and well diversified over the years with growth seen across earning assets, deposits and capital.

- Net customer loans and advances increased significantly by 36 per cent from GH¢1.30 billion to GH¢1.77 mainly driven by deliberate effort of Management to boost assets growth in line with business strategy.
- Investment securities also experienced a 46 per cent increase as excess liquidity had been invested in short-term Government securities.
- Customer deposits increased by 26 per cent from GH¢ 4.30 billion to GH¢ 5.42 billion in 2019 on the back of effective deposit mobilization campaigns and significant cash management mandates won.
- Customer advances-to-deposits ratio increased by 3 percentage points to 33 per cent in 2019.
- Overall Balance Sheet growth was 28 per cent between 2018 and 2019.
- Liquid ratio declined to 75 per cent from 85 per cent recorded in prior year.

Risk-weighted assets

Total Risk Weighted Assets (RWA) grew by 24 per cent from GH¢ 3.19 billion in 2018 to GH¢ 3.96 billion in 2019.

- **Credit RWA** increased by 28 per cent to GH¢ 3.28 billion driven by growth in the Bank's advances book.
- **Operational RWA** increased by 10 per cent over the previous year to GH¢ 0.67 billion due to consistent growth in average revenues as measured over a rolling three-year time horizon.
- **Market RWA** declined by 39 per cent to GH¢12 million due to a drop in interest rates.

Return on Risk Weighted Assets (PAT basis) remained flat with that of previous year at 7 per cent.

Capital base and ratios

The Bank remains adequately capitalised and highly liquid with key metrics well within regulatory thresholds.

Total shareholders' funds rose by 11 per cent from GH¢ 1.05 billion to GH¢1.17 billion mainly from increased reserves.

Tier 1 Capital also inched up by 17 per cent to GH¢ 1.07 billion as Income surplus and Reserve funds increased by 38 per cent and 24 per cent to GH¢ 0.32 billion and GH¢0.37 billion respectively.

Capital Adequacy Ratio (CAR), computed based on Capital Requirement Directive (CRD), closed the year at 27.52 per cent, significantly above regulatory minimum of 10 per cent plus a buffer of 3 per cent.

Summary & outlook

The Bank's performance for 2019 has been good with clear improvements seen in most profitability and balance sheet metrics despite some challenges faced in the year. This solid operating performance has been built on a liquid, diversified, de-risked balance sheet.

It is fulfilling that the Bank continued to create a good working environment for staff to generate value for shareholders, served the very needs of clients through tailored solutions, discharged regulatory and statutory obligations and satisfied its obligations to other stakeholders as required.

Management is convinced that with our renewed business momentum bolstered by a resolve for greater client-centred approach to the market and continuous investment in people and technology, the Bank is better positioned to seize opportunities within the economy and consolidate its market leadership.

We are aware of the specific industry and economy-wide risks our business faces especially for the current year and we remain confident that our risk management framework and prudent Management provide a solid basis for navigating around these challenges. We enter 2020 with caution but prepared for both the challenges and opportunities that may arise.

Kweku Nimfah-Essuman
Chief Financial Officer
20 February 2020

Engaging Stakeholders

Clients

In line with the Bank's digitization agenda, 2019 saw a transformation of client experience and interactions, with the launch of our disruptive digital banking app. The app which features an E2E digital onboarding capability has allowed the Bank to improve client experience at onboarding by reducing manual and paper work and making the process swift and hassle-free. There has also been a renewed focus on the overall client journey as clients can also complete most of their service requests on the digital banking app without having to visit a branch. This provides convenience to our clients and enables the Bank to have meaningful conversations to deepen client relationships.

We continue to focus on delivering fair outcomes for clients by ensuring that our products meet our clients' needs, are reasonably priced and all information required for clients to make the right product decision is provided. We will also ensure that clients' concerns are addressed swiftly by having a strong focus on complaints and feedback management.

As a Bank, we continue to focus on conduct as our main pillar for our business by ensuring that all staff are provided with the requisite training to carry out their duties. This is to ensure that clients are confident that the Bank has their interest at heart and will consistently treat them fairly.

Regulators and governments

Regulatory Landscape

The Regulatory landscape in Ghana in 2019 was characterised by the rollout of many regulations and directives by the regulators following the revocation of the licences of several commercial banks, Savings and Loans companies and Microfinance companies for various regulatory breaches.

These rollouts have kept the Compliance Function now known as Conduct, Financial Crime and Compliance (CFCC) very busy in terms of ensuring compliance with these regulations and directives.

Employing our robust policy and standard in managing new and amended laws, directives and regulations, coupled with our deep commitment to driving the highest standards in conduct, compliance and fighting financial crime, the Bank continues to work to meet all regulatory expectations. Also, the Bank continues to invest in the CFCC function in terms of people and infrastructure with a view to enhancing internal efficiencies for better service to our customers.

Conduct

The Conduct agenda of the Bank was once again in focus in 2019. Conduct considerations continue to be central to decision -making within the Bank and this is aided by a Conduct Risk Framework which provides a consistent approach in the identification, monitoring and management of conduct risks via robust Conduct plans.

Thought Leadership

Standard Chartered Bank Ghana Limited has been at the forefront in formulating and implementing strong financial crime risk controls within the country to among others prevent bribery and corruption in all forms.

In line with the Bank's thought leadership agenda and its brand promise of being "Here for good", the CFCC function brought together key stakeholders including the Bank of Ghana to discuss the prevention of Bribery and Corruption and share best practice in combating the menace and lead the way in enhancing financial crime risk controls within the financial services industry for the general good of not only the financial industry but for the Ghanaian society at large.

Thought leadership event held in September 2019

Customer service week celebration in October 2019

Suppliers

How do we create value

We work with 97 per cent local vendors and 3 per cent global suppliers to provide the right goods and services for the Bank. We believe in developing our local supplier base for our business. As a market we believe in creating value with local suppliers and also leveraging on economies of scale efficiencies with global suppliers.

How we serve and engage

Supplier engagement is guided by our Procurement Management Framework and our Supplier Charter, which sets out what we expect of our suppliers on issues such as Ethics, Anti-Bribery and Corruption, Human Rights, Environmental Health & Safety Standards ,Labour, Protecting the environment etc.

Our suppliers have been classified into risk groups and performance standards are set to monitor them based on their risk tiering. A robust supplier performance management is based on the criticality of our suppliers' risk exposure.

Eventually, these local suppliers become developed in the process and are able to institute global standards for their businesses.

In addition, we also engage and serve our suppliers using Technology. With the Bank's Digital Transformation agenda, we have rolled out online payment systems. Standard Chartered Group has formed a strategic partnership with SAP ARIBA to bring supply chain solutions to businesses, to which our local suppliers would be part of this year.

Our local supplier base continues to have opportunity to participate in our sourcing activities and our supply chain team supports them as per our global standards.

We are committed to improve the supplier experience and make our local suppliers have global foot prints.

In 2019, we made good progress by embedding sustainability into our procurement practices. We strengthened governance of Modern Slavery and Human Trafficking (MSHT) risk and assessed the strategic suppliers.

We will start to enrich our data on supplier diversity and conduct a process to develop these vendors.

Their Interest

- Open, transparent and consistent tendering process
- Accurate and on-time payments

Ride for the future event held to raise funds for Futuremakers attended by our suppliers, stakeholders and staff

Employees

How we serve and engage

We measure the engagement level of our employees through our annual engagement survey(My Voice), and there has been consistent improvement in our engagement index from 73 per cent in 2018 to 76 per cent in 2019, with net promoter score also improving from 13.32 to 26.13

We recognize that our employees are critical to delivering a great client and brand experience, and we continue to create an environment where our employees feel safe, motivated and empowered to be the best version of themselves.

One of our key focus areas in 2019 has been Employee Wellbeing. The introduction of our on-site clinic, which is a novel initiative in the industry is aimed at responding to the health needs of our employees. This concierge-style healthcare initiative has enriched the quality of health services to our employees and provided an effective utilization of employee time to drive productivity. This arrangement has empowered employees to better manage their health and intervene before certain health conditions become critical, reducing sickness related absenteeism.

We continue to build capacity for our People Leaders to ensure they are well equipped to drive the culture change that we want to see - a performance orientated and innovative culture emphasising conduct and sustainability. During the year, 100 per cent of our first time leaders attended our new people leader development programme, LEaDX, a programme designed to equip them to lead exponentially and with an emphasis on three key areas-Lead Self, Lead Others, Lead the Bank.

Our bi-annual People Leader Conferences continue to be one of the key tools to enhance the leadership capability of all people leaders, and the focus for the year was the importance of inclusive leadership in driving engagement and productivity.

Our mentoring programs-Reverse Mentoring, Manager Mentoring Manager as well as the Women Mentoring Women programmes were aimed at building leadership and improving the productivity and engagement levels of our people. Within the year, one hundred and twenty(120) of our employees went through a mentoring programme, and this has built their confidence in taking up bigger roles.

Engaging Stakeholders continued

Employees continued

Buddying programs between Relationship Managers were introduced in 2019. It afforded our frontline staff the opportunity to strengthen their collaborations with colleagues in other departments within the Bank. Much more importantly, it fostered a solution-driven mindset with Relationship Managers' deeper understanding of broader business products and solutions and gave them an engagement forum where they could learn from peers.

Creating an inclusive culture that leverages our diversity

Our partnership with the Ghana Federation of the Disability Organisations continues to be important in our quest to meaningfully contribute to our society, and we worked with them to deliver career workshops for students with disability. This is an initiative we have pursued for five consecutive years, and consequently, we have improved the employability of people with disability and given some of them opportunities to work with the Bank. This contribution has been recognised by the Federation through awarding the Bank the "Excellence in Employment Opportunity" for 2019.

We celebrated International Women's and Men's Day with a new twist within the year.

For International Women's day, the focus was on #BalanceforBetter and we celebrated some great 'Sheroes'. These were ladies in the Bank who had been recognized as having made an impact on their colleagues, with a view to replicating what they are doing across the Bank. This year, collaboration with 'Mentoring Women Ghana' was further enhanced: In addition to the yearly mentoring walk, some of our employees took on the extra responsibility of signing on to a longer term mentoring programme, where they mentored some girls from tertiary institutions across the country, with the aim of imbibing in them the desire to be great women leaders in the society.

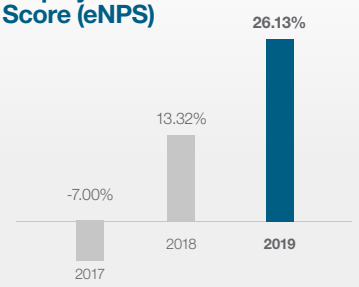
Developing Future Skills in a Diverse Workforce

The world of work keeps changing rapidly, and we recognize the imperative to invest into getting our people future ready. In 2019, we launched a Global Learning Week dubbed "Glocal", which was a mix of global and local learning experiences which were specifically designed to enable our staff take charge of their careers and equip them to be future-ready, while challenging them to unlock their creative selves. The Learning Week focused on some key areas like skills required for the future, changing learning habits, brain agility and nimble learning, and was crowned with a book fair to encourage reading habits in employees. This generated a lot of discussions between people leaders and teams around careers.

We provide critical experiences and opportunities for our talent through Short Term Assignments, Permanent International Transfers and job rotations.

KPI: Employee engagement

Employee Net Promoter Score (eNPS)



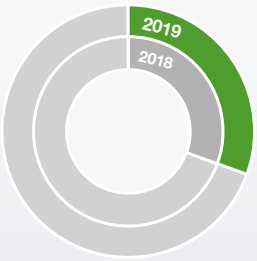
The outcome of this was that nine (9) of our talent successfully completed Short Term Assignments across the Group, with four (4) employees transitioning into roles in other parts of the Group through Permanent International Transfers, and 50 people undergoing cross Business and Function rotations. Some members of middle management successfully transitioned into country management positions in Ghana and elsewhere in the Group in 2019.

Female representation

Board

Female
37.5%
(2018: 37.5%)

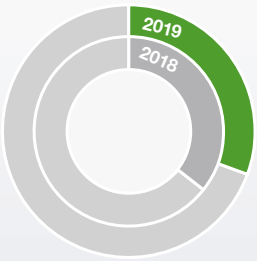
Female
3
2018: 3



Management Team

Female
50%
(2018: 41%)

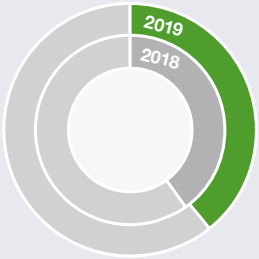
Female
7
2018: 7



Senior management
(Managing directors and band 4)

Female
40.0%
(2018: 40.9%)

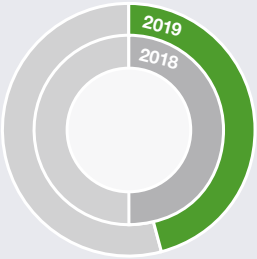
Female
8
2018: 9



Female Staff

Female
49.3%
(2018: 50.2%)

Female
413
2018: 461



Employees continued

CASE STUDY

Inclusive leadership

In Standard Chartered, our diversity is an advantage -a key differentiator that we rate highly.

We recognize that when we create an environment where every employee feels included and is recognised for what they contribute, the benefits are immense.

92 per cent of our people leaders have attended an inclusive leadership workshop; backed by various initiatives that consistently drive a sense of awareness of the value of inclusion among our employees.

CASE STUDY

Global learning week

In 2019, we launched a Global Learning Week dubbed "Glocal", which was a mix of global and local learning experiences which were specifically designed to enable our staff take charge of their careers and equip them to be future-ready, while challenging them to unlock their creative selves.

The Learning Week focused on some key areas like skills required for the future, changing learning habits, brain agility and nimble learning, and was crowned with a book fair to encourage reading habits in employees. This generated a lot of discussions between people leaders and teams around careers.

Global learning week

Sustainable and responsible business

Sustainable finance

Stakeholders

- Investors
- Clients
- Society

We use our core business to promote sustainable development in our markets, while managing the environmental and social risks associated with our financing activities.

Managing environmental and social risk

Our main impact on the environment and society is through the business activities we finance. Globally, the Bank aligns to our Group's seven Position Statements which outline the cross-sector standards we expect of ourselves and our clients, as well as sector-specific guidance for those clients operating in sectors with a high potential environmental or social impact.

We identify and assess environmental and social risks related to our Corporate & Institutional, Commercial and Business Banking clients, and embed our Environmental and Social Risk framework directly into our credit approval process. All Relationship Managers and Credit officers are offered training in assessing Environmental and Social Risk against our criteria, as well as access to online resources. We continue to embed the Position Statements through e-learning and classroom-based training for frontline and risk colleagues.

We work with clients, regulators and peers across the finance sector to continuously improve environmental social standards. We proactively engage with clients to mitigate identified risks and impacts and support them to improve their environmental and social performance over time. Where this is not possible, transactions have been, and will continue to be, turned down. In 2019, the Ghana Sustainable Banking Principles sponsored by the regulator of the industry was launched and this aligns with our Position Statements.

Climate change is a shared Global challenge. We are committed to supporting clients through the low carbon transition in line with the Paris Agreement and supporting adaptation and resilience to tackle physical risk. During 2019, we began the process of integrating Climate Risk into our approach to risk management as a cross-cutting principal risk in recognition of the importance and significance of climate related concerns to our clients. Climate risk measure and manage financial and non-financial risks from climate change. We aim to reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement. We continue to engage clients on assessing climate risk and identifying low carbon opportunities through our Sustainable Finance team.

Mentoring programme as part of our outreach to persons with disability

Responsible company

Stakeholders

- Clients
- Regulators & Governments
- Society
- Suppliers

We strive to manage our business sustainably and responsibly, drawing on our purpose, brand promise, valued behaviours and code of conduct to enable us to make the right decision.

Thought leadership session on Anti-Bribery and Corruption held in December 2019

Good conduct, our topmost priority

One of our values as a bank is to "do the right thing". This phrase and its demonstration underpin our good conduct agenda towards our clients and other stakeholders and secures their trust and confidence in the Bank.

In 2019, we further embedded our good conduct culture within the Bank by asking every business and function within the Bank to come up with effective conduct plans and objectives which were collated to form a country conduct plan. This was implemented with the view to ensuring that good conduct forms part of the way we work as a bank. In addition to this, the Bank trained its staff on good conduct with emphasis on the delivery of fair outcomes for our clients.

Each staff of the Bank is enjoined to live our Code of Conduct and central to this charge are the words of our Group CEO to the staff of the Bank as follows:

"Embodying good conduct goes deeper than simply following a set of rules or policies – it is a way of life. Every decision you make, and everything you do should take place with good conduct front of mind, even when no one is looking"

In 2020 an even more robust country conduct plan has been formulated and its implementation has started. We will continue to pursue all activities that promote good conduct including encouraging staff to speak up when they see bad conduct, to ensure that we remain 'Here for Good.'

Managing financial crime risk

Standard Chartered Ghana remains committed to our mission of "partnering to lead in the fight against financial crime". We have achieved this by consistently enhancing our systems and people capabilities and ensuring the best outcomes for our clients and stakeholders.

Last year, we intensified our training of staff on local money laundering, terrorist financing and bribery & corruption typologies to ensure they have the competences and capabilities to effectively identify and report suspicious trends. The Bank also partnered with our regulator, investigative institutions and industry peers to organise an Anti-Bribery & Corruption forum with the theme "Combating Bribery and Corruption; Enabling National Development" to create the needed awareness on the negative impact of bribery and corruption on society as well as sharing best practices with industry peers.

We also reclassified the Fraud Risk sub-type from Operational Risk to Financial Crime Risk, thus providing new insights and a more holistic view of Financial Crime threats.

The Bank will continue to work with our regulator and investigative bodies such as the Financial Intelligence Centre (FIC) to find solutions to the challenges faced by the country by educating the general public on the negative impact of financial crime such as bribery and corruption on society as well as highlighting the benefits of having a healthy financial system.

At the Group level, the Bank successfully delivered on the remediation actions arising from the 2019 resolutions. In 2019, the Group reached a milestone with the termination of the Independent Consultant appointed by the New York State Department of Financial Services (NY DFS), and the business restrictions previously imposed by the NY DFS are no longer in effect as of 31 December 2019.

The Bank continues to demonstrate delivery against our mission through our Correspondent Banking Academies programs. The Group also contributes to industry thinking on reform and information sharing partnerships across the markets in which we operate as well as working with international forums such as the Wolfsberg Group.

Sustainable and responsible business continued

Inclusive communities

Stakeholders

3

Society

We aim to create more inclusive economies by sharing our skills and expertise, and developing community programmes that transform lives.

Employee volunteering activities

In 2019, the Bank rolled out a new community engagement programme Futuremakers by Standard Chartered, to tackle inequality and promote economic inclusion. The aim of Futuremakers is to empower the next generation to learn, earn and grow through programmes focused on education, employability and entrepreneurship.

Our Employee Volunteering programme aims to create more inclusive economies by allowing staff to share their skills and expertise in developing community programmes that transform lives. In 2019, staff volunteered their time and skills through skill-based activities to support our local communities. 43 per cent of employees volunteered a total of 579 volunteering days through various community programmes.

As part of Futuremakers we expanded Goal our existing girls' empowerment programme. The programme in its third year of implementation and reached over 2,000 girls in 2019. During the year, our Goal girls participated in an active skills-based workshop to equip them with key communication, leadership entrepreneurial and employability skills through debate skills. The session was also to equip Goal facilitators with the knowledge skills and resources to deliver sustainable programmes in their local communities.

Financial Education draws on employee volunteers to build the financial capability of youth and entrepreneurs. Working with schools in partnership with the Ghana Education Service, our Financial Education for Youth programme reached 3500 students. 70 per cent of whom were girls.

We continued to support the delivery of eye health projects as part of Seeing is Believing (SiB) our global initiative to tackle avoidable blindness and visual impairment. Between 2007 and 2019 we have reached over 5 million Ghanaians through SiB. Seeing is Believing Phase 5 tranche 3 launched in 2017, in partnership with Orbis International with the aim of increasing the uptake of eye health services especially among children is being implemented in four districts in the Ashanti region - Afigya Kwabre, Ejisu Juaben, Atwima Kwanwoma and Bosomtwe Districts. In November 2019 Orbis International supported by SiB hosted a three-week Flying Eye Hospital programme in Accra and Kumasi. The programme aimed to strengthen the capacity of Ghanaian health professionals in delivery of high-quality services in pediatric and adult eye care.

The first 2 weeks of the plane programme in Accra was carried out in partnership with Korle Bu Teaching Hospital followed by a one-week multi-disciplinary hospital-based training at Komfo Anokye Teaching Hospital in Kumasi. The programme aimed to strengthen the capacity of Ghanaian health professionals in delivery of high-quality services in pediatric and adult eye care. Eye health professionals participated in lectures, hands-on training and simulation training during the period. 184 patients were examined with 115 surgical and laser treatments delivered. Overall, 110 health professionals including ophthalmologists, ophthalmic nurses, optometrists, anesthetists and biomedical engineers were trained during the three-week programme. We will bring SiB to a close in 2020.

Under our Futuremakes programme we donated 100 computers to two second cycle institutions in Accra - Accra Academy and Kanda Basic Schools.

Through our employee volunteer programme, staff continue to engage in various activities to keep the environment safe. Our continuous tree-planting project in partnership with Friends of Ramsar resulted in a total of 3,700 trees planted at the Sakumono Ramsar Site in Tema. This has helped to protect the site and secure parts of Accra from perennial flooding over the years.

In 2020, we will scale-up Futuremakers programmes and develop and implement a robust measurement and evaluation framework for our community programmes. We will also be working towards encouraging 55 per cent of employees to participate in volunteering annually between 2020 and 2023.

Futuremakers by Standard Chartered

"We aim to tackle inequality and promote greater economic inclusion for young people in our communities."

CORPORATE GOVERNANCE

Corporate information

Board of Directors

Dr. Emmanuel Oteng Kumah	Chairman
Mansa Nettey	Chief Executive/ Managing Director
Kweku Nimfah-Essuman	Executive Director
Professor (Mrs.) Akua Kuenyehia	Independent Non-Executive Director
Harriet-Ann Omobolanle Adesola	Non-Executive Director
Ebenezer Twum Asante	Independent Non-Executive Director (Appointed 02/05/2019)
Sheikh Jobe	Executive Director (Appointed 4/12/2019)
Kwabena Nifa Aning	Independent Non-Executive Director (Appointed 4/12/2019)
David Adepoju	Non-Executive Director (Resigned 31/07/2019
Felix Addo	Independent Non-Executive Director (Resigned 17/06/2019)
Henry Baye	Executive Director (Resigned 1/04/2019)

Secretary

Angela Naa Sakua Okai
Standard Chartered Bank Ghana Limited
87 Independence Avenue
P. O. Box 768, Accra

Auditors

KPMG
Chartered Accountants
Marlin House.
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242, Accra

Solicitor

Bentsi-Enchill Letsa & Ankomah
#4 Momotse Avenue
Adabraka, Accra
P O Box GP 1632
Accra

Registrar

Share Registry Department
GCB Bank Limited
Thorpe Road
John Evans Atta Mills High Street
P. O. Box 134
Accra

Registered Office

Standard Chartered Bank Building
87 Independence Avenue, Accra
P. O. Box 768
Accra

Board of Directors

Dr Emmanuel O. Kumah (64)
Chairman

Appointed: October 2013

Career: Dr. Kumah is an International Economic Consultant and Advisor, and has served in several high profile roles including the International Monetary Fund (IMF), where he served for 25 years as Division Chief, IMF Resident Representative in Djibouti and Deputy Division Chief at the Balance of Payments and External Debt Division. During 1993-1994, he was Coordinator and Advisor of the Research Department of the Bank of Ghana. He also served as Senior Advisor, Bank of Ghana from 1997 to 1999, where he provided key macroeconomic advice to the Government of Ghana.

Dr. Kumah has lectured at many institutions and written many articles on International Finance and Banking. He is currently Chairman of KEDSS Consulting, an economic and financial consulting company.

Mansa Nettey (53)
Chief Executive & Managing Director

Appointed: March 2017

Career: Mansa joined the Bank in 1998 and rose to become the first female Chief Executive In 2017.

Mansa is responsible for the overall formulation and execution of the Bank's business strategy and achievement of organisational goals within a sound control environment.

Prior to being appointed CEO, she held various senior roles in Corporate and Institutional Banking in Standard Chartered including managing across the West Africa sub-region. She was appointed first female Executive Director of Standard Chartered Bank Ghana Limited in 2013 and in 2015 was appointed a Non-Executive Director of the Board of Standard Chartered Bank, Nigeria Limited.

Mansa has extensive experience in financial and capital markets and has contributed significantly to financial markets development including pioneering risk management solutions for Governments.

Her passion is empowering the youth and developing the next generation of leaders.

Mansa holds a Bachelor of Pharmacy Degree from the Kwame Nkrumah University of Science and Technology, Ghana and a Masters in Business Administration from Manchester Business School in the United Kingdom.

Mrs. Nettey serves on the board of Standard Chartered Ghana Nominees.

Kweku Nimfah-Essuman (51)
Executive Director & Chief Financial Officer

Appointed: October 2016

Career: Kweku joined the Bank in 2005 and has held various positions including Financial Controller, Regulatory Reporting Manager, Financial Controls Manager. He also acted as Chief Financial Officer between August 2015 and October 2016.

Prior to this, he worked with the Banking Supervision Department of the Bank of Ghana for a period of eight (8) years as a Bank Examiner.

Kweku has a strong finance, regulatory and audit background.

He is a Chartered Accountant by profession and holds BSc Administration (Accounting option) and an Executive MBA in Finance from the University of Ghana Business School.

Judge Professor (Mrs) Akua Kuenyehia (72)
Independent Non-Executive Director

Appointed: July 2017

Career: Her Excellency Judge Professor (Mrs) Akua Kuenyehia retired in March 2015 from the International Criminal Court at The Hague (the ICC) after serving the maximum possible term of twelve years. She was elected an inaugural judge of the ICC at the inception of the court in 2003 serving as a judge and First Vice President from 2003 to 2009 and then as a judge of the Appeals Division of the Court from 2009 to March 2015.

Prior to the ICC, Her Excellency was in academia. She joined the Law Faculty of University of Ghana in 1972 and rose to become a Professor of Law. She was the first female to be employed by the Faculty, the first female Professor of Law and the first female Dean of the Faculty of Law. She has also been a visiting professor at the University of Pennsylvania School of Law, Temple University, Northwestern University, USA and Imo State University, Nigeria. She is an honorary fellow of Somerville College Oxford, her alma mater, and the life patron of the Akua Kuenyehia Foundation.

She has been the recipient of numerous awards and accolades including the Order of the Star of Ghana (the highest award conferred by the Government of the Republic of Ghana on an individual).

She holds a Bachelor of Laws (LLB) degree from the University of Ghana and a Bachelor of Civil Laws (BCL) degree from the University of Oxford. She has published widely in leading academic journals, written or edited books and book chapters and delivered over a hundred research papers. Together with Professor Cynthia Bowman of Cornell University she authored "Women and Law in Sub Saharan Africa".

Professor Kuenyehia is a member of the Council of the University of Ghana.

Committees:

Chair, Board Risk Committee Member, Board Audit Committee Member, Board Cyber and Information Security Committee.

Mr Kwabena Nifa Aning (52)
Independent Non-Executive Director

Appointed: December 2019

Career: Mr Kwabena Nifa Aning joins the Board of Standard Chartered Bank Ghana Limited as a seasoned finance professional with a background in accounting, business planning, projects, and corporate governance. He has over 25 years of international experience having worked with several world class organizations including De Beers, Boart Longear, African Minerals and Bunge Loders and Croklaan where he currently holds a leadership position as Regional Controller, West Africa.

He has worked on several projects delivering business and accounting solutions whilst working across sectors such as exploration and mining, agri business and financial services in the UK, where he worked for over 15 years. He also has extensive experience working in Europe, Asia, North America and many other African countries.

Mr. Aning is a management consultant and former CEO, KAMONI Consult where he continues to serve as a director. He previously served as a board member of BLY Sierra Leone

He holds a BA (Hons) Business Studies from University of Westminster, London and is an associate of the Chartered Institute of Management Accountants, UK. He enjoys reading, traveling, sports and charitable work.

Committees:

Chair, Board Audit Committee

Member, Board Risk Committee

Member, Board Cyber and Information Security Committee

Board of Directors continued

Sheikh Jobe (52)
Executive Director & Chief Operating Officer

Appointed: December 2019

Career: Sheikh Jobe was appointed Executive Director in December 2019. He is currently the Chief Operating Officer of Standard Chartered Bank Ghana Limited. He is also a member of the Africa and Middle East Operations Management Team of the Bank.

Prior to this role, he was the Bank's Chief Information Officer responsible for Ghana and West Africa from November 2015 to March 2019. He was responsible for providing leadership, strategic direction and support to the Information Technology & Operation teams as well as maintaining the Bank's operational and technology infrastructure in Ghana and West Africa.

Sheikh has 25 years of extensive banking experience, holding senior level positions at global, regional and country levels within Standard Chartered across technology, operations, operational risk management, financial crime risk management, compliance, audit and branch banking. He led the global roll-out of the Bank's advanced commercial banking system which is currently being used across the Bank's geographic footprint.

Prior to joining Standard Chartered in 1994, Sheikh worked with the National Audit Office of The Gambia. Sheikh is passionate about people and philanthropy and is the Founder and President 'Mboutou' Trust Fund for Education and Development.

Harriet-Ann Omobolanle Adesola (59)
Non-Executive Director

Appointed: July 2018

Career: Bola Adesola is the Senior Vice-Chairman, Africa at Standard Chartered Bank, where she supports the execution of the Group's strategic intent within the Africa region, including representing the Bank on various boards in Africa; as well as leading as a Senior Banker on key relationships and transactions.

She joined the SCB Group in 2011 as Managing Director and Chief Executive Officer of Standard Chartered Bank Nigeria, leading the business by providing overall strategic direction.

Prior to joining the Bank, she was an Executive Director at First Bank of Nigeria Plc and prior to that Managing Director of Kakawa Discount House, Nigeria, where she drove record business performance. She also worked in Citibank for 9 years in senior leadership roles in Nigeria and Tanzania.

Bola Adesola has about 30 years banking experience and is an alumnus of Harvard Business School and Lagos Business School. She holds a Law degree from the University of Buckingham, UK and was called to the Nigerian Bar in 1985. Bola is an Honorary Fellow of the Chartered Institute of Bankers Nigeria. She has previously sat on the Boards of the Financial Markets Dealers Association and Nigeria

Interbank Settlement Systems Ltd, having served in various capacities in developing the Nigerian Money Market, the Interbank Settlement Systems and the Discount House subsector over the years. Bola also chairs the Central Bank of Nigeria Bankers' Sub-Committee on Economic Development, Sustainability and Gender and is the immediate past President of the Lagos Business School Alumni Association (LBSAA).

Bola Adesola was appointed to the United Nations Global Compact Board by the UN Secretary General in June 2015 and as Co Vice-Chair of the Board in February 2018.

She serves on the Board of Standard Chartered Bank Mauritius as a Non-Executive Director

Committee:

Member, Cyber and Information Security Committee.

Ebenezer Twum Asante (51)
Independent Non-Executive Director

Appointed: May 2019

Career: Ebenezer is the Vice President (VP) of Southern and East Africa and Ghana (SEAGHA) Region of the MTN Group with oversight over nine (9) countries and serves as a member of the MTN Group Executive Committee and Board representations for applicable MTN entities, namely, MTN Ghana, MTN Zambia, MTN Uganda and Rwandacell S.A.R.L.

He has over fifteen years progressive and diversified experience in leadership as an accomplished Senior Executive and a Strategic Leader.

He was the CEO of MTN Ghana, a position he held from July 2015 to September 2017. Before his appointment as CEO of MTN Ghana, he was the CEO of MTN Rwanda. For both operations, he was responsible for providing sound human resource leadership and ensuring financial and organizational profitability and sustainability of the operating units.

Before joining MTN, he spent 13 years with Unilever, where he held various positions, including Managing Director for Zambia and Customer Development Director and member of the Unilever Ghana Board. He holds a BA (Hons) degree in Economics and Statistics from the University of Ghana, a Postgraduate Diploma in Management from Henley Management College and he was part of MTN's Global Advancement Programme (GAP) in 2010. He has also participated in several Executive level and General Management development programs.

Committees:

Chair, Cyber and Information Security Committee
Member, Audit Committee
Member, Risk Committee.

Angela Naa Sakua Okai (46)
Company Secretary

Appointed: April 2014

Career: Angela is a lawyer with a wealth of experience in Branch banking having served in many roles, including Branch Manager, within the Retail Segment of the Bank. She joined the Legal and Compliance Department as a Compliance Officer in 2008, transitioning to the role of Legal Counsel for the Corporate and Institutional Clients Segment in 2010.

In her role as Company Secretary, Angela is the first female to have held this position in the Bank's history in Ghana. Angela has oversight responsibilities for Subsidiary Governance, West Africa (excluding Nigeria), with responsibility for providing leadership and support to Cameroon, Cote D'Ivoire, Gambia and Sierra Leone to ensure that the Group's subsidiary governance standards are fully implemented.
Angela is a member of the Ghana Bar Association, the Commonwealth Lawyers Association and an alumni of the 2010 Fortune / US State Department Global Women's Mentoring Program.

Management Team

1. Mansa Nettey
Chief Executive & Managing Director

2. Kweku Nimfah-Essuman
Executive Director & Chief Financial Officer

3. Sheikh Jobe
Executive Director & Chief Operating Officer

Xorse Godzi
Head, Commercial Banking

Appointed: December 2018

Career: Xorse joined the Bank in 2002 and has worked in various roles in several geographies.

In his expanded role as the Country Head of Commercial Banking, he is responsible for growing the Commercial Banking business and overseeing the Global Subsidiaries as well as the Financial Institutions activities in-country.

He was appointed Country Head of Commercial Banking effective 1 December 2018 following a change in the Bank's participation model. Xorse previously served as Country Head of Global Banking.

He has rich experience in client coverage having worked as Director, Global Corporates, London between 2006 and 2010. He was in charge of the Bank's coverage of commodity and agri-business clients in our footprints in Africa between 2013 and 2015 and was based in South Africa. He also previously held senior roles in Corporate and Institutional Clients business in Ghana.

Kwame Asante
Head, Transaction Banking

Appointed: November 2015

Career: Kwame joined Standard Chartered Bank Ghana Limited in 2006 and has held a variety of roles across Africa including, Interim Head of Corporate Sales, Transaction. Banking, South Africa; Country Head of Transaction Banking, Botswana and Director, Transaction Banking Sales, Ghana.

In his current role, he is responsible for leading the Transaction Banking product agenda for Corporate & Institutional and Commercial Banking in Ghana.

Prior to this , he was the Regional Head of Transaction Banking Sales, Commercial Clients, Africa.

Kwame is a graduate of Kwame Nkrumah University of Science and Technology in Ghana, and holds a postgraduate degree from the University of Leicester, UK.

Setor Quashigah
Head, Wealth Management

Appointed: December 2019

Career: Setor joined Standard Chartered in 2001 as a Management trainee and has accumulated vast banking experience ranging from branch banking as a Sales Consultant, Customer Services Manager and Branch Manager.

Setor is responsible for delivering world class wealth products and solutions in Ghana. Setor has held other managerial roles including Head, Direct Banking, Head, Proximity and Remote Banking, and General Manager, Preferred and Priority Banking. She built a team of high performing Relationship Managers, best in class Trusted Advisors managing our Priority Clients segment. Setor has an excellent track record in Sales, Relationship and Portfolio Management. Prior to joining Standard Chartered, Setor's career started in 1997 at Unilever Ghana Ltd.

She has an MBA from the University of Leicester, UK. and B.A from the Kwame Nkrumah University of Science and Technology in Ghana.

Management Team continued

Harry Dankyi
Head of Audit

Appointed: November 2015

Career: Harry joined the Bank in September 2002 and has held various roles within Finance, Risk and Compliance.

He is responsible for providing independent assurance to the Board and Management on the state of the Bank's control environment.

In his previous role as Head of Compliance and Assurance, he was responsible for ensuring adherence to Group and local policies. In this capacity he provided functional leadership and direction and embedded a robust compliance culture within the Bank.

Prior to joining the Bank, he worked at the Volta River Authority (VRA), as a Financial Accountant and in various other capacities within the company.

He is a graduate of the University of Ghana and holds an MBA (Finance) from the same University. He is also a fellow of the Association of Chartered Certified Accountants (UK) and a member of the Institute of Chartered Accountants (Ghana)

Asiedua Addae
Head, Corporate Affairs, Brand and Marketing

Appointed: November 2015

Career: Asiedua joined Standard Chartered Bank Ghana Limited in 2012 and has held various positions in the Bank including Head, Business Marketing and Head, Brand and Marketing.

She is responsible for managing the Bank's engagement with stakeholders in order to promote and protect the Bank's reputation, brand and services in Ghana.

Asiedua has over 19 years of experience working with a number of global brands across geographies. Prior to joining Standard Chartered Bank Ghana Limited, Asiedua worked with Unilever and L'Oreal.

Asiedua is a graduate of the University of Ghana and has an MBA from Fordham University in New York.

Adoteye Anum
Head, Financial Markets

Appointed: May 2017

Career: Adoteye joined the Bank in 2015. He was previously the Head of Treasury Markets before assuming added responsibility of managing the Financial Markets business.

In his current role, he has oversight responsibility for the Financial Markets function in Ghana and Treasury Markets for West Africa (excluding Nigeria).

Adoteye has worked in other senior capacities in the Bank. He was Head of Global Markets in Uganda and Sierra Leone from 2007 to 2008.

Before joining the Bank, he worked in senior roles at Ecobank Transnational Incorporated and Treasury Warehouse, providing advisory services on Treasury management, Balance sheet, ALCO framework and ALM management.

Gifty Fordwuo
Head, Human Resources

Appointed: December 2016

Responsibility:

Career: Gifty joined Standard Chartered Bank in 1997 as a Graduate Trainee and has since held several senior roles within the Human Resources and Retail Banking.

She is responsible for driving the strategic people agenda in Ghana.

Prior to her appointment, she held senior roles in the Bank including Head of Deposits and Transactional Products, Senior Manager for Branch Banking, Business Manager for Direct Banking, and Senior HR Business Partner, and from these roles she has gained an extensive track record in branch banking, product management and relationship management. Gifty is a Chartered member of the Chartered Institute of Personnel and Development, UK, and holds a Post Graduate Degree in Human Resources from the University of Ghana, Legon.

Alikem Adadevoh
Head, Legal

Appointed: January 2017

Career: Alikem joined the Bank in 2017 as the Head of Legal.

She is responsible for leading the Legal team in Standard Chartered Bank Ghana Ltd.

She has over twenty-five (25) years of experience as a legal practitioner including over twelve (12) years of experience in private legal practice working with the law firm, Fugar and Company. She also has diverse and extensive experience in corporate and commercial law practice and worked with the African Development Bank (AfDB) at its headquarters in Cote D'Ivoire and Tunisia respectively. Alikem also spent six years in the mining industry where she was the Legal and Compliance Manager of Golden Star Resources Limited, a Canadian mining company, based in Denver, Colorado, USA with key mining operations in Ghana.

Prior to joining Standard Chartered Bank, she worked as the Director, Legal Services of The First Group (Ghana) Limited, an investment and management services company.

She has a Master of Laws (LLM) Degree in International Banking and Finance Law from the University of London.

Kwabena Koranteng
Country Chief Risk Officer

Appointed: December 2018

Career: Kwabena joined Standard Chartered Bank in December 2018 as the Country Chief Risk Officer.

He is responsible for managing the independent risk management function within the Bank

Kwabena's previous roles include Head of Wholesale Credit Sanctioning at Barclays Bank Ghana Ltd and Senior Credit Officer, Barclays Africa Group.

He has nineteen years' experience in the Banking Sector primarily with the Barclays Bank Group, with almost

four years specific experience as Head of Risk with Barclays Bank, Seychelles responsible for the Credit, Market and Operational Risk, and Fraud Strategy.

He has good international exposure having worked in a number of countries within the Barclays Bank Group and possesses a holistic understanding of the risk management discipline. Kwabena's areas of expertise include Credit Risk, Operational Risk, Market Risk, Financial Crime, Fraud Strategy and Business Restructuring.

He holds a first degree in Bsc. Business Administration (Banking and Finance option) from the University of Ghana and a Master of Business Administration from the University of Leicester, U.K.

Management Team continued

Yvonne Fosua Gyebi
Head, Retail Banking

Appointed: December 2019

Career: Yvonne joined the Bank in 2012 and has served in various roles including Head of Medium Enterprises, General Manager, Small & Medium Enterprises (SME), Head of Business Clients, Head of Client Relationships, Ghana & West Africa (excluding Nigeria), Country Head Commercial Banking and most recently, Value Centre General Manager for Retail Distribution , Priority and Digital Banking, where she deployed strategies to improve balance sheet growth and worked closely with the Regional and Country Digital Banking teams to implement the digital strategy including mobile client acquisition.

In her current role as the Head of Retail Banking, she is responsible for leading the strategic business growth agenda for the Retail Business

She has extensive experience in senior roles within the banking industry.

Yvonne started her banking career in 2005 as a Management Trainee through the Young Professional Program with Ecobank. She is a graduate of Kwame Nkrumah University of Science and Technology and also holds an MBA in Finance & Information Systems from A.B Freeman School of Business, Tulane University in the United States.

Michael Oseku-Afful
Head, Conduct, Financial Crime and Compliance

Appointed: January 2020

Career: Michael Joined the Bank in November 2006 and has held many senior roles in Credit Risk, Credit Documentation, Legal and Compliance within the Bank.

He is responsible for leading and strengthening the Bank's compliance and regulatory framework.

He was the Head of Compliance for Corporate and Commercial Banking before assuming his current role.

Prior to joining Standard Chartered, he worked in Advertising and Public Relations.

He is a Lawyer by profession. He holds an LLB Degree from City University, London, a BA (Hons.) degree from the University of Ghana, a post graduate Diploma in Compliance (International Compliance Association) awarded by the University of Manchester, England and an Advanced Certificate in Marketing from the Chartered Institute of Marketing, UK.

Sam Kwaku Peprah
Business Planning Manager

Appointed: December 2015

Career: Sam joined the Bank's Wholesale Banking International Graduate training programme in 2010 subsequently working as Business Planning Manager for the Transaction Banking business across West Africa and Product Sales Manager for the Bank's Global. Corporate clients in Ghana.

As a Business Planning Manager, he supports the Chief Executive Officer in formulating and executing the business strategy, ensuring the achievement of performance indicators through strategic functional and business alignment and enforcing exemplary control and governance standards.

Prior to joining Standard Chartered Bank, he held sales and consulting roles with Fidelity Investments in Massachusetts, and Deloitte Touche Tomahatsu in New York respectively.

He holds an MPA in Finance and Fiscal Policy from Cornell University in Ithaca, New York.

Corporate governance

Standard Chartered Bank Ghana Limited ("the Company") is a key player in the banking industry in Ghana. The Company has consistently practised high standards of corporate governance in order to contribute to the promotion of an environment where such standards are upheld and practiced by all industry players. The Company recognises that exemplary governance is key to sustaining the viability of the Company in the long term and is also at the heart of its commitment to be "Here for Good".

To this end, the Company has committed resources to ensure that business is conducted in an ethical manner; in compliance with all legal and regulatory requirements. The Company maintains a Code of Conduct, the key principles of which underpin the conduct of all employees in their dealings with one another, clients, suppliers and other stakeholders. The Board is ultimately responsible for ensuring adherence to the Code of Conduct. The Code is reviewed and staff are required to recommit to the Code on an annual basis. The last such review and recommitment was in September 2019.

The Board

The Board is the ultimate decision making body for all material matters within the Company. It is responsible for providing leadership, setting the strategic direction of the Company and monitoring Management to ensure effective execution of such strategy. The Board's mandate is set out in its Charter and in the Schedule of Matters reserved for the Board. Key amongst this mandate are the approval, reviewing and tracking of the Company's strategy and financial performance, approving any changes to capital, ensuring a sound system of internal controls and risk management, delegation and monitoring of authorities for expenditure and other significant commitments. The Schedule of Matters reserved for the Board is reviewed by the Board periodically.

The Board discharges some of its responsibilities directly and delegates other functions to its Committees. The Board also delegates authority for the operational management of the Company's business to the Chief Executive Officer/Managing Director for further delegation by her in respect of matters which are necessary for the day to day running of the Company. The Board holds the CEO accountable for the effective discharge of her delegated responsibilities.

The Board is diverse, with a good mix of experience and skills. The areas of expertise and age of the directors are as follows:

Name	Status	Expertise	Age
Dr. Emmanuel Oteng Kumah	Chairman (Independent Director)	Economist	64
Mrs. Mansa Nettey	Executive Director	Banking/Financial Services	53
Professor Akua Kuenyehia	Independent Director	Lawyer	72
Mr. Kwabena Nifa Aning	Independent Director	Chartered Management Accountant	52
Mr. Ebenezer Twum Asante	Independent Director	Commercial/Economist	51
Mrs. Harriet-Ann Omobolanle Adesola	Non-Executive Director	Lawyer	59
Mr. Kweku Nimfah-Essuman	Executive	Chartered Accountant	51
Sheikh Jobe	Executive	Banking/Financial Services	52

The Board has a total of 8 members; 5 non-executive directors (4 of whom, including the Chair are independent); and 3 executive directors. There is a very cordial working relationship between executive and non-executive directors, characterised by a healthy level of challenge and debate. Non-executive directors also have access to Management and staff at all levels.

Mr. Felix Addo, an independent non-executive director and Chair of the Board Audit Committee resigned from the Board on 17th June 2019. Mr. Kwabena Nifa Aning, an independent non-executive director, was appointed to succeed Mr. Felix Addo, as Chair of the Board Audit Committee effective 4th December 2019.

Mr. David Adepoju, a Non-Executive director resigned from the Board on 31st July 2019. Mr. Henry Baye, an Executive Director and former Head of Retail Banking also resigned from the Board on 1st April 2019 to pursue other interests within the Standard Chartered Group. Mr. Sheikh Jobe, the Chief Operating Officer of the Bank was appointed on 4th December 2019 to replace Mr. Baye.

Mr. Sheikh Jobe and Mr. Kwabena Nifa Aning, would both be retiring and would be up for election at the 2020 AGM.

Roles of the Board Chair and Chief Executive Officer

The roles of the Board Chair and the Chief Executive Officer are kept separate. Except for direction and guidance on general policy, the Board has delegated the conduct of the day-to-day business to the Chief Executive Officer and the Executive Committee.

Independent Non-Executive Directors

Most of the non-executive directors are independent and free of any business relationship or other circumstances that could materially interfere with the exercise of objective or independent judgment. In determining their independence, the Board has considered the criteria set out in the Bank of Ghana Corporate Governance Directive, 2018 ("the Directive") and the contribution and conduct of directors at Board meeting, including how they demonstrate independent judgement. Directors are required to declare, on an ongoing basis, any interests that may give rise to a potential or perceived conflict of interest. The Board is made aware of the other commitments of the individual non-executive directors and is satisfied that largely, these do not conflict with their duties and time commitments as directors of the Company. Independent non-executive directors comprise fifty (50) percent of the board's composition, well within the regulatory requirement of at least thirty (30) percent.

Independent Non-executive directors are appointed for an initial term of three years with an option for renewal for a further two terms, subject to affirmation of one's independence after the first two terms.

Professional Development and Training Activities

The Company has a very comprehensive and tailored induction process for new directors. The induction process covers the Company's business operations, the risk and compliance functions, as well as the legal, regulatory and other personal obligations and duties of a director of a listed company. Aside the induction programme, the Company ensures a continuous development programme which is needs-based and is designed for individual directors, Committees or for the Board as indicated by the annual Board training plan.

The directors are kept updated on all regulations and laws that are enacted which may affect the operations of the Company and are also advised of the legal, regulatory and other obligations of a director of a listed company on an ongoing basis. The directors have access to independent professional advice to enable them to discharge their duties.

In 2019, the Board focused on ensuring that each director had completed Bank of Ghana's mandatory Corporate Governance Certification programme which was conducted by the National Banking College. The certification programme comprised four modules which were run on a quarterly basis. The modules were: Corporate Governance and Directors' Roles and Responsibilities; Prudential Regulations; Balance Sheet Management Framework and Risk Management. As at 31st March 2020 all directors except Harriet Omobolanle Adesola (who is non-resident), had completed all the four modules. Additionally, all directors received training on the Bank's Conduct Framework.

Performance Evaluation Process

A performance evaluation of the Board is conducted on an annual basis. In line with the requirement in the Bank of Ghana Corporate Governance Directive for external facilitation of the Board Evaluation process every two years, the Board engaged PricewaterhouseCoopers (PwC) to facilitate the 2019 Board Evaluation. The evaluation covered members' views on overall Board interactions, the effectiveness of the Company's strategy and risk management, top risks facing the Company, conduct of business, meetings, effectiveness of the Board committees, succession planning for the Board and Management and scope of control exercised by the directors, amongst others. It also included a peer to peer review of directors' performance. Following the evaluation exercise, the directors identified areas that required further consideration by the Board. These would be addressed through specific trainings and on site visits by directors.

In compliance with the Bank of Ghana Corporate Governance Directive a separate in-house evaluation of the Board on AML/CFT issues was conducted by the directors for June and December 2019 and the results submitted to the Bank of Ghana. Members expressed the view that the Bank's AML/CFT framework was robust and fit for purpose.

Board meetings and attendance

The Board meets at least four times a year and has a special strategy session annually. A rolling agenda of matters to be discussed is maintained. There is a process in place to ensure that directors receive reports in a timely manner to enable them to ask appropriate questions and make informed decisions.

Aside the formal meetings, the directors are engaged informally throughout the year. This creates an environment that encourages challenge, consultation, information sharing, innovative thinking and openness in communication. The directors are encouraged to interact with the Company's staff and senior staff from the Company's Group offices and to also broaden their understanding and knowledge of the Company's operations through their annual branch visits.

Corporate governance continued

The following table shows the number of Board meetings held during the year and the attendance by the directors:

Number of Board meetings held in 2019

Board members	Scheduled meetings 4	Ad hoc 1	Remarks
Dr. Emmanuel Oteng Kumah	4/4	1/1	
Mrs. Mansa Nettey	4/4	1/1	
Mr. Felix Addo	2/4	0/1	Resigned in June 2019
Mr. David Adepoju	1/4	0/1	Resigned in July 2019
Mr. Kweku Nimfah-Essuman	4/4	1/1	
Mr. Henry Baye	1/4	0/1	Resigned in April 2019
Professor Akua Kuenyehia	4/4	1/1	
Mrs. Harriet-Ann Omobolanle Adesola	4/4	1/1	
Mr. Kwabena Nifa Aning	1/4	1/1	Appointed to the Board in December 2019
Mr. Sheikh Jobe	1/4	1/1	Appointed to the Board in December 2019

- One adhoc meeting was held to discuss and approve the Bank's strategy.

Board Committees

The Board has three Committees with specific delegated authorities. These are the Board Audit Committee, the Board Risk Committee and the Board Cyber and Information Security Committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. The functions of the various committees and attendance of members can be found on pages 58 to 61.

Directors' remuneration

Remuneration for independent non-executive directors is reviewed every two years. The review is based on surveys carried out on the going market rates for non-executive directors. Depending on the results of the survey, directors' remuneration is either maintained or reviewed to ensure that the levels of remuneration and compensation are appropriate and competitive.

The independent non-executive directors are paid annual fees and a sitting allowance for meetings attended. Information on the aggregate amount of emoluments and fees paid to directors is disclosed in Note 13(b) of the financial statements.

Executive directors' remuneration is based on the reward, support and benefits arrangements the Company has for all staff.

Conflicts of interest

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

External Directorships and Other Business Interests

Details of the directors' external directorships can be found in their biographies on pages 44 to 47. Per the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) and the Directive, directors cannot hold more than five (5) directorship positions at a time in both financial and non-financial companies (including offshore engagements). All directors have disclosed their external directorships and other professional interests to the Board, as required by Act 930 and are in compliance with the Act.

Before committing to an additional role, directors are required to confirm that no conflicts will arise. They must also provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfil their role as director of the Company. The Board's Executive Directors are permitted to hold only one external non-executive directorship.

Internal controls

The Board is committed to managing risk and to controlling its business and financial activities in a manner which enables it to maximise profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Company has a process in place to ensure that any changes in legislation are captured and monitored effectively. A comprehensive gap analysis is conducted once the laws are in place.

The Compliance Department ensures that the business units put in place controls to ensure compliance with the various laws and regulations. The Compliance Department also performs compliance monitoring reviews and submits its findings to the Board Audit Committee. The effectiveness of the Company's internal control system is reviewed regularly by the Board through an Enterprise Risk Management framework and the Internal Audit function.

The Internal Audit function monitors compliance with policies and standards and the effectiveness of internal control structures of the Company through its programme of business audits. The work of the Internal Audit function is focused on the areas of greatest risk as determined by a risk-based assessment methodology. The Internal Audit function reports to the Board Audit Committee.

The Company has an independent risk management function headed by a Chief Risk Officer who is an independent senior executive with distinct responsibility for the risk management function and the execution of the Enterprise Risk Management framework across the entire organisation. The Chief Risk Officer reports directly to the Chief Executive Officer and indirectly to the Board Risk Committee.

Insider trading

The Company has a policy on insider trading which is strictly observed. Directors, management and staff are aware that they ought not to trade in the Company's shares while in possession of any insider information not available to the public or during a closed period. The closed period is the period between 1 January until the publication of the full year results, and 1 July until the publication of the half year results. The Dealing Policy requires specific staff to declare any dealings with securities all year round.

Going concern

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

Relations with shareholders

The Board recognises the importance of good communications with all shareholders. The Annual General Meeting (AGM) as well as the published annual report is used as an opportunity to communicate with all shareholders. The Company always gives shareholders the 21 days' notice of the AGM as provided for in the Companies Act, 2019 (Act 992) and shareholders are encouraged to ask questions and also appoint proxies to represent them where they are unable to attend. Ad hoc shareholder requests for information are handled on an on-going basis and also on the floor of the AGM. Shareholders are encouraged to visit www.sc.com/gh for general information on the Company as well as annual reports. In upholding and protecting shareholders' rights, the Board recognises that every shareholder has a right to participate and vote at the general shareholders meeting. The Board has engaged the services of a professional Registrar, Share Registry Department, GCB Bank Ltd, Accra, to allow for quick resolution of all shareholder queries and smooth transfer of shares.

Report of the Directors to the members of Standard Chartered Bank Ghana Limited

Directors' responsibility statement

The Directors have pleasure in submitting their reports and the financial statements of the Bank for the year ended 31 December 2019. The directors are responsible for the preparation of financial statements that give a true and fair view of the Bank, comprising the statements of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. The financial statements have been prepared and presented in accordance with the Companies Act, 2019 (Act 992), Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), Securities and Exchange Commission Regulation, 2003 (L.I 1728), and the International Financial Reporting Standards issued by the International Accounting Standard Board (IASB). In addition, the directors are responsible for the preparation of the report of the directors.

On behalf of the Board, the Audit Committee has reviewed the annual report and the process by which the Bank believes that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance of the Bank. Following its review, the Audit Committee has advised the Board that such a statement can be made in the annual report.

Nature of business

The Bank is licensed to carry out universal banking business in Ghana. There was no change in the nature of the Bank's business during the year. The financial statements and the notes thereon as shown from page 68 to 122 provide the business performance and position for the year ended 31 December 2019.

Particulars of entries in the Interests Register during the financial year

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

Related party transactions

Information regarding directors' interests in ordinary shares of the Company and remuneration is disclosed in notes 34 and 13(b) to the financial statements.

The Board and its Committees

The Board is accountable for the long-term success of the Bank and it is responsible for ensuring leadership, approving the strategy, and ensuring that the Bank is suitably resourced to achieve its strategic aspirations. In doing so, the Board considers its responsibilities to, and the impact of its decisions on its stakeholders including shareholders, employees, customers, suppliers, the environment and the communities the Bank operates in.

The Board also delegates certain responsibilities to its Committees to ensure its independent oversight. In addition, the Board also delegates authority for the operational management of the Bank to the Managing Director/Chief Executive Officer and the Executive Committee in respect of matters which are necessary for the day to day running and management of the Bank.

The Board remains very diverse with a distinctive mixture of backgrounds, experience and skills with a mixture of Executive and Non-Executive directors. Risk and governance, shareholder and stakeholder relationships, strategy and budget, financial performance oversight, business development and people were some of the key activities the Board focused its time on in 2019 as it provided guidance to Management in steering the Bank through the financial sector clean up.

The Board met regularly throughout the year. In addition to substantial strategy discussions held at each meeting, the Board held an off-site strategy session in December 2019 at which it had a systematic and comprehensive discussion around the strategy and direction of the Bank.

During the year, Mr Ebenezer Twum Asante and Mr Kwabena Nifa Aning were appointed Non-Executive Directors, Mr Sheikh Jobe was appointed Executive Director. Mr Henry Baye, Mr Felix Addo and Mr David Adepoju resigned from the Board on 1st April 2019, 17th June 2019 and 31st July 2019 respectively. All the necessary regulatory approvals have been received with respect to the changes.

Schedule of Board meeting held

in 2019

Board members	Standard	Ad-hoc	Remarks
Emmanuel Oteng Kumah	4/4	1/1	
Mansa Nettey	4/4	1/1	
Kweku Nimfah-Essuman	4/4	1/1	
Harriet-Ann Omobolanle Adesola	2/4	1/1	
Professor Akua Kuenyehia	4/4	1/1	
Ebenezer Twum Asante	3/4	1/1	
Sheikh Jobe	0/4	1/1	Appointed on 4 December 2019
Kwabena Nifa Aning	0/4	1/1	Appointed on 4 December 2019
Felix Addo	2/4	0/1	Resigned from the Board on 17 June 2019
Henry Baye	1/4	0/1	Resigned from the Board on 1 April 2019
David Adepoju	1/4	0/1	Resigned from the Board on 31 July 2019

External evaluation of the Board

PwC has been engaged to facilitate the 2019 Board evaluation. The review commenced in December 2019 and a final report is expected to be issued in March 2020, in line with external evaluation of the Board as stipulated in Section 48(b) of the Corporate Governance Directive

At the time of the approval of the 2019 Annual Report on 27 February 2020, the Board was made up of eight (8) Directors: three (3) Executive Directors and five (5) Non-Executive Directors and the list is as stated below:

Board members	Standard Chartered Bank Ghana Limited Board	Board Audit Committee	Board Risk Committee	Cyber & Information Security Committee
Dr Emmanuel Oteng Kumah	Yes	No	No	No
Mansa Nettey	Yes	No	No	No
Kweku Nimfah-Essuman	Yes	No	No	No
Harriet-Ann Omobolanle Adesola	Yes	No	No	Yes
Professor Akua Kuenyehia	Yes	Yes	Yes	Yes
Ebenezer Twum Asante	Yes	Yes	Yes	Yes
Sheikh Jobe	Yes	No	No	No
Kwabena Nifa Aning	Yes	Yes	Yes	Yes

Board roles and key responsibilities

Chairman

The Chairman is responsible for leading the Board and its overall effectiveness and governance, promoting high standards of integrity and ensuring effective communication between the Board, Management, shareholders and other stakeholders.

Managing Director (MD)/Chief Executive Officer (CEO)

The MD/CEO is responsible for managing all aspects of the Bank's businesses, developing the strategy in conjunction with the businesses, the Chairman and the Board and leading its implementation.

Non-Executive Directors (NEDs)

NEDs provide an independent perspective, constructively challenge and monitor the performance and delivery of the strategy within the risk and controls set by the Board.

Board Committees

The Board made a conscious decision to delegate a broader range of issues to the Board committees, namely Audit, Risk and Cyber and Information Security. The linkages between the Committees and the Board are critical for the smooth running of the Bank.

The Board duly received the minutes and updates from each of the Committees meetings throughout the reporting period.

The Bank has effective mechanisms in place to ensure that there are no gaps or unnecessary duplication between the remit of each Committee.

Audit Committee

The Committee has exercised its authority delegated by the Board for ensuring the integrity of the Bank's published financial information by discussing and challenging the judgements made by Management and the assumptions and estimates on which they are based. The Committee has exercised judgement in deciding which of the issues we considered in the financial statements as being significant and this report sets out the material matters that we have considered in these deliberations.

In addition to discharging its responsibilities as set out in its Terms of Reference in accordance with the requirements of the Corporate Governance Directive, the Committee spent a significant amount of time discussing the root causes of control weaknesses and regulatory breaches and the resulting remediation and mitigating action taken by Management.

The Committee reviewed and discussed the work undertaken by the Internal Audit (GIA) function against a backdrop of significant programmes to understand and fully challenge where GIA has been focusing and how it maximises value from GIA resource to be as productive as possible. It also discussed resourcing for GIA and the GIA Plan.

Committee composition in 2019

Committee members	Scheduled meetings (4)	Remarks
Ebenezer Twum Asante	2/4	Chairman from July 2019
Professor Akua Kuenyehia	4/4	
Felix Addo	2/4	Chairman till June 2019
Kwabena Nifa Aning	0/4	Chairman in December 2019

Other attendees at Committee meetings in 2019 included: Chief Financial Officer, Head of Internal Audit, Chief Risk Officer, Head of Compliance, Operational Risk Officer, Company Secretary.

Committee responsibilities

The Committee's role is to review, on behalf of the Board, the Bank's internal financial controls. It is also responsible for oversight and advice to the Board on matters relating to financial reporting and exercised oversight of the work undertaken by Compliance, Internal Audit and the Bank's statutory auditor, KPMG. This is to ensure that the interest of shareholders is properly protected in relation to financial reporting and financial internal control is fundamental to the Committee's role.

Risk Committee

The Committee's role is to exercise oversight on behalf of the Board on wide risks facing the Bank and to provide assurance to the Board that the overall framework for complying with the Risk Management Principles and the Board's approved Risk Appetite is operating effectively.

The Committee recognises that good risk management is not static but responds to internal and external pressures and is intrinsically linked to strategy. The Committee has discharged its responsibilities through receiving a combination of routine and regulatory reporting, requesting reports on specific matters from Management and ensuring that the management information to the Committee is not just data but also provides analysis and enables the Committee to have deeper discussions.

The Committee continued to review the quality of the Bank's loan portfolio to ensure that the quality is improved. The Committee continually sought and received assurance that Management actively manages the loan portfolio particularly given the unpredictable nature of the external environment.

Through its work the Committee has considered and challenged whether there are any gaps in risk coverage and sought and received assurance concerning the mitigating action being taken to address any such gaps. The Committee has examined the effectiveness of the Bank's risk management and how risk management has responded to internal and external pressures.

The Bank manages its dominant risks through the overarching Enterprise Risk Management Framework ("Framework") which sets out the principles and standards across the entire organisation. The Framework highlights the objectives, policies and processes for managing the principal risk types taking into consideration local regulations and directives. The full implementation and adoption of the Framework over the last three years has contributed to the year on year stable risk environment. The Framework provides a robust strategy and forms the backbone for the strong corporate governance standards leading to decreasing defaults in prudential requirements across all the principal risks areas

It also discussed the progress that has been made on embedding a stronger risk culture in the Bank.

Committee composition in 2019

Committee members	Scheduled meetings (4)	Remarks
Professor Akua Kuenyehia (Chairperson)	4/4	Appointed Chairperson in June 2019
Ebenezer Twum Asante	2/4	Appointed in May 2019
Felix Addo	2/4	Resigned in June 2019
Kwabena Nifa Aning	0/4	Appointed in December 2019

Only members of the Committee are entitled to attend Committee meetings. Other individuals such as any director of the Board, the Chief Risk Officer/Director of Cyber Security, the Chief Operating Officer, the Chief Executive Officer, Chief Information Security Officer or any member of the country senior management team may be invited to attend all or part of any meeting by invitation from the Committee Chairperson.

Other attendees at Committee meetings in 2019 included: Chief Financial Officer, Head of Internal Audit, Chief Risk Officer, Operational Risk Officer, Company Secretary, Retail Credit Head, Head Retail Banking, Commercial, Corporate and Institutional Banking Head.

Committee responsibilities

The Committee is responsible for the oversight and review of prudential risk. The Committee's responsibilities also include reviewing the appropriateness and effectiveness of the Bank's risk management systems, considering the implications of material regulatory change proposals, review reports on principal risks to the Bank's business and ensuring effective due diligence on material acquisitions and disposals

Cyber and Information Security

Given the high profile cyber security breaches and the rising level of cyber threats across the industry, the Board Committee was established in 2019 to focus on the steps being taken by the Bank to improve its defenses, create stronger control frameworks and improve intelligence sharing.

The Committee exercises oversight on behalf of the Board of the cyber and information security risks faced by the Bank and makes recommendations to the Board on the Bank's overall cyber and information security risk appetite. Additionally, the Committee provides an independent review and critique of:

The cyber and information security risk management strategy of the Bank.

The risk-taking decisions of the Bank covering all aspects of cyber and information security.

Committee composition in 2019

Committee members	Scheduled meetings 2	Remarks
Harriette-Ann Omobolanle Adesola	2/2	
Professor (Mrs) Akua Kuenyehia	2/2	
Ebenezer Twum Asante	1/2	Appointed 2nd May 2020
Kwabena Nifa Aning	0/2	Appointed in December 2019

Interaction with Management

On an annual basis, the Committee members meet individually with our statutory auditor, KPMG, Chief Financial Officer, Head of Internal Audit, Head of Compliance and Chief Risk Officer. These meetings allow the Committee members to discuss freely matters relating to the auditor's remit and issues arising from the audit.

Directors' securities transactions

The Directors' beneficiary interest in the ordinary shares of the Bank as at 31 December 2019 is as shown in note 13b of the financial statement:

Going concern

The Bank's Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any threats that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Parent company

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V., a company incorporated in The Netherlands.

Area of operation

The Bank comprises a network of 21 branches and Head Office as at the time of signing this account.

Subsidiary

The Bank maintains a special purpose legal entity, Standard Chartered Ghana Nominee Limited, to warehouse assets held in trust on behalf of custody clients in the conduct of its fiduciary activities. The assets and income due to such clients arising thereon are not the bona fide property of the Bank. These assets have not been included either in the books of the Bank or its subsidiary company. Refer to note 22b (i) for the necessary disclosures on this nominee company.

The subsidiary's financial statements have not been consolidated with that of the parent as the Directors are of the opinion that it is insignificant and would present no real value to the members. No balances have been transferred from the income statement of the subsidiary to the retained earnings of the Bank.

Disclosure of information to auditor

As far as the Directors are aware, there is no relevant audit information of which the Bank's statutory auditor, KPMG, is unaware. The Directors have taken all reasonable steps to ascertain any relevant audit information and ensured that the Bank's statutory auditor is aware of such information.

Auditor

The Audit Committee has the responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. Messrs KPMG has been the auditor of the Bank commencing with the financial statements for the year ended 31 December 2018. KPMG did not provide non-audit service to the Bank during the year.

The approved auditor fee for the 2019 audit is **GH¢549,000** (2018: GH¢450,000).

Sufficiency of public float

As at the date of this report, the Bank has maintained the prescribed public float governing the listing of securities on the Ghana Stock Exchange based on the information publicly available to the Bank and within the knowledge of the Directors.

Political donations

No political donations were made in the year ended 31 December 2019 (2018: Nil).

Directors' responsibility for the financial statements

The Bank's Directors are responsible for the preparation of the financial statements that gives a true and fair view of the state of affairs of the Bank, comprising the statement of financial position and the statements of comprehensive income, changes in equity and cash flows for the year then ended and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992), Securities and Exchange Commission Regulation, 2003 (L.I 1728) and The Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930); and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and maintaining adequate accounting records and an effective system of risk management. In addition, the Directors are responsible for the preparation of the Report of the Directors.

Business Performance

- Operating income increased by 20.0 per cent from GH¢712.9 million to GH¢853.0 million.
- Profit after tax increased to GH¢281.8 million from GH¢210.6 million recorded in 2018, representing 34 per cent increase.
- Earnings per share increased to GH¢2.08 from GH¢1.54 per share in 2018.
- Overall balance sheet grew by 28 per cent to GH¢7.62 billion

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

Minimum paid up capital

The Bank's paid up capital complies with the regulatory minimum paid up capital requirement.

Reserve fund

In accordance with Section 34(1)(b) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) a cumulative amount of GH¢370.1 million (2018: GH¢299.7 million) has been set aside in a Reserve fund from the Income surplus. The cumulative balance includes the amount set aside from the net profit for the year.

Dividend

Based on the Bank of Ghana's Notice NO. BG/GOV/SEC/2020/03, Notice to Banks and Specialised Deposit-Taking Institutions on the suspension of distribution of dividends for the financial years 2019 and 2020, the Board is not recommending payment of dividend for the 2019 financial year.

Unclaimed dividend account

In accordance with the Companies Act, 2019 (Act 992) any unclaimed dividend for a period of three months will be transferred to an interest bearing account. The unclaimed dividend together with the accrued interest thereon will be transferred to the Registrar within a further period of twelve months. A special resolution will be tabled at the Bank's 50th Annual General Meeting to seek shareholders' approval to amend the Bank's Regulations in that regard.

Approval of the Report of the Directors

The Report of the Directors of the Bank were approved by the Board of Directors and authorized for issue on 20 February 2020 and signed on its behalf by

Dr. Emmanuel Oteng Kumah
Chairman

Mansa Nettey
Executive Director

Kweku Nimfah- Essuman
Executive Director

Disrupt with digital

"Clients can access up to seventy in-branch services on their phones through SC Mobile"

Independent Auditor's Report to the members of Standard Chartered Bank Ghana Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Standard Chartered Bank Ghana Limited ("the Bank"), which comprise the statement of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers GH¢ 139m

Refer to Note 21.ii.a to the financial statements

The key audit matter

Loans and advances to customers amounted to GH¢ 1,910 million at 31 December 2019 (GH¢ 1,494 million at 31 December 2018), and the total impairment allowance account for the Bank amounted to GH¢ 139 million at 31 December 2019 (GH¢ 192 million at 31 December 2018).

The Bank is required to recognise expected credit losses (ECL) on financial instruments which involves significant judgement and estimates to be made by the Bank.

The carrying value of financial instruments within the scope of IFRS 9 ECL may be materially misstated if judgements or estimates made by the Bank are inappropriate.

The most significant areas where we identified greater levels of management judgement are:

- Significant Increase in Credit Risk (SICR) – the criteria selected to identify a SICR are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of facilities is greater than 12 months
- Economic base case – IFRS 9 requires the Bank to measure ECL on a forward-looking basis, incorporating future macro-economic variables reflecting a range of future conditions. The economic base case is the key driver of the range of future conditions

How the matter was addressed in our audit

Based on our risk assessment and industry knowledge, we have examined the impairment charges for loans and advances to customers and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter.

Our procedures included the following:

- Evaluating and testing the design, implementation and operating effectiveness of key controls over the capturing, monitoring and reporting of loans and advances to customers.
- Evaluating and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management's review process over impairment calculations.
- Assessing the completeness and accuracy of key data inputs used in the ECL calculation through testing a sample of relevant data fields and their aggregate amounts against data in the source system.
- Assessing and testing the effectiveness of the SICR thresholds employed by the Bank across material retail and corporate portfolios.
- Assessing the appropriateness of the Bank's methodology for determining the base case economic scenario for material macroeconomic variables, and to challenge the base case forecast against market information.

- ECL modelling – inherently judgemental and complex modelling techniques used to estimate ECLs which involve determining Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).
- Qualitative adjustments – adjustments to model-driven ECL results are raised to address model limitations or emerging risks and trends in underlying portfolios which are inherently judgemental
- Carrying value of individually assessed Stage 3 assets – the carrying value of loans and advances to banks and customers may be incorrectly assessed if individual impairments are not appropriately identified and estimated. The identification of impaired assets and the estimation of impairment including a range of estimates of future cash flows and valuation of collateral.
- Disclosure quality - the disclosures regarding the Bank's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgements and material inputs to the IFRS 9 ECL results.
- The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.
- Given the combination of inherent subjectivity and judgement involved in estimating the expected credit losses and the material nature of the balance, we considered the impairment of loans and advances to be a key audit matter in our audit of the financial statements.

- Using a KPMG specialist to independently assess and substantively validate the impairment models by re-performing calculations for certain aspects of material models.
- Assessing the appropriateness of overlays (qualitative adjustments) to model-driven ECL by taking into account the judgements and estimates the Bank has made through the ECL calculation process (including macroeconomic forecasts).
- Assessing individual exposures: We selected a sample (based on quantitative thresholds) of larger clients where impairment indicators had been identified by the Bank. We obtained the Bank's assessment of the recoverability of these exposures and challenged whether individual impairment allowance, or lack of, were appropriate.
- Assessing the adequacy of the Bank's disclosures in relation to impairment about changes in estimates occurring during the period and its sensitivity to key assumptions. In addition, we assessed whether the disclosure of the key judgements and assumptions made were appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and Corporate Information which we obtained prior to the date of this auditor's report date and the Chairman's Statement, Chief Executive's Review, Chief Financial Officer's Review, the Statement on Corporate Governance which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of the 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.

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditor's Report to the members of Standard Chartered Bank Ghana Limited Continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) and Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Bank under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations governing the Acts.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1462).

KPMG

FOR AND ON BEHALF OF:

KPMG: (ICAG/F/2020/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

27 February 2020

Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 GH¢'000	2018 GH¢'000
Interest income calculated using the effective interest method	8	**749,703**	612,784
Interest expense	8	**(154,974)**	(123,970)
Net interest income	8	**594,729**	488,814
Fees and commission income	9	**121,096**	113,840
Fees and commission expense	9	**(18,192)**	(15,251)
Net fee and commission income		**102,904**	98,589
Net trading income	10	**168,027**	125,428
Net (loss)/income from other financial instruments carried at fair value through profit/loss	11	**(13,641)**	90
Other income		**1,013**	-
Operating income		**853,032**	712,921
Net impairment loss on financial asset	12	**(99,868)**	(100,758)
Operating income net of impairment charges		**753,164**	612,163
Personnel expenses	13a	**(177,005)**	(165,048)
Operating lease expenses		**(568)**	(25,219)
Depreciation and amortisation	23b	**(31,925)**	(7,574)
Other expenses	14	**(119,463)**	(88,451)
Total operating expenses		**(328,961)**	(286,292)
Profit before income tax		**424,203**	**325,871**
Income tax expense	15(i)	**(121,137)**	(95,128)
National Fiscal Stabilization Levy	15(i)	**(21,210)**	(20,089)
Total tax and levy		**(142,347)**	(115,217)
Profit for the year		**281,856**	210,654
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
debt instruments at fair value through other comprehensive income		**(21,122)**	(49,657)
Total comprehensive income for the year		**260,734**	160,997
Basic earnings per share (Ghana Cedi per share)	16	**2.08**	GH¢1.54
Diluted earnings per share (Ghana Cedi per share)	16	**2.08**	GH¢1.54

The notes on pages 72 to 122 are an integral part of these financial statements.

Statement of financial position

at 31 December 2019

	Notes	2019	2018
		GH¢'000	GH¢'000
Assets			
Cash and cash equivalents	18	**2,588,820**	2,386,507
Derivative assets held for risk management	19a	**13,834**	2,448
Trading assets non- pledged	20	**165,741**	55,066
Loans to other banks	21a	**116,208**	144,600
Loans and advances to customers	21b(i)	**1,770,666**	1,302,095
Investment securities	22a	**2,349,385**	1,664,912
Current tax assets	15(ii)	**63,240**	60,786
Property, plant and equipment	23a	**285,596**	64,846
Equity investments	22b(i)	**1**	1
Deferred tax assets	24	**-**	2,256
Other assets	25	**265,131**	277,978
Total assets		**7,618,622**	5,961,495
Liabilities			
Derivative liabilities held for risk management	19b	**5,382**	3,787
Deposits from banks	26	**170,967**	44,604
Deposits from customers	27	**5,419,304**	4,302,072
Borrowings	28	**276,685**	265,100
Provisions	29b	**55,858**	71,275
Deferred tax liabilities	24	**23,390**	-
Other liabilities	29a	**500,176**	226,838
Total liabilities		**6,451,762**	4,913,676
Shareholders' funds			
Stated capital	31(i)	**400,000**	400,000
Income surplus	31(ii)	**317,043**	230,215
Reserve fund	31(iii)	**370,122**	299,658
Credit risk reserve	31(iv)	**109,518**	126,647
Other reserves	31(v)	**(29,823)**	(8,701)
Total shareholders' funds		**1,166,860**	1,047,819
Total liabilities and shareholders' funds		**7,618,622**	5,961,495
Net assets value per share (Ghana Cedis per share)	36	**8.59**	7.71

Approval of financial statements

These financial statements were approved by the Board of Directors on 27 February 2020 and signed on its behalf by

Mansa Nettey
Director

Kweku Nimfah-Essuman
Director

The notes on pages 72 to 122 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2019

2018	Stated capital	Income surplus	Reserve fund	Credit risk reserve	Other reserves	Total Shareholders' Funds
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Balance at 1 January 2018	121,631	361,859	246,994	148,237	42,035	920,756
Expected Credit loss adjustment	-	(12,393)	-	-	-	(12,393)
Excess in credit risk reserve per IFRS 9 transferred to retained earnings	-	12,393	-	(12,393)	-	-
Restated balance at 1 January 2018	121,631	361,859	246,994	135,844	42,035	908,363
Comprehensive income						
Profit for the year	-	210,654	-	-	-	210,654
Other comprehensive income						
Net fair value loss on financial asset	-	-	-	-	(49,657)	(49,657)
Total Comprehensive income	-	210,654	-	-	(49,657)	160,997
Transfers:						
Transfer to credit risk reserve	-	9,197	-	(9,197)	-	-
Transfers from other reserves	-	1,079	-	-	(1,079)	-
Transfer to reserve funds		(52,664)	52,664			-
Total Transfers	-	(42,388)	52,664	(9,197)	(1,079)	-
Transactions with owners of the bank						
Dividend paid	-	(1,483)	-	-	-	(1,483)
Dividend Forfeitures	-	655	-	-	-	655
Transfer to stated capital	278,369	(278,369)	-	-	-	-
Stamp duty and WHT on capitalisation	-	(20,713)	-	-	-	(20,713)
Total Transactions with owners of the bank	278,369	(299,910)	-	-	-	(21,541)
Balance at 31 December 2018	400,000	230,215	299,658	126,647	(8,701)	1,047,819
2019						
Total comprehensive income						
Profit for the year	-	281,856	-	-	-	281,856
Other comprehensive income						
Net fair value loss on financial asset carried at fair value through other comprehensive income	-	-	-	-	(21,122)	(21,122)
Total Comprehensive income	-	281,856	-	-	(21,122)	260,734
Transfers:						
Transfer from credit risk reserve	-	17,129	-	(17,129)	-	-
Transfer to reserve funds	-	(70,464)	70,464	-	-	-
Total transfers		(53,335)	70,464	(17,129)	-	-
Transactions with owners of the bank						
Dividend paid	-	(141,693)	-	-	-	(141,693)
Total Transactions with owners of the bank		(141,693)				(141,693)
Balance at 31 December 2019	400,000	317,043	370,122	109,518	(29,823)	1,166,860

The notes on pages 72 to 122 are an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2019

	Notes	2019	2018
		GH¢ '000	GH¢ '000
Cash flows from operating activities			
Profit before tax		**424,203**	325,871
Adjustments for:			
Depreciation and amortisation	23b	**31,925**	7,574
Impairment on financial assets	12	**99,868**	100,758
Net interest income	8	**(594,729)**	(488,814)
Profit on sale of asset		**(1,013)**	-
		(39,746)	(54,611)
Change in trading assets		**(110,675)**	(11,984)
Change in investment securities		**(684,473)**	(407,972)
Change in derivative assets held for risk management		**-**	(1,905)
Change in other assets		**(16,692)**	65,475
Change in loans to other banks		**28,392**	(144,600)
Change in loans and advances to customers		**(568,439)**	(17,157)
Change in derivative liabilities held for risk management		**-**	3,244
Change in deposits from banks		**126,363**	(21,482)
Change in deposits from customers		**1,117,233**	881,908
Change in other liabilities and provisions		**23,133**	140,589
		(124,904)	431,505
Interest received		**702,217**	551,616
Interest paid		**(88,687)**	(88,150)
Income tax paid	15(ii)	**(119,155)**	(159,921)
Net cash from operating activities		**369,471**	735,050
Cash flows from investing activities			
Purchase of property and equipment	23a	**(25,465)**	(39,754)
Net cash used in investing activities		**(25,465)**	(39,754)
Cashflows from financing activities			
Dividend paid	32	**(141,693)**	(1,483)
Net cash used in financing activities		**(141,693)**	(1,483)
Net increase in cash and cash equivalents		**202,313**	693,813
Cash and cash equivalents at 1 January		**2,386,507**	1,692,694
Cash and cash equivalents at 31 December		**2,588,820**	2,386,507

The notes on pages 72 to 122 are an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2019

1. Reporting entity

Standard Chartered Bank Ghana Limited is a Bank incorporated in Ghana. The Bank operates with a Universal Banking license that allows it to undertake banking and related activities. Its registered office is Standard Chartered Bank Building situated at No. 87 Independence Avenue, Accra. The financial statements comprise the separate financial statements of the Bank as at and for the year ended 31 December 2019.

The Bank is listed on the Ghana Stock Exchange.

Refer to page 69 for date of financial statements authorization.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of preparation

Basis of measurement

The financial statements are prepared using the historical cost basis except for the following assets and liabilities that are measured at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments classified as fair value through other comprehensive income.

This is the first set of the Bank's financial statement in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in note 3.1.

The financial statements are presented in Ghana Cedis which is the Bank's functional currency. All values are rounded to the nearest thousand GH¢ except otherwise indicated.

3. Accounting policies

3.1 Changes in accounting policies

3.1.1 New and amended standards adopted by the Bank

The Bank initially applied IFRS 16 from 1 January 2019. A number of other new standards are also effective from 1 January 2019, but they do not have a material effect on the Bank's financial statements.

The Bank applied IFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated –i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

a. Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement was contained under a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease.* The Bank now assesses whether a contract is or contains a lease based on the definition of a lease as explained in Note 3.7.

On transition to IFRS 16, the Bank applied the definition of a lease under IFRS 16 to all contracts.

b. As a lessee

As a lessee, the Bank leases many assets including branches, ATMs, motor vehicles and certain equipment. The Bank previously classified as operating leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognises right-of-use assets and lease liabilities for most of these leases –i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019 (See Note 3.1.1 (C)(i)). Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Bank has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Bank

- did not record a lease liability or right-of-use asset for leases with a remaining term of less than 12 months as at 1 January 2019
- excluded initial direct costs from the measurement of right-of-use assets at 1 January 2019; and
- Used hindsight in determining the lease term

c. Impact on financial statements

i. Impact on transition

On transition to IFRS 16, the Bank recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

In cedis	1 January 2019
	GH¢'000
Lease liabilities	217,251
Prepayment of items now treated under IFRS 16	18,999
Right-of-use assets presented in property plant and equipment	236,250

When measuring lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rate at 1 January 2019. The rate applied is 19.8 per cent and 9.002 per cent for Ghana cedis and US dollar leases respectively.

In cedis	1 January 2019
	GH¢'000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Bank's financial statements	367,679
Discounted using the incremental borrowing rate at 1 January 2019	218,370
Recognition exemption for leases with less than 12 months of lease term at transition	(1,119)
Lease liabilities recognised at 1 January 2019	217,251

3.1.2 New and amended standards issued not yet adopted by the Bank

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. Those which may be relevant to the Bank are set out below. The Bank does not plan to early adopt these Standards.

a. Amendments to References to Conceptual Framework in IFRS Standards

The IASB revised the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

It is not expected that this will impact the Bank significantly.

Notes to the financial statements continued

for the year ended 31 December 2019

b. Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

It is not expected that this will impact the Bank significantly.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are effective from 1 January 2020. Early application is permitted.

It is not expected that this will impact the Bank significantly.

3.2 Interest income and expense

a. Effective interest rate

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs included incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

b. Amortised cost and gross carrying amount

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

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

d. Presentation

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Interest expense presented in the statement of comprehensive income comprise financial liabilities measured at amortised cost;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

3.3 Fees and commissions

Fees and commission income and expenses that are an integral part of the effective interest rate on financial instruments are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees - is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

3.4 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

3.5 Net income from other financial instruments at FVTPL

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as FVTPL and also, non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

3.6 Foreign currency transaction

Transactions in foreign currencies are translated into the functional currency of the Bank entities at the average exchange rate at the date of the transactions. The transaction rates used are the average of the buying and selling of the underlying inter-bank foreign exchange rate as quoted by the Ghana Bankers Association. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or exchange rates at the date the fair value was determined if held at fair value, and the resulting foreign exchange gains and losses are recognised in profit or loss or equity and other comprehensive income as appropriate.

3.7 Leases

The Bank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16

This policy is applied to contracts entered into, on or after 1 January 2019.

Notes to the financial statements continued

for the year ended 31 December 2019

3.7 Leases

Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs attributable to the lease contract.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- Fixed repayment, including in-substance fixed payments
- The effects of prepayments or rent-free periods
- Contractually-stipulated increases in rent payments
- Lease payments in an optional renewal period if the Bank is reasonably certain to exercise an exercise option.

The lease liability is measured at amortised cost using the effective interest method. A re-measurement of the lease liability and right-of-use asset is required under the following circumstances:

(a) A change in future lease payment amount due to a market rent review;

(b) A change in fixed future lease payment amount due to rent being linked to an inflation index;

(c) A change in expected lease term (e.g. no longer expect to exercise extension option, early termination option exercised).

When the lease liability is re-measured in this way, a corresponding adjustment is made to the current amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Bank presents right-of-use asset in property and equipment and lease liabilities in other liabilities in the statement of financial position.

Short term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

Where the Bank is the lessee

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Bank is a lessee under finance leases, the leased assets are capitalized and included in property and equipment with a corresponding liability to the lessor recognised in other liabilities.

Financing charges payable are recognised over the period of the lease based on the interest rate implicit in the lease to give a constant periodic rate of return.

3.8 Financial instruments

3.8.1 Recognition and initial measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment - financial assets

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

i. The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

ii. How the performance of the portfolio is evaluated and reported to the Bank's management;

iii. The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

iv. How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;

v. The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

vi. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3.8.2 Classification and subsequent measurement

Assessment of whether contractual cash flows are solely payments of principal and interest on principal – financial assets

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Notes to the financial statements continued

for the year ended 31 December 2019

The Bank holds a portfolio of long-term fixed rate loans for which the Bank has the option to propose a revision of the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates is part of the contractually agreed terms on inception of the loan agreement; therefore, the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

a. Amortised cost

Financial assets at amortised cost comprises cash and cash equivalents, loans to other Banks, loans and advances to customers and other assets.

They are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income determined using the effective interest method, foreign exchange gains and losses and impairment are reported in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

b. Fair value through other comprehensive income (FVOCI)

i. Debt instruments

The debt instrument is initially recognised at fair value plus direct transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment gains or losses, interest revenue and foreign exchange gains and losses are recognised in the statement of profit or loss. Upon disposal or derecognition, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Interest income from these financial assets is determined using the effective interest method and recognised in the statement of comprehensive income as 'Interest income'.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost.

c. Fair value through profit or loss (FVTPL)

profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through the profit or loss and is not part of a hedging relationship is included directly in profit or loss and reported as 'Net gains/(losses) in financial instruments classified as FVTPL' in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as 'other income on financial asset at fair value through statement of comprehensive income'.

d. Financial liabilities at fair value through profit or loss

Trading liabilities are those liabilities that the Bank incurs principally for the purpose of repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

Trading liabilities (including derivatives other than those designated as hedging instruments) are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of the statement of comprehensive income.

e. Other financial liabilities

Deposits, debt securities issued and subordinated liabilities are the Bank's sources of debt funding.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale-and-repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Other financial liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.8.3 Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or where the Bank has transferred substantially all the risks and rewards of ownership. Any interest in the transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability. Any interest in such derecognised financial asset that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

3.8.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

For complex instruments such as swaps, the Bank uses proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may be derived from market prices or rates or are estimates based on assumptions.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly measure financial instruments carried at fair value on the statement of financial position.

Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in net trading income. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

3.8.5 Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

3.8.6 Offsetting

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

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

Notes to the financial statements continued

for the year ended 31 December 2019

3.8.7 Modification

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset;
- and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.8.8 Identification and measurement of impairment

a. Significant accounting estimates and judgements

The Bank's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions. The significant judgements and estimates in determining expected credit loss include:

The Bank's criteria for assessing if there has been a significant increase in credit risk; and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables.

The calculation of credit-impairment provisions also involves expert credit judgement to be applied by the credit risk management team based upon counterparty information they receive from various sources including relationship managers and on external market information.

b. Expected credit losses

Expected credit losses are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive over the contractual life of the instrument.

Measurement

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward looking.

For material portfolios, the estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). There may be multiple default events over the lifetime of an instrument. Further details on the components of PD, LGD and EAD are disclosed in the Credit risk section. For less material Retail Banking loan portfolios, the Bank has adopted simplified approaches based on historical roll rates or loss rates.

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, interest rates, house price indices and commodity prices among others. These assumptions are incorporated using the Bank's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning.

To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios. For example, where there is a greater risk of downside credit losses than upside gains, multiple forward-looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall expected credit loss amounts. These scenarios are determined using a Monte Carlo approach centred around the Bank's most likely forecast of macroeconomic assumptions.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank is exposed to credit risk. However, for certain revolving credit facilities, which include credit cards or overdrafts, the Bank's exposure to credit risk is not limited to the contractual period. For these instruments, the Bank estimates an appropriate life based on the period that the Bank is exposed to credit risk, which includes the effect of credit risk management actions such as the withdrawal of undrawn facilities.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement. As a practical expedient, the Bank may also measure credit impairment on the basis of an instrument's fair value using an observable market price.

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, regardless of whether foreclosure is deemed probable.

Cash flows from unfunded credit enhancements held are included within the measurement of expected credit losses if they are part of, or integral to, the contractual terms of the instrument (this includes financial guarantees, unfunded risk participations and other non-derivative credit insurance). Although non-integral credit enhancements do not impact the measurement of expected credit losses, a reimbursement asset is recognised to the extent of the expected credit losses recorded.

Cash shortfalls are discounted using the effective interest rate on the financial instrument as calculated at initial recognition or if the instrument has a variable interest rate, the current effective interest rate determined under the contract.

Recognition

12 months expected credit losses (Stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit- impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Significant increase in credit risk (Stage 2)

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in expected credit loss. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or roll rate approach is applied to compute expected credit loss, significant increase in credit risk is primarily based on 30 days past due.

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk.

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Significant increase in credit risk (Stage 2) continued

The Bank compares the residual lifetime PD at the statement of financial position date to the residual lifetime PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on non-purely precautionary early alert (and subject to closer monitoring).

A non-purely precautionary early alert account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators could include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances among other factors.

Credit impaired (or defaulted) exposures (Stage 3)

Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit impaired.

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concession/s that lenders would not otherwise consider. This would include forbearance actions;
- Pending or actual bankruptcy or other financial reorganisation to avoid or delay discharge of the borrower's obligations;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; and
- Purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

Irrevocable lending commitments to a credit impaired obligor that have not yet been drawn down are also included within the stage 3 credit impairment provision to the extent that the commitment cannot be withdrawn.

Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment. The Bank's definition of default is aligned with definition of default as set out in IFRS 9.

Expert credit judgement

For Corporate & Institutional and Commercial, borrowers are graded by credit risk management on a credit grading (CG) scale from CG1 to CG14. Once a borrower starts to exhibit credit deterioration, it will move along the credit grading scale in the performing book and when it is classified as CG12 the credit assessment and oversight of the loan will normally be performed by Group Special Assets Management (GSAM).

Borrowers graded CG12 exhibit well-defined weaknesses in areas such as management and/or performance but there is no current expectation of a loss of principal or interest. Where the impairment assessment indicates that there will be a loss of principal on a loan, the borrower is graded a CG14 while borrowers of other credit impaired loans are graded CG13. Instruments graded CG13 or CG14 are regarded as non-performing loans, i.e. Stage 3 or credit impaired exposures.

For individually significant financial assets within Stage 3, Group Special Asset Management (GSAM) will consider all judgements that have an impact on the expected future cash flows of the asset. These include: the business prospects, industry and geo-political climate of the customer, quality of realisable value of Against impaired assets, the Bank's legal position relative to other claimants and any renegotiation/ forbearance/ modification options. The difference between the loan carrying amount and the discounted expected future cash flows will result in the stage 3 credit impairment

amount. The future cash flow calculation involves significant judgements and estimates. As new information becomes available and further negotiations/forbearance measures are taken the estimates of the future cash flows will be revised and will have an impact on the future cash flow analysis.

For financial assets which are not individually significant, such as the Retail Banking portfolio or small business loans, which comprise a large number of homogenous loans that share similar characteristics, statistical estimates and techniques are used, as well as credit scoring analysis.

Retail Banking clients are considered credit impaired where they are more 90 days past due. Retail Banking products are also considered credit impaired if the borrower files for bankruptcy or other forbearance programme, the borrower is deceased, or the business is closed in the case of a small business, or if the borrower surrenders the collateral, or there is an identified fraud on the account.

Additionally, if the account is unsecured and the borrower has other credit accounts with the Bank that are considered credit impaired, the account may be also be credit impaired.

Techniques used to compute impairment amounts use models which analyse historical repayment and default rates over a time horizon. Where various models are used, judgement is required to analyse the available information provided and select the appropriate model or combination of models to use.

Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the models.

Write-offs of credit impaired instruments and reversal of impairment

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement. If, in a subsequent period, the amount of the credit impairment loss decreases, and the decrease can be related objectively to an event occurring after the credit impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

Improvement in credit risk

A period may elapse from the point at which instruments enter lifetime expected credit losses (stage 2 or stage 3) and are reclassified back to 12 month expected credit losses (stage 1). For financial assets that are credit-impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: The loss allowance is charged to profit or loss and is recognised in OCI

3.9 Cash and cash equivalents

Cash and cash equivalents 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 Bank in the management of its short-term commitments.

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3.10 Investment securities

This comprises investments in short-term Government securities and medium-term investments in Government and other securities such as treasury bills and bonds. Investment securities are categorized as debt securities at FVOCI or trading financial assets and carried in the statement of financial position at fair value.

3.11 Loans and advances

This is mainly made up of loans and advances to customers. Loans and advances are carried in the statement of financial position at amortised cost, i.e. gross receivable less impairment allowance.

3.12 Property, plant and equipment

3.12.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

3.12.2 Subsequent costs

The cost of replacing part of an item of property plant 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 Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

3.12.3 Work-in-progress

Property and equipment may be classified as work-in-progress if it is probable that future economic benefits will flow to the Bank and the cost can be measured reliably. Typically, these are items that have not yet been brought to the location and/or condition necessary for it to be capable of operating in the manner intended by management.

Amounts held within work-in-progress that are substantially complete, in common with other property plant and equipment, are required to be assessed for impairment. Where asset lives are short (technological assets for example) and the assets are held as WIP for a significant period, impairment (through technological obsolescence) is more likely to occur. In such situations, if the assets are generic in nature and do not require significant modification to bring them into use, it would be more appropriate to hold the assets within property and equipment and depreciate them. Assets that would typically fall into this category are Computers, screens and other items that require little modification to bring them into use.

In general, assets should not be held in work in progress for a significant period unless it relates to a significant construction project (a building for example).

3.12.4 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset when it is reasonably certain that the asset will revert to the lessee at the end of the lease term. Land is not depreciated.

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

Buildings	-	50 years
Leasehold improvements	-	life of lease up to 50 years
IT equipment and vehicles	-	3 - 5 years
Fixtures and fittings	-	5 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Gains and losses on disposal of property and equipment are determined by comparing proceeds from disposal with the carrying amounts of property and equipment and are recognised in the profit or loss as other income.

3.13 Intangible assets

3.13.1 Software

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three to five years.

3.14 Taxation

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

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

3.15 Deferred taxation

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences.

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

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

3.16 Events after the reporting date

Events subsequent to the statement of financial position date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

3.17 Dividend

Dividend payable is recognised as a liability in the period in which they are declared. Dividend 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.

3.18 Provisions and contingencies

Provision

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 Bank, 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.

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3.19 Financial guarantee and loan commitments

Financial guarantee contracts are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at below-market interest rates are initially recognised at fair value and amortized over the life of the guarantee or commitment. The liability is subsequently carried at the higher of the amortized amount and the present value of any expected payments to settle the liability, when payment becomes probable. Financial guarantees and commitments to provide a loan at below-market rates are included within other liabilities.

3.20 Employee benefits

3.20.1 Defined contribution plans

Obligations of contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period during which related services are rendered.

The Bank operates the three-tier pension scheme as directed by the National Pension Regulatory Authority. The Bank pays 13 per cent and the employee pays 5.5 per cent making a total contribution of 18.5 per cent.

Out of a total contribution of 18.5 per cent, the Bank remits 13.5 per cent to a restructured Social Security and National Insurance Trust towards the first tier pension scheme, out of which 2.5 per cent is a levy for the National Health Insurance scheme. The Bank remits the remaining 5 per cent to a privately managed and mandatory second tier for lump sum benefit.

The third tier is a voluntary provident fund and personal pension scheme which the Bank contributes 7 per cent of staff basic salary.

3.20.2 Retired staff medical plan

The Bank has a scheme to pay the medical cost of some retired staff and their spouses from the date of retirement till death. Under the scheme, the Bank pays the medical cost of eligible persons with a cost cap of GH¢5,000 per person per annum. The Bank has taken an insurance policy to cover the scheme.

3.20.3 Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

3.20.4 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank 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.

3.20.5 Share-based payments

A share based payment can either be cash-settled share based payment or equity-settled share based payment.

Cash-settled share based payment refers to a share-based payment transaction in which the entity acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments of the entity.

Equity-settled share based payment transaction in which the entity receives goods or services as consideration for equity instruments of the entity (including shares or share options).

3.21 Impairment of non-financial assets

The carrying amount of the Bank's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the

estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.22 Stated capital

3.22.1 Ordinary share capital

Ordinary shares are classified as equity. The Bank classifies capital and equity instruments in accordance with the contractual terms of the instrument.

3.22.2 Preference share capital

Preference share capital of the Bank is classified as part of shareholders' funds. The preference shares are irredeemable, and the dividends thereon are fixed.

3.23 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 of the Bank after adjustments for preference dividends by the weighted average 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.

3.24 Net asset value per share

The Bank presents net asset value per share (NAPS) data for its ordinary shares. NAPS is calculated by dividing the net assets attributable to ordinary shareholders of the Bank after adjustments for preference shares by the weighted average number of ordinary shares outstanding during the period.

3.25 Segment reporting

Segment results that are reported to the Bank'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 Bank has three reportable segments: Retail Banking, Commercial Banking and Corporate and Institutional Banking which are the Bank's strategic operations. For each reportable segment, the Bank's Managing Director reviews internal management reports on the performance of each segment.

4. Financial risk management

4.1 Introduction and overview

The management of risk lies at the heart of the Bank's business. One of the main risks we incur arises from extending credit to customers through our trading and lending operations. Beyond credit risk, we are also exposed to a range of other risk types such as country cross-border, market, liquidity, operational, pension, reputational and other risks that are inherent to our strategy and product range.

4.2 Risk management framework

Ultimate responsibility for setting our risk appetite and for the effective management of risk rests with the Board. Acting within an authority delegated by the Board, the Board Risk Committee (BRC), whose membership is comprised exclusively of non-executive directors of the Board, has responsibility for oversight and review of prudential risks including but not limited to credit, market, and liquidity, operational and reputational. It reviews the country's overall risk appetite and makes recommendations thereon to the Board.

Its responsibilities also include reviewing the appropriateness and effectiveness of the Bank's risk management systems and controls, considering the implications of material regulatory change proposals, ensuring effective due diligence on monitoring the activities of the Bank Executive Risk Committee (RiskCo) and Asset and Liability Committee (ALCO).

The BRC receives quarterly reports on risk management, including portfolio trends, policies and standards, liquidity and capital adequacy, and is authorised to investigate or seek any information relating to an activity within its terms of reference.

The Executive Risk Committee (RiskCo) is responsible for the management of all risks other than ALCO. RiskCo is responsible for the establishment of, and compliance with, policies relating to credit risk, market risk, operational risk, and reputational risk. The RiskCo also defines our overall risk management framework. RiskCo oversees committee such as Country Operational Risk Committee, Group Special Asset Management, Early Alert (CIB, RB and CB), and Credit Approval Committee.

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ALCO is responsible for the management of capital and the establishment of, and compliance with, policies relating to statement of financial position management, including management of liquidity, capital adequacy and structural foreign exchange and interest rate risk.

The committee governance structure ensures that risk-taking authority and risk management policies are cascaded down through to the appropriate functional, divisional and country-level committees. Information regarding material risk issues and compliance with policies and standards is communicated to the functional committees and country-level sub-committees.

Roles and responsibilities for risk management are defined under a Three Lines of Defence model. Each line of defence describes a specific set of responsibilities for risk management and control.

The first line of defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities. Business and function governance heads are accountable for risk management in their respective businesses and functions.

The second line of defence comprises the Risk Control Owners, supported by their respective control functions. Risk Control Owners are responsible for ensuring that the risks within the scope of their responsibilities remain within appetite. The scope of a Risk Control Owner's responsibilities is defined by a given Risk Type and the risk management processes that relate to that Risk Type. These responsibilities cut across and are not constrained by functional and business boundaries.

The third line of defence is the independent assurance provided by the Country's Internal Audit function. Its role is defined and overseen by the Audit Committee. The findings from the country audits are reported to management and governance bodies – accountable line managers, relevant oversight function or committee and committees of the Board. The country's internal audit provides independent assurance of the effectiveness of management's control of its own business activities (the first line) and of the processes maintained by the Risk Control Functions (the second line). As a result, Internal Audit provides assurance that the overall system of control effectiveness is working as required within the Risk Management Framework.

Credit Risk

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures may arise from both the banking and trading books. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

Credit monitoring

We regularly monitor credit exposures, portfolio performance, and external trends that may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; including credit grade migration.

Credit mitigation

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

Traded products

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions. The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

4.3 Problem credit management and provisioning

4.3.1 Commercial, Corporate & Institutional Businesses

A non-performing loan is any loan that is 90 days or more than 90 days past due or is otherwise individually impaired (which represents those loans against which individual impairment provisions have been raised) and excludes:

- Loans renegotiated before 90 days past due and on which no default in interest payments or loss of principal is expected.
- Loans renegotiated at or after 90 days past due, but on which there has been no default in interest or principal payments for more than 180 days since renegotiation, and against which no loss of principal is expected.

The loan loss provisions are established to recognise expected credit losses on specific loan assets or within a portfolio of loans and receivables. Individually impaired loans are those loans against which individual impairment provisions have been raised.

Estimating the amount and timing of future recoveries involves significant judgment, and considers the level of arrears as well as the assessment of matters such as future economic conditions, court processes and the value of collateral, for which there may not be a readily accessible market.

The total amount of the Bank's impairment allowances is inherently uncertain being sensitive to changes in economic and credit conditions. It is possible that actual events over the next year differ from the assumptions built into the model resulting in material adjustments to the carrying amount of loans and advances.

Impairment allowance identified in our books are prepared in line with IFRS 9. The Bank of Ghana (BoG) prudential guidelines prescribes principles for calculating impairment allowance. Any difference between the impairment allowance per IFRS and that calculated per BoG guidelines is reported in our statement of financial position under Credit Risk Reserve.

4.3.2 Retail Business

In Retail Business, where there are large numbers of small value loans, a primary indicator of potential impairment is delinquency. A loan is considered delinquent (past due) when the counterparty has failed to make a principal or interest payment when contractually due.

However, not all delinquent loans (particularly those in the early stage of delinquency) will be impaired. For delinquency reporting purposes we follow industry standards, measuring delinquency as of 1, 30, 60, 90, 120 and 150 days past due. Accounts that are the definition of default as stated above continues to apply. All Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest.

Provisioning within Retail Business reflects the fact that the product portfolios consist of a large number of comparatively small exposures.

For the main unsecured products and loans secured, the entire outstanding amount is generally written off at 150 days past due. Unsecured consumer finance loans are written off at 90 days past due. For secured loans individual impairment provisions (IIPs) are generally raised at either 150 days (Mortgages) or 90 days (Wealth Management) past due.

The provisions are based on the estimated present values of future cash flows, in particular those resulting from the realisation of security. Following such realisation any remaining loan will be written off. The days past due used to trigger write-offs and IIPs are broadly driven by past experience, which shows that once an account reaches the relevant number of days past due, the probability of recovery (other than by realising security where appropriate) is low. For all products there are certain situations where the individual impairment provisioning or write-off process is accelerated, such as in cases involving bankruptcy, customer fraud and death. Write-off and IIPs are accelerated for all restructured accounts to 90 days past due (unsecured and automobile finance) and 120 days past due (secured) respectively.

Individually impaired loans for Retail Businesses will therefore not equate to those reported as non-performing, because non-performing loans include all those over 90 days past due. This difference reflects the fact that, while experience shows that an element of delinquent loans is impaired, it is not possible to identify which individual loans the impairment relates to until the delinquency is sufficiently prolonged that loss is almost certain, which, in the Bank's experience, is generally around 150 days in Retail Businesses. Up to that point the inherent impairment is captured in Expected Credit Loss (ECL).

The ECL methodology provides for accounts for which an individual impairment provision has not been raised, either individually or collectively. ECL is raised on a portfolio basis for all products, and is set using expected loss rates, based on past experience supplemented by an assessment of specific factors affecting the relevant portfolio. These include an assessment of the impact of economic conditions, regulatory changes and portfolio characteristics such as delinquency trends and early alert trends. The methodology applies a larger provision against accounts that are delinquent but not yet considered impaired.

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for the year ended 31 December 2019

4.4 Analysis by credit grade of loans and advances

4.4.1 Set out below is an analysis of various credit exposures.

Exposure to Credit Risk	Loans and advances to customers	
	2019 GH¢ '000	2018 GH¢ '000
Carrying amount		
Individually impaired		
Grade 14: Impaired (loss)	**367,876**	368,656
Grade 13: Impaired (Doubtful)	**18,318**	776
Grade 12: Impaired (Substandard)	**22,121**	91,322
Gross non performing loans	**408,315**	460,754
Grade 1-8: Normal (Current)	**1,650,813**	1,085,566
Grade 9-11: Watch list (Olem)	**197,951**	285,251
Gross performing loans	**1,848,764**	1,370,817
Gross Loans and advances	**2,257,079**	1,831,571
Interest in suspense (deferred interest income)	**(347,063)**	(337,084)
Impairment loss	**(139,350)**	(192,392)
Carrying Amount	**1,770,666**	1,302,095

IFRS classification	Loans and advances to customers	
Past due but not impaired	**2019**	2018
Past due comprises:	**GH¢ '000**	GH¢ '000
30-60 days	**8,224**	38,073
60-90 days	**7,858**	4,053
90-180 days	**2,734**	96,089
180-360 days +	**227,231**	242,121
	246,047	380,336
Neither past due nor impaired		
Grade 1-3: Normal	**1,663,969**	1,114,154
Grade 4-5: Watch list		
Carrying amount	**1,910,016**	1,494,493
Includes loans with renegotiated terms	**-**	-
Gross loans	**1,910,016**	1,494,493
Impairment loss	**(139,350)**	(192,392)
Total carrying amount	**1,770,666**	1,302,095

4.4.2 ECL analysis

The following table shows the credit quality of financial assets and debt investments measured at amortised cost. The maximum exposure to credit risk before collateral held and other credit enhancement in respect of loans and advances to customers are:

	2019			
	12- months ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to Customer				
Balance at 1 January 2019	735,130	313,405	253,560	1,302,095
Transfer to 12 -month ECL	130,456	(126,811)	(3,645)	-
Transfer to lifetime ECL not credit – Impaired	(219,470)	221,970	(2,500)	-
Transfer to lifetime ECL credit – impaired	4,542	(34,074)	29,532	-
Net Remeasurement of Loss Allowance	(84,472)	61,085	23,387	-
New financial assets originated or	854,249	-	-	854,249
Financial assets that have been derecognised	-	(269,015)	-	(269,015)
Write-offs			(160,517)	(160,517)
Recoveries of amounts previously written off	-	-	15,528	15,528
Changes in models/risk parameters	-	-	28,326	28,326
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	1,504,907	105,475	160,284	1,770,666

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4.4.3 Segmental classification

	2019			
	12- months ECL GH¢'000	Lifetime ECL not credit Impaired GH¢'000	Lifetime ECL credit impaired GH¢'000	Total GH¢'000
Retail				
Loans and advances to customers at amortised cost				
Balance at 1 January	550,770	13,014	9,923	573,707
Transfer to 12 - month ECL	28,275	(24,630)	(3645)	-
Transfer to lifetime ECL not credit – impaired	(71,409)	(73,909)	(2,500)	-
-Transfer to lifetime ECL credit – impaired		(34,074)	34,074	-
Net re-measurement of loss allowance	(43,134)	15,205	27,292	-
New financial assets originated or	99,011	-	-	99,011
Financial assets that have been derecognised	-	(9,310)	-	(9,310)
Write-offs	-	-	(1,936)	(1,936)
Recoveries of amounts previously written off	-	-	5,911	5,911
Changes in models/risk parameters	-	-	(26,614)	(26,614)
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	606,647	18,909	15,214	640,770
Corporate				
Loans and advances to customers at amortised cost				
Balance at 1 January	184,360	300,391	243,637	728,388
Transfer to 12 - month ECL	102,181	(102,181)	-	-
Transfer to lifetime ECL not credit – impaired	(148,061)	148,061	-	-
-Transfer to lifetime ECL credit – impaired	4,542		(4,542)	-
Net re-measurement of loss allowance	(41,338)	45,880	(4,542)	-
New financial assets originated or	755,238	-	-	755,238
Financial assets that have been derecognised	-	(259,705)	-	(259,705)
Write-offs	-	-	(158,581)	(158,581)
Recoveries of amounts previously written off	-	-	9,616	9,616
Changes in models/risk parameters	-	-	54,940	54,940
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	898,260	86,566	145,071	1,129,897

	2018			
		Lifetime ECL	Lifetime	
	12- months ECL	Not credit impaired	ECL credit impaired	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Loans and advances to customers				
Balance at 31 December 2017				**1,385,696**
Transition adjustment	**-**	**-**	**-**	**10,880**
Balance at 1 January	**815,698**	**201,577**	**379,301**	**1,396,576**
Transfer to 12 - month ECL	**(80,568)**	**114,809**		**34,241**
Transfer to lifetime ECL not credit – impaired	**-**	**(2,982)**	**142,276**	**139,294**
Transfer to lifetime ECL Credit – Impaired	**-**	**-**	**11,415**	**11,415**
Net Remeasurement of Loss Allowance	**(80,568)**	**111,827**	**153,691**	**184,950**
New financial assets originated or	**-**	**-**	**-**	**-**
Financial assets that have been derecognised	**-**	**-**	**-**	**-**
Write-offs	**-**	**-**	**(268,270)**	**(268,270)**
Recoveries of amounts previously written off	**-**	**-**	**(11,161)**	**(11,161)**
Changes in models/risk parameters	**-**	**-**	**-**	**-**
Foreign exchange and other movements	**-**	**-**	**-**	**-**
Subtotal	**-**	**-**	**(279,431)**	**(279,431)**
Balance at 31 December	**735,130**	**313,404**	**253,561**	**1,302,095**

4.4.4 Categorisation of loans

2019

Risk/Current				
Loans and advances to customers at amortised cost	12- months ECL	Lifetime ECL not credit Impaired	Lifetime ECL credit impaired	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Grades 1-6: Low-Fair Risk/Current	1,401,202	179,563	-	1,580,765
Grades 7-9: Watch list/OLEM	-	-	85,430	85,430
Grade 10: Substandard	-	-	20,263	20,263
Grade 11: Doubtful	-	-	15,581	15,581
Grade 12: Loss	-	-	207,977	207,977
Loss allowance	(18,440)	(3,760)	(117,150)	(139,350)
Carrying amount	1,382,762	175,803	212,101	1,770,666

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4.4.5 Analysis of credit concentration risk

The concentration of loans and advances by business segment and customer types are disclosed in Note 21b. Investment securities are held largely in Government instruments.

4.4.6 Maximum credit exposure

At 31 December 2019, the maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' statement of financial position carrying amount or, for non-derivative off-statement of financial position transactions, their contractual nominal amounts.

	2019	2018
	GH¢'000	GH¢'000
Loans to other banks	**116,208**	144,600
Placements with other banks	**32,924**	536,668
Loans and advances to customers	**1,770,666**	1,302,095
Unsecured contingent liabilities and commitments (net)	**987,626**	763,901
Trading assets non-pledged	**165,741**	55,066
Investment securities	**2,349,385**	1,664,912
	5,422,550	4,467,242

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

i. Loans and receivables

	2019	2018
	GH¢'000	GH¢'000
Against impaired assets	**5,016,823**	4,728,222
Against past due but not impaired assets	**-**	197,049
	5,016,823	4,925,271

ii Commitments and guarantees

To meet the financial needs of customers, the Bank enters various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees. The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank would have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment.

	2019 GH¢'000	2018 GH¢'000
Guarantees	**889,106**	712,284
Letters of credit	**137,923**	52,281
	1,027,029	764,565
Margins against contingents	**(39,403)**	(664)
	987,626	763,901

iii Liquidity risk

The Bank defines liquidity risk as the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

It is the policy of the Bank to maintain adequate liquidity at all times, and for all currencies. Hence the Bank aims to be in a position to meet all obligations, to repay depositors, to fulfil commitments to lend and to meet any other commitments.

Liquidity risk management is governed by the Bank's Asset and Liability Management Committee (ALCO), which is chaired by the Chief Executive Officer. ALCO is responsible for both statutory and prudential liquidity. These responsibilities include the provision of authorities, policies and procedures.

ALCO has primary responsibility for compliance with regulations and Bank policy and maintaining a liquidity crisis contingency plan.

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 funds. Lending is normally funded by liabilities in the same currency.

The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

ALCO oversees the structural foreign exchange and interest rate exposures that arise within the Bank. These responsibilities are managed through the provision of authorities, policies and procedures that are co-ordinated by ALCO. Compliance with Bank ratios is also monitored by ALCO.

Refer to Note 21(biii) for key ratios of the Bank.

4.4.7 Maturities of assets and liabilities

An analysis of various maturities of the Bank's assets and liabilities is provided below.

The Net liquidity gap is the difference between the total assets and total liabilities for the various time brackets, while the cumulative gap is sum of the net difference of the net liquidity gap over the time brackets.

2019	0-3 months	3-6 months	6-12 months	over 1 year	2019
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets					
Cash and cash equivalents	2,588,820	-	-	-	2,588,820
Derivative assets held for risk management	13,834	-	-	-	13,834
Trading Asset(non-pledge)	135,082	70	30,589	-	165,741
Loans to other banks	116,208	-	-	-	116,208
Loans and advances to customers	699,523	41,241	21,763	1,008,139	1,770,666
Investment securities	758,152	110,000	311,010	1,170,223	2,349,385
Equity investment	-	-	-	1	1
Other assets	265,131	-	-	-	265,131
Total asset	4,576,750	151,311	363,362	2,178,363	7,269,781
Liabilities					
Deposits from banks	170,967	-	-	-	170,967
Deposits from customers	5,228,231	97,356	93,348	369	5,419,304
Derivative liabilities held for risk management	5,382				5,382
Borrowings	193,680	-	83,005	-	276,685
Other liabilities	500,176	-	-	-	500,176
Total liabilities	6,098,436	97,356	176,353	369	6,372,514
Net liquidity gap	(1,521,686)	53,955	187,009	2,177,994	897,272
Cumulative gap	(1,521,6860)	(1,467,731)	(1,289,722)	897,272	

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2018	0-3 months	3-6 months	6-12 months	over 1 year	2018
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets					
Cash and cash equivalents	2,386,507	-	-	-	2,386,507
Derivative assets held for risk management	2,448	-	-	-	2,448
Trading asset(non-pledge)	55,066	-	-	-	55,066
Loans to other banks	-	-	144,600	-	144,600
Loans and advances to customers	452,060	44,062	8,852	797,121	1,302,095
Investment securities	97,892	122,151	661,137	783,732	1,664,912
Equity investment	-	-	-	1	1
Other assets	277,978	-	-	-	277,978
Total asset	3,271,951	166,213	814,589	1,580,854	5,833,607
Liabilities					
Deposits from banks	44,604	-	-	-	44,604
Deposits from customers	4,130,430	78,515	93,127	-	4,302,072
Derivative liabilities held for risk management	3,787	-	-	-	3,787
Borrowings	192,800	-	-	72,300	265,100
Other liabilities	226,838	-	-	-	226,838
Total liabilities	4,598,459	78,515	93,127	72,300	4,842,401
Net liquidity gap	(1,326,508)	87,698	721,462	1,508,554	991,206
Cumulative gap	(1,326,508)	(1,238,810)	(517,348)	991,206	-

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

2019	On demand	Less than 3 months	3 to 12 months	Over 12 months	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial guarantees	85,475	99,212	620,951	83,468	889,106
Letters of credit	1,275	95,664	40,984	_	137,923
Total	86,750	194,876	661,935	83,468	1,027,029

2018	On demand	Less than 3 months	3 to 12 months	Over 12 months	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Financial guarantees	17,574	29,995	548,701	116,014	712,284
Letters of credit	55	50,561	1,565	_	52,181
Total	17,629	80,556	550,266	116,014	764,465

4.4.8 Market Risks

i. Management of market risk

The Bank recognises market risk as the exposure created by potential changes in market prices and rates, such as interest rates, equity prices and foreign exchange rates. The Bank is exposed to market risk arising principally from customer driven transactions.

Market risk is governed by the Bank's market risk unit which is supervised by ALCO, and which agrees policies, procedures and levels of risk appetite in terms of Value at Risk ("VaR"). The unit provides market risk oversight and guidance on policy setting. Policies cover both the trading and non-trading books of the Bank. The non-trading book is defined as the Banking book. Limits are proposed by the businesses within the terms of agreed policy.

The unit also approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and currency concentrations where appropriate. Sensitivity measures are used in addition to VaR as risk management tools.

VaR models are back tested against actual results to ensure pre-determined levels of accuracy are maintained. The Bank's Market Risk unit complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risks that may arise from extreme market events that are rare but plausible. Stress testing is an integral part of the market risk management framework and considers both historical market events and forward looking scenarios. Ad hoc scenarios are also prepared reflecting specific market conditions. A consistent stress testing methodology is applied to trading and non-trading books.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The unit has responsibility for reviewing stress exposures and, where necessary, enforcing reductions in overall market risk exposure. It also considers stress testing results as part of its supervision of risk appetite. The stress test methodology assumes that management action would be limited during a stress event, reflecting the decrease in liquidity that often occurs. Contingency plans are in place and can be relied on in place of any liquidity crisis. The Bank also has a liquidity crisis management committee which also monitors the application of its policies.

ii Foreign exchange exposure

The Bank's foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange exposures are principally derived from customer driven transactions. Concentration of Ghana cedi equivalent of foreign currency denominated assets and liabilities and off statement of financial position items are disclosed below:

	USD	GBP	EUR	Others	2019	2018
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets						
Cash and cash equivalents	1,550,116	57,035	111,239	1,588	**1,719,978**	**1,170,773**
Derivative assets held for risk management	197,903	-	-	-	**197,903**	**2,448**
Loans to other banks	116,208	-	-	-	**116,208**	**144,600**
Advances to customers	467,913	-	20,439	-	**488,352**	**429,412**
Investment securities	168,428	-	-	-	**168,428**	**48,998**
Other assets	41,979	-	5,890	-	**47,869**	**149,879**
Total assets	**2,542,547**	**57,035**	**137,568**	**1,588**	**2,738,738**	**1,946,110**
Liabilities						
Deposits from banks	79,805	1	-	21	**79,827**	**9,402**
Deposits from customers	2,109,428	57,938	127,640	48	**2,295,054**	**1,592,934**
Borrowings	276,685	-	-	-	**276,685**	**276,685**
Derivative liabilities	36	-	-	-	**36**	**-**
Other liabilities	295,817	1,019	9,931	343	**307,110**	**169,216**
Total liabilities	**2,761,771**	**58,958**	**137,571**	**412**	**2,958,712**	**1,771,552**
Net-on statement of financial position	**(219,224)**	**(11,923)**	**(3)**	**1,176**	**(219,974)**	**174,558**
Off-statement of financial position credit and commitments	**778,651**	**453**	**152,072**	**-**	**931,176**	**653,161**

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4.4.9 Sensitivity analysis

A 5 per cent strengthening of the cedi against the following currencies at 31 December 2019 would have an impact on 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 2018.

Sensitivity analysis

Effect in cedis

31 December 2019

	Profit/(loss) GH¢'000
USD	**681**
GBP	**40**
EUR	**106**
Others	**25,327**

31 December 2018

	Profit/(loss) GH¢'000
USD	39,782
GBP	202
EUR	98
Others	52

A best case scenario 5 per cent weakening of the Ghana cedi against the above currencies at 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

i. Interest rate exposure

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by the Bank's Market Risk unit in its day-to-day monitoring activities.

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

A change of a 100 basis points in interest rates at the reporting date would have impacted equity and profit or loss by the amounts shown below:

	100 bp Increase	100 bp Decrease
31-Dec-19	**GH¢'000**	**GH¢'000**
Interest income impact	**43,300**	**(43,300)**
Interest expense impact	**(55,450)**	**55,450**
Net impact	**(12,150)**	**12,150**

	100 bp Increase	100 bp Decrease
31-Dec-18	GH¢'000	GH¢'000
Interest income impact	38,401	(38,401)
Interest expense impact	(43,271)	43,271
Net impact	(4,870)	4,870

4.4.10 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks.

The Bank's Country Non-Financial Risk Committee (CNFRC) has been established to supervise and direct the management of operational risks across the Bank. CNFRC is also responsible for ensuring adequate and appropriate policies, and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

The CNFRC is responsible for establishing and maintaining the overall operational risk framework and for monitoring the Bank's key operational risk exposures. This committee is supported by Corporate & Institutional Clients and Retail Clients Operational Risk units. These units are responsible for ensuring compliance with policies and procedures in the business, monitoring key operational risk exposures, and the provisions of guidance to the respective business areas on operational risk

Compliance and Regulatory risk include the risk of non-compliance with regulatory requirements. The Bank's compliance and Regulatory Risk function is responsible for establishing and maintaining an appropriate framework of the Bank's compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all managers.

4.4.12 Capital management

i. Regulatory capital

The Bank of Ghana sets and monitors capital requirements for the Bank.

In implementing current capital requirements, Bank of Ghana requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The Bank calculates requirements for market risk in its trading portfolios based upon the Bank's VaR models and uses standardise approach as the basis for risk weightings for credit risk. The Bank is also required to maintain a credible capital plan to ensure that capital level of the Bank is maintained in consonance with the Bank's risk appetite.

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

- Tier 1 capital, which includes ordinary share capital, income surplus/retained earnings, statutory reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities.
- The Bank did not have any tier 2 capital during the period under review.

Various limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 per cent of tier 1 capital. Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items.

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's or Group's management of capital during the period.

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The Bank's regulatory capital position at 31 December was as follows:

	Notes	2019	2018
		GH¢'000	GH¢'000
Tier 1 capital			
Ordinary share paid up capital	31(i)	**390,910**	390,910
Preference share paid up capital	31(i)	**9,090**	9,090
Income surplus	31(ii)	**317,043**	230,215
Reserve fund	31(iii)	**370,122**	299,658
Total tier 1 capital		**1,087,165**	929,873
Other regulatory adjustments		**(17,105)**	(18,662)
Total tier 1		**1,070,060**	911,211
Risk-weighted assets			
Credit risk		**3,280,191**	2,557,620
Market risk		**12,199**	20,067
Operational risk		**670,157**	609,556
Total risk-weighted assets		**3,962,547**	3,187,243
Total regulatory capital expressed as a percentage of total risk-weighted assets		**27.52%**	**28.59%**
Total tier 1 capital expressed as a percentage of total risk-weighted assets		**27.52%**	**28.59%**

ii Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes.

The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation and is subject to review by the Bank's ALCO.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank's particular operations or activities, it is not the sole basis used for decision making. Consideration also is made of synergies with other operations and activities, the availability of management and other resources, and the capability of the activity with the Bank's longer term strategic objectives. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

5. Contingencies and commitments

	2019	2018
	GH¢'000	GH¢'000
i. Contingent liabilities		
***Pending legal suits**	**912**	1,671

* There are a number of legal proceedings outstanding against the Bank as at 31 December 2019. Provisions have been recognised for those cases where the Bank is able to reliably estimate the probable loss. There were contingent liabilities amounting to GH¢912,000 with respect to legal cases for the year (2018: GH¢1,671,000).

ii Commitments for capital expenditure

There was no commitment for significant capital expenditure at the statement of financial position date (2018: Nil)

iii Unsecured commitments

	2019	2018
	GH¢'000	GH¢'000
This relates to commitments for trade letters of credit and guarantees. (Net of margin deposits)	987,626	763,901

6. Segmental Reporting

The Bank has three main business segments: Retail Banking, Commercial Banking, and Corporate Institutional Banking. These segments offer varying products and services and are managed separately based on the Bank's management and internal reporting structure.

i. Retail Banking

Retail banking business serves the banking needs of Personal, Priority and International and Business banking clients, offering a full suite of innovative products and services to meet their borrowing, wealth management and transactional needs.

A client-focused approach enables a deeper understanding of clients' evolving needs and provision of customised financial solutions

ii. Commercial Banking

Commercial Banking focuses on helping mid-sized local companies grow, especially as they expand across borders. This group of clients is already a key contributor to trade and investment in our footprint markets today and presents a large and growing opportunity.

iii. Corporate and Institutional Banking

Corporate and Institutional Banking focuses on driving origination by building core banking relationships with clients across the full range of their product needs. The SCB network is fundamental to our strategy, structured to provide clients with Global expertise delivered through local support.

Some of the Bank's corporate costs are managed centrally and standardised basis are used to allocate these costs to the business segments on a reasonable basis.

Operating segments	Corporate & Institutional Banking	Retail Banking	Commercial Banking	Total
2019	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Net interest income	351,312	171,033	73,397	595,742
Net fee and commission income	20,056	42,593	40,255	102,904
Net trading income	93,658	57,706	3,022	154,386
Total segment revenue	465,026	271,332	116,674	853,032
Net impairment loss	(1,667)	(20,639)	(77,562)	(99,868)
Segment operating expenses	(110,725)	(180,911)	(37,325)	(328,961)
Profit before tax	352,634	69,782	1,787	424,203
Segmental assets	6,413,478	656,441	548,703	7,269,781
Segment liabilities	4,092,836	1,848,306	510,620	6,451,762

Notes to the financial statements continued

for the year ended 31 December 2019

Operating segments	Corporate & Institutional Banking	Retail Banking	Commercial Banking	Total
2018	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
Net interest income	304,578	155,543	28,693	488,814
Net fee and commission income	25,815	57,245	15,529	98,589
Net trading income	83,146	29,405	12,967	125,518
Total segment revenue	413,539	242,193	57,189	712,921
Net impairment loss	(10,283)	(22,704)	(67,771)	(100,758)
Segment operating expenses	(93,303)	(168,782)	(24,207)	(286,292)
Profit before tax	309,953	50,707	(34,789)	325,871
Segment assets	4,655,165	579,964	726,366	5,961,495
Segment liabilities	2,989,544	1,546,110	378,022	4,913,676

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

No revenue from transactions with a single external customer or counterparty amounted to 10 per cent or more of the Bank's total revenue in 2019.

No operating segments have been aggregated in arriving at the reportable segment of the Bank.

The executive management committee monitors operating results of its business units separately for the purpose of decision making about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Segment revenue above represents revenue generated from external customers. There were no inter – segments sales in the current year (2018: nil). The accounting policies of the reportable segments are the same as the Bank's accounting policies.

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than other financial assets and current and deferred tax assets

All liabilities are allocated to reportable segments other than borrowing, other financial liabilities and current and deferred tax liabilities.

iv. Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2019	2018
	GH¢ '000	GH¢ '000
i. Revenues		
Total revenue from reportable segments	**853,032**	712,921
Unallocated amounts	**-**	-
Elimination of intersegment revenue	**-**	-
Total revenue per statement of comprehensive income	**853,032**	712,921

	2019 GH¢ '000	2018 GH¢ '000
ii. Profit before tax		
Total profit or loss for reportable segments	**424,203**	325,871
Unallocated amounts	**-**	-
Total profit before tax per statement of comprehensive income	**424,203**	325,871
iii. Assets		
Total assets for reportable segments	**7,618,622**	5,961,495
Other unallocated amounts	**-**	-
Total assets per statement of financial position	**7,618,622**	5,961,495
iv. Liabilities		
Total liabilities for reportable segments	**7,618,622**	4,913,676
Other unallocated amounts	**-**	-
Total liabilities per statement of financial position	**6,308,806**	4,913,676

7.1 The Bank's classification of its principal financial assets and liabilities are summarised below:

	Fair value through OCI	Amortised cost	Fair value through P/L	Total carrying amount	Fair value
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000
31 December 2019					
Cash and cash equivalents	**-**	**2,588,820**	**-**	**2,588,820**	**2,588,820**
Derivative assets	**-**	**-**	**13,834**	**13,834**	**13,834**
Trading assets (non- pledged)	**-**		**165,741**	**165,741**	**165,741**
Loans to other banks	**-**	**116,208**	**-**	**116,208**	**116,208**
Loans and advances to customers	**-**	**1,770,666**	**-**	**1,770,666**	**1,770,666**
Investment securities	**2,349,385**	**-**	**-**	**2,349,385**	**2,349,385**
Assets	**2,349,385**	**4,475,694**	**179,575**	**7,004,654**	**7,004,654**
Deposits from customers	**-**	**5,419,304**	**-**	**5,419,304**	**5,419,304**
Deposits from banks	**-**	**170,967**	**-**	**170,967**	**170,967**
Derivative liabilities	**-**	**-**	**5,382**	**5,382**	**5,382**
Borrowings	**-**	**276,685**	**-**	**276,685**	**276,685**
Other liabilities	**-**	**500,176**	**-**	**500,176**	**500,176**
Liabilities	**-**	**6,367,132**	**5,382**	**6,372,514**	**6,372,514**
31 December 2018					
Cash and cash equivalents	-	2,386,507	-	2,386,507	2,386,507
Derivative assets	-	-	2,448	2,448	2,448
Trading assets (non- pledged)	-	-	55,066	55,066	55,066
Loans to other banks	-	144,600	-	144,600	144,600
Loans and advances to customers	-	1,302,095	-	1,302,095	1,302,095
Investment securities	1,664,912	-	-	1,664,912	1,664,912
Assets	1,664,912	3,833,202	57,514	5,555,628	5,555,628
Deposits from customers	-	4,302,072	-	4,302,072	4,302,072
Deposits from banks	-	44,604	-	44,604	44,604
Derivative liabilities	-	-	3,787	3,787	3,787
Borrowings		265,100	-	265,100	265,100
Other liabilities	-	226,838	-	226,838	226,838
Liabilities	-	4,838,614	3787	4,842,401	4,842,401

Notes to the financial statements continued

for the year ended 31 December 2019

7.2 Fair value categorisation of financial instruments

i. Valuation principles

Fair value 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 a valuation technique. Valuation techniques used include discounted cash flow analysis and pricing models and where appropriate, comparison with instruments that have characteristics similar to those of instruments held by the Bank.

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

The Valuation Control function is responsible for independent price verification, oversight of fair value and appropriate value adjustments and escalation of valuation issues. Independent price verification is the process of determining that the valuations incorporated into the financial statements are validated independent of the business area responsible for the product.

The Valuation Control function has oversight of the fair value adjustments to ensure that the financial instruments are priced to exit. These are key controls in ensuring the material accuracy of the valuations incorporated in the financial statements. The market data used for price verification may include data sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and consensus pricing providers.

Valuation Control performs a semi-annual review of the suitability of the market data used for price testing. Price verification uses independently sourced data that is deemed most representative of the market the instruments trade in. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing provider are taken into consideration.

ii. Valuation governance

The Bank's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Bank including the risk and finance functions. The responsibility of ongoing measurement resides with the business and product line divisions.

Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial Officer.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

2019	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
Trading assets (non- pledged)	**165,741**	**-**	**-**	**165,741**
Derivative assets (foreign exchange contracts)	**-**	**13,834**	**-**	**13,834**
Investment in securities	**2,349,385**	**-**	**-**	**2,349,385**
Total at 31 December 2019	**2,515,126**	**13,834**	**-**	**2,528,960**
2018				
Trading assets (non- pledged)	55,066	-	-	55,066
Derivative assets foreign exchange contracts)	-	2,448	-	2,448
Investment in securities	1,664,912	-	-	1,664,912
Total at 31 December 2018	1,719,978	2,448	-	1,722,426

iii. Trading assets (non- pledged)

These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

iv. Derivative - foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. The Bank classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

8. Net interest income

	2019	2018
	GH¢'000	GH¢'000
Interest income calculated using the effective interest method		
Cash and cash equivalents	**46,837**	61,657
Loans and advance to customers	**294,244**	212,142
Investment securities	**408,622**	338,985
Total interest income	**749,703**	612,784
Interest expense		
Deposits from bank	**(13,693)**	(6,777)
Deposits from customers	**(119,350)**	(99,774)
Other	**(21,931)**	(17,419)
Total interest expense	**(154,974)**	(123,970)
Net interest income	**594,729**	488,814

There is no interest income accrued on any impaired financial asset.

9. Fees and commissions income

	2019	2018
	GH¢'000	GH¢'000
Retail banking customer fees	**50,686**	36,647
Corporate banking credit related fees	**70,410**	77,193
Total fee and commission incomes	**121,096**	113,840
Fees and commission expense		
Brokerage	**(1)**	(10)
Visa interchange fees	**(18,191)**	(15,241)
Total fee and commission expense	**(18,192)**	(15,251)
Net fee and commission income	**102,904**	98,589

10. Net trading income

	2019	2018
	GH¢'000	GH¢'000
Fixed income (debt instruments)	**41,758**	28,815
Foreign exchange	**117,468**	91,358
Other	**8,801**	5,255
Net trading income	**168,027**	125,428

11. Net (loss)/income from other financial instruments carried at fair value through P/L

	2019	2018
	GH¢'000	GH¢'000
OTC structured derivatives	**(13,641)**	90

Notes to the financial statements continued

for the year ended 31 December 2019

12. Impairment loss on financial assets

	2019	2018
	GH¢'000	GH¢'000
Specific impairment	122,836	88,081
ECL/ Portfolio impairment	8,525	15,374
IFRS 9 Bonds	(15,965)	8,474
Recovery	(15,528)	(11,171)
	99,868	100,758

13(a) Personnel costs

	2019	2018
	GH¢'000	GH¢'000
Wages, salaries, bonus and allowances	132,792	119,157
Social security costs	12,168	10,843
Pensions	7,024	6,158
Other staff costs	19,630	23,815
Training	1,478	931
Directors' emolument (13b)	3,913	4,144
	177,005	165,048

The average number of persons employed by the Bank during the year was 837 (2018: 916).

13(b) Particulars of directors' emoluments

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

	2019	2018
	GH¢'000	GH¢'000
Salaries, allowances and benefits in kind	2,726	2,726
Pension contributions	150	205
Bonuses paid or receivable	1,037	1,122
Share-based payments	-	91
	3,913	4,144

14. Other expenses

	2019	2018
	GH¢'000	GH¢'000
Advertising and marketing	8,989	6,264
Premises and equipment	36,131	16,412
Administrative	52,762	49,826
Auditors' remuneration	549	450
Donations and sponsorship	47	397
Redundancy cost	8,208	8,592
Others	12,777	6,510
	119,463	88,451

15. Taxation

i. Income tax expense

	2019	2018
	GH¢'000	GH¢'000
Corporate tax charge for the year	**95,491**	103,957
Adjustment for prior year per GRA tax audit	**-**	(3,002)
Current tax	**95,491**	100,955
Deferred Tax	**25,646**	(5,827)
	121,137	95,128
National Fiscal Stabilisation Levy		
Charge for the year (5% of profit)	**21,210**	16,294
Adjustment for prior year per GRA tax audit	**-**	3,795
	21,210	20,089

ii. Taxation payable

2019 **Current tax**	**Balance at 1/1/2019**	**Payment during the year**	**Charge for the year**	**Balance at 31/12/19**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Corporate tax	**(49,048)**	**(99,296)**	**95,491**	**(52,853)**
National Fiscal Stabilisation Levy	**(11,738)**	**(19,859)**	**21,210**	**(10,387)**
	(60,786)	**(119,155)**	**116,701**	**(63,240)**

2018
Current tax

	Balance at 1/1/2018	Payment during the year	Charge for the year	Tax Adjustment	Balance at 31/12/18
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Corporate tax	(16,182)	(133,821)	103,957	(3,002)	(49,048)
National Fiscal Stabilisation Levy	(5,727)	(26,100)	16,294	3,795	(11,738)
	(21,909)	(159,921)	120,251	793	(60,786)

iii. Reconciliation of effective tax rate

Analysis of tax charge in the year:

The charge for taxation based upon the profit for the year comprises:

	2019	2018
	GH¢'000	GH¢'000
Profit before tax	**424,203**	325,871
Tax at 25% (2017:25%)	**106,051**	81,468
Non-deductible expenses	**15,086**	16,662
Changes to estimates relating to prior periods	**-**	(3,002)
Current tax charge	**121,137**	95,128
Effective tax rate	**28.6%**	29.19%

Tax liabilities up to 2018 have been agreed with the Ghana Revenue Authority. The 2019 liabilities are subject to agreement with the Ghana Revenue Authority.

National Fiscal Stabilisation Levy is a levy introduced by the Government as a charge on profit before tax effective July 2013. This is at the rate of 5 per cent on the profit before tax.

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for the year ended 31 December 2019

16. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share of GH¢2.08 (2018: GH¢1.54) was based on the profit attributable to ordinary shareholders of GH¢280 million (2018: GH¢208 million) and a weighted average number of ordinary shares outstanding of 134.8 million (2018: 134.8 million). Diluted earnings per share was calculated after adjusting for the effects of all dilutive potential ordinary shares.

Profit attributable to ordinary shareholders

	2019	2018
	GH¢'000	GH¢'000
Net profit for the period (after tax)	**281,856**	210,654
Less Preference share dividend proposed	**(1,646)**	(2,483)
Profit attributable to equity holders	**280,210**	208,171
	'000	'000
Weighted average number of ordinary shares at 31 December	**134,758**	134,758

17. Dividend per share

In line with the Bank of Ghana directive, the Directors are not recommending any ordinary share dividend payment for 2019 (2018: GH¢1.04 per share).

	2019	2018
	GH¢'000	GH¢'000
Net profit for the period (after tax)	**281,856**	210,654
Less Preference share dividend	**(1,646)**	(2,483)
Deferred tax credit	**-**	(5,827)
Other deductibles	**-**	(10,532)
Transfer to reserve fund	**(70,464)**	(52,664)
Profit attributable to equity holders	**209,746**	139,148
	'000	'000
Weighted average number of ordinary shares at 31 December	**134,758**	134,758

Preference share dividend is paid semi-annually on 31 March and 30 September as determined by the Registrar, (GCB Bank Ltd., Share Registry Department) using the preference rate. The rate is derived from the 182 day Treasury bill rate existing on or about 30 September 2018 and 31 March 2019 plus a risk premium of 300 basis point.

Payment of dividends is subject to withholding tax at the rate of 8 per cent for residents and 7.5 per cent for non-resident shareholders in countries with Double Taxation Agreement (DTA) with Ghana.

18. Cash and cash equivalents

	2019	2018
	GH¢'000	GH¢'000
Cash and balances with banks	**239,311**	218,402
Unrestricted balances with BoG	**1,631,437**	1,013,540
Restricted balances with BoG	**685,148**	617,897
Money market placements	**32,924**	536,668
	2,588,820	2,386,507

19. Derivatives held for risk management

For risk management purposes, the Bank entered into interest rate swaps (IRS). The following describes the fair value of derivatives held for risk management purposes. The Banks approach to managing market risk including interest rate risk is discussed in note 4(iii).

	2019	2018
	GH¢'000	GH¢'000
OTC Structured derivatives	13,834	2,448

19.b Derivatives liabilities held for risk management

	2019	2018
	GH¢'000	GH¢'000
OTC Structured derivatives	5,382	3,787

20. Trading assets (Non-Pledged)

	2019	2018
	GH¢'000	GH¢'000
Securities	165,741	55,066

21. Loans to other banks and customers

21.a Loans to other banks

	2019	2018
	GH¢'000	GH¢'000
Loans to banks	116,208	144,600

The loans to other banks are for a period of 1 month and 1 year respectively.

21.b Loans and advances

i. Analysis by Type

The table below constitutes loans and advances (including credit bills negotiated) to customers and staff.

	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	2019	2019	2019	2018	2018	2018
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Retail Customers						
Mortgage lending	103,881	(82)	103,799	110,672	(2,488)	108,184
Personal loans	550,212	(12,564)	537,648	448,386	(12,096)	436,290
Corporate customers						
Term loan	1,113,256	(89,147)	1,024,109	500,140	(177,808)	322,332
Trade	142,667	(37,557)	105,110	195,660	-	195,660
Other secured lending	-	-	-	239,629	-	239,629
Reverse repos	-	-	-	-	-	- -
Total	1,910,016	(139,350)	1,770,666	1,494,487	(192,392)	1,302,095

Notes to the financial statements continued

for the year ended 31 December 2019

ii.a Total impairment

	2019	2018
	GH¢'000	GH¢'000
Impairment at 1 January	**192,392**	357,855
IFRS 9 adjustment	**-**	10,880
Provision charged in the year	**123,003**	103,455
Recovery	**(15,528)**	(11,171)
Write-offs	**(160,517)**	(268,627)
At 31 December	**139,350**	192,392

ii.b Reconciliation between BOG and IFRS

	2019	2018
	GH¢'000	GH¢'000
BOG Provisions	**248,868**	343,850
Expected Credit Loss	**-**	(24,811)
Excess of BOG over IFRS provisions	**(109,518)**	(126,647)
IFRS Provisions	**139,350**	192,392

iii. Key ratios on loans and advances

- Loan loss provision ratio was 9.1 per cent (2018: 12.9 per cent).
- Gross non-performing loan ratio with respect to Bank of Ghana Prudential Guidelines was 17.20 per cent (2018: 25.16 per cent).
- Non-Performing loan ratio excluding loss category with respect to Bank of Ghana prudential guidelines was 2 per cent (2018: 6.30 per cent)
- Ratio of fifty (50) largest exposures (gross funded and non-funded) to total exposures was 60 per cent (2018: 74.2 per cent).
- Loan deposit ratio 32.67 per cent (2018: 30.27 per cent)

iv. Analysis by business segments

	2019	2018
	GH¢'000	GH¢'000
Agriculture, forestry and fishing	**81**	66
Mining and quarrying	**13,963**	26,701
Manufacturing	**365,683**	248,317
Construction	**45,645**	5,404
Electricity, gas and water	**97**	31
Commerce and finance	**470,471**	531,741
Transport, storage and communication	**105,400**	49,166
Services	**206,934**	30,681
Miscellaneous	**151,530**	153,994
Individuals	**550,212**	448,386
Gross loans and advances	**1,910,016**	1,494,487
Impairment allowance	**(139,350)**	(192,392)
Net loans and advances	**1,770,666**	1,302,095

v. Types of collateral held

	2019	2018
	GH¢'000	GH¢'000
Asset based	3,074,903	2,750,407
Cash	358,797	266,220
Guarantees	6,688,519	7,054,195
Insurance/protection	300,690	282,475
Property	2,413,554	1,921,417
	12,836,463	12,274,714

vi. Assets held as collateral

This comprises the following:

	2019	2018
	GH¢'000	GH¢'000
Against impaired assets	5,016,823	4,728,222
Against past due but not impaired assets	-	197,049
Against performing assests	7,819,640	7,349,443
	12,836,463	12,274,714

vii. Loan write-off

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 January	308,080	39,453
Charge off for the year	160,517	268,627
Balance at 31 December	468,597	308,080

All amounts written-off are subject to enforcement.

22. Investment securities

22a. Investment securities

	2019	2018
	GH¢'000	GH¢'000
Treasury bills	780,641	199,373
Debt securities	1,552,779	1,474,013
IFRS 9 impairment charge (note:12)	15,965	(8,474)
Total	2,349,385	1,664,912

22b(i) Equity investment

	2019	2018
	GH¢'000	GH¢'000
Investment in subsidiaries	1	1

Investment in subsidiaries represents the Bank's equity interest in Standard Chartered Ghana Nominees Limited, which is a wholly owned subsidiary incorporated in Ghana that was specifically set-up to warehouse assets held in trust on behalf of custody clients in the conduct of its fiduciary activities. The assets and income due to such clients arising thereon are not the bona fide property of the Bank and have not been included in either the books of the Bank or the subsidiary company.

The results of the company are insignificant and have not been consolidated with that of the Bank.

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(ii) Fiduciary activities

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefits plans and other institutions.

	2019	2018
	GH¢'000	GH¢'000
The total assets under the Bank's management which wholly relates to investments in Ghana is	25,897,139	24,217,859

23a. Property, plant and equipment

	Land and Building	Furniture and Equipment	Computer	Motor Vehicle	Capital Work in Progress	Right of use assets	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢000	GH¢000
	Gross value						
At 1 January 2019	42,340	18,920	17,897	231	24,906	-	104,294
Additions	6,598	4,720	14,147	-	(9,040)	236,250	252,675
Write offs	(3,516)	(8,422)	(4,355)	(215)	-	-	(16,508)
At 31 December 2019	45,422	15,218	27,689	16	15,866	236,250	340,461
Depreciation							
At 1 January 2019	18,449	11,638	9,130	231	-	-	39,448
Charges for the year	2,756	2,748	6,785	-	-	19,636	31,925
Writes offs	(3,516)	(8,422)	(4,355)	(215)	-	-	(16,508)
At 31 December 2019	17,689	5,964	11,560	16	-	19,636	54,865
Net book value	27,733	9,254	16,129	-	15,866	216,614	285,596

2018	Land and Building	Furniture and Equipment	Computer	Motor Vehicle	Capital Work in Progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢000
Gross value						
At 1 January 2018	29,545	13,835	15,342	231	5,587	64,540
Additions	12,795	5,085	2,555	-	19,319	39,754
At 31 December 2018	42,340	18,920	17,897	231	24,906	104,294
Depreciation						
At 1 January 2018	16,122	9,959	6,641	231	-	32,953
Charges for the year	2,327	1,679	2,489	-	-	6,495
At 31 December 2018	18,449	11,638	9,130	231	-	39,448
Net book value	23,891	7,282	8,767	-	24,906	64,846

b. Depreciation and amortization

	2019	2018
	GH¢'000	GH¢'000
Depreciation	31,925	6,495
Amortisation	-	1,079
	31,925	7,574

24. Deferred taxation

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 January	(2,256)	3,571
Charge to profit or loss	25,646	(5,827)
Balance at 31 December	23,390	(2,256)

(i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019			2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Property and equipment	(4,223)	-	(4,223)	(1,838)	-	(1,838)
Impairment provision	-	27,373	27,373	(418)	-	(418)
Holiday Pay	(399)		(399)			
Right of Use (IFRS 16)	-	639	639	-	-	-
Net tax assets/(liabilities)	(4,622)	28,012	23,390	(2,256)	-	(2,256)

25. Other assets

	2019	2018
	GH¢'000	GH¢'000
Accounts receivable and prepayments	49,914	47,570
LC Acceptance	89,985	92,697
Accrued interest receivable	113,281	134,338
Impersonal accounts	11,951	3,373
	265,131	277,978

26. Deposits from banks

	2019	2018
	GH¢'000	GH¢'000
Balances from financial entities	170,967	44,604

27. Deposit from customers

Analysis by type and product

	2019	2018
	GH¢'000	GH¢'000
Current accounts	3,743,072	2,929,427
Time deposit	247,684	216,300
Savings deposit	882,310	732,220
Call deposit	546,238	424,125
Total	5,419,304	4,302,072

Notes to the financial statements continued

for the year ended 31 December 2019

28. Borrowings

	2019	2018
	GH¢'000	GH¢'000
Balances due to other SCB subsidiary outside Ghana	276,685	265,100

29. Other liabilities and provisions

29a. Other liabilities

	2019	2018
	GH¢'000	GH¢'000
Accrued interest payable	14,825	12,840
Other creditors and accruals	167,544	121,301
LC acceptance	89,985	92,697
Lease liability (IFRS 16)	227,822	-
	500,176	226,838

29b. Provisions

	Staff related	Others	Total
	GH¢'000	GH¢'000	GH¢'000
Balance at 1 January	34,726	36,549	71,275
Charged to profit or loss	31,077	14,067	45,144
	65,803	50,616	116,419
Utilised during the year	(40,179)	(20,382)	(60,561)
Balance at 31 December	25,624	30,234	55,858

Staff related

This relates to provisions made for staff related obligations that exist at the year end.

Others

This comprises provisions made for various operational obligations during the year.

30. Leases

See accounting policy in notes 3.1.1

a. Leases as a lessee (IFRS 16)

The Bank leases a number of branches, ATM and office premises. The leases typically run for two years or more, with an option to renew the lease after that date. For some leases, payments are renegotiated periodically to reflect market rentals. Some leases provide for additional rent changes that are based on changes in local price indices.

The Bank also leases IT equipment with contract terms of one to three years. These leases are short-term and /or leases of low value items. The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

Previously, these were classified as operating leases under IAS 17.

Information about leases for which the Bank is a lessee is presented below

i. Right-of-use asset

Right-of-use assets related to leased branches, ATM and office which do not meet the definition of investment property are presented as property, plant and equipment(see Note 23a)

Branch, ATM and office premises	**2019**
	GH¢'000
Balance at 1 January	**236,250**
Depreciation charge for the year	**(19,636)**
Balance at 31 December	**216,614**

ii. At 31 December 2019, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019
Maturity analysis- Contractual undiscounted cash flows	**GH¢'000**
Less than one year	**-**
Between one to five years	**15,644**
More than five years	**352,035**
Total undiscounted lease liability at 31 December 2019	**367,679**

iii. Amounts recognised in profit or loss:

	2019
	GH¢'000
Finance charges	**17,588**
Expenses relating to low-value assets	**568**

iv. Amounts recognised in cash flows:

	2019
	GH¢'000
Total cash outflow for leases	**13,765**

v. Amounts recognised in profit or loss

	2019
	GH¢'000
2019- Leases under IFRS 16	
Interest on lease liabilities	**17,588**
Expenses relating to short-term leases	**-**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**568**

	2018
	GH¢'000
2018- Operating leases under IAS 17	
Lease expense	25,219
Contingent rent expense	-

vi. Extension options

Some leases of office premises contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not the lessors. The Bank assesses at commencement date whether it is reasonably certain to exercise the extension options. Subsequently, the lease term is re-assessed on at least an annual basis, considering contractually available lease extension options.

Notes to the financial statements continued

for the year ended 31 December 2019

31. Capital and reserves

(i) Stated capital

	2019		2018	
	No of Shares	**Proceeds**	No of Shares	Proceeds
	'000	**GH¢000**	'000	GH¢000
(a). Ordinary shares				
Authorised				
No. of ordinary shares of no par value	**250,000**	**-**	250,000	-
Issued and fully paid				
Issued for cash consideration	**5,655**	**48,001**	5,655	48,001
Transferred from income surplus account	**109,852**	**64,540**	109,852	64,540
Recapitalisation from income surplus	**19,251**	**278,369**	19,251	278,369
	134,758	**390,910**	134,758	390,910
(b) Preference Shares				
Issued and fully paid				
No. of preference shares	**17,489**	**9,090**	17,489	9,090
Total share capital		**400,000**		400,000

There is no share in treasury and no call or instalment unpaid on any share.

The preference shares are irredeemable and non-cumulative with respect to dividend payments.

(ii) Income surplus

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

	2019	2018
	GH¢000	GH¢000
Balance at 1 January	**230,215**	361,859
Profit for the year	**281,856**	210,654
Transfer from/to reserve fund	**(70,464)**	(52,664)
Dividend declared	**(141,693)**	(1,483)
Transfer from other reserve	**-**	1,079
Transfer from credit risk reserves	**17,129**	9,197
Transfer to stated capital	**-**	(278,369)
Stamp duty and WHT on capitalisation	**-**	(20,713)
Dividend Forfeitures	**-**	655
Balance at 31 December	**317,043**	230,215

(iii) Reserve fund

This represents amounts set aside as a non-distributable reserve from annual profits in accordance with section 34 (1) (b) of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) and guidelines from the Bank of Ghana. A cumulative amount of GH¢370.1 million (2018: GH¢299.7 million) has been set aside in a Reserve Fund from each year's profit. The cumulative balance includes an amount set aside from the retained earnings during the year.

	2019	2018
	GH¢000	GH¢000
Balance at 1 January	**299,658**	246,994
Transfers from income surplus during the year	**70,464**	52,664
Balance at 31 December	**370,122**	299,658

(iv) Credit risk reserve

This represents amounts set aside from the retained earnings account to meet Bank of Ghana's requirement for loan loss allowance for non-performing loans and advances, where Bank of Ghana's provision is higher than the requirement under the International Financial Reporting Standards (IFRS).

	2019	2018
	GH¢000	GH¢000
Bank of Ghana provision	**105,874**	91,561
IFRS provision	**(123,003)**	(100,758)
Transfer to income surplus	**(17,129)**	(9,197)
Balance at 1 January	**126,647**	148,237
IFRS 9 Adjustment	**-**	(12,393)
Balance at 31 December	**109,518**	126,647

(v) Other reserves

This comprises mainly of financial instruments held at fair value through other comprehensive income

	2019	2018
	GH¢000	GH¢000
Marked-to-market gains/loss on fair value securities (Net of Tax)	**(29,823)**	(8,701)

32. Dividend paid

	2019	2018
	GH¢'000	GH¢'000
Ordinary dividend	**140,149**	-
Preference dividend	**1,544**	1,483
Payments during the year	**141,693**	1,483

33. Related party transactions

(i) Parent and ultimate controlling party

The Bank is a subsidiary of Standard Chartered Holdings (Africa) B.V and its ultimate parent company is Standard Chartered PLC.

(ii) Key management compensation

IAS 24 "Related party disclosures" requires the following information for key management compensation. Key management personnel have been identified as the management team, executive and non-executive directors of the Bank.

Notes to the financial statements continued

for the year ended 31 December 2019

	2019	2018
	GH¢'000	GH¢'000
Salaries, allowances and benefits in kind	**10,339**	8,285
Pension contributions	**1,519**	995
Bonuses paid or receivable	**3,727**	2,789
Share based payments	**-**	115
Directors emoluments	**3,913**	4,144
	19,498	16,328

(iii) Transactions with key management

The following are loan balances and deposits due from related parties:

	2019	2018
	GH¢'000	GH¢'000
Key managers loans	**5,499**	8,133
Key managers deposits	**2,772**	2,280

The movement of the key managers accounts is as follows:

	2019	2018
	GH¢'000	GH¢'000
Balance at 1 January	**8,133**	3,692
Loans advanced during the year	**6,402**	5,549
Loans repayments	**(9,036)**	(1,108)
Balance at 31 December	**5,499**	8,133

Interest earned on key managers loans during the year amounted to **GH¢293,000** (2018: GH¢345,000).

(iv) Associated companies

	2019	2018
	GH¢'000	GH¢'000
Nostro account balances	**76,169**	76,649
Due from Group entities	**32,924**	181,268
	109,093	257,917

Amounts due to associated companies at the balance sheet date were as follows:

	2019	2018
	GH¢'000	GH¢'000
Short-term borrowing	**276,685**	265,100
Due to Group entities	**161,132**	325,431
	437,817	325,431

Related parties comprise Standard Chartered Bank: Dubai, London, China, Frankfurt, Tokyo, New York, Cote D'Ivoire, South Africa and Mauritius as well as key management staff of Standard Chartered Bank and the Board of Directors (Executives and Non-Executives).

All transactions with related parties were carried out at arm's length.

(v) Management and technical services fees

The Bank had an agreement with the GBS under Technology Transfer Regulation (LI 1547) approved by GIPC, which expired on 31 January 2016. The agreements are pending with GIPC for the approval renewal. No payment has been effected. The total unpaid is GH¢77.64million (2018: GH¢58.5million).

(vi) Share based payments

Included in staff cost is an amount of GH¢1,110,299 (2018:GH¢758,024) payable for the year to the Holding company in respect of value of equity settled share based payments allocated to employees of the Bank on a group arrangement basis.

For equity settled options the Bank is required to measure the fair value of the shares granted at the date the options were granted. This fair value is determined using option-pricing models and does not change once determined. The fair value is amortised to P&L over the vesting period (and in certain circumstances over the period in which services were provided to earn that award), with a corresponding credit to equity.

The inputs used in the measurement of the fair values at grant date of the equity settled options plans were as follows

Key management personnel

	2019	2018
Fair value at grant date (GBP)	**1.62**	1.39
Share price at grant date (GBP)	**6.84**	6.16
Exercise price (GBP)	**4.98**	5.13
Vesting period (years)	**3-7**	3-7
Expected volatility (%)	**25.3**	33.8
Expected option life (years)	**3.33**	3.33
Expected dividend yield (%)	**4.2**	5
Risk-free interest rate (%)	**0.26**	0.87

(vii) Financial guarantees

Guarantees of the Bank that have been counter guaranteed (back-to-back) by other SCB offices for the period was Nil (2018: GH¢17,431,200).

34. Directors' shareholding

The Bank's Director Ebenezer Twum Asante held 614 shares in the Bank as at 31 December 2019 (2018:614).

35. Regulatory disclosures

(i) Non–performing loans ratio

Percentage of gross non-performing loans ("substandard to loss") to total loans/advances portfolio (gross) BoG 17.20 per cent, (2018: BoG 25.16 per cent).

(ii) Capital adequacy ratio

The capital adequacy ratio as at 31st December 2019 was calculated at approximately 27.52 per cent (2018: 28.59 per cent).

(iii) Liquidity ratio

The liquidity ratio as at 31 December 2019 was calculated at approximately 75 per cent (2018: 84.79 per cent).

(iv) Regulatory breaches

Penalty for a regulatory breach of GH¢54,000 (2018: GHC 100) was recorded during the period under review which relates to 2018 on-site examination findings as stated below:

1. The Bank did not classify one loan account in accordance with the requirements of the "Guide for Reporting Institutions" issued by the Bank of Ghana.

2. The Bank's exposure to its affiliates persistently exceeded 25 per cent of its net own funds and was 43.64 per cent at the examination date.

Notes to the financial statements continued

for the year ended 31 December 2019

(v) Year end rates used for foreign exchange translations

Currency		Rate	
		2019	2018
USD	**US Dollar**	**5.5337**	4.8200
EUR	**Euro**	**6.2114**	5.5148
GBP	**Pound Sterling**	**7.3164**	6.1113

36. Net asset value per share

The calculation of net asset value per share GH¢8.59 (2018: GH¢7.71) at 31 December 2019 was based on the net assets attributable to ordinary shareholders of GH¢ 1,158 million (2018: GH¢ 1,039 million) and a weighted average number of ordinary shares outstanding of 134.8 million (2018: 134.8 million)

Net assets attributable to ordinary shareholders

	2019	2018
	GH¢'000	GH¢'000
Net assets	**1,166,860**	1,047,819
Less Preference shares	**(9,090)**	(9,090)
Net assets attributable to equity holders	**1,157,770**	1,038,729
	'000	'000
Weighted average number of ordinary shares at 31 December	**134,758**	134,758

36(a) Number of shares in issue

Number of shareholders

The company had ordinary and preference shareholders as at 31 December 2019 distributed as follows:

(i) Ordinary shares

Range of shares	Number of shareholders	Holding	Percentage
1 - 1,000	3,732	1,185,443	0.88
1,001 - 5,000	1,565	3,479,886	2.58
5,001 - 10,000	276	1,836,868	1.36
Over 10,000	213	128,256,301	95.18
	5,786	**134,758,498**	**100.00**

(ii) Preference shares

Range of shares	Number of shareholders	Holding	Percentage
1-1,000	769	272,436	1.56
1,001 – 5000	150	324,442	1.86
5001 - 10,000	20	167,017	0.95
Above 10,000	27	16,725,171	95.63
	966	**17,489,066**	**100.00**

36(b) 20 Largest ordinary and preference shareholders

(i) 20 Largest ordinary shareholders

Name of shareholder	Number of Shares held	(%) Holding
Standard Chartered Holdings (Africa) B.V.	93,544,612	69.42
Social Security and National Insurance Trust	19,605,509	14.55
SCGN/SSB& Trust as Cust For Kimberlite Frontier, Africa Master Fund, L.P-Rckc/O Standard Chartered Bank Gh Ltd High Street-Accra	2,335,084	1.73
Std Noms/ Credit Suisse Ag - Singapore	1,166,667	0.87
Teachers Fund	634,774	0.47
SCGN / Enterprise Life Ass. Co Policy Holders SCGN / E.L.A.C.P.H.	599,783	0.45
Std Noms/CS Sec (Us) Llc/Africa Oppt Fund L.P	509,550	0.38
Ghana Union Assurance Co. Ltd	507,248	0.38
Std Noms Tvl Pty/ Bnym Sanv/Vanderbilt University	481,634	0.36
SCGN /SSB&Trust as Cust For Conrad N Hilton Foundation-00fg	434,843	0.32
SCGN /'Epack Investment Fund Limited Transaction E I F L	426,901	0.32
Council of University of Ghana Endowment Fund	422,730	0.31
Kojo Anim-Addo	310,487	0.23
Scgn/Citibank Kuwait Inv Authority	298,628	0.22
SCGN /SSB Eaton Vance Tax Managed Emerging Market Fund	283,150	0.21
HFCN/ EDC Ghana Balanced Fund Limited	274,106	0.20
SCGN /SSB Eaton Vance Structured, Emerging Market Fund	244,300	0.18
University of Science & Technology	173,250	0.13
SSNIT Informal Sector Fund	149,100	0.11
Mr Norbert Kwasivi Kudjawu	140,000	0.10
	122,542,356	**90.94**

Notes to the financial statements continued

for the year ended 31 December 2019

36(b)

(ii) Details of 20 largest preference shareholders

Name of shareholder	Number of shares held	(%) Holding
Standard Chartered Holdings (Africa) B.V.	15,220,598	87.03
Barton Kwaku Glymin	451,419	2.58
SSNIT SOS Fund	307,692	1.76
Kojo Anim-Addo	128,089	0.73
Ghana Union Assurance Co. Ltd	99,351	0.57
Mr Norbert Kwasivi Kudjawu	68,775	0.39
Akosah-Bempah F Ophelia	54,150	0.31
Akosah- Bempah Kwaku Mr	40,654	0.23
Nii Kwaku Sowa	30,000	0.17
Std Noms/CS Sec (Us) Llc/Africa Oppt Fund L.P	29,366	0.17
Aryee Clifford Edward	25,000	0.14
Ebenezer Magnus Boye	25,000	0.14
E3a Holdings Company Ltd	20,661	0.12
Mr Anthony Minkah	20,268	0.12
Nyako John Percival Awuku Mr	20,000	0.11
Safo Kwakye Eddie Mr	20,000	0.11
Edem Yankson	20,000	0.11
HFCN/ Glico Pensions Re: Fidelity Securities	19,231	0.11
NTHC Securities Limited	19,231	0.11
Nelson Aruna	19,230	0.11
	16,638,715	**95.12**

37. Value added statements

Description	2019		2018	
	GH¢'000	**(%)**	GH¢'000	(%)
Revenue (operating income)	**853,032**	**100%**	712,921	100%
Value Add distribution:				
Staff cost (excluding directors)	**173,092**	**20%**	160,904	23%
Directors	**3,913**	**0%**	4,144	1%
Operating lease expenses	**568**	**0%**	25,219	4%
Depreciation and amortisation	**31,925**	**4%**	7,574	1%
Other expenses	**119,463**	**14%**	88,451	12%
Impairments	**99,868**	**12%**	100,758	14%
Tax	**142,347**	**17%**	115,217	16%
Reserve fund	**70,464**	**8%**	52,664	7%
Credit risk	**-**	**0%**	-	-
Preference dividend	**1,646**	**0%**	1,483	0%
Ordinary dividend	**209,746**	**25%**	140,149	20%
Total	**853,032**	**100%**	696,563	98%
Income surplus	**-**	**0%**	16,358	2%

We provide bespoke financial solutions for businesses.

SUPPLEMENTARY INFORMATION

Supplementary financial information
Five year summary

	2019	2018	2017	2016	2015
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Interest income	**749,703**	612,784	587,093	549,942	490,482
Interest expense	**(154,974)**	(123,970)	(116,256)	(89,687)	(116,730)
Net interest income	**594,729**	488,814	470,837	460,237	373,752
Fees and commission income	**102,904**	98,589	85,216	80,259	65,238
Other operating income	**155,399**	125,518	120,718	80,285	92,125
Non-interest income	**258,303**	224,107	205,934	160,544	157,363
Operating income	**853,032**	712,921	676,771	620,781	531,115
Operating expenses	**(328,961)**	(286,292)	(244,982)	(194,115)	(227,273)
Impairment charges on loans and advances	**(99,868)**	(100,758)	(9,511)	(81,108)	(212,781)
Profit before taxation	**424,203**	325,871	422,278	345,558	91,062
Taxation	**(142,347)**	(115,217)	(138,680)	(121,047)	(24,914)
Profit for the year	**281,856**	210,654	283,598	224,511	66,148
Total Statutory and other transfers	**(53,335)**	(42,388)	(61,101)	(93,894)	(21,320)
Retained profit/available for distribution	**228,521**	168,266	222,497	130,617	44,828
Networth	**1,166,860**	1,047,819	920,756	765,216	555,100
Net own funds	**1,087,165**	911,211	726,077	603,317	392,023
Total assets	**7,618,622**	5,961,495	4,776,984	4,373,564	3,369,448
Total liabilities	**6,451,762**	4,913,676	3,856,228	3,197,673	2,422,382
Loans & advances	**1,886,874**	1,446,695	1,385,696	1,262,636	1,219,459
Information on ordinary shares	**GH¢'**	GH¢'	GH¢'	GH¢'	GH¢'
Earnings per share	**2.08**	1.54	2.09	1.92	0.55
Proposed final dividend per share	**-**	1.04	-	1.12	0.37
Key ratios					
Returns on Assets (PAT/Average Assets)	**4%**	4%	6%	6%	2%
Return on Equity (PAT/Average Equity)	**25%**	21%	34%	34%	12%
Capital Adequacy Ratio	**28%**	29%	26%	22%	15%
Cost/Income Ratio	**39%**	40%	36%	31%	43%

Standard Chartered

Form of Proxy

I.....
(Block Capitals Please)

Of

.....

being Member/Members of **STANDARD CHARTERED BANK GHANA LIMITED** hereby appoint

.....

or failing him the duly appointed Chairman of the Meeting, as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Wednesday the 29th day of July 2020 and at every adjournment thereof.

Please indicate with an X in the spaces below how you wish your votes to be cast.

RESOLUTION	**FOR**	**AGAINST**
1. Electing the following Directors: **a. KWABENA NIFA ANING** **b. SHEIKH JOBE**		
2. Approving remuneration of Directors		
3. Authorising Directors to fix remuneration of the Auditor		
4. Approving Change of name of Company to Standard Chartered Bank Ghana PLC		
5. Approving amendment of rule 126 of the Company's Constitution to allow the Company to pay interest on unclaimed dividends where mandated by law to do so		
6. Approving amendment of rule 127 of the Company's Constitution to allow the Company to deal with unclaimed dividends in accordance with any applicable law		

Signed ..... day of ..... **2020** Signature .....

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IMPORTANT: Before posting the Form of Proxy above, please tear off this part and retain it – see over. If you wish to insert in the blank space on the form the name of any person, whether a Member of the company or not, who will attend the meeting and vote on your behalf, you may do so; if you do not insert a name, the Chairman of the Meeting will vote on your behalf. If this Form is returned without any indication as to how the person appointed a proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting. To be valid, this Form must be completed and sent via email to **shareregistry@gcb.com.gh** or deposited at the registered office of the Company or the Registrars of the Company **at GCB Bank Limited**, Head Office, No. 2 Thorpe Road, P. O. Box 134, Accra **not less than 48 hours before the time fixed** for holding the Meeting or adjourned Meeting.

This Form is only to be completed if you will NOT attend the Meeting

FIRST FOLD HERE

SECOND FOLD HERE

PLEASE
AFFIX
STAMP
HERE

The Company Secretary
Standard Chartered Bank Gambia Limited
8 ECOWAS Avenue
P.O.Box 259
Banjul, The Gambia

THIRD FOLD HERE

CUT HERE

CUT HERE

IMPORTANT: A person attending the meeting should not produce this form

CONTACT INFORMATION

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Standard Chartered Bank Ghana Limited
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Belt & Road Relay

The photographs on the cover of this Annual Report were taken during the Standard Chartered Belt & Road Relay stop in Ghana in April 2019.

Find out more on page 25.