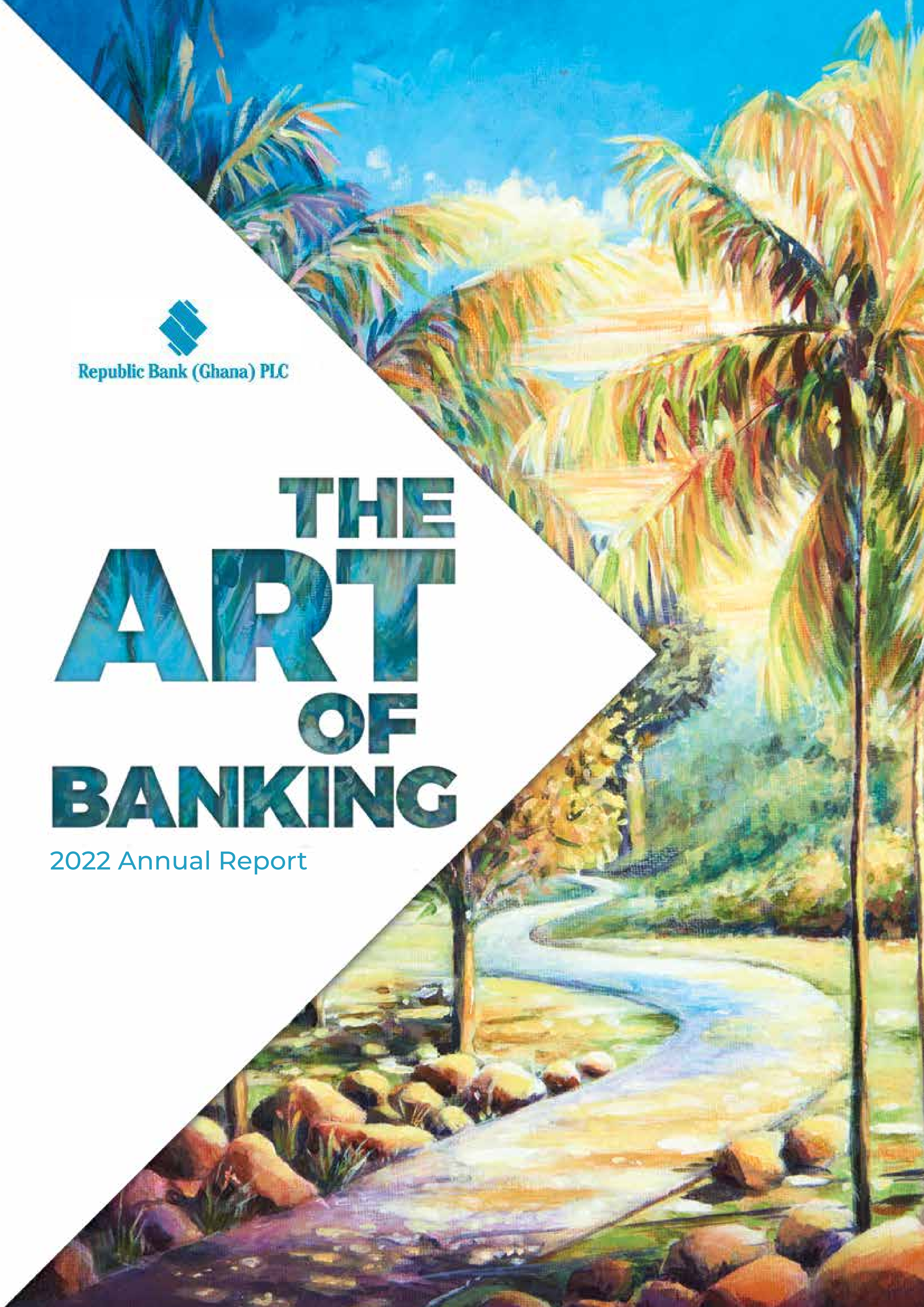


Republic Bank (Ghana) PLC

THE ART OF BANKING

2022 Annual Report

“To create a work of art is to create the world.”

Wassily Kandinsky

As part of our commitment to reduce our carbon footprint, this Annual Report is available on our website, republicghana.com/investor-relations/annual-report/

2022 Annual Report

THE ART OF BANKING

We are inspired by new and creative viewpoints of the Republic brand. This year, artwork from different cultures, ages and genders are featured throughout this report. Each one a winning selection from our Group-wide Art of Banking competition. Each one a unique and imaginative expression of our products and services. Creating awareness of these artists and their ideas aligns with our commitment to educate a wide audience about art and the benefits of different perspectives.

Supporting the artistic community fosters innovation. As a leading bank, we understand innovation because we create the cutting edge for the rest to follow. From the Principles for Responsible Banking to the new ways we find everyday to elevate our service, we are consistently perfecting the art of banking.

VISION

Republic Bank (Ghana) PLC is a
Financial Institution of Choice for our
Staff, Customers and Shareholders.
We set the Standard of Excellence
in Customer Satisfaction, Employee Engagement,
Social Responsibility and Shareholder Value,
while building successful societies.

MISSION

Our mission is to provide Personalised,
Efficient and Competitively-priced Financial Services
and to implement Sound Policies which will redound
to the benefit of our Customers, Staff, Shareholders
and the Communities we serve.

CORE VALUES

Customer Focus
Integrity
Respect for the Individual
Professionalism
Results Orientation

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 32nd Annual General Meeting of Republic Bank (Ghana) PLC (the "Company") will be held virtually and streamed live to all Shareholders from the Accra City Hotel, Barnes Road, Accra at 13:00 GMT (1:00 pm) on Wednesday, 19th July 2023 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Annual Report and Audited Financial Statements of the Company (and its Subsidiaries) for the year ended 31st December 2022 together with the Directors' and Auditors' Reports thereon.
2. To ratify the appointment of Mr. Benjamin Dzoboku as a Director.
3. To elect Mr. Parasram Salickram as a Director.
4. To re-elect Mr. Michael Addotey Addo as a Director.
5. To re-elect Mr. Ebenezer Tetteh Tagoe as a Director.
6. To re-elect Mr. Paul King Aryene as a Director.
7. To authorize Directors to fix the remuneration of the Auditors for the year 2023.

SPECIAL BUSINESS

To consider and if thought fit to pass the following Special Resolutions – All Subject to Regulatory Approval:

DIVIDEND WARRANT

(i) That paragraph 44(1) of the Constitution be deleted in its entirety and replaced with the following as a new paragraph 44(1) -

"All dividend payments to members shall be through electronic payment means such as mobile money, bank transfers and other forms of payments as may be approved by the Securities and Exchange Commission."

(ii) That paragraph 44(2) of the Constitution be deleted in its entirety and replaced with the following as a new paragraph 44(2) -

"Dividend payments through electronic payment means as set out in paragraph 44(1) above, shall be paid to the electronic transfer details provided by the member or in the case of joint holders to the electronic transfer details of the member that the joint holders may in writing direct."

NOTES

GENERAL

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

A member who is unable to attend the general meeting is entitled to appoint a proxy to attend (by online participation) and vote on his/her behalf. A proxy need not be a member.

All relevant documents in connection with the virtual meeting are available to Shareholders on the Company's website at www.republicghana.com/investor-relations/ or from the Company's registrars at registrars@myumbbank.com.

Dated this 21st April 2023
COMPANY SECRETARY
BY ORDER OF THE BOARD

ON OUR COVER

"On My Way Home'"
Mortgages: Finally, Home

ST. KITTS & NEVIS

Marina Simmons

Following your path, a mortgage from Republic Bank leads to the home of your dreams.

CORPORATE INFORMATION

DIRECTORS	
CHARLES WILLIAM ZWENNES	CHAIRMAN
FARID ANTAR	MANAGING DIRECTOR (RETIRED IN JULY 2022)
BENJAMIN DZOBOKU	MANAGING DIRECTOR (APPOINTED IN JULY 2022)
NIGEL MARK BAPTISTE	MEMBER
PAUL KING ARYENE	MEMBER
EBENEZER TETTEH TAGOE	MEMBER
MICHAEL ADDOTEY ADDO	MEMBER
DAVID ADDO-ASHONG	MEMBER
ARIMEYAW IBN SAEED	MEMBER
PARASRAM SALICKRAM	MEMBER (APPOINTED IN DECEMBER 2022)

SECRETARY	BEATRIX AMA AMOAH (MRS.) (RETIRED DECEMBER 2022)
	EBANKESE
	NO.35 SIXTH AVENUE
	NORTH RIDGE, ACCRA
	P. O. BOX CT 4603
	CANTONMENTS, ACCRA
REGISTERED OFFICE	EBANKESE
	NO.35 SIXTH AVENUE
	NORTH RIDGE, ACCRA
	P. O. BOX CT 4603
	CANTONMENTS, ACCRA
AUDITOR	KPMG
	CHARTERED ACCOUNTANTS
	13 YIYIWA DRIVE, ABELENKPE
	P. O. BOX GP 242
	ACCRA
REGISTRAR	UNIVERSAL MERCHANT BANK
	KWAME NKRUMAH AVENUE
	SETHI PLAZA, ACCRA
HOLDING COMPANY	REPUBLIC FINANCIAL HOLDINGS LIMITED
	9-17 PARK STREET
	PORT OF SPAIN
	TRINIDAD & TOBAGO

"Saving Towards the Dream" RightStart: From Young

ST. VINCENT & THE GRENADINES

Jadiel Foster

Aspiring to your future career—little deposits can turn into a big lumpsum in a RightStart account.

THE BOARD OF DIRECTORS

MR. CHARLES WILLIAM ZWENNES

Mr. Charles William Zwennes (50 years) is a Barrister-at Law of England & Wales, a licensed Insolvency Practitioner and a Barrister & Solicitor of the Superior Courts of Ghana. He is currently a Managing Partner and Head of Chambers at Gaisie Zwennes Hughes & Co, Private Practitioners. Prior to joining Gaisie Zwennes Hughes & Co, he worked at the Chambers of Christian Bevington QC, London and Messrs. Arnold Fooks Chadwick, Solicitors, London.

Mr. Zwennes holds an LLB from the University of Kent, UK and an LLM in Corporate & Commercial Law from the University of London, UK. He also holds a Certificate in Structuring, Negotiating and Documenting in Oil and Gas Transactions from the Centre for Energy & Mineral Policy Law (CEMPL), University of Dundee, Scotland.

Mr. Zwennes is a member of the American Society of International Law (ASIL), Institute of Advanced Legal Studies (IALS), Chartered Institute of Arbitrators, Commonwealth Law Bulletin, Honourable Society of Gray's Inn, Ghana Arbitration Center, Ghana Association of Restructuring and Insolvency Advisors (GARIA) and the Ghana Bar Association.

Mr. Zwennes was appointed Chairman of the Republic Bank Board in April 2017.

MR. FARID ANTAR
RETIRED JULY 2022

Mr. Farid Antar (60 years) was appointed as the Managing Director of the Bank in May 2019. Prior to this appointment, he was the General Manager/ Enterprise Risk Management at Republic Bank Limited (Trinidad & Tobago) and Chief Risk Officer at Republic Financial Holdings Limited, the parent company of Republic Bank (Ghana) PLC.

Mr. Antar has also held positions as General Manager/ Corporate Operations & Process Improvement, Senior Manager/ Regional Operations (Overseas), Senior Manager/ Business Transformation, Senior Manager/ Retail Delivery & Marketing, Manager/ Product Parameterisation & Business Growth and Marketing Manager/ Personal & Commercial Lendings within the Republic Group.

Mr. Antar previously served as the Chairman of the Board of Directors of Republic Caribbean Investments Limited, Atlantic Financial Limited and Republic Bank (Suriname) Holdings Limited; a Director of Republic Bank (Guyana) Limited, G4S Holdings (Trinidad) Limited and the London Street Project Company Limited; and a Trustee for The Caribbean Court of Justice Trust Fund (CCJTF).

Mr. Antar holds a Certificate in International Marketing from the Institute of Business, University of the West Indies, Trinidad; SOBMM Certificate from the School of Bank Marketing & Management, American Bankers Association, USA; Certificate in Business Excellence from Columbia Business School, USA; Associate of the Chartered Institute of Bankers (ACIB) and a Fellow of the Institute of Chartered Secretaries & Administrators (ICSA), UK.

MR. BENJAMIN DZOBOKU (APPOINTED JULY 2022)

Mr. Benjamin Dzoboku (48 years) was appointed as the Managing Director of the Bank in July 2022. He is a senior banking professional with more than two decades of leadership level experience in Financial Strategy, Accounting, Risk Management, and Internal Audit.

Prior to his appointment, he was the Chief Operating Officer, Republic Bank (Ghana) PLC, with operational oversight for many of the Bank's key functions, including Finance, Administration, Custody, International Trade, Research and Strategy, Treasury, Internal Control, and Portfolio Management. He also held oversight for the Bank's subsidiary, Republic Trust Limited Company.

Over the course of his career in the Bank, he has served as General Manager - Finance and Strategy; Internal Auditor; Financial Controller; Risk Management and Treasurer and General Manager - Retail Banking.

Mr. Dzoboku holds an MBA in Financial Management from St. Clements University, UK and an MBA in Public Administration (MPA) from the Ghana Institute of Management and Public Administration. He is a Chartered Accountant (ICA, Ghana), a member of the Chartered Institute of Taxation (CIT, Ghana), a Fellow of the Institute of Financial Accountants (UK), and the Certified Fraud Examiners (CFE, USA).

Mr. Dzoboku has completed several Executive Management programs including the Senior Executive Program in Leadership at the Harvard Business School, Corporate Governance & Compliance, and High-Performance Management Excellence.

MR. NIGEL MARK BAPTISTE

Mr. Nigel Mark Baptiste (56 years), a Banker for the past 30 years, holds the position of President and Chief Executive Officer of Republic Financial Holdings Limited and Managing Director of Republic Bank Limited.

Mr. Baptiste holds a BSc and MSc in Economics from the University of the West Indies and is a graduate of the Harvard Business School's Advanced Management Programme. He also holds a diploma with distinction from the ABA Stonier Graduate School of Banking (USA) and is a member of the Chartered Institute of Bankers (England).

Mr. Baptiste joined Republic Bank in 1991, after spending two years at the Caribbean Development Bank in Barbados where he was employed as a Country Economist. Prior to assuming his current position of Managing Director, he held the positions of Deputy Managing Director, Executive Director, Managing Director of the Group's subsidiary in Guyana and General Manager, Human Resources, Republic Bank Limited – Trinidad and Tobago.

Mr. Baptiste serves on the Boards of Republic Financial Holdings Limited, Republic Bank (Guyana) Limited, Republic Bank (Barbados) Limited, Adult Literacy Tutors Association and the University of the West Indies Development & Endowment Fund.

Mr. Baptiste was appointed to the Board in September 2016 as a representative of Republic Bank, Trinidad & Tobago (now Republic Financial Holdings Limited).

THE BOARD OF DIRECTORS

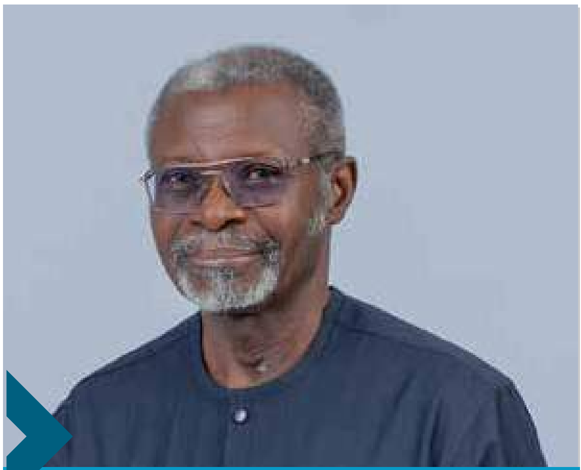
MR. PAUL KING ARYENE

Mr. Paul King Aryerne (73 years) served as the Ambassador to the Federal Republic of Germany with concurrent accreditation to Estonia, Latvia and Lithuania.

He is a diplomat of high repute and has served in various positions at both the Ministry of Foreign Affairs and Overseas Missions.

Mr. Aryene holds a Degree from the University of Ghana, Diploma in Diplomacy from the University of Nairobi, and in Investment Analysts from the Research Institute of Investment Analyses, Malaysia and a Certificate in Cybersecurity – Developing a Program for Business.

He was appointed to the Board of Republic Bank (Ghana) Limited in April 2015. He also serves as a Director on the Boards of HFC Realty Company Limited and UG-HFC (a joint venture with the University of Ghana).



MR. EBENEZER TETTEH TAGOE

Mr. Ebenezer Tetteh Tagoe (76 years) was the Board Chairman of the State Enterprises Audit Corporation (a corporation established to audit state organizations) from December 2009 until January 2017.

Mr. Tagoe has immense experience in Accounting and Administration and has served in various management positions with the United Nations World Food Programme, Peat Marwick Mitchell (London) and Mobil Oil Ghana Ltd. He has also served as a Member of the Board of Governors of Adisadel College and a Member of Council of Accra Ridge Church.

Mr. Tagoe holds a BSc. Administration (Accounting) from the University of Ghana. He is a Fellow of the Chartered Association of Certified Accountants (FCCA).

He was appointed to the Board of Republic Bank (Ghana) Limited in April 2015. He also serves as a Director on the Board of Republic Investments (Ghana) Limited.

MR. MICHAEL ADDOTEY ADDO

Mr. Michael A. Addo (57 years) is currently the Deputy Director-General responsible for Administration & Finance at the Social Security and National Insurance Trust (SSNIT).

Mr. Addo is a Board member of Global Accelerex (Ghana) Limited, Emex Oil Ndawta (Nig.) Limited and Central Dialysis Centre.

He has also served as a General Manager, Investments & Development at SSNIT, Chief Operating Officer & Fund Manager at Databank Agrifund Manager Limited and Deputy Managing Director at NTHC Limited, and several years in the financial sector in the New England and Midwestern Regions of the United States.

Mr. Addo has served on the Boards of several organizations including SIC Limited, Ghana Stock Exchange, Starwin Products Limited, First Atlantic Bank and Prudential Bank.

Mr. Addo holds an MBA (Finance) from Johnson Graduate School of Management, Cornell University, NY, USA; MS (Insurance) from Barney School of Business, University of Hartford, CT, USA; and BA (Economics) from Bates College, ME, USA.

Mr. Addo was appointed to the Republic Bank (Ghana) PLC's Board in May 2017 as a representative of SSNIT. He also serves as the Chairman of the Board of Directors of Republic Investments (Ghana) Limited

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MR. DAVID ADDO-ASHONG

Mr. David Addo-Ashong (64 years) is currently serving as a Director on the Boards of Afina Asset Management Limited, Republic Securities Limited and Republic Investment Services Limited.

He is a Senior Partner at Ashong Benjamin and Associates. He previously served as a Partner at Ankamah and Associates and also as Deputy Managing Director at First Atlantic Merchant Bank Limited. Over the years, he has held several key positions at the Office of the Ombudsman, Merchant Bank (Ghana) Limited (now UMB) and Home Finance Company Limited (now Republic Bank (Ghana) PLC).

Mr. Addo-Ashong holds an LLB from the University of Ghana, Legon and BL from the Ghana Law School. He is a Member of Ghana Bar Association and President of the Ghana Basketball Association.

Mr. David Addo-Ashong was appointed to the Republic Bank (Ghana) PLC's Board in June 2018. He also serves as a Director on the Board of Republic Investments (Ghana) Limited and Republic Securities Limited.

THE BOARD OF DIRECTORS

MR. ARIMEYAW IBN SAEED

Mr. Arimeyaw Ibn Saeed (53) is a Principal Accountant to the Council for Scientific and Industrial Research (CSIR). He was seconded to the Zongo Development Fund as the first Director of Finance to establish and put in controls for the Finance Division. Previous to joining CSIR in 2012, he worked with JTDCertax Accounting, UK, an independent accounting firm for 12 years.

Mr. Ibn Saeed holds an MBA from the Heriot-Watt University, Edinburgh. He is a Chartered Accountant, became a member of the ACCA in 2005, a fellow (ACCA) in 2010 and an Associate Member of the Chartered Institute of Marketing in 2014.

Mr. Ibn Saeed was formally appointed to the Board of Republic Bank (Ghana) PLC in September 2019.

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MR. PARASRAM SALICKRAM

Mr. Parasram Salickram (44) is a Group Vice President, Republic Financial Holdings Limited and Vice President, Republic Bank Limited. He has been a member of the Republic Group for nearly two decades, serving in various strategic leadership positions.

Mr. Salickram previously held the position of Chief Risk Officer and Chief Financial Officer of Republic Financial Holdings Limited and Republic Bank Limited.

Mr. Salickram is a Fellow of the Association of Chartered Certified Accountants and a member of the Chartered Institute of Management Accountants and the Chartered Global Management Accountants. He is a Chartered Financial Analyst (CFA) Charter holder and holds the Financial Risk Manager (FRM) designation from the Global Association of Risk Professionals (GARP). He is also a Harvard Business School Advanced Management Program (AMP) graduate.

Mr. Salickram currently serves as the Chairman of Republic Bank (Suriname) NV and is also a Director on the Board of Republic Bank (Guyana) Limited and Republic Life Insurance Company Limited.

Mr. Salickram was appointed to the Board in December 2022 as a representative of Republic Bank, Trinidad & Tobago (now Republic Financial Holdings Limited).

EXECUTIVE MANAGEMENT

Mr. Farid Antar
Managing Director (Retired in July 2022)

- Over 42 years of professional and practical exposure in banking and financial services in Trinidad & Tobago, Barbados and Ghana
- Various roles including General Manager for Enterprise Risk Management, Chief Risk Officer, General Manager Corporate Operations and Process Improvement, Senior Manager Regional Operations (Overseas), Senior Manager Business Transformation, Senior Manager Retail Delivery and Marketing and Manager Product Parameterization and Business Growth,
- Held various positions including Chairman of the Board of Directors, Republic Caribbean Investments Limited and Republic Bank (Suriname) Holdings Limited,
- ACIB, FCIS, Dip. (Business Management), Cert. (Business Excellence), Columbia University, USA
- Joined RBGH in April 2019

Mr. Benjamin Dzoboku
Managing Director (Appointed in July 2022)

- Over 20 years banking experience including SG Ghana
- Various roles in RBGH including Chief Operating Officer; GM, Finance and Strategy; GM, Retail Banking; Treasurer; Financial Controller; Internal Auditor; and Head, Risk Management.
- MBA, St Clements University, MPA, GIMPA.Chartered Accountant, Chartered Institute of Taxation and Certified Fraud Examiner.
- Joined RBGH in January 2007

Ray Klien
Chief Operating Officer (Appointed in July 2022)

- Over 15 years experience in Corporate, Investment and Private Banking
- Various roles in Republic Financial Holding Limited including Head, Investment Banking Division, Senior Investment Manager, Securities Investment Business Unit. Other roles include Vice president, Citi Global Private Bank, New York (Citigroup), Manager, Product Development and Strategy, Morgan Stanley.
- MBA Finance, Columbia University, BA Economics, Brooklyn College of the University of New York.
- Joined RFHL in 2016
- Joined RBGH in 2022

Mrs. Beatrix Ama Amoah
Company Secretary (Retired in December 2022)

- Over 20 years legal and financial experience
- Various roles in Republic Bank including Head of Mortgage and Legal. Prior experience in UK including Legal Department of London Borough of Hackney.
- LLB Hons - University of Ghana (Legon); BL - Ghana School of Law and MBA - Aston Business School (UK). Ghana Bar Association Member
- Joined RBGH in 2006

EXECUTIVE MANAGEMENT

Mr. Bernard Appiah-Gyebi
General Manager, Risk Management
(Resigned in August 2022)

- Seasoned Banker with over 20years experience
- Various roles in Executive and Senior Management levels including, Chief Risk and Compliance Officer, Executive Head, Credit Risk Management, Head Credits and Head of Corporate Credit.
- MBA (Investment & Risk), Imperial College, London, Post Graduate Degree in Corporate Management & Finance, Paris, Sorbonne University, BSc. (Planning), Kwame Nkrumah University of Science and Technology.
- Joined RBGH in 2018

Joseph Laryea Ashong
General Manager, Commercial & Retail Banking

- Over 18 years experience in Audit, Retail Banking, Administration and Compliance.
- Previous roles as Internal Auditor, Head of Administration & Compliance and Branch Manager.
- MBA Finance, Ghana Institute of Management and Public Administration (GIMPA), Chartered Accountant, and Certified Fraud Examiner.
- Joined RBGH in 2007

Mrs. Evelyn Osei-Tutu
General Manager, Republic Boafo Microfinance

- Over 30 years technical experience in the Microfinance and Informal sector business of banking
- Played a pioneering role in the set-up of Republic Boafo Limited where she held various leadership roles.
- MBA Marketing Strategy, University of Ghana, BSc Banking and Finance with French, Regent University College of Science and Technology
- Joined RBGH in 1991

Mrs. Madeline Nettey
General Manager, Republic Investments Ghana Ltd

- Experience in Corporate Finance, Advisory, Company Valuations, Financial Modeling, Private Equity, Debt Financing and Investment Research
- Various roles in Securities Ltd, Republic Securities and HFC Investments Services Ltd.
- MPhil in Finance, University of Cambridge, BSc Mathematics, KNUST
- Joined RBGH in 2011

EXECUTIVE MANAGEMENT

Mr. Rodney Saint Acquaye
Head, Corporate Banking
(Resigned in July 2022)

- Over 20 years banking experience with various institutions including Agricultutral Development Bank, The Trust Bank Limited and Ecobank Ghana Limited
- Extensive knowledge in lending mostly with the Corporate and Commercial Banking sectors
- EMBA (GIMPA), BSc. (Agricultural Economics) University of Ghana, ACIB, Cert. (Project Appraisal), Queens University
- Joined RBGH IN 2012

Mr. Tetteh Mamah
Head, Human Resources

- HR Practitioner with over 13 years' experience in Human Capital Development.
- Previous experiences as the Head of Human Resources for GHL Bank and Deputy Head of Human Resources with Cal Bank.
- EMBA and BSc Kwame Nkrumah University of Science and Technology. Member of the Institute of Human Resources Management Practitioners (IHRMP) and Society for Human Resources Managers (SHRM).
- HR Professional in Banking & Finance Certificate from Fleming Gulf International and the Advance Executive Certification in Human Resources Management from the Leadership & Governance Institute
- Joined RBGH 2019

Mr. Gabriel Bonney
Internal Auditor

- Over 14 years experience in banking and auditing. Chartered Accountant
- Previous role as Quality Assurance Manager, Internal Audit Department. Other experience in Finance and Strategy
- EMBA, KNUST, Chartered Accountant
- Joined RBGH in 2014

Mr. Jacob Hobenu
Acting Head, Corporate Banking

- Over 15 years banking experience,
- Previous roles in Business Development, Strategic Planning and Investment Banking.
- MBA, University of East London, U.K.,
- BSc Agriculture, Kwame Nkrumah University of Science and Technology
- Joined RBGH in 2007

REPORT OF THE DIRECTORS
TO THE MEMBERS OF REPUBLIC BANK (GHANA) PLC

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2022, which shows the state of affairs of the Bank and the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of Republic Bank (Ghana) PLC, comprising the statements of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019, (Act 992) and the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of directors.

The directors are also responsible for such internal contros as they deem necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Bank and its subsidiaries ("the Group") to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead. Refer to Note 52 for details on going concern assessment.

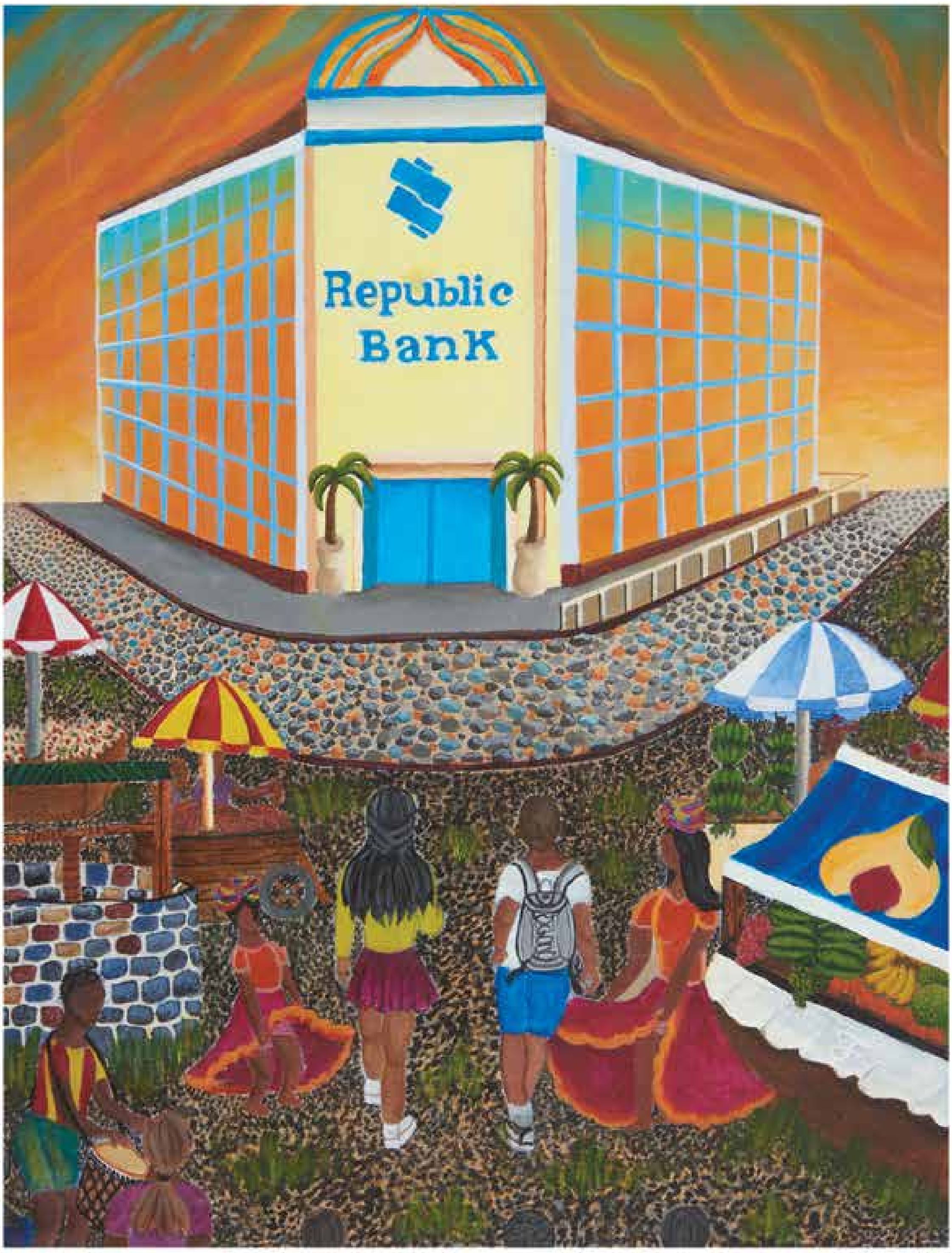
The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- to carry on the business of universal banking;
- to provide residential and commercial mortgages;
- to provide brokerage services;
- to provide fund and asset management services;

There was no change in the nature of business of the Bank and its subsidiaries during the year.



"New Beginnings, More Adventure" RSTeen: Out In The World

GRENADA

Julia Francis

Hold to the vision of what you want, and know that with the right bank and the right account, you can get the support to start young, dream big, save well, and make a difference.

REPORT OF THE DIRECTORS (CONT'D)

HOLDING COMPANY

The Bank is sixty-six point five four percentage (66.54%) owned by Republic Financial Holdings Limited (RFHL), a company incorporated in Trinidad and Tobago.

SUBSIDIARIES OF THE BANK

The Bank directly or indirectly owns the following subsidiaries as at 31 December 2022.

Company name	Country of incorporation	Nature of business
Republic Investments (Ghana) Limited	Ghana	Fund and asset management services
Republic Securities Limited	Ghana	Brokerage services
Republic Boafo Limited	Ghana	Other services
HFC Realty Company LTD	Ghana	Residential and commercial mortgages
HFC Venture Capital	Ghana	Venture capital financial services
Republic Trust Limited Company	Ghana	Pension Fund Manager

The state of affairs of the Bank and Group are as follows:

In thousands of GH¢

Bank	2022	2021	2020	2019	2018
Profit /(loss) before tax	(26,105)	125,649	79,859	92,117	45,265
Profit / (loss) after tax	(66,837)	81,698	51,624	62,557	37,440
Total Assets	5,080,292	4,226,259	3,647,785	3,326,242	2,857,988
Total Liabilities	4,418,768	3,536,327	3,039,551	2,769,632	2,360,279
Total Equity	661,524	689,932	608,234	556,610	497,709

Group	2022	2021	2020	2019	2018
Profit / (loss) before tax	(15,195)	137,397	87,437	111,294	38,650
Profit / (loss) after tax	(61,127)	89,877	56,535	79,123	28,201
Total Assets	5,107,525	4,253,090	3,669,602	3,344,545	2,879,034
Total Liabilities	4,404,691	3,527,001	3,033,390	2,764,868	2,374,560
Total Equity	702,834	726,089	636,212	579,677	504,474

REPORT OF THE DIRECTORS (CONT'D)

RESULTS FROM OPERATIONS

The financial results of the Bank and Group for the year ended 31 December 2022 are set out in the financial statements, highlights of which are as follows:

	2022		2021	
	The Bank	The Group	The Bank	The Group
Profit / (loss) before income tax for the year is	(26,105)	(15,195)	125,649	137,397
From which is deducted national fiscal stabilization levy of	-	(664)	(6,260)	(6,868)
From which is deducted financial sector reforms levy of	-	-	(4,672)	(4,672)
From which is deducted income tax of	(40,732)	(45,268)	(33,019)	(35,980)
Giving a profit/(loss) after income tax expense for the year of	(66,837)	(61,127)	81,698	89,877
From which is deducted a non-controlling interest of	-	(2,552)	-	(1,641)
Leaving profit after non-controlling interest of	(66,837)	(63,679)	81,698	88,236
To which is added balance brought forward on the income surplus account of	24,372	53,882	(14,477)	8,495
Giving a balance before distribution of	(42,465)	(9,797)	67,221	96,731
Out of which is transferred to Statutory Reserve	-	-	(40,849)	(40,849)
Out of which is transferred to regulatory credit risk reserve of	(150,425)	(150,425)	(2,000)	(2,000)
Leaving a balance carried forward on income surplus account of	(192,890)	(160,222)	24,372	53,882

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

During the year 2022, an entry was made in the Interests Register pursuant to sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992) as follows:

October 2022 - Renewal and enhancement of Overdraft to Ashong Benjamin & Associates
November 2021 - Short Term Personal Loan to Mr Arimeyaw Salley Ibn Saeed.

The facilities were at arms' length, conducted on a non-preferential basis and complied with due process and statutory and regulatory requirements. The facility is for a tenor of five years.

RELATED PARTY TRANSACTIONS

Information regarding directors' interests in ordinary shares of the Bank and remuneration is disclosed in note 44 to the financial statements. Related party transactions and balances are also disclosed in Note 44 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

As a corporate entity, the Bank interacts with and impacts its community in many ways. The Bank works to deliver sustainable growth and Shareholder value, it also contributes to the wider stakeholder community by being a responsible corporate citizen, an employer with a big heart and a bank of choice. The Bank is committed to promoting and engaging in projects that benefit and enhance the socio-economic development of the Community and the Country as a whole.

The Bank's main contributions in these areas have been in sponsorship of quality education, good health and well-being and clean water and sanitation.

REPORT OF THE DIRECTORS (CONT'D)

A total of GH¢805,139 (2021: GH¢854,500) was spent under the Bank's social responsibility programme with key focus on education, financial inclusion and others.

BOARD OF DIRECTORS

Details of the Board of Directors profile can be found on pages 10 to 14 of the annual report.

Details of the roles, professional development and training, conflicts of interest and capacity building of the Board of Directors can be found at the Corporate Governance Report and Corporate Social Responsibility sections of the annual report on pages 36 to 46 of the Annual Report.

DIVIDENDS

In accordance with Section 72 of the Companies Act, 2019, (Act 992) no dividend has been recommended by the Directors for approval by the Shareholders (2021: Nil).

AUDITOR

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Republic Bank (Ghana) PLC and its subsidiaries for five years. During the year under review, KPMG did not provide non-audit services to the Bank.

AUDIT FEES

As at December 31 2022, the amount payable in respect of audit fees was GH¢500,000.

CERTIFICATION OF COMPLIANCE WITH BANK OF GHANA CORPORATE GOVERNANCE DIRECTIVE 2018

In compliance with paragraph 12 of the Bank of Ghana Corporate Governance Directive 2018 the Board of Directors of Republic Bank (Ghana) PLC hereby certifies that it has complied with the provisions of the Directive.

The Board further certifies that: -

a. It has independently assessed and documents that the corporate governance process of the Bank is effective and has successfully achieved its objectives.

b. Directors are aware of their responsibilities to the Bank as persons charged with governance

DECLARATION - BANK OF GHANA RISK MANAGEMENT DIRECTIVE 2021

In compliance with paragraph 41 of the Bank of Ghana Risk Management Directive 2021, the Board of Directors of Republic Bank (Ghana) PLC hereby declares that to the best of its knowledge and having made appropriate enquiries in all material respects: -

(i) The Bank has put in place systems for ensuring compliance with all prudential requirements,

(ii) The systems and resources that are in place for identifying, measuring, evaluating, controlling, mitigating and reporting material risks, and the Risk Management Framework itself are appropriate to the Bank and are commensurate with the size, business mix and complexity of the Bank,

(iii) The risk management and internal control systems in place are operating effectively and are adequate,

(iv) The Bank has a Risk Management Strategy that complies with the Bank of Ghana Risk Management Directive 2021, and the Bank has complied with the requirements described in its Risk Management Strategy, and

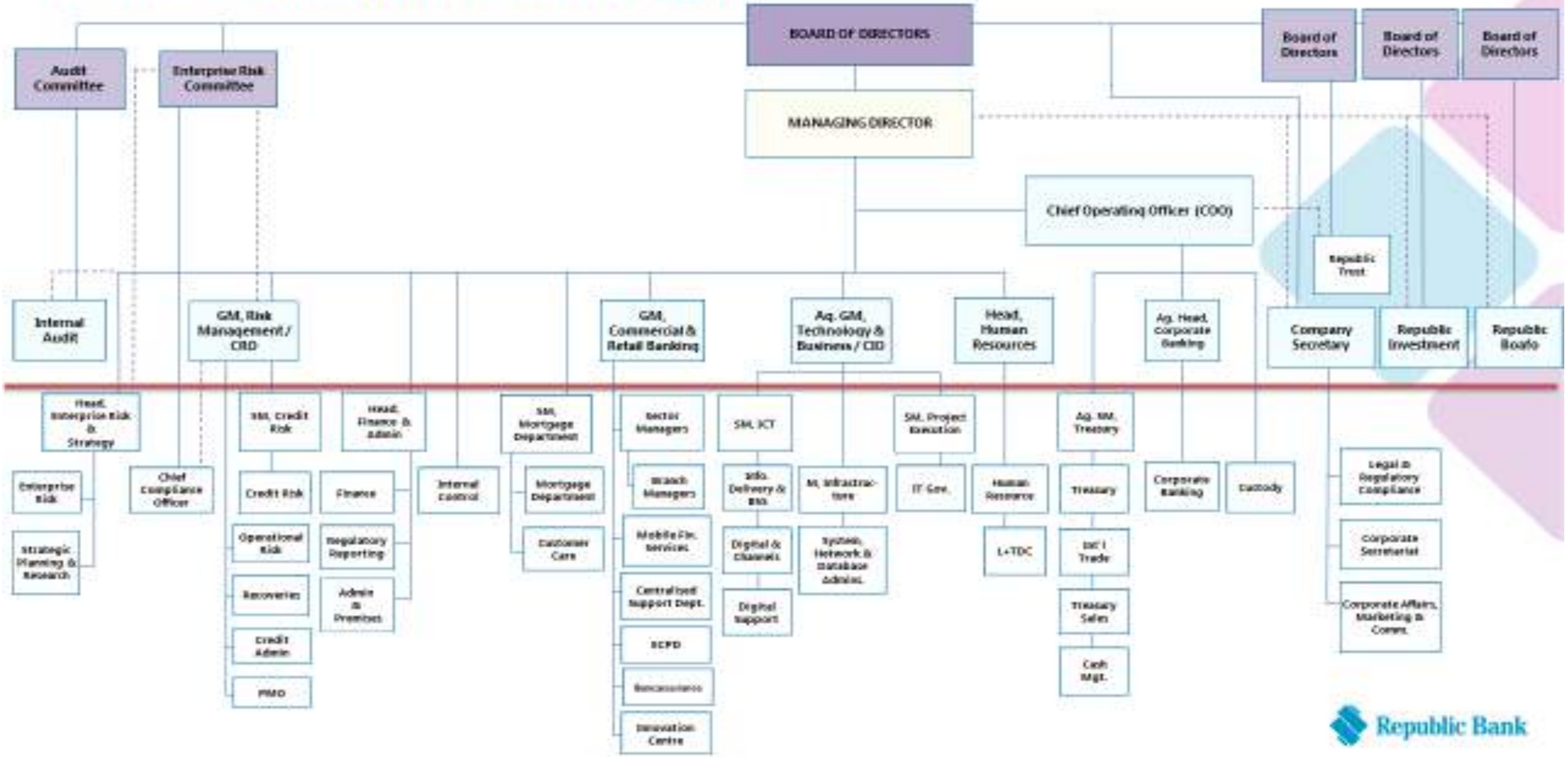
(v) The Bank is satisfied with the effectiveness of its processes and management information systems.

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the directors of Republic Bank (Ghana) PLC, was approved by the Board of Directors on 28 March 2023 and signed on their behalf by:

....	....
Mr. Charles William Zwennes	**Mr. Benjamin Dzoboku**

Revised Organogram – RBGH Group



CHAIRMAN'S REVIEW

INTRODUCTION

Dear esteemed Shareholders, Ladies and Gentlemen, on behalf of Republic Bank (Ghana) PLC's Board of Directors, Management, and Staff, I cordially invite you to the bank's 32nd Annual General Meeting. The Bank and its subsidiaries realized a total comprehensive income of GHS147.29 million for the 2022 financial year. However, following our participation in the Domestic Debt Exchange Program (DDEP), a total comprehensive loss of GHS 22.69 million was posted, mainly due to the GHS 241.61 million net impairment loss on financial asset. A comprehensive review of the Group's financial performance can be found in the Managing Director's Discussion and Analysis on pages 30 – 34.

GLOBAL CONDITIONS

Global economies suffered widespread and steeper-than-predicted slowdowns in 2022, spurring inflation to a record peak (8.8%) not witnessed in several decades. With the effects of a lingering Covid-19 pandemic, Russia's invasion of Ukraine and cost-of-living crisis, central banks maintained tight policy stances to control inflation. These policy measures have nonetheless heightened fears of a possible recession across many of the largest economic blocks from 2023. The World Bank's January 2023 Global Economic Prospects projects global growth to decelerate sharply to 1.7% in 2023, being the third weakest pace of growth in nearly three decades.

Similarly, global financial markets experienced extreme volatility in 2022. The markets showed signs of stress and remained elevated, as policy trade-offs became a challenge to address the adverse economic conditions. With the global economy showing signs of fragility, the risks of monetary, fiscal, and financial policy misalignments increased dramatically, harming growth and weighing on investor sentiments. Long-term bond yields rose sharply while stock prices remained subdued in line with sustained policy tightening, interest rate hikes and growing uncertainties about the prospects for near-term global growth.

The forecast for the commodities market is highly uncertain due to a number of factors, including the performance of the United States dollar, the high interest rate environment, the slow pace of China's economic recovery and Russia's protracted and intensifying war with Ukraine. Additionally, the price cap on Russia's crude oil and sanctions on its fertilizer exports by the G7 and EU are of concern. Overall, the price of gold increased by 0.5% on a yearly basis (US$ 1,814 ounces), while prices of crude oil and cocoa recorded year-on-year gains of 2.3% and 3.1%, respectively.

DOMESTIC DEVELOPMENT

Notwithstanding the challenges in the Ghanaian economy, economic activity for the first quarter of 2022 was within projections. Data from Ghana statistical service showed that real GDP expanded at an annual rate of 3.6% during the quarter, relative to the 4.8% for similar period in 2021. Non-oil GDP growth also moderated to 4.3% from 4.7% in 2021. Strong industry sector recovery as well as growths in the agriculture and service sectors were the main factors for the period's improvement in overall growth performance.

However, the unfavourable international and domestic developments significantly derailed the government's expected budgetary consolidation, forcing a revision of the fiscal framework for 2022. Despite the revision, preliminary information on the government's fiscal operations revealed a discrepancy between revenue performance and expenditures resulting in a September 2022 budget deficit of 7.4% of GDP, exceeding the revised target of 6.2% of GDP. To wit, against the target of 67.3 billion (11.4% of GDP), total revenue and grants came to 65.3 billion (11% of GDP) while total expenditures and arrears clearing came to 109.4 billion (18.51% of GDP) against the budget of 103.9 billion (17.6% of GDP).

Albeit these deep challenges, the value of international trade grew markedly from US$14.7 billion in 2021 to US$17.40 billion in 2022. Again, receipts of gold and crude oil saw increases of 30% and 37.5% respectively, contributing to the 18% annual growth in total export value. Yet, with greater payments for imports of oil and gas, the total value of imports also increased by 7.6% (or US$14.66 billion). As a result, the trade balance improved, reaching US$2.7 billion (3.8% of GDP) compared with the US$1.09 billion recorded in 2021.

The severe exchange rate depreciation caused non-oil imports, mostly capital and consumption items, to contract by 8.4% to US$10.0 billion. Gross international reserves subsequently decreased by 35.7% from $9.69 billion to $6.24 billion, covering imports for only 2.7 months.

Headline inflation for 2022 remained elevated with significant underlying inflationary pressure fuelled by both supply shocks and demand pressures. The lag effect of the Cedi's sharp currency depreciation was also primarily responsible for the acceleration in inflation and by the end of December 2022, inflation had significantly increased to 54.1%, exceeding the medium-term target's upper bound of 28.5%. To control inflation and safeguard the objectives of price stability, the Bank of Ghana raised the Monetary Policy Rate to 28% by the turn of the year. Unfavourable trade shocks, low inflows of foreign exchange, lack of access to the international markets, higher import bills on petroleum products, and capital outflows on the other hand weighed on the performance of the cedi, causing the Cedi's depreciation against the U.S. dollar to peak to 54.2% in November 2022. However, Bank of Ghana's liquidity tightening measures, purchasing of forex from the mining and oil sector to enhance liquidity supply and the staff level agreement with the International Monetary Fund helped stabilized the depreciation of the cedi by the end of the year.

The constant increases in the monetary policy rate was a major factor in the growth of the interbank weighted average interest rate, which grew from 12.68% to 25.51% by the end of 2022. The Ghana Reference Rate consequently increased from 13.89% to 32.83%, causing banks' average lending rates to rise from 20.4% in December 2021 to 35.58% in December 2022. The government of Ghana's short-term treasury rates in the money market reflected inflationary trends, while the medium- to long-term rates remained comparatively behind the yield curve.

In the wake of worsening fiscal and debt vulnerabilities amid a challenging economic environment, Ghana's credit rating was downgraded by international rating agencies, leading to the loss of access to the international capital market. Government thus requested assistance from the International Monetary Fund (IMF) to which a staff level agreement was reached in December 2022. With public debt levels reaching GH¢575.7 billion (93.5% of GDP) as of November 2022 and to ensure debt sustainability (particularly at a target of 55% of GDP), the government launched the Domestic Debt Exchange Program (DDEP) in December 2022, which allowed for the voluntary exchange of holdings of domestic notes and bonds for a package of new bonds issued by the republic. The completion of the DDEP and successful negotiations with international creditors is expected to secure an IMF management and Board approval for the extended credit facility and pave the way for macroeconomic recovery and stability.

GHANAIAN BANKING INDUSTRY

The banking industry's performance slowed to reflect the macroeconomic conditions, price pressures and the DDEP. The industry profitability levels fell due to increasing impairment on financial assets, mark-to-market losses on investments, and high operational costs. Given the overall implications, the Bank of Ghana announced the following regulatory reliefs to help maintain financial stability:

- Reduction of Cash Reserve Requirement Ratio to 12% to provide liquidity to banks,
- Maintain the Cash Reserve requirement ratio of 12% on foreign currency denominated deposit,
- Reduction of Capital Conservation Buffer from 3% to Zero and effectively reduce the Capital adequacy ratio from 13% to 10%,
- New Bonds will be fully deductible in determining financial exposure of banks to counterparties whiles old bonds will not be deductible for that purpose,
- Increase in Tier II Components of regulatory capital from 2% to 3% of total risk weighted assets,
- Increase in allowable portion of property revaluation gains for Tier 11 capital computation from 50% to 60%.

- Furthermore, to strengthen financial intermediation and promote financial stability, the Bank of Ghana issued the following instructions and guidelines:
- The Ghana Corporate Governance Disclosure Directive (CGDA), which aims to improve the accountability, market discipline, and transparency of banks, finance houses, savings and loan organizations, and financial holding corporations. The disclosure framework also acts as a gauge for stakeholders to evaluate the efficiency of the corporate governance or practices of Regulated Financial Institutions,
- The Bank of Ghana expanded the list of eligible instruments that can be used as collateral. This directive provides guidance and outlines the eligible instruments that may be held as "deductible". The following additional financial instruments held as collateral shall be eligible for the purpose of computing financial exposure in determining the Single Obligor Limits for counterparty (ESLA Bonds and other fixed income market and guaranteed by the government of Ghana)
- Guidelines on the treatment of dormant electronic money account and unclaimed balances, in line with BOG's directive to provide guidelines to establish processes and procedures for reclaim of funds by dormant electronic money account holders and ensure that these accounts are protected. Instances where the electronic money account balances has remained with a designated float holding bank for a period of three (3) years and the electronic money account holder has not made a claim within that period, the funds shall be transferred to the bank of Ghana or any institution designated by the bank of Ghana.

During the year ended December 31, 2022, the industry's,

1. Asset base increased by 22.9% from the previous year to GH¢221.0 billion,
2. Total deposits increased by 30.4% to GH¢157.9 billion, to complement the increase in assets,

3. Loans and advances exceeded GH¢70.0 billion, increasing by 30.2% compared to 2021's 12.6%,
4. By December 2022, the Capital Adequacy Ratio (CAR) had dropped from 19.6% to 16.6%.
5. The ratio of non-performing loans (NPLs) decreased slightly from 15.2% to 14.8%.

SUSTAINABLE BANKING PRINCIPLES

Republic Bank (Ghana) PLC signed unto the Bank of Ghana's Sustainable Banking Principles (SBP) in November 2019. As part of the Bank's commitment and reporting, the self-assessment guide designed by BOG to encourage banks work logically through each principle and establish the necessary policies, procedures, and measurements is strictly used to assess our progress under the SBP's.

In accordance with the reporting requirement, the Bank has committed to a four (4) year progressive reporting plan, starting in 2021, with the aim of attaining all seven (7) SBP principles by 2024. The first self-assessment/ progress report was thus submitted to the Regulator in April 2021 and subsequent reporting timelines have been complied with.

Overall, our Bank has made notable progress in meeting the SBP's including incorporating Environmental & Social Management Systems in our credit delivery process, promoting good corporate governance and ethical standards through its diverse board sub committees, and promoting gender equality and diversity through its equal opportunity for all stakeholders. Additionally, our subsidiary, Republic Boafo Limited, provides financial services to the unbanked and underserved individuals to promote financial inclusion while products that promote resource efficiency and sustainable consumption and production are under consideration.

NEW APPOINTMENTS

MANAGING DIRECTOR

During the year under review, Mr. Benjamin Dzoboku was appointed as the managing director on 15th July 2022, following the retirement of Mr. Farid Antar. With over 20 years of banking experience, Benjamin has held numerous roles in RBGH including Chief Operating Officer; General Manager, Finance and Strategy; General Manager, Retail Banking; Treasurer; Financial Controller; Internal Auditor; and Head Risk Management.

NON-EXECUTIVE DIRECTOR

On 16th December 2022 Mr. Parasram Salickram was appointed as a Non-Executive Director of the Board. He is the Group Vice President, Republic Financial Holdings Limited and Vice President, Republic Bank Limited (Trinidad and Tobago). He has been a member of the Republic Group for nearly two decades, serving in various strategic leadership positions.

CHIEF OPERATING OFFICER

Mr. Ray Tristyn Klien was appointed as the Chief Operating Officer on 15th July 2022. He has over 15 years' experience in leading sales and services teams which focused on Corporate and Investment Banking, Private Banking and Wealth Management. He has held various roles within the Republic Group including Head of the Investment Banking Division and was responsible for leading the Group's Strategic Mergers & Acquisition transactions in the Caribbean.

COMPANY SECRETARY

Mrs. Oduraa Botchway was appointed as the Bank's company secretary on 1st January 2023. She is a Lawyer by profession and has over 20 years' cross-functional private and public service experience in Legal, Corporate Governance, Risk Management, Supplier Engagement Management and Customer Service. Mrs. Botchway replaces Mrs. Beatrix Ama Amoah who retired from the Bank on 31st December 2022 after sixteen years of service.

I wish to express my sincere gratitude to Mr. Farid Antar and Mrs. Beatrix Amoah for their sound guidance, dedication and immeasurable contributions in building a robust Bank. I wish them the very best in their retirement.

I also want to extend a hearty welcome to Mr. Benjamin Dzoboku, Mr. Parasram Salickram, Mr. Ray Tristyn Klien and Mrs. Akua Oduraa Botchway to their new roles at Republic Bank (Ghana) PLC.

DIVIDEND

Dear Shareholder, we understand the significance of dividends and have worked tirelessly over the years to increase shareholder value. However, in accordance with a directive issued by the Bank of Ghana on December 5, 2022, as a measure to address the potential impacts of participation in the government Domestic Debt Exchange Program, the BOG suspended dividend and other distributions to shareholders.

OUTLOOK AND CONCLUSION

On the back of all the uncertainties, the IMF's January 2023 World Economic Outlook projects global growth to decline from an estimated 3.4% in 2022 to 2.9% in 2023 as a result of the global fight against inflation, Russia's invasion of Ukraine, and a resurgence of Covid-19 in China leading to a slow path to economic recovery. These factors weighed on global economic activity in 2022 and will continue to do so in 2023.

Crude oil prices are anticipated to moderate to an average of $88 per barrel in 2023. The G7 price cap and new European Union sanctions, which began in December 2022, are likely to cause a decline in Russia's oil exports in 2023. Given the ongoing impact of inflationary pressure on raw materials and the excessive energy costs in developed economies like Europe, it is likely that the operation of cocoa processing will become more difficult, leading to a rise in cocoa prices. As central banks tighten monetary policy and improve their ability to control inflation, economic predictions points to a stable and optimistic picture for the price of gold in 2023.

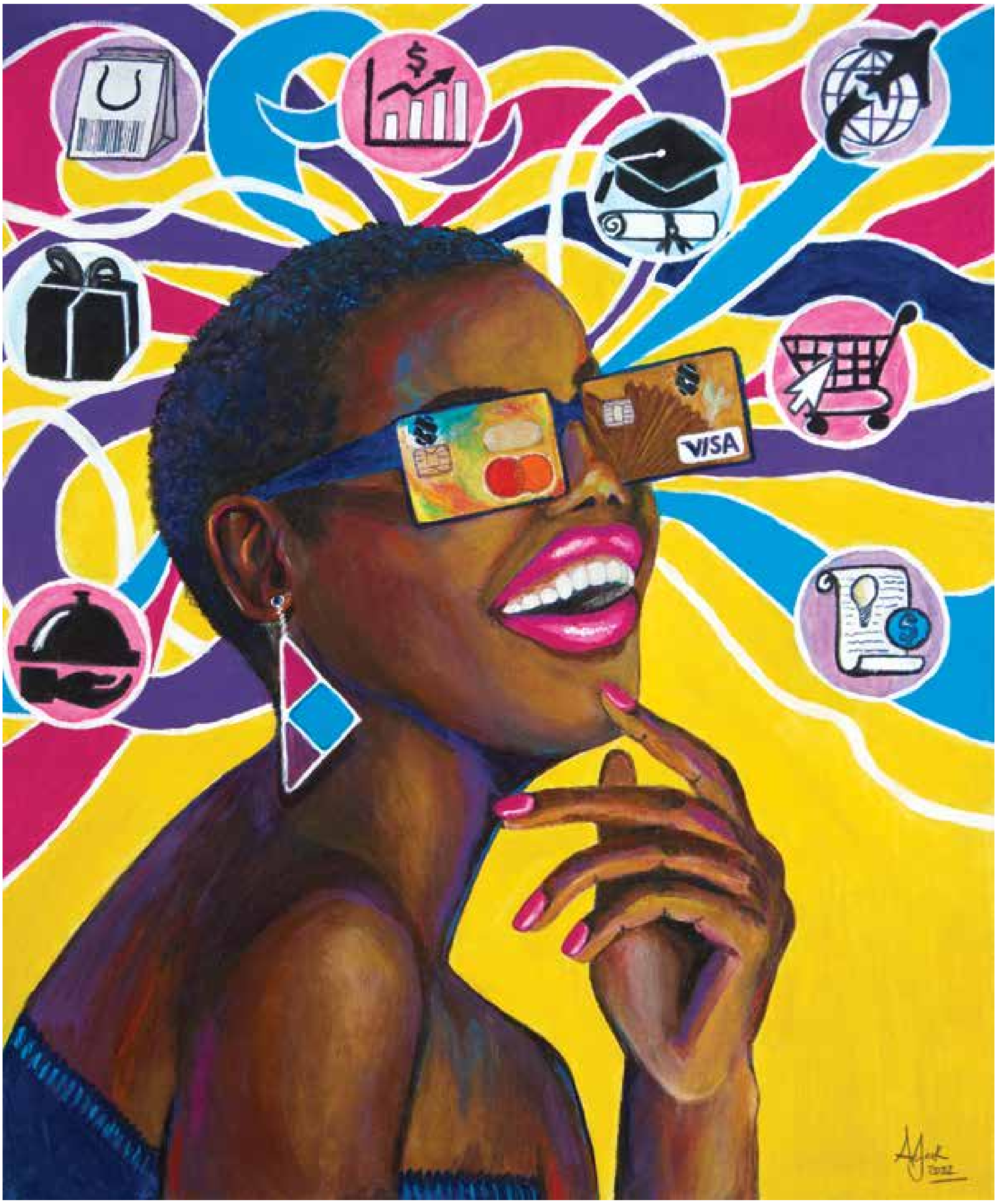
Domestically, the anticipated slowdown in growth in 2023 is mostly attributable to the perceived effects of fiscal adjustment and the implementation of a potential debt management strategy. The participation of eligible bondholders in the DDEP is expected to increase economic confidence as part of measures to ensure debt sustainability and support an IMF bailout approval. Concerns about the prognosis for the domestic economy include the loss of market access to Eurobond resources, a sovereign rating downgrade, portfolio reversal and decline in foreign direct investment inflow impact on the performance of the Cedi. However, the BOG's liquidity measures, purchase of forex from the mining and oil sectors to improve liquidity supply to the market, and forex support to only critical imports in addition to the implementation of the gold for oil swap transactions are expected to sustain gains to the Cedi.

Nonetheless, government's inability to address the fiscal deficit, revenue-mobilization strategies, interest rates, and exchange rate depreciation throughout the year, when combined with geopolitical and global economic issues, and anticipated significant headwinds, have the potential to impact negatively on the banking industry.

Meanwhile. the banking industry's ability to withstand the economic pressures and shocks from the DDEP is waning as capital buffers may no longer be enough to prevent breaches in capital requirements. Republic Bank (Ghana) PLC however, continues to operate on sound principles and with the right strategies, we are confident of attaining our aim of being a responsible, relevant and resilient bank.

I would like to extend my sincere gratitude to our cherished shareholders, customers, fellow directors, dedicated management team, and staff for supporting our operations in 2022. As we look ahead to 2023 and beyond, our success will be dependent on the success of our clients, the strength of our communities, and the wellbeing of our employees. I look forward to your unwavering support of Republic Bank (Ghana) PLC in 2023 and beyond.

Thank you.



"Credit Card in 3D" Credit Cards: A New World Of Opportunity

TRINIDAD & TOBAGO

Alaysha Alleyne-Jack

A whole new way of looking at the world and enjoying its opportunities—that's what the Republic Bank range of credit cards gives you.

MANAGING DIRECTOR'S DIS-CUSSION AND ANALYSIS

INTRODUCTION

Republic Bank (Ghana) PLC marked the 2022 financial year with key initiatives and activities aimed at strengthening our relevance and responsibility to our stakeholders and being resilient as a bank. To this end, our back-office processes were centralized to streamline operations and service delivery; mortgage banking operations harmonized to enhance asset quality and home ownership opportunities for our customers; and the retail business restructured to optimize sales activities and customer reach. We also introduced our 24/7 call centre operations with toll-free lines to better manage customer calls and complaints while providing real-time support. We further diversified our service base to complement our competitiveness in the industry by launching the Republic Pension Backed Mortgage product, the Republic Wealth Trust product and the Republic Mobile App.

These initiatives and activities did not go unnoticed as Republic Bank (Ghana) PLC won two international awards for the Best Private Bank as well as the Best Innovation in Retail Banking in Ghana at the 2022 International Bankers Awards. The awards recognize top-ranking individuals and organizations setting new benchmarks for performance and pushing the boundaries within the financial industry.

Indeed, there was renewed hope for the financial year as government relaxed COVID-19 related restrictions and business activities were subsequently expected to gain traction from the sluggish growth witnessed the prior year. This buoyancy in the business environment was however overshadowed by waning macroeconomic conditions coupled with the negative effects of the Russian - Ukraine war. Due to this, we witnessed several downgrades in the country's credit rating by international rating agencies resulting in dampened creditworthiness of the country which restricted access to the international capital markets and triggered investor flight.

The Central Bank and Government in an effort to stem further deterioration of macroeconomic fundamentals, introduced a number of measures ranging from quantitative tightening measures to debt exchange initiatives. Despite these measures, some losses were inevitable as our Bank, and the industry in general, witnessed sharp declines in profitability. It is against this backdrop that Republic Bank (Ghana) PLC recorded group total comprehensive loss of GHS22.69 million for the year ended 31st December 2022. This represents a decline from the GHS89.87 million profit position registered the same period last year.

The following is a detailed discussion and analysis of the financial results of Republic Bank (Ghana) Plc. This should be read in conjunction with the audited Consolidated Financial Statements, contained in this report.

SUMMARY OF INCOME STATEMENT

The Group ended the year 2022 with total comprehensive loss for the period of GHS22.69 million, a decrease of -125.25% compared to our profit position in 2021. These results reflect the impact of mark-to-market losses on investments and higher provision for impairment on financial assets in response to the Domestic Debt Exchange Programme (DDEP) initiated by the government to address weakening macroeconomic fundamentals. Nonetheless, we saw a significant year-on-year improvement in several income lines such as Net Interest Income and Non-Interest Income which grew year-on-year by 23.53% and 43.78% respectively. The increase in Non-Interest Income reflects robust growth particularly in Trading, Fees and Commission income. Our impairment loss on loans and investments was however high, thus contracting the gains from operating income. Presented in Table 1 below is a summary of the income statement excluding losses realized because of the DDEP. Table 2, on the other hand, shows the impact of the DDEP on the income statement.

TABLE. 1: NET PROFIT / LOSS EXCLUDING IMPACT OF DDEP

NET PROFIT / LOSS (GHS MILLIONS)	DEC 2022 ACTUAL	DEC 2021 ACTUAL	CHANGE GHS	CHANGE (%)
Net Interest Income	370.67	303.25	67.42	22.23%
Other Income	176.49	122.75	53.74	43.78%
Less Operating Expenses	(324.68)	(268.16)	(56.52)	21.08%
Impairment Loss on Financial Asset	(71.63)	(20.45)	(51.18)	250.26%
Profit Before Tax	154.79	137.39	17.40	12.66%
Less Tax	(45.93)	(47.52)	1.59	-3.35%
Profit After Tax	108.86	89.87	18.99	21.13%
Other comprehensive income				
Revaluation of land and buildings	51.24	0.00	51.24	-
Income tax on revaluation surplus	(12.81)	0.00	(12.81)	-
Total comprehensive income / (loss) for the period	147.29	89.87	57.42	63.89%

TABLE. 2: NET PROFIT / LOSS INCLUDING IMPACT OF DDEP

NET PROFIT / LOSS (GHS MILLIONS)	DEC 2022 ACTUAL	DEC 2021 ACTUAL	CHANGE GHS	CHANGE (%)
Other Income	176.49	122.75	53.74	43.78%
Less Operating Expenses	(324.68)	(268.16)	(56.52)	21.08%
Impairment Loss on Financial Asset	(241.61)	(20.45)	(221.16)	1081.47%
Profit / Loss Before Tax	(15.19)	137.39	(152.58)	-111.06%
Less Tax	(45.93)	(47.52)	1.59	-3.35%
Profit / Loss After Tax	(61.12)	89.87	(150.99)	-168.01%
Other comprehensive income				
Revaluation of land and buildings	51.24	0.00	51.24	-
Income tax on revaluation surplus	(12.81)	0.00	(12.81)	-
Total comprehensive income / (loss) for the period	(22.69)	89.87	(112.56)	-125.25%

OPERATIONAL EFFICIENCY

For the year 2022, the Group recorded GHS324.69 million in operating expenses in contrast to the GHS268.16 million in 2021. Staff cost grew by 22.07% year-on-year, largely driven by the depreciation of the cedi and increases in fuel prices during the period. The 20.25% year-on-year surge in other expenses resulted from costs incurred within the year to enhance our operations and service delivery. These include a 31.18% increase in software licensing and ICT cost and 22.22% increase in marketing and advertising expense. Although our operating expenses grew, our cost-to-income ratio decreased to 58.92% as at December 2022 compared with the 62.95% reported a year ago. This decrease stemmed from the higher operating income which increased from GHS426.00 million in 2021 to GHS551.10 million in 2022. A summary analysis of expenses is detailed in the table below.

OPERATING EXPENSES (GHS MILLIONS)	DEC 2022 ACTUAL	DEC 2021 ACTUAL	CHANGE	CHANGE (%)
Staff Cost	186.37	152.68	33.69	22.07%
Depreciation	26.93	22.86	4.07	17.80%
Others	111.38	92.62	18.76	20.25%
TOTAL	324.69	268.16	56.52	21.08%
Cost to Income Ratio	58.92%	62.95%	-	-4.04%

NET IMPAIRMENT LOSS ON FINANCIAL ASSET

We recorded a net impairment loss on financial asset of GHS241.61 million in 2022, which was GHS221.16 million in excess of the GHS20.45 million posted at the end of 2021. Impairment loss on Loans and Advances amounted to GHS71.63 million, whereas that on debt instruments amounted to GHS169.98 million. This follows the Bank's participation in the DDEP which resulted in a total of GHS532.82 million existing bonds being tendered in for the twelve (12) new bonds. Illustrated below is an analysis of net impairment loss on financial asset.

NET IMPAIRMENT LOSS ON FINANCIAL ASSET

(GHS MILLIONS)	DEC 2022 ACTUAL	DEC 2021 ACTUAL	CHANGE GHS	CHANGE (%)
Retail & Commercial Loans	13.86	3.35	10.51	313.73%
Corporate Loans	32.39	15.95	16.44	103.07%
Mortgage Loans	25.35	0.23	25.12	10921.74%
Credit Card	0.01	-	0.01	100.00%
Staff	0.02	0.02	0.00	0.00%
Debt instruments measured at amortized cost	169.98	0.90	169.08	18787.00%
TOTAL	241.61	20.45	221.16	1081.47%
Non-Performing Loans Ratio	19.85%	15.32%	-	4.53%

TOTAL ASSETS

In spite of the many challenges, the Group maintained a strong balance sheet as we witnessed a 20.05% year-on-year growth in assets from GHS4.25 billion in 2021 to GHS5.10 billion in 2022. This was primarily due to growth in loans and advances which were funded by deposit growth.

Net loans and advances portfolio increased by 12.02% from GHS1.75 billion in 2021 to GHS1.96 billion in 2022. Although we recorded improvement in all lines in the loan portfolio, Mortgage loans saw the largest year-on-year growth of 32.57%. Initiatives introduced within the year aimed at restructuring our mortgage business are the main contributing factors to the improvement in the mortgage loan portfolio.

On the back of our new pension-backed mortgage product, the introduction of new products and services and partnerships and opportunities in key sectors of the economy, we anticipate further growth in loans and advances going forward.

LIQUID ASSETS

With the increase in our deposit base, our liquid asset position grew year-on-year by 24.58% to GHS2.88 billion recorded as at the end of the year 2022, from GHS2.31 billion in 2021. As indicated in the table below, we were able to keep prudent levels of liquidity, consistent with the Bank's risk strategy to pursue effective liquidity risk practices.

LIQUID POSITION	DEC 2022	DEC 2021	CHANGE%
Liquid Assets (broad) to Total Assets	56.32%	54.27%	2.05%
Investments to Total Assets	33.29%	38.73%	-5.44%

DEPOSITS

Total deposit from customers grew year-on-year by 29.39% to GHS4.06 billion as our deposit base was bolstered by our relationship with key institutions as well as various deposit mobilization initiatives embarked on within the year.

PERFORMANCE RATIOS

The losses incurred due to the huge impairment loss is clearly evident in our returns on asset and equity position as at the end of the year. ROA and ROE were both negative at -0.49% and -3.18% respectively. Earnings per share stood at –GHS7.47 compared with GHS10.36 recorded last year. The NPL ratio increased to 19.85% from 15.32% a year ago, as a result of an expansion in the NPL portfolio.

Driven by the loss position recorded for the year, total regulatory capital fell by 10.91%, compared to total risk-weighted assets which grew by 16.83% resulting in a capital adequacy ratio of 21.25%, well above the Central Bank's revised target of 10%. The performance ratios are outlined in the table below.

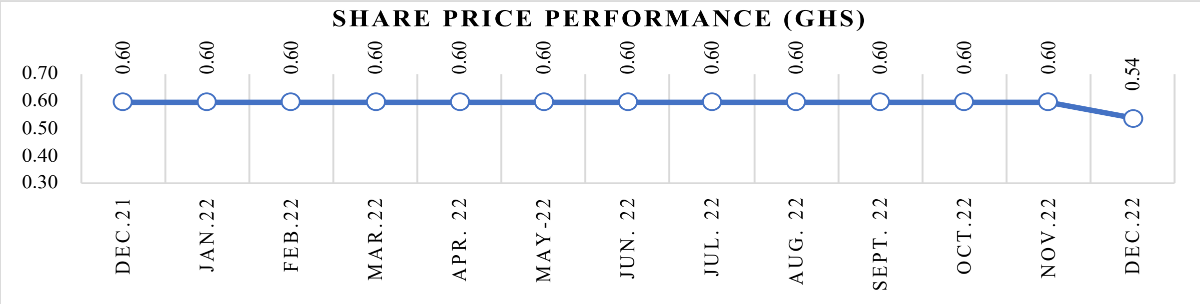
PERFORMANCE RATIOS	DEC 2022 ACTUAL	DEC 2021 ACTUAL	**CHANGE (%)**
Capital Adequacy Ratio	21.25%	27.63%	-6.56%
Gross Loans to Total Assets	42.00%	44.49%	-2.49%
Net Loans to Total Assets	38.35%	41.10%	-2.75%
ROA*	-0.48%	2.27%	-2.76%
ROE*	-3.18%	13.19%	-16.37%
Basic earnings per share (Ghana pesewas)	-7.47	10.36	-172.10%
Diluted earnings per share (Ghana pesewas)	-7.47	10.36	-172.10%

*Returns calculated using total comprehensive income

SHARE PRICE PERFORMANCE

The Ghana Stock Exchange Composite Index (GSE-CI) and Financial Sector Index (GSE-FSI) closed the year with 2,443.91 and 2,052.59 points respectively, reflecting year-to-date loss of 12.38% and 4.61% respectively as at December 2022. The performance on the stock market revealed a bearish run compared with the year-to-date gains of 43.66% in GSE-CI and 20.70% in GSE-FSI recorded a year ago.

Our Bank's share price was generally stable for most part of the year but fell sharply in December 2022. Our share price dropped on a year-on-year basis by 10.00% from GHS0.60 recorded as at December 2021 to GHS0.54 as at December 2022. The movement in the share price is illustrated in the diagram below.



OUTLOOK FOR THE YEAR 2023

The Banking industry, which holds a third of the country's domestic debt, is set for muted performance in 2023 on account of the DDEP; and other regulatory activities aimed at curbing forex challenges, the depreciation of the cedi and inflation. In view of this, we will continue to monitor and assess the impact of the macroeconomic-related and other potential risks on our operations, whiles pursuing initiatives to ensure that our services remain relevant to all stakeholders in 2023. We will continue to form strategic partnerships with various institutions aimed at enhancing brand visibility, and the diversification of our products and services.

CONCLUSION

The 2022 financial year was a challenging year as weak macroeconomic fundamentals affected business operations. Nonetheless, we remain resolute as we continue to employ various tools, strategies and initiatives aimed at mitigating risks on our operations. We will also continue to leverage on opportunities in various sectors of the economy to ensure that we remain resolute in our quest to continuously build and maintain a resilient bank, able to thrive in the face of adversity.

Thank you.

"In the Multitude of Digital Technologies"
Republic*Online*: Freedom Through Tech

GHANA
Alexander Reynolds

Republic Bank's digital technologies give you the freedom to know more, do more and enjoy a smarter, faster, and better online banking experience.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

CORPORATE GOVERNANCE

The 2nd Annual Caribbean Environmental, Social, Governance (ESG) & Climate Financing Summit was held in Port of Spain on 29th and 30th November 2022. Republic Financial Holdings Limited (RFHL), parent company of Republic Bank (Ghana) PLC was a Title Sponsor. The Summit, a gathering of borrowers, lenders and investors in both the public and private sector within the Caribbean, deliberated on how to pursue ESG and Climate Financing in the region. This was an opportunity for the Republic Group to contribute towards shaping the changing financial infrastructure of the region with ESG at the forefront. The Group continues to be deliberate in prioritising ESG thus reinforcing the Bank's commitment to the United Nations Principles for Responsible Banking.

Republic Bank (Ghana) PLC ("Republic Bank" or "the Bank"), mindful of the Groups' direction and global commitments ensures that it maintains sound corporate governance practices aimed at achieving the Bank's strategic and operational goals and objectives. The Board of Directors remain committed to the principles that underpin the Republic Group's corporate governance practices and local statutory and regulatory corporate governance requirements of the Bank of Ghana and the Securities and Exchange Commission (SEC) by providing the necessary direction towards the effective management of the Bank and the creation of long-term shareholder and stakeholder value.

Corporate governance is the bedrock on which all aspects of the Bank's business rest. Transparency, integrity, accountability, fairness and social responsibility and a robust risk management system are sound principles which lead to the success and continuous growth of the Bank.

Key aspects of the Bank's Corporate Governance Framework are outlined below:-

THE BOARD OF DIRECTORS

The Board provides leadership of the Bank for the benefit of shareholders whilst remaining accountable for creating and delivering sustainable shareholder value. The adoption of robust governance practices towards the implementation and achievement of the Bank's strategic direction and ensuring that management maintains an effective system of internal control demonstrates the Board's strength and independence.

The Board commits to high standards of corporate governance and ensures that the Bank's Core Values of Customer Focus, Integrity, Respect for the Individual, Professionalism and Results Orientation are upheld to the benefit of its stakeholders. The Bank's corporate governance practices are in compliance with the requirements of its Regulators, the Bank of Ghana and the Securities and Exchange Commission and where applicable the requirements of Republic Financial Holdings Group and best practices of corporate governance both local and international.

COMPOSITION

The Board's composition is in compliance with the Bank's Constitution and current legislation and regulatory requirements. At the beginning of 2022, the Board was composed of a Non-Executive Chairman, a Managing Director and six (6) other Non-Executive Directors. In December 2022 a seventh Non-Executive Director was appointed to the Board. In accordance with the Bank's Constitution, the minority shareholders of the Bank and the public interest were represented by two (2) of the Non-Executive Directors one of whom was nominated and approved by the Board to be responsible for relations with minority shareholders.

The broad spectrum of competencies, expertise, experience and skills from diverse backgrounds provide valuable perspectives for the Directors to steer the affairs of the Bank.

The majority of the Board is made up of Non-Executive Directors who are independent of Management and objective in decision making with no interference or managerial limitations.

At this Annual General Meeting Mr. Benjamin Dzoboku and Mr. Parasram Salickram are being put up for election. Mr Ebenezer Tagoe and Mr. Paul Aryene retire from the Board by rotation and being eligible, have offered themselves for re-election for a further term.

BOARD MEETINGS AND ATTENDANCE

The Board's annual meetings' calendar (showing the scheduled dates for meetings of the Board and its Committees), is adopted by the Board at the end of each preceding financial year. In 2022, the full Board had eleven (11) meetings.

Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Charles Zwennes	11	10
Mr. Nigel Baptiste	11	7
Mr. Michael Addo	11	9
Mr. Ebenezer Tagoe	11	11
Mr. Paul Aryene	11	11
Mr. David Addo-Ashong	11	11
Mr. Arimeyaw Ibn Saeed	11	11
Mr. Farid Antar (retired July 14, 2022)	5	5
Mr. Benjamin Dzoboku (appointed July 15, 2022)	6	6

Key issues considered by the Board in 2022 were presented in quarterly reports from the Managing Director, the Bank's subsidiaries and Units such as Internal Control, Internal Audit, Compliance, Cyber and Information Security, Human Resources, Legal and Regulatory Compliance. Updates were provided on progress made in achieving the bank's strategic goals, general business development, customer satisfaction, cyber and information security, non-performing loans and the impact of key economic factors such as the depreciation of the Ghana Cedi and the sharp increase in inflation. A number of senior executives and managers presented reports on their Units to the Board.

BOARD COMMITTEES

There are five (5) standing Committees to which the Board has delegated authority to achieve its mandate. These are the:-

- Board Credit Committee (previously Finance & Credit Committee)
- Remuneration & Nominations Committee
- Audit Committee
- Enterprise Risk Committee and
- Cyber & Information Security Committee.

All the Board's Committees operate in accordance with their terms of reference set out in the formal Board Charter.

Reports of the Chairperson and details of the Committees are presented below.

BOARD CREDIT COMMITTEE REPORT

The financial year 2022 was quite difficult, stemming from global geopolitical tensions and domestic economic challenges, which were heightened towards the end of the year through the depreciation of the Ghana Cedi, surge in inflation, increases in policy and money market rates, and the Domestic Debt Exchange Programme (DDEP). Overall, these conditions led to moderation in economic activity and rising cost of credit, potentially impacting existing and subsequent credit facilities.

In line with its mandate, the Board Credit Committee continued to perform its credit governance oversight. The Committee provided Management with the necessary guidance and support to ensure the origination of quality assets and to minimize delinquencies and growth in the non-performing loans portfolio. Quarterly reports and trend analysis relating to the quality of the risk asset portfolio were reviewed to ensure that the Bank maintains healthy loan portfolio at all times.

The Committee also considered and decided on all recommended credit facilities within the limits established by the Board and notified the Board of all facilities approved by the Committee. It also critically and regularly monitored and reviewed the performance of the Bank's recoveries efforts with respect to the non-performing loans portfolio.

While it is expected that the years ahead will be quite challenging for our customers, the Committee will continue to provide the necessary strategic support and direction to Management to ensure that it minimizes its credit risks and still deliver value to all stakeholders.

Michael Addo

Chair, Board Credit Committee

COMMITTEE RESPONSIBILITIES

The Board Credit Committee is responsible for setting and reviewing all issues in respect of credit related policies and practices of the Bank.

APPOINTMENTS AND COMPOSITION

Appointment to the Board Credit Committee is done by the Board. In the year 2022 the Committee was made up of four (4) Non-Executive Directors, namely Mr. Michael Addo (Chairman), Mr. Nigel Baptiste, Mr. David Addo-Ashong, Mr. Ebenezer Tagoe and Mr. Farid Antar, the Managing Director until his retirement from the Bank in July 2022. Mr. Benjamin Dzoboku, the new Managing Director was appointed to the Committee in July 2022.

MEETINGS

The Committee had six (6) meetings in 2022. The Committee also regularly dealt with Credit matters outside the scheduled setting of the Committee meetings. Attendance of Directors at the scheduled meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Michael Addo	6	5
Mr. Nigel Baptiste	6	5 (1, Alternate Director)
Mr. David Addo-Ashong	6	6
Mr. Ebenezer Tagoe	6	5
Mr. Farid Antar (retired July 14, 2022)	3	3
Mr. Benjamin Dzoboku (appointed July 15, 2022)	3	3

REMUNERATION & NOMINATIONS COMMITTEE REPORT

The year under review saw the retirement and appointment of a new Managing Director of the Bank. For the first time in the Bank's history, a Ghanaian Managing Director was appointed to lead to the Bank. Coming from a strong culture of values and with the challenging economic developments that were beginning to unfold, the Board was of the firm conviction that there was no better time than now to appoint a Ghanaian at the helm of affairs. Mr. Benjamin Dzoboku, who had been with the Bank since its inception and had performed various roles, the last prior to his appointment, being the Chief Operating Officer of the Bank was selected.

In the course of the year, we continued to seek the transformation of the client experience and operate with excellence. Through our meetings and reports provided by Management we are optimistic about the Bank's growth through its employees and the quality attracted at Management level as well as the continuous drive to deliver on the Bank's values.

ACTIVITIES OF THE COMMITTEE

Key amongst the activities of the Committee were the consideration of various Management reports including reports on whistleblowing and the appointment of a Board member as a contact person for whistleblowing and the appointment of an Independent Director for Minority Shareholders. The Committee also considered reports on the Bank's Ethics and Code of Conduct. In addition to the consideration of a successor to the Managing Director, other key roles for which successors were considered were, Chief Operations Officer (appointed in July 2022), Company Secretary and Chief Risk Officer. The Committee also considered a Policy for the appointment of Non-Executive Directors which was subsequently adopted by the Board.

Overall the Committee considers the people function as the backbone to the Bank's success and will continue in its obligations towards growth in this space for the Bank.

Paul King Aryene

Chair, Remuneration & Nominations Committee

COMMITTEE RESPONSIBILITIES

The Remuneration & Nominations Committee is to assist the Board to develop and oversee a robust and competitive framework for developing policies on compensation; succession planning; identifying potential director nominees; overseeing management's performance and in developing appropriate corporate governance principles to foster a healthy governance culture.

APPOINTMENT AND COMPOSITION

Appointment to the Remuneration & Nominations Committee is done by the Board and consists of the Non-Executive Directors as at the beginning of 2022. The Committee is chaired by Mr. Paul King Aryene.

MEETINGS

The Remuneration and Nominations Committee had four (4) meetings in 2022 and attendance was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Paul King Aryene	4	4
Mr. Nigel Baptiste	4	4
Mr. Michael Addo	4	4
Mr. Ebenezer Tagoe	4	4
Mr. David Addo-Ashong	4	4
Mr. Arimeyaw Ibn Saeed	4	4

ENTERPRISE RISK COMMITTEE REPORT

The responsibility of the Committee to critically consider the current and prospective macroeconomic and financial environment in which the Bank operates was heightened in the year under review. Through its deliberations, changes within both environments were keenly monitored to ensure that all systems and processes employed by the Bank to mitigate risk remained robust.

Understandably, areas closely considered were credit, liquidity and fraud risk. Also of great importance was ensuring that the Bank maintained a robust AML/CFT & P compliance framework with a zero-tolerance for non-compliance. Management continued to provide quarterly reports on all aspects of the Bank's business including compliance with regulatory requirements.

The Committee ensured that all issues identified as a potential risk to the Bank were thoroughly investigated and ensured that the necessary measures were put in place by Management to prevent or at least minimize any threats to the Bank. We will continue to ensure that in as much as we seek to drive value for the Bank even in these challenging times, we do not lose sight of risks inherent in various activities and provide the necessary review and oversight.

David Addo-Ashong
Chair, Enterprise Risk Committee

COMMITTEE RESPONSIBILITIES

The Enterprise Risk Committee sets the tone and parameters of the risk strategies and oversees the management of risk appetites and exposures of the Bank.

APPOINTMENT AND COMPOSITION

The Board appoints members of the Enterprise Risk Committee. In the year 2022 the following were the members of the Committee: - Mr. David Addo-Ashong (Chairman), Mr. Nigel Baptiste, Mr. Michael Addo- and Mr. Paul King Aryene.

MEETINGS

The Committee had four (4) meetings in 2022. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. David Addo-Ashong	4	4
Mr Michael Addo	4	2
Mr. Nigel Baptiste	4	3
Mr. Paul King Aryene	4	4

CYBER & INFORMATION SECURITY COMMITTEE REPORT

Cyber and Information Security has become an area of growing concern within the financial services sector. In helping to address these concerns, the Cyber & Information Security Committee is mandated to oversee, review and advise the Board on the bank's cyber & information risk exposures, tolerance, strategy and strategy implementation, and all aspects of technology risk.

Various measures were put in place to ensure that the Bank had robust and resilient systems to withstand and respond to cyber and information security threats.

The Committee keenly reviewed the security of the Bank's information assets and critical systems through Management reports in assessing the cyber security posture and readiness of the Bank. The Committee was satisfied with the measures in place and commend Management for the steps taken to combat cyber threats and to minimize their impact on the Bank. All issues identified were quickly addressed to ensure the confidentiality, integrity and availability of the Bank's information assets are maintained. Some of the key controls put in place to manage cyber and information security risks are technical and organizational controls including training of staff and stakeholders to be aware of information security risks and their responsibility in ensuring that Bank's information assets and systems are protected.

The Committee is of the conviction that remaining ahead of cyber threats and continually improving on measures in place for managing cyber and information security risks in all its forms is the best way of ensuring that the Bank remains protected. Therefore, the level of review of the external and internal environments will continue to ensure the robustness and security of the Bank's systems and information assets. The Board through the Committee is committed to ensuring effective internal controls and risk management practices are implemented to achieve security, reliability, availability, resiliency, and recoverability of the Bank's information assets.

Paul King Aryene

Chair, Cyber & Information Security Committee

COMMITTEE RESPONSIBILITIES

The Board Committee on Cyber & Information Security provides oversight responsibilities on the control framework for mitigating potential cyber risks facing the Bank. The Committee's ambit covers oversight of the cyber and information risk exposures/tolerance of the Bank, the strategy and controls for the various cyber and information risks and all aspects of technology security.

COMPOSITION AND MEETING

In the year 2022 the members of the Committee were Mr. Paul King Aryene (Chairman), Mr. Ebenezer Tagoe and Mr. Arimeyaw Ibn Saeed.

MEETING

The Committee had two (2) meetings in 2022. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Paul King Aryene	2	2
Mr. Ebenezer Tagoe	2	2
Mr. Arimeyaw Ibn Saeed	2	2

AUDIT COMMITTEE

During the year the Audit Committee continued to focus on monitoring the effectiveness of the internal control environment and the integrity of the bank's financial reporting. The Audit Committee discharged its responsibilities in relation to the Internal Audit function; financial and other reporting and the bank's relationship and interaction with the external auditor.

The Audit Committee reviewed and approved the Internal Audit function's charter, strategy and annual plan; quarterly updates from the Head of Internal Audit on the delivery of the 2022 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified; it also considered and was satisfied that the competencies, experience and level of resources within the Internal Audit Team were adequate to achieve the proposed plan

The Committee also assisted the Board in determining that the Annual Report and Consolidated Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the bank's position and performance.

The Committee oversaw the relationship with the external auditor, including monitoring all matters associated with their appointment, remuneration, performance and independence.

On behalf of the Board, the Audit Committee reviewed the bank's whistleblowing arrangements for its employees and other agents to raise concerns in confidence about possible wrongdoings in all matters and in accordance with the Whistle Blowing requirements under the Securities and Exchange Commission (SEC) Corporate Governance Code, the Board of Directors appointed a member of the Committee as a contact person for whistle blowing.

Ebenezer Tagoe

Chair, Audit Committee

COMMITTEE RESPONSIBILITIES

The Audit Committee's responsibilities are to ensure the adequacy, integrity and effectiveness of critical systems, financial controls and reporting; compliance with legal and regulatory obligations; the safeguard of the Bank's assets and review of all activities to control the Bank's risk exposure.

The Committee in the year 2022 reviewed the adequacy of the Bank's internal controls and the degree of compliance with material policies, laws, the code of ethics and business practices of the Bank and is satisfied with the outcomes.

COMPOSITION AND MEETING

The Board of Directors appoints members to the Audit Committee.

In the year 2022 the members of the Committee were Mr. Ebenezer Tagoe (Chairman), Mr. Paul Aryene and Mr. Arimeyaw Ibn Saeed.

MEETING

The Committee had five (5) meetings in 2022. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Ebenezer Tagoe	5	5
Mr. Paul Aryene	5	5
Mr. Arimeyaw Ibn Saeed	5	5

The focus of planned activities for the Board Committees in the 2023 financial year is in line with the Board's strategic objectives under the three Rs – Resilient, Responsible and Relevant. The calendar of activities of the Board Committees will be in line with their mandate within the Corporate Governance Framework of the Bank.

CONFIRMATION – INDEPENDENCE OF THE EXTERNAL AUDITOR

In compliance with paragraph 19 of the Securities and Exchange Commission Corporate Governance Code for listed companies 2020, the Audit Committee confirms that the external auditor was independent, appropriately qualified and acted with due care.

TRAINING AND DEVELOPMENT

Directors of the Bank are exposed to the various facets of the Bank's business at induction and throughout their tenure. These include the Bank's strategic direction, finances, internal control, risk management, audit, compliance, corporate governance and other related matters.

Both the local and international environment and legislative and regulatory demands remain increasingly complex and challenging causing the Bank to constantly review its systems and make use of technology to ensure that compliance is robust. In this regard, the Bank recognises the importance of training and development for Directors to enhance their collective knowledge and improve effectiveness.

In the year 2022 the Directors collectively and individually undertook training seminars in the following:-

- Corporate Governance Certification - delivered by National Banking College
- AML/CFT Training - delivered by Bank of Ghana
- Corporate Governance & Board Best Practices – attended by four Directors
- Board Duties & Effective Corporate Governance – attended by one Director

DIRECTORS REMUNERATION

Remuneration of Non-Executive Directors is made up of a fixed annual fee and a sitting allowance for attendance and participation at Board and Committee meetings. The Shareholders of the Bank approve the remuneration of Directors at General Meetings in accordance with the Companies Act. Directors' remuneration is generally reviewed every couple of years to attract and retain good calibre Directors and to keep up with industry rates. The recent review was done at the last annual general meeting. Details of the Board remuneration can be found under Note 17 of the financial statements.

CONFLICT OF INTEREST/RELATED PARTY ISSUES

Directors are required to avoid any action, position or interest that may conflict or appear to conflict with any of the Bank's interests. Any Director who has a material personal interest in a matter relating to the Bank's affairs is required to disclose the nature and extent of that interest to the other Directors as soon as possible. In the event of a conflict of interest or a related party transaction, the Director will have to leave the relevant section of the meeting and will not participate in the decision making. The following related party transactions can only be approved by the Board of Directors:-

- writing off /down debts from a related party
- compromising the principal with respect to debts due from a related party.

The Bank has in place appropriate policies on conflict of interest and related party matters, maintains an up-to-date register for documenting and managing conflict of interest situations and regularly reports to the Board.

During the year 2022 entries were made in the Interests' Register pursuant to sections 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992) as follows:-

- October 2022 - Ashong Benjamin & Associates (Mr. David Addo-Ashong, Senior Partner)

The facility was at arms' length, conducted on non-preferential basis and complied with due process, statutory and regulatory requirements. The facility is performing satisfactorily.

BOARD EVALUATION

In 2022, an internal Board Evaluation was conducted to assess the Board's performance and the effectiveness of individual Directors. It was facilitated by the Company Secretary. The results indicated that several positive practices exist in the Board's current framework which include effective committees, robust risk governance and control environment, board functioning and dynamics and strategic orientation. The report also noted a requirement for the improvement of knowledge on cyber security.

The Board also carried out two Self-Evaluation exercises of its performance on Anti-Money Laundering and Counter Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT & P) to ascertain the Board's effectiveness and effect any necessary changes/ improvements. The results of the Evaluation demonstrated the Board's increasing awareness and response to AML/CFT&P issues.

There was no external evaluation of the Board, Board Committees and of individual Board members in 2022. The last external evaluation was conducted by Purple Almond Consulting Services in 2021. The evaluation assessed the performance of the Board, the effectiveness of individual Directors and to benchmark the Bank's practices to international and regulatory standards. The evaluation was administered via questionnaire.

The key findings from the external evaluation indicated that the practices of the Board conform with international and regulator standards. The Directors have a clear understanding of their duties and responsibilities. The Board possesses the experience and complementary expertise to strategically guide the Bank. The Board has a competent Board Secretary to provide the necessary support to the Board to carry out its mandate. The lack of IT expertise was noted and the need to identify same to complement the expertise of the Directors. There was also a requirement to enhance its diversity scope with the inclusion of female representation in line with leading practices.

An action plan with well-defined timelines to address the observed weaknesses and key findings has been put in place for all assessments. The Board takes the findings of Evaluations very seriously and diligently works through all the recommendations to implement the necessary changes to improve its effectiveness.

A detailed report of the external Board Evaluation was submitted to the Bank of Ghana in 2022.

ETHICS AND PROFESSIONALISM

The Bank has in place a Code of Conduct for its Directors and all employees. It is signed off by all persons to whom it applies on an annual basis having read and understood the Code of Conduct and sanctions for breach.

The Bank, its employees, management and Board of Directors commit to the highest standards of professional behaviour, business conduct, and sustainable business practices through its policies and values of Customer Focus, Integrity, Respect for the Individual, Professionalism and Results Orientation.

SUCCESSION PLANNING

An approved succession plan is in place for Key Management Personnel and the heads of key functions within the Bank with diverse skill and background. Candidates for such senior positions are rigorously assessed.

SYSTEMS OF INTERNAL CONTROL

The Board is ultimately responsible for the integrity and adequacy of the Bank's internal control systems. Towards this end, the Board promotes the independence, credibility and robustness of the internal control framework. The Board is also responsible for and committed to overseeing the management of the Bank's risks to meet business objectives and ensure compliance with relevant laws, regulations and improve resilience to external events. As a result, the Board has put in place various systems of internal control under its direction and supervision, principally the Internal Audit, Enterprise Risk and Compliance functions. Additionally, a dedicated Internal Control Department was set-up to further safeguard and secure these objectives.

The Internal Control Department was created in June 2021, reinforcing the control framework of the Bank to ensure compliance by the Bank and its officers with internal control policies & procedures of the Bank and state laws and regulations.

Sanctioned by the Board and deriving its authority and mandate from the Executive Committee of the Bank, the Department carries-out regular (daily/monthly etc.) monitoring and reviewing services covering processes and activities across the Retail, Commercial and Corporate Banking operations of the Bank. This is expected to be expanded to other operations of the Bank in the coming years in line with changing risk exposures and management strategies.

The Department adopts a blend of risk and compliance methodology in assessing the adequacy and effectiveness of internal control systems and procedures aimed at ensuring early detection of control breaches/gaps and establishment of preventive/corrective measures and or controls. This is achieved through annual assessments based on the risk appetite & strategic pillars of the Bank.

As a key component of a strong control environment, deficiencies detected are communicated to Officers/Units responsible for remediation. Reports on deficiencies and remediation status is communicated to Executives and Board Audit Committee of the Bank at regular time periods (at least quarterly).

The Bank recently expanded the scope of the Unit with the inclusion of development and periodic reviewing of documentation on processes and systems of the Bank and communication of these to Staff. This is aimed at enhancing Staff risk awareness and appreciation to further strengthen the Bank's internal control framework resulting in operational efficiency and achievement of strategic goals.

INTERNAL AUDIT

The Internal Audit Department, which is independent of Management, reports directly to the Audit Committee of the Board. The Department's major responsibility is to review the effectiveness of the internal control systems of the Bank, governance and risk management and providing assurance, advice and insight to promote the wellbeing of the Bank. The Internal Audit function is the third line of defense in the Bank's Risk Management Framework. The Department uses a risk-based methodology which ensures that resources are focused on areas that pose the greatest risks to the Bank.

ENTERPRISE RISK MANAGEMENT

The Board of Directors oversees the implementation of an effective risk management culture and the implementation of a strong internal control environment across the Bank. They approve and enforce the risk management framework, inclusive of the overall risk appetite and the Bank's philosophy on risk taking.

The Enterprise Risk Committee (ERC) of the Board provides oversight and advice to the Board in relation to current and potential risk exposures of the Bank and future risk strategies, including determination of risk appetite and tolerance.

The Enterprise Risk Management Committee (ERMC) provides oversight and advice of the Bank's enterprise-wide risk management framework, including supporting methods, policies and procedures to identify, assess, monitor, manage and report on material risks and reports to the Board.

The Chief Risk Officer (CRO) is responsible for ensuring consistent application of the risk management framework across the Bank and monitoring the efficacy of its management.

COMPLIANCE & ANTI-MONEY LAUNDERING

Anti-Money Laundering Compliance is one of the main responsibilities of the compliance function of the Bank which maintains zero tolerance for money laundering, terrorist financing and other fraudulent activities.

Stringent compliance programmes, policies, procedures and systems with effective controls have been developed and approved by the Board of Directors to comply with relevant legislations, regulations, standards and directives.

Anti-Money Laundering and Combatting the Financing of Terrorism training is conducted annually to ensure an entrenched compliance culture within the Bank.

MANAGEMENT

The demarcation and segregation of roles and responsibilities between the Board and Management fosters transparency, confidence and mutual trust.

The Board has delegated to the Managing Director the authority and responsibility of managing the day-to-day affairs of the Bank, who in turn is accountable to the Board for the management of the operations of the Bank. Explicit authorities and responsibilities of the Managing Director are documented and approved by the Board. Matters not specifically delegated are reserved to the Board.

Corporate Social Responsibility (CSR)

The Bank as a corporate entity, interacts with and impacts its community differently. Corporate Social Responsibility (CSR) remains integral to our operations. The Bank recognizes that whilst ensuring Sustainable Growth and Shareholder Value is enhanced for the success of the Bank, of equal importance is the Bank's role as a responsible Corporate Citizen in creating ownership advantage and fostering the development in the communities within which it operates to the benefit of all Ghanaians. The Bank chooses to be a driving force in this sphere, a Bank with a heart in the Ghanaian market.

Republic Financial Holdings Limited (RFHL) has signed on to the United Nations Sustainable Development Goals (SDGs). As a subsidiary of RFHL, Republic Bank (Ghana) PLC has also aligned its Corporate Social Responsibility with the Sustainable Development Goals (SDG) as part of the Banks' strategic focus for the next three years. The Bank is aligned with four SDGs, namely:

- Good Health and Well-Being (SDG 3)
- Quality Education (SDG 4)
- Clean Water and Sanitation (SDG 6) and
- Climate Action (SDG 13)

The Bank's CSR operates under the RFHL Group's 'Power to Make a Difference' (PMAD) brand, which is built on four pillars, namely: -

- Power to Learn - which deals with engaging the youth through education culture and the arts
- Power to Care - which focuses on health issues, caring for the elderly and bringing awareness to the differently abled
- Power to Help - which deals with poverty alleviation
- Power to Succeed - which deals with environmental issues, entrepreneurship and sports development.

For 2022, the Bank's main CSR drive was to support the key SDG areas of Quality Education, Good Health and Well-Being, Clean Water and Sanitation, and Climate Action. Under the aforementioned banner, the Bank engaged in maintaining support to major educational and health institutions and also provided support to cultural and national activities within areas where the Bank operates. The Bank expended approximately GHS 805,138.94 on its CSR and PMAD activities for the year ended 31st December 2022. Details of these activities include:

A. Institutional Support: -

i. Maintenance of the African Union (AU) Square in Accra

ii. Sponsorship of the following: -
  - Takoradi Senior High School
  - Koforidua Technical University
  - West African Securities Regulators Association (WASARA)
  - National Partnership for Children's Trust (NPCT)
  - Ghana Institute of Management and Public Administration (GIMPA) Endowment Fund
  - Ghana International School
  - Ghana Garden and Flower Show Movement
  - University of Cape Coast 60th Anniversary
  - Ghana Investment Promotions Centre (GIPC)
  - Ghana National Cyber Security Authority
  - Ghana Medical Students Association
  - Green Republic –Annual Climate Ball
  - Clean Team Ghana
  - Ghana Oil and Gas Summit

Corporate Social Responsibility (CSR) (Cont'd)

B. Corporate Donations: -

i. St. Luke's Clinic

ii. All African Golf Challenge

iii. National Lottery 60th Anniversary Celebrations

iv. Infinity 970 Reading Project

v. GA Mantse Cup

vi. Effutu Sanitation Project

vii. Osu Homowo

viii. Akuapem Odwira Festival

ix. World Diabetes Day

x. Farmers' Day Celebrations –
- Bia East Municipal Assembly
- Ashaiman Municipal Assembly
- Goaso Municipal Assembly
- Effutu Municipal Assembly

xi. Essam Government Hospital Prematurity Day Celebration

xii. Jason Mitchell

xiii. Afro-Caribbean Festival

xiv. National Development Planning Commission and the Millennium Excellence Foundation National District Awards

C. STAFF VOLUNTEERISM PROGRAM (SVP)

Staff Volunteerism initiatives undertaken by the Bank for the year ended December 31, 2022 are as follows:

i. Adoption of two (2) wards at the St. Francis Clinic and Rehab, Tema

ii. Donations to :-
- House of Mercy Orphanage, Abokobi & Shakaina Transformation Centre, Dawa in Prampram
- Al-Umma Orphanage Model School, Takoradi
- Ghana Police Service, Goaso
- Hearts of Smiles Children's Home, Manso Akropong
- Maternity Ward, Accra New Town
- Porter's Village, Dodowa
- Autism Awareness Care and Training Centre, Haatso
- SDA Hospital, Juaboso
- St. Louise Vocational Training Centre, Appaidu Kumasi
- Michael Sarkodie for Corrective Surgery

OUTLOOK FOR 2023

Corporate Social Responsibility continues to be the DNA of the Republic Bank brand. Therefore, the Bank will continue to intensify this drive through different initiatives for 2023, especially the key SDG focus areas for the sustainability of man and the planet. Staff will continue to be encouraged to play life-changing roles in community developmental projects under the umbrella of the Staff Volunteering Program (SVP).

The Bank believes a sustained drive in the identified areas will contribute to building and creating a sustainable and brighter future for our communities.

"Through Technology"
Republic*Online*: Freedom Through Tech

TRINIDAD & TOBAGO

Rebecca Denoon

Experience the world of online banking with Republic*Online* where you can bank anywhere, at anytime from the palm of your hand.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REPUBLIC BANK (GHANA) PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Republic Bank (Ghana) PLC ("the Group and Bank"), which comprise the consolidated and separate statement of financial position at 31 December 2022, and the consolidated and separate statements of profit or loss and other 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 53 to 184.

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

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment allowance of loans and advances to customers (GH¢186million)
Refer to Note 22b to the consolidated and separate financial statements</th></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The expected credit losses ('ECL') calculation involves significant judgement and estimates. There is increased risk of material misstatement of ECL in the current year due to the increased judgment and estimation uncertainty.

The impairment allowances at 31 December 2022 was GH¢ 186 million (2021: GH¢ 144million). The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus in the Bank's estimation of ECL are:</td><td>Based on our risk assessment and industry knowledge, we have examined the impairment allowance 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:

• Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers.

• Assessing and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management's review process over impairment calculations.</td></tr>
<tr><td>Economic scenarios – IFRS 9 requires the Bank to measure ECLs on a forward looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied.

● Significant Increase in Credit Risk ('SICR') – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime provision is recorded.

● ECL estimations – Inherently judgemental modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD models used are the key drivers of the Bank's ECL results and are therefore the most significant judgemental aspect of the Bank's ECL modelling approach.

● Adjustments to the model driven ECL results are raised by management to address known impairment model limitations, model responsiveness or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these forward-looking amounts.

● Disclosure quality the disclosures regarding the Bank's credit risks are key to understanding the key judgements and material inputs to the IFRS 9 ECL results.

Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on loans and advances to customers to be a key audit matter.</td><td>● Using impairment model specialists to independently assess and substantively validate the impairment models by re performing calculations and agreeing sample of data inputs to source documentation.

● Assessing whether key data inputs used in the ECL calculation are complete and accurate through testing a sample of relevant data elements and their aggregate amounts against data in the source system.

● Assessing the ongoing effectiveness of the SICR criteria through loan file reviews and independently determining the staging of a sample of the Bank's loans and advances portfolio.

● Sample testing over key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and PD, LGD and EAD assumptions applied.

● Considering the adequacy of the Bank's disclosures in relation to impairment. In addition, we assessed whether the disclosure of the key judgements and assumptions made was reasonable.</td></tr>
<tr><td>Investments in government securities (government bonds and bills) amounted to GHS1.6billion at 31 December 2022, which represent 32% of the total amount of the Bank's total assets. The Bank recognised an impairment loss of GHS 166million on these balances as of 31 December 2022.</td><td>Based on our risk assessment, we have examined the impairment of government securities based on the description of the key audit matter.

Our procedures included:

● Obtaining an understanding and testing the design, implementation, and operating effectiveness of key controls over the impairment of government securities.</td></tr>
</table>

The government securities have become credit-impaired due to adverse macroeconomic conditions and unsustainable debt levels of the country. These conditions prompted the rollout of the Ghana Domestic Debt Exchange Programme (GDDEP) by the government of Ghana to achieve debt sustainability. The impairment testing of government securities is considered to be a key audit matter due to the complexities involved in determining the estimated future cashflows arising from these instruments. • The future cashflows of the eligible bonds to be issued under the GDDEP is based on the estimated fair value of the new bonds to be issued on 21 February 2023. The fair value is based on the cashflows as outlined in the exchange memorandum discounted using an estimated yield to maturity at 21 February 2023. • The future cashflows of government securities not included in the GDDEP is based on the assumption of estimated cash short falls to be experienced. The quality of disclosures required by IFRS 9 are complex and need to provide insights to the key judgments and material inputs to the IFRS 9 ECL results. Due to the significance of the investment in government securities to the financial position of the Bank and significant measurement uncertainty involved in the impairment of qualifying investments, this was considered a key audit matter in our audit.	• Remaining alert to the most recent government communication on the GDDEP, the bank's communication as to whether it will participate in the programme and meeting minutes of board [relevant committees such as critical assets committees] to assess whether the bank have applied the right terms of the in the valuation and impairment of these instruments. • Assessing the appropriateness of staging for eligible investments to be exchanged under the GDDEP (qualifying investments) and other sovereign-related exposures. • Involving our valuation specialist in assessing the appropriateness of the yield-to-maturities applied in determining the fair value of the new bonds under the GDDEP. • Using Financial Risk Management team to evaluate the appropriateness of the cashflows of government securities not included in the GDDEP. • Assessing the completeness and accuracy of the data used in the models through testing a sample of relevant data fields and their aggregate amounts against data in the systems • Assessing whether the disclosure of the key judgements and assumptions made including GDDEP related disclosures were reasonable.

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), the Corporate Information, Organogram, Chairman's Review and Managing Director's Discussion and Analysis and the Corporate Governance and Corporate Social Responsibility but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and 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 Group and/or Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as a going concern.

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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)

— 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 consolidated and separate statements of financial position and profit or loss and other 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).

Compliance with the requirements of 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.

— The Group and 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 Group and Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044) 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/1426).

KPMG

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FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2023/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

17 April 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of GH¢	Note	2022 Bank	2022 Group	2021 Bank	2021 Group
Interest income using effective interest method	8	**604,862**	**625,157**	467,639	482,670
Interest expense	9	**(234,196)**	**(232,234)**	(180,518)	(179,418)
Net interest income		**370,666**	**392,923**	287,121	303,252
Fee and commission income	10a	**52,213**	**84,884**	50,890	77,471
Fee and commission expense	10b	**(1,708)**	**(1,708)**	(2,127)	(2,127)
Net fee and commission income		**50,505**	**83,176**	48,763	75,344
Net trading income	11	**34,014**	**34,014**	27,847	27,847
Net income from investments at fair value thru. profit & loss	12a	**5,098**	**4,692**	3,572	4,088
Other operating income	12b	**18,493**	**18,493**	7,180	7,180
Revenue		**478,776**	**533,298**	374,483	417,711
Other income	12c	**14,807**	**17,805**	5,487	8,294
Operating income		**493,583**	**551,103**	379,970	426,005
Net impairment loss on financial assets	13	**(237,662)**	**(241,607)**	(19,549)	(20,447)
Personnel expenses	14	**(157,498)**	**(186,374)**	(132,464)	(152,679)
Lease expenses	15	**(2,374)**	**(2,374)**	(2,793)	(2,793)
Depreciation and amortization	16	**(24,977)**	**(26,934)**	(21,213)	(22,864)
Other expenses	17	**(97,177)**	**(109,009)**	(78,302)	(89,825)
Profit / (loss) before income tax for the year		**(26,105)**	**(15,195)**	125,649	137,397
National Stabilization Levy	18	**-**	**(664)**	(6,260)	(6,868)
Financial Sector Recovery Levy	18	**-**	**-**	(4,672)	(4,672)
Tax expense	18	**(40,732)**	**(45,268)**	(33,019)	(35,980)
Profit / (loss) for the year		**(66,837)**	**(61,127)**	81,698	89,877
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of land and buildings	28	**51,239**	**51,239**	-	-
Related tax on revaluation surplus	25	**(12,810)**	**(12,810)**	-	-
Other comprehensive income for the year		**38,429**	**38,429**	-	-
Total comprehensive income / (loss) for the year		**(28,408)**	**(22,698)**	81,698	89,877
Profit for the year attributable to:					
Controlling Equity holders of the bank		**(66,837)**	**(63,679)**	81,698	88,236
Non-controlling interest		**-**	**2,552**	-	1,641
Profit / (loss) for the year		**(66,837)**	**(61,127)**	81,698	89,877
Comprehensive income attributable to:					
Controlling Equity holders of the bank		**(28,408)**	**(25,250)**	81,698	88,236
Non-controlling interest		**-**	**2,552**	-	1,641
Total comprehensive (loss)/ income for the year		**(28,408)**	**(22,698)**	81,698	89,877
Basic earnings/ (loss) per share (Ghana pesewas)	48	**(7.84)**	**(7.47)**	9.59	10.36
Diluted earnings/ (loss) per share (Ghana pesewas)	48	**(7.84)**	**(7.47)**	9.59	10.36

The attached notes on pages **61** to **184** form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2022

In thousands of GH¢	Note	2022		2021	
		Bank	Group	Bank	Group
Assets					
Cash and cash equivalents	19	**1,759,927**	**1,759,937**	946,055	946,062
Investment securities at FVOCI	20	**11,185**	**11,185**	17,661	17,661
Pledged assets	20	**34,148**	**34,148**	74,406	74,406
Investment securities	21	**1,015,786**	**1,042,752**	1,243,178	1,270,233
Loans and advances to customers	22	**1,958,017**	**1,958,017**	1,747,995	1,747,995
Investment in subsidiaries	23	**13,543**	**-**	13,543	-
Current tax assets	24	**14,009**	**13,575**	-	-
Deferred tax assets	25	**26,360**	**27,558**	19,877	20,305
Intangible asset and Goodwill	26	**6,143**	**6,308**	9,150	9,315
Other assets	27	**22,762**	**30,823**	17,273	26,549
Property and equipment	28	**218,412**	**223,222**	137,121	140,564
Total assets		**5,080,292**	**5,107,525**	4,226,259	4,253,090
Liabilities and equity					
Deposits from banks	29	**-**	**-**	45,016	45,016
Deposits from customers	30	**4,090,281**	**4,068,545**	3,165,079	3,144,312
Borrowing	31	**88,123**	**88,123**	136,606	136,606
Current tax liabilities	24	**-**	**-**	1,078	495
Deferred tax liabilities	25	**24,743**	**25,404**	9,957	10,121
Bonds	32a	**81,681**	**81,681**	80,849	80,849
Other liabilities	32b	**133,940**	**140,938**	97,742	109,602
Total liabilities		**4,418,768**	**4,404,691**	3,536,327	3,527,001
Equity					
Stated capital	33	**401,191**	**401,191**	401,191	401,191
Income surplus	34	**(192,890)**	**(160,222)**	24,372	53,882
Statutory reserve fund	35	**192,325**	**192,325**	192,325	192,325
Revaluation reserve	36	**63,281**	**63,281**	24,852	24,852
Regulatory credit risk reserve	37	**196,873**	**196,873**	46,448	46,448
Housing development assistance reserve	38	**744**	**744**	744	744
Total equity attributable to equity holders of the Bank		**661,524**	**694,192**	689,932	719,442
Non-controlling interest	39	**-**	**8,642**	-	6,647
Total equity		**661,524**	**702,834**	689,932	726,089
Total liabilities and equity		**5,080,292**	**5,107,525**	4,226,259	4,253,090

The financial statements were approved by the Board of directors on March 28, 2023 and signed on its behalf by:

Mr. Charles William Zwennes **Mr. Benjamin Dzoboku**

The attached notes on pages **61** to **184** form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

BANK-2022

	Stated Capital	Income surplus account	Statutory reserve fund	Revaluation reserve	Housing development assistance reserve	Regulatory credit risk reserve	Total Equity
In thousands of GH¢	**(Note 33)**	**(Note 34)**	**(Note 35)**	**(Note 36)**	**(Note 38)**	**(Note 37)**	
Balance at 1 January 2022	**401,191**	**24,372**	**192,325**	**24,852**	**744**	**46,448**	**689,932**
Loss for the year	-	**(66,837)**	-	-	-	-	**(66,837)**
Transfers from income surplus to reserves							
Transfer to regulatory credit risk reserve	-	**(150,425)**	-	-	-	**150,425**	-
Total transfers	-	**(150,425)**	-	-	-	**150,425**	-
Other Comprehensive income							
Revaluation of land and building	-	-	-	**51,239**	-	-	**51,239**
Taxation on revaluation surplus	-	-	-	**(12,810)**	-	-	**(12,810)**
Net other comprehensive income	-	-	-	**38,429**	-		**38,429**
At 31 December 2022	**401,191**	**(192,890)**	**192,325**	**63,281**	**744**	**196,873**	**661,524**

The attached notes on pages **61** to **184** form an integral part of these financial statements.

BANK-2021

	Stated Capital	Income surplus account	Statutory reserve fund	Revaluation reserve	Housing development assistance reserve	Regulatory credit risk reserve	Total Equity
In thousands of GH¢	**(Note 33)**	**(Note 34)**	**(Note 35)**	**(Note 36)**	**(Note 38)**	**(Note 37)**	
Balance at 1 January 2021	**401,191**	**(14,477)**	**151,476**	**24,852**	**744**	**44,448**	**608,234**
Profit for the year	-	**81,698**	-	-	-	-	**81,698**
Transfers from income surplus to reserves							
Transfer to statutory reserve fund	-	**(40,849)**	**40,849**	-	-	-	-
Transfer to regulatory credit risk reserve	-	**(2,000)**	-	-	-	**2,000**	-
Total transfers	-	**(42,849)**	**40,849**	-	-	**2,000**	-
At 31 December 2021	**401,191**	**24,372**	**192,325**	**24,852**	**744**	**46,448**	**689,932**

The attached notes on pages **61** to **184** form an integral part of these financial statements.

GROUP-2022

	Stated Capital	Income surplus account	Statutory reserve fund	Revaluation reserve	Housing development assistance reserve	Regulatory credit risk reserve	Non-controlling interest	Total Equity
In thousands of GH¢	**(Note 33)**	**(Note 34)**	**(Note 35)**	**(Note 36)**	**(Note 38)**	**(Note 37)**	**(Note 39)**	
Balance at 1 January 2021	**401,191**	**53,882**	**192,325**	**24,852**	**744**	**46,448**	**6,647**	**726,089**
Loss for the year	-	**(63,679)**	-	-	-	-	**2,552**	**(61,127)**
Transaction with equity holders								
Dividends	-	-	-	-	-	-	**(557)**	**(557)**
Transfers from income surplus to reserves								
Transfer to regulatory credit risk reserve	-	**(150,425)**	-	-	-	**150,425**	-	-
Total transfers	-	**(150,425)**	-	-	-	**150,425**	-	-
Other Comprehensive income								
Revaluation of land and building	-	-	-	**51,239**	-	-	-	**51,239**
Taxation on revaluation surplus	-	-	-	**(12,810)**	-	-	-	**(12,810)**
Net other comprehensive income	-	-	-	**38,429**	-	-	-	**38,429**
At 31 December 2022	**401,191**	**(160,222)**	**192,325**	**63,281**	**744**	**196,873**	**8,642**	**702,834**

The attached notes on pages **61** to **184** form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

Group-2021

	Stated Capital	Income surplus account	Statutory reserve fund	Revaluation reserve	Housing development assistance reserve	Regulatory credit risk reserve	Non-controlling interest	Total Equity
In thousands of GH¢	(Note 33)	(Note 34)	(Note 35)	(Note 36)	(Note 38)	(Note 37)	(Note 39)	
Balance at 1 January 2021	401,191	8,495	151,476	24,852	744	44,448	5,006	636,212
Profit for the year	-	88,236	-	-	-	-	1,641	89,877
Transfers from income surplus to reserves								
Transfer to statutory reserve fund	-	(40,849)	40,849	-	-	-	-	-
Transfer to regulatory credit risk reserve	-	(2,000)	-	-	-	2,000	-	-
Total transfers	-	(42,849)	40,849	-	-	2,000	-	-
At 31 December 2021	401,191	53,882	192,325	24,852	744	46,448	6,647	726,089

The attached notes on pages **61** to **184** form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of GH¢

		2022		2021	
	Note	**Bank**	**Group**	**Bank**	**Group**
Cashflow from operating activities					
Profit / (loss) before tax		**(26,105)**	**(15,195)**	125,649	137,397
Adjustments for:					
Depreciation and amortization	16	**24,977**	**26,934**	21,213	22,864
Profit on disposal of property and equipment	12c	**(728)**	**(728)**	(2,289)	(2,289)
Net impairment loss on loans and advances	13	**71,630**	**71,630**	19,549	19,549
Impairment on investment securities	13	**166,032**	**169,977**	-	898
Impairment of goodwill	26	**968**	**968**	189	189
Net interest income	9	**(370,666)**	**(392,923)**	(287,121)	(303,252)
Fair value change– investments securities FVTPL	12a	**(5,098)**	**(4,692)**	(3,572)	(4,088)
Exchange difference		**45,093**	**45,093**	5,210	5,210
Effect of foreign exchange fluctuations on cash & cash equiv.		**(160,533)**	**(160,533)**	(54,036)	(54,036)
Changes in working capital:					
(Increase) / decrease in investments securities at FVOCI		**6,476**	**6,476**	(14,481)	(14,481)
(Increase) / decrease in pledged assets		**40,258**	**40,258**	(32,172)	(32,172)
Increase in loans and advances to customers		**(281,650)**	**(281,650)**	(204,268)	(204,268)
Decrease / (increase in other assets		**(6,104)**	**(4,890)**	736	184
Increase / (decrease) in deposits from customers		**880,186**	**897,111**	442,226	436,781
Increase in other liabilities		**39,245**	**35,067**	18,698	23,401
Cash generated from operations		**423,981**	**432,903**	35,531	31,886
Interest paid		**(229,160)**	**(229,177)**	(180,460)	(180,460)
Interest received		**604,862**	**608,969**	429,462	444,694
Tax refund	24	**-**	**-**	6,486	6,857
Corporate tax paid	24	**(50,928)**	**(55,384)**	(27,267)	(31,924)
National fiscal stabilization levy paid	24	**(4,425)**	**(4,425)**	(6,126)	(6,665)
Financial Sector recovery levy paid	24	**(4,358)**	**(4,358)**	(4,513)	(4,513)
Net cash generated from operating activities		**739,972**	**748,528**	253,113	259,875

The attached notes on pages **61** to **184** form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

In thousands of GH¢

		2022		2021	
	Note	Bank	Group	Bank	Group
Cash flows from investing activities					
Purchase of property and equipment	28	**(52,976)**	**(56,084)**	(37,167)	(38,268)
Purchase of Intangible asset- software	26	**(419)**	**(635)**	(4,927)	(5,143)
Proceeds from sale of property and equipment	28	**1,133**	**1,133**	8,310	8,310
Purchase of investment securities at amortised cost		**(1,230,622)**	**(1,243,754)**	(1,226,511)	(1,281,129)
Proceeds from redemption of investment securities at amortised cost		**1,289,919**	**1,301,015**	990,574	1,041,497
Proceeds from sale of investment securities - FVTPL		**7,159**	**7,159**	-	-
Interest received - FVTPL		-	-	333	333
Purchase of investment securities - FVTPL		-	**(2,223)**	(10,000)	(12,348)
Purchases - investment in subsidiary	23	-	-	(1,500)	-
Net cash used in investing activities		**14,194**	**6,611**	(280,888)	(286,748)
Cash flows from financing activities					
Redemption of bonds	32	-	-	(18,201)	(18,201)
Proceeds from bonds issued	32	-	-	18,000	18,000
Payment of lease liabilities	32	**(8,957)**	**(9,927)**	(1,369)	(2,274)
Repayment of borrowings	31	**(91,870)**	**(91,870)**	(64,212)	(64,212)
Proceeds from borrowings	31	-	-	78,935	78,935
Net cash generated from financing activities		**(100,827)**	**(101,797)**	13,153	12,248
Decrease in cash and cash equivalents		**653,339**	**653,342**	(14,622)	(14,625)
Effect of foreign exch. fluctuations on cash & cash equiv.		**160,533**	**160,533**	54,036	54,036
At 1 January		**946,055**	**946,062**	906,641	906,651
Cash and cash equivalents as at 31 December	19	**1,759,927**	**1,759,937**	946,055	946,062

The attached notes on pages **61** to **184** form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

Republic Bank (Ghana) PLC ("Bank") is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is Ebankese No. 35 Sixth Avenue, North Ridge, Accra. The financial statements as at and for the year ended 31 December 2022 comprise the consolidated financial statements of the Bank and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of the Bank. The Group's principal activities are investment banking, corporate banking, retail banking, mortgage banking, asset management services and property management and development. The Bank is listed on the Ghana Stock Exchange.

2. STATEMENT OF COMPLIANCE

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

Basis of measurement

The financial statements have been prepared under historical cost basis except for financial instruments at fair value through profit or loss and leasehold land and buildings stated at fair value and revalued amount respectively.

3. USE OF ESTIMATES AND JUDGEMENT

In preparing these consolidated and separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognised prospectively.

4. CHANGES IN ACCOUNTING POLICIES

The Group and Bank have no transactions that are affected by newly effective requirements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned. All accounting policies relate to both the group and Bank. The term "Group" has been used to refer to all entities within the group

5.1 Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

5. Summary of significant accounting policies (cont'd)

5.1 Basis of consolidation (cont'd)

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

'Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

At initial recognition, the Bank measures its investment in subsidiaries at its fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the investment.

The Bank applies the impairment requirements for the subsequent recognition and measurement of a loss allowance for its investment in subsidiaries which are measured at cost.

In the separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment if any.

Investment funds

The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the fund (comprising any carried interests and expected management fees) and the investors' rights to remove the fund manager. For all funds managed by the Group, the investors (whose number ranges from 100 to over 1,000) are able to vote by simple majority to remove the Group as fund manager without cause, and the Group's aggregate economic interest is in each case less than 15%. As a result, the Group has concluded that it acts as agent for the investors in all cases, and therefore has not consolidated these funds.

For further disclosure in respect of unconsolidated investment funds in which the Group has an interest or for which it is a sponsor, see Note 21b

5. Summary of significant accounting policies (cont'd)

5.1 Basis of consolidation cont'd

Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

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

5.2 Foreign currency translation

(a) Functional and presentation currency

The consolidated and separate financial statements are presented in Ghana Cedis, which is the Bank's functional currency. All amounts have been rounded to the nearest thousand except otherwise indicated.

(b) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. The spot rate used for foreign currency translation is the Ghana Association of Bankers' interbank average rate.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

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

5.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Board of Directors. Operating segments are reported in a manner consistent with the internal reporting provided to the Asset and Liabilities Committee (ALCO) and the Board of Directors. The Board allocates resources to and assesses the performance of the operating segments of the entity. Income and expenses directly associated with each segment are included in determining operating segment performance.

5. Summary of significant accounting policies (cont'd)

5.3 Segment reporting (cont'd)

Segment results 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 headquarters), head office expenses and tax assets and liabilities.

The Group has the following reporting segments: retail banking, corporate banking, microfinance and mortgage banking.

5.4 Sale and repurchase agreements

'Sale and repurchase agreements' are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Group continues to recognise the securities in their entirety in the statement of financial position because it retains substantially all the risks and rewards of ownership. The cash consideration received is recognised as a financial asset and the financial liability is recognised for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement. Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are still recognised in the financial statements.

5.5 Financial assets and financial liabilities

5.5(i) Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

See Notes 5.5 (vi) and 5.21.1 for a description of the policy if the fair value of a financial instrument at initial recognition differs from the transaction price.

5.5(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL: –

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

5. Summary of significant accounting policies (cont'd)
5 Financial assets and financial liabilities (cont'd)

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

2. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

2. the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Business model assessment

The Group 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:

1. 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;

2. how the performance of the portfolio is evaluated and reported to the Group's management;

2. the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

2. 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); and

2. 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 Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Group's retail and corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts and unsecured personal lending facilities.

Certain debt securities are held by the Treasury Department of the Group in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

5. Summary of significant accounting policies (cont'd)
5.5 Financial assets and financial liabilities (cont'd)

Certain other debt securities are held by the Treasury Department of the Group in separate portfolios to meet everyday liquidity needs. The Treasury Department of the Group seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Group considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

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 SPPI, the Group 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 Group considers:

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

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

Reclassifications

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

5. Summary of significant accounting policies (cont'd)

5.5(iii) Derecognition

Financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

5.5 (iv) Modifications of financial assets and financial liabilities

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets

If the terms of a financial asset are modified, then the Group 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 (see 5.5 (iii)) 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:

5. Summary of significant accounting policies (cont'd)

5.5 (iv) Modifications of financial assets and financial liabilitie (cont'd)

1. 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
2. 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 Group 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 Group 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.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, 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 and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

5.5 (v) Fair value measurement

Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

5. Summary of significant accounting policies (cont'd)

5.5 (v) Fair value measurement (cont'd)

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

5.5 (vi) Offsetting

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

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

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the

5. Summary of significant accounting policies (cont'd)

5.5 (vi) Offsetting (cont'd)

individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5.5 (vii) Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

1. financial assets that are debt instruments;
2. financial guarantee contracts issued; and
2. loan commitments issued.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL.

1. debt investment securities that are determined to have low credit risk at the reporting date; and
2. other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments.'

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows: –

1. financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
2. financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

5. Summary of significant accounting policies (cont'd)
5.5 (vii) Impairment (cont'd)

3. undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;.

4. financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:

i. financial assets other than purchased or originated credit-impaired (POCI) financial assets: the original effective interest rate or an approximation thereof;

ii. POCI assets: a credit-adjusted effective interest rate;

iii. undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and

iv. financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

1. If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

2. If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

5. Summary of significant accounting policies (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

1. significant financial difficulty of the borrower or issuer;
2. a breach of contract such as a default or past due event;
2. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
2. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
2. the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired, which aligns with the regulatory definition of default.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

1. The market's assessment of creditworthiness as reflected in the bond yields.
2. The rating agencies' assessments of creditworthiness.
2. The country's ability to access the capital markets for new debt issuance.
2. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
2. The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

POCI financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective interest rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

5. Summary of significant accounting policies (cont'd)

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:

1. financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

2. loan commitments and financial guarantee contracts: generally, as a provision;

2. where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group 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 in other liabilities.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

A write-off constitutes a derecognition event. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. All credit facility write-offs shall require endorsement by the Board of Directors and the Central Bank.

Recoveries of amounts previously written off recognised when cash is received and are included in 'other income' in the statement of comprehensive income.

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

1. the guarantee is implicitly part of the contractual terms of the debt instrument;

2. the guarantee is required by laws and regulations that govern the contract of the debt instrument;

2. the guarantee is entered into at the same time as and in contemplation of the debt instrument; and

2. the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

5. Summary of significant accounting policies (cont'd)

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an assets representing any prepayment of guarantee premium and a right to compensation of credit losses. A prepaid premium asset is recognised only if the guarantee exposure neither is credit impaired nor has undergone a significant increase in credit impaired risk when the guarantee is acquired. These assets are recognised in "other assets". The Group presents gains or losses as a compensation right in profit or loss in the line item impairment loss on financial instruments.

5.6 Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss 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:

i. the gross carrying amount of the financial asset; or

ii. 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 Group estimates future cash flows considering all contractual terms of the financial instrument, but not 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 include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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.

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. Interest income is recognised when there is a probability of recovery. 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. For information on when financial assets are credit-impaired, see Note 5.5(vii).

5. Summary of significant accounting policies (cont'd)

5.6 Interest income and expense (cont'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 fair value through other comprehensive income (FVOCI)

Interest expense presented in the comprehensive income includes financial liabilities measured at amortised cost.

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

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

5.7 Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see (5.6)).

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.

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognises revenue when it transfers control over a service to a customer.

The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis or as product specification may require. The Group sets the rates separately for retail and corporate banking customers in line with its pricing policy. Transaction based fees for interchange, foreign currency transactions and overdrafts etc. are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on approved tariffs at any point in time.

Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

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

The Group provides asset management services. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a monthly basis. In addition, the Group charges a non-refundable up-front fee when opening an account. Revenue from asset management services is recognised over time as the services are provided. Non-refundable up-front fees give rise to material rights for future services and are recognised as revenue over the period for which a customer is expected to continue receiving asset management services.

5. Summary of significant accounting policies (cont'd)

5.7 Fee and commission income and expense (cont'd)

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

5.8 Net trading income

'Net trading income' comprises gains less losses from the sale of investments at fair value through other comprehensive income and foreign exchange differences.

5.9 Net income from other financial instruments at fair value through profit or loss

Net income from other non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences. Net income from other financial instruments at FVTPL relates to non-trading financial assets.

5.10 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment. Dividends are recognised in profit or loss.

5.11 Leases

At inception of a contract, the Group 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.

- **Group acting as a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand- alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease 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 the commencement date, plus any, initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

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 remeasurements 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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

5. Summary of significant accounting policies (cont'd)

5.11 Leases (cont'd)

Lease payments included in the measurement of the lease liability comprise the following;

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method, It is remeasured when there is a change in future lease payments arising from a charge in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment,

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying 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 Group presents right-of-use assets 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 Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.12 Income tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other expenses'.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

5. Summary of significant accounting policies (cont'd)

5.12 Income tax (cont'd)

i. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: –

1. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

2. temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

2. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group.

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; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

5.13 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances with central bank and correspondent banks adjusted for reconciling items, mandatory and unrestricted balances held with central banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

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

5.14 Loans and advances

Loans and advances to customers captions in the statement of financial position are measured at amortised cost (see 5.5 (ii)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

5. Summary of significant accounting policies (cont'd)
5.14 Loans and advances(cont'd)

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

5.15 Investment securities

The 'investment securities' caption in the statement of financial position includes:

i. debt investment securities measured at amortised cost (see 5.5(ii)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and

ii. debt and equity investment securities mandatorily measured at FVTPL.

These are at fair value with changes recognised immediately in profit or loss.

5.16 Deposits and debt securities in issue

Deposits and debt securities in issue and are the Group's sources of debt funding. When the Group 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 consideration received is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

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

Deposits and debt securities in issue are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

5.17 Property and equipment

Land and buildings comprise mainly branches and offices and are shown at fair value, based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings and any impairment losses. Properties of the Group are revalued every five years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Freehold Land is not depreciated. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

5. Summary of significant accounting policies (cont'd)
5.17 Property and equipment (cont'd)

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

– Buildings	50 years
– Computers	3 years
– Furniture and Equipment	5 years
– Motor Vehicle	5 years

The assets' residual values, depreciation methods and useful lives are reviewed and prospectively adjusted if appropriate, at the end of each reporting period.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserve in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of.

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

5.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

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

Contingent liabilities are possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or present obligations 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. Contingent liabilities are not recognised but are disclosed unless they are remote.

5.19 Stated capital

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

5. Summary of significant accounting policies (cont'd)

5.19 Stated capital (cont'd)

Dividends on equity shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

5.20 Intangible assets and goodwill

- **Software**

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

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

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

- **Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate Classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to

5. Summary of significant accounting policies (cont'd)

5.20 Intangible assets and goodwill (cont'd)

pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.21 Employee benefits

i. Defined Contribution schemes

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Any contributions unpaid at the reporting date are included as a liability. The Group has the following defined contribution schemes:

Social Security and National Insurance Trust

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

Provident Fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Group. Employees contribute 10% of their basic salary to the Fund whilst the Group contributes 5%. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the Fund Manager.

ii. Short-term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accrual basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably.

5. Summary of significant accounting policies (cont'd)
5.21 Employee benefits (cont'd)

All expenses related to employee benefits are recognised in profit or loss in staff costs, which is included within operating expenses.

5.21.1 Other employee benefits - loans at concessionary rate

The Group grants credit facilities to staff on concessionary terms. The Bank recognises these benefits as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities.

Any discount arising from the difference between the fair value and the amount of credit facility granted is recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

5.22 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 Investment securities at Fair value through other comprehensive income

Investment securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When investment security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

5.24 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

5. Summary of significant accounting policies (cont'd)

5.24 Impairment of non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

Financial guarantees and loan commitments

'Financial guarantees' are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 (see (5)(vii)) and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies in (5.5)(iii) are applied to loan commitments issued and held. The Group has issued no loan commitments that are measured at FVTPL.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND INTERPRETATION

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, except as stated in Note 5, the Group has not early adopted the new and amended standards in preparing these consolidated and separate financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated and separate financial statements.

- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS 12 amendment).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Disclosure of Accounting Policies (IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Lease Liability in a s Sale and Leaseback (Amendments to IFRS 16).

6. Standards issued but not yet effective and interpretation (cont'd)

6.1 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS 12 amendment).

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments are effective from 1 January 2023 but may be applied earlier.

6.2 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares. The Group is yet to assess the impact of this standard.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

6.4 Disclosure of Accounting Policies (IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2: Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

6. Standards issued but not yet effective and interpretation (cont'd)

6.4 Disclosure of Accounting Policies (IAS 1 and IFRS Practice Statement 2) (cont'd)

- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier.

6.5 Definition of Accounting Estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

6.6 Lease Liability in a Sale and Leasebacks (Amendments to IFRS 16)

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease

6. Standards issued but not yet effective and interpretation (cont'd)

6.6 Lease Liability in a Sale and Leasebacks (Amendments to IFRS 16) (cont'd)

- liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of
- the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

7.a Assumptions and estimation uncertainties

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

Notes 41 and 47: impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

The Group reviews its financial assets to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for

example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

7.a Assumptions and estimation uncertainties (cont'd)

All models are certified by the Group General Manager for Risk before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 49.

b. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is included in the following notes.

Note 47(a)(i): establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

8. Interest income using effective interest method

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Cash and cash equivalent	**102,976**	**102,976**	42,895	42,895
Loans and advances to customers	**344,174**	**344,174**	227,637	227,637
Investment securities at amortised cost and FVOCI	**157,712**	**178,007**	197,107	212,138
	604,862	**625,157**	467,639	482,670

9. Interest expense

In thousands of GH¢	2022		2021	
	Bank	**Group**	**Bank**	**Group**
Deposit from Banks	**6,115**	**6,115**	3,828	3,828
Deposit from Customers	**195,040**	**193,078**	154,125	153,025
Debts Securities Issued	**17,142**	**17,142**	15,389	15,389
Other interest expense	**15,899**	**15,899**	7,176	7,176
Total Interest Expense	**234,196**	**232,234**	180,518	179,418
Net Interest Income	**370,666**	**392,923**	287,121	303,252

The amounts reported above represent interest income and expense, calculated using the effective interest method that relate to financial assets and financial liabilities measured at amortised cost. Finance charge on lease liabilities for the year of GH¢6.26 million has been included in the 'others interest expense' line. (2021: GH¢1.1 million).

10. Net Fees and commission Income

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
10a. Fees and commission Income				
Administrative processing fees	**2,389**	**15,061**	14,155	25,147
Commission on turnover & transfers fees	**26,008**	**26,008**	16,982	16,982
Foreign transactions	**2,823**	**2,823**	3,344	3,344
Custody income	**5,675**	**5,675**	4,470	4,470
Fund and assets management fees	**-**	**15,777**	-	11,656
Sundry fees and commission	**15,318**	**19,540**	11,939	15,872
Total fees and commission income	**52,213**	**84,884**	50,890	77,471

10b. Fees and Commission expense

Visa administration expense	**1,708**	**1,708**	2,127	2,127
Total fees and commission expense	**1,708**	**1,708**	2,127	2,127
Net Fee and Commission income	**50,505**	**83,176**	48,763	75,344

In the table above, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. Note 50 further provides a reconciliation of the disaggregated fee and commission income with the Group's reportable segments.

The amounts reported above represent fees and commission income and expense arising from financial assets and financial liabilities measured at amortised cost.

11. Net trading income

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Net Foreign exchange gain	**20,658**	**20,658**	20,984	20984
Net gain on sale of investments	**13,356**	**13,356**	6,863	6,863
Net trading income	**34,014**	**34,014**	27,847	27,847

12a. Net income from investments measured at fair value

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Fair value loss - Ebankese Venture	**-**	**-**	(431)	(431)
Fair value gain - Unit Trust	**5,098**	**4,692**	4,003	4,519
Total	**5,098**	**4,692**	3,572	4,088

12b. Other Operating Income

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Arrears penalty income	**18,493**	**18,493**	7,180	7,180
Total	**18,493**	**18,493**	7,180	7,180

12c. Other income

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Profit on disposal of asset	**728**	**728**	2,289	2,289
Sundry Income	**4,907**	**8,484**	1,805	4,612
Dividend received	**579**	**-**	-	-
Bad debt recovered	**8,593**	**8,593**	1,393	1,393
Total	**14,807**	**17,805**	5,487	8,294

13. Net impairment loss on financial assets

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Loans and advances -(Notes 22c)	**71,630**	**71,630**	19,549	19,549
Debt instruments measured at amortized cost (Note 21d)	**166,032**	**169,977**	-	898
Total	**237,662**	**241,607**	19,549	20,447

14a. Personnel Expense

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Salaries	**72,663**	**99,014**	61,193	78,883
Contributions to defined Contribution Plan	**10,593**	**11,287**	10,483	11,177
Other Staff Costs (Note 14.b)	**74,242**	**76,073**	60,788	62,619
Total	**157,498**	**186,374**	132,464	152,679

Total number of staff in employment at the end of the reporting period was 1,183 (2021: 1,196) for the Group and for the Bank 826 (2021:842).

14b. Personnel Expense – Other staff costs

The other staff cost comprises the following.

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Management housing maintenance	**12,388**	**12,646**	10,735	11,063
Car maintenance and fuel	**22,907**	**23,105**	15,500	16,056
Medical & dental expense	**5,762**	**6,405**	4,553	4,796
Clothing expense	**7,245**	**7,852**	7,179	7,786
Sundry staff expense	**25,940**	**26,065**	22,821	22,918
Total	**74,242**	**76,073**	60,788	62,619

15. Lease expense

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Rent – Short- term leases	**2,374**	**2,374**	2,793	2,793
Total	**2,374**	**2,374**	2,793	2,793

16. Depreciation and amortization

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Depreciation- property and equipment	**22,519**	**24,260**	18,673	20,270
Amortisation- intangible asset	**2,458**	**2,674**	2,540	2,594
	24,977	**26,934**	21,213	22,864

17. Other Expenses

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Software licensing and other ICT costs	**26,378**	**27,202**	20,064	20,737
Auditors' remuneration	**500**	**774**	400	674
Directors' emoluments	**5,533**	**7,583**	3,024	3,565
Marketing and advertisement	**9,524**	**10,263**	7,670	8,397
Electricity and water	**4,334**	**5,315**	3,875	4,711
Printing and stationery	**1,981**	**2,206**	1,688	1,901
Vehicle and equipment maintenance	**5,724**	**6,080**	4,465	4,748
Consultancy fees	**2,197**	**2,197**	1,718	1,718
Travelling and transport	**3,345**	**3,900**	1,512	1,991
Insurance expenses	**8,144**	**8,544**	7,044	7,444
Cash collection expenses	**3,579**	**3,579**	3,944	3,944
General and admin. expenses	**25,938**	**31,366**	22,898	29,995
Total	**97,177**	**109,009**	78,302	89,825

18. Income tax expense

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Current tax (Note 24)	**45,239**	**50,048**	26,315	29,524
Deferred tax (Note 25)	**(4,507)**	**(4,780)**	6,704	6,456
	40,732	**45,268**	33,019	35,980
National Fiscal stabilization levy (Note 24)	-	**664**	6,260	6,868
Financial Sector Recovery Levy (Note 24)	-	-	4,672	4,672
Total	**40,732**	**45,932**	43,951	47,520

Income tax expense reconciliation

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Profit before income tax	**(26,105)**	**(15,195)**	125,649	137,397
Corporate tax at applicable rate of 25% (2021: Nil)	-	-	31,413	34,349
National Fiscal & Stabilization Levy 5%(2021: 5%)	-	**664**	6,282	6,870
Financial Sector Recovery Levy 5% (2021: Nil)	-	-	4,694	4,694
Tax effect of non-deductible expenses	**49,243**	**57,574**	12,573	13,413
Tax effect of income exempted from tax	**(8,511)**	**(12,306)**	(11,011)	(11,806)
Tax charge	**40,732**	**45,932**	43,951	47,520
Effective tax rate	**(156.03%)**	**(302.28%)**	34.98%	34.59%

All tax liabilities are subject to the agreement of the Commissioner General of the Ghana Revenue Authority. The tax on the Bank's and the Group's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits. Non-deductible expenses include donations, entertainment and penalty fees and income exempt from tax include income on mutual funds' investments.

19. Cash and cash equivalents

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Cash and bank balances with banks	**568,507**	**568,517**	297,270	297,277
Balances with Central Banks	**218,769**	**218,769**	84,485	84,485
Mandatory balance with central Bank	**544,027**	**544,027**	279,385	279,385
Money market placement	**428,624**	**428,624**	284,915	284,915
Total cash and cash equivalents	**1,759,927**	**1,759,937**	946,055	946,062

Cash and cash equivalents comprise cash and bank balances with Correspondents Banks, the Central Bank as well as money market placement with less than 90 days' maturity.

Mandatory balance with Central Banks represents 14% and 13% of customer deposits in local and foreign currencies held with the Central Bank and are assessable when customer deposits are drawn down.

At the reporting date, the Bank/Group recorded a bank ledger balance of GHS 923.26 million (2021: GHS 419.9 million) in its statement of financial position as compared to the bank statement balance of GHS 918.59 million (2021: GHS 413.4 million). The transactions making up the difference between the bank ledger balance and the bank statement balance totalling GHS 4.67 million (2021: GHS 6.5 million) includes various reconciling items such as unpresented cheques, uncredited lodgements and unresolved debit and credit items on the bank statements.

20. Pledged and Investment securities at FVOCI - Group and Bank

In thousands of GH¢	2022			2021		
	Pledged	Investment securities at FVOCI	Total	Pledged	Investment securities at FVOCI	Total
Government bonds	**25,130**	**-**	**25,130**	74,406	-	74,406
Treasury bills	**9,018**	**11,185**	**20,203**	-	17,661	17,661
Total	**34,148**	**11,185**	**45,333**	74,406	17,661	92,067

Pledged assets are the carrying amount of Government Securities (Treasury bills) used as collateral for short term funds borrowed from banks and non-bank financial institutions. In the event, the entity fails to make good the payment as and when it falls due, the collateral will not be released back to the Bank. The pledged assets could not be used for any other trading until the payment is done and the pledged assets are released by Central Securities Depository.

These transactions are conducted under terms that are usual and customary to securities borrowing and lending activities. It is at a rate of 91-day treasury bill plus a spread of 1%. Both instruments (pledged and non-pledged) are non-current.

21a. Investment securities

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Investment securities at FVTPL (Note 21b)	**52,055**	**62,867**	54,116	63,111
Investment securities measured at amortized cost (Note 21c)	**963,731**	**979,885**	1,189,062	1,207,122
	1,015,786	**1,042,752**	1,243,178	1,270,233
Current	**577,830**	**613,175**	679,762	706,817
Non- Current	**437,956**	**429,577**	563,416	563,416
	1,015,786	**1,042,752**	1,243,178	1,270,233

21b. Investment securities at FVTPL

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Investment in Unit Trust -RIGL	**47,932**	**58,744**	49,993	58,988
Investment in Ebankese Venture Fund	**4,123**	**4,123**	4,123	4,123
	52,055	**62,867**	54,116	63,111
Opening balance	**54,116**	**63,111**	40,877	47,008
Additions	**-**	**2,223**	10,000	12,348
Disinvestment	**(7,159)**	**(7,159)**	(333)	(333)
Fair value changes during the period	**5,098**	**4,692**	3,572	4,088
Closing balance	**52,055**	**62,867**	54,116	63,111

Investment in Unit trust which are managed by Republic Investments Ghana Limited and Ebankese Venture Fund are recognised at fair value. Gains and losses arising from changes in fair value are included directly in profit or loss.

21c. Investment securities measured at amortized cost

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Government securities	**963,721**	**973,578**	1,189,062	1,189,062
Corporate bonds	**-**	**5,000**	-	5,000
Fixed deposit	**-**	**1,307**	-	13,060
	963,731	**979,885**	1,189,062	1,207,122

The fixed deposits investments are securities with other financial institutions that would mature within one year. The Cedi investments attract an average interest rate of 17.75% (2021: 15.58%) per annum whilst the dollar attracts 7.8% (2021: 6%) per annum. The corporate bonds represents a bond instrument subscribed by a subsidiary of the Group and this has been secured with a landed property.

21d. Impairment assessment of investment securities measured at amortized cost

Bank - 2022 In thousands of GH¢	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Gross exposure	-	-	1,129,763	1,129,763
ECL	-	-	(166,032)	(166,032)
Net Exposure	-	-	963,731	963,731

The contractual terms of the Bank's Government of Ghana domestic bonds were modified and the existing bonds exchanged subsequent to the year-end under a domestic debt exchange programme (DDEP) initiated by the Government. The programme provides that the Bank's existing bonds at the balance sheet date be assessed for impairment, following the downgrading of the domestic bonds to Stage 3. Refer to Note 41 for details on the DDEP and the expected credit loss.

Group 2022 In thousands of GH¢	Stage 1 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Gross exposure	1,307	1,154,813	1,156,120
ECL	-	(176,235)	(176,235)
Net Exposure	1,307	978,578	979,885
ECL allowance as at 1 January 2021	2,396	3,862	6,258
Change in ECL allowance	(2,396)	172,373	169,977
At 31 December 2021	-	176,235	176,235

Bank - 2021 In thousands of GH¢	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Gross exposure	1,189,062	-	-	1,189,062
ECL	-	-	-	-
Net Exposure	1,189,062	-	-	1,189,062

21d. Impairment assessment of investment securities measured at amortized cost

Group 2021			
In thousands of GH¢	Stage 1	Stage 3	
	12 Month ECL	Credit Impaired Financial Assets	Total
Gross exposure	1,204,518	8,862	1,213,380
ECL	(2,396)	(3,862)	(6,258)
Net Exposure	1,202,122	5,000	1,207,122
ECL allowance as at 1 January 2021	1,498	3,862	5,360
Change in ECL allowance	898	-	898
At 31 December 2021	2,396	3,862	6,258

22a. Loans and advances to customers

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Total loans and advances	**1,958,017**	**1,958,017**	1,747,995	1,747,995
	1,958,017	**1,958,017**	1,747,995	1,747,995

22b. Loans and advances to customers at amortized cost

In thousands of GH¢	2022			2021		
Bank / Group	Gross carrying amount	ECL allow-ance	Net carrying amount	Gross carrying amount	ECL allowance	Net carrying amount
Financial Institution lending	**31,176**	**(10,041)**	**21,135**	30,207	(10,047)	20,160
Retail & commercial	**536,595**	**(33,052)**	**503,543**	485,698	(20,415)	465,283
Mortgages	**400,211**	**(38,326)**	**361,885**	294,289	(21,308)	272,981
Corporate	**1,133,078**	**(105,061)**	**1,028,017**	1,051,280	(92,565)	958,715
Credit cards	**7,455**	**(8)**	**7,447**	-	-	-
Staff	**36,064**	**(74)**	**35,990**	30,913	(57)	30,856
Total	**2,144,579**	**(186,562)**	**1,958,017**	1,892,387	(144,392)	1,747,995

74% of the loans and advances portfolio are backed by collateral and this covers in full all collateralized balances. (2021: 73%).

22c. Provision for credit impairment

Bank / Group		
In thousands of GH¢	**2022**	**2021**
Opening balance – Jan. 1	**144,392**	163,020
Impairment charge for the year	**71,630**	19,549
Write-off during the year	**(29,460)**	(38,177)
Ending balance – Dec. 31	**186,562**	144,392

22d. Classification loans and advances

The following table sets out the classifications for loans and advances measured at amortised cost by industry concentration.

Bank / Group	Stage 1	Stage 2	Stage 3	Total
2022				
Financial Institution lending	**1,387**	**-**	**29,789**	**31,176**
Retail & commercial	**500,476**	**17,543**	**18,576**	**536,595**
Mortgages	**268,031**	**50,076**	**82,104**	**400,211**
Corporate	**734,669**	**103,284**	**295,125**	**1,133,078**
Credit Cards	**7,197**	**258**	**-**	**7,455**
Staff	**36,056**	**-**	**8**	**36,064**
Total	**1,547,816**	**171,161**	**425,602**	**2,144,579**

Bank / Group	Stage 1	Stage 2	Stage 3	Total
2021				
Financial Institution lending	340	-	29,867	30,207
Retail & commercial	453,893	16,440	15,365	485,698
Mortgages	236,151	13,864	44,274	294,289
Corporate	758,469	92,458	200,353	1,051,280
Staff	30,912	-	1	30,913
Total	1,479,765	122,762	289,860	1,892,387

22e. Provision for credit impairment analysis
In thousands of GH¢

The table below shows the expected credit losses per stages and the maximum exposure to credit risk by type of customer.

Bank & Group - 2022	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Credit cards	Staff	Total
Gross Loans	**31,176**	**536,595**	**400,211**	**1,133,078**	**7,455**	**36,064**	**2,144,579**
Stage 1: 12 Month ECL	**(32)**	**(13,420)**	**(482)**	**(16,119)**	**(8)**	**(73)**	**(30,134)**
Stage 2: Lifetime ECL	**-**	**(1,056)**	**(1,033)**	**(8,483)**	**-**	**-**	**(10,572)**
Stage 3: Credit Impaired Financial Assets - Lifetime ECL	**(10,009)**	**(18,576)**	**(36,811)**	**(80,459)**	**-**	**(1)**	**(145,856)**
	21,135	**503,543**	**361,885**	**1,028,017**	**7,447**	**35,990**	**1,958,017**

Bank & Group - 2021	Financial Institution lending	Retail & commercial	Mortgages	Corporates		Staff	Total
Gross Loans	30,207	485,698	294,289	1,051,280		30,913	1,892,387
Stage 1: 12 Month ECL	(22)	(10,173)	(74)	(14,278)		(56)	(24,603)
Stage 2: Lifetime ECL	-	(1,643)	(207)	(21,494)		-	(23,344)
Stage 3: Credit Impaired Financial Assets - Lifetime ECL	(10,025)	(8,599)	(21,027)	(56,793)		(1)	(96,445)
	20,160	465,283	272,981	958,715		30,856	1,747,995

22f. Provision for credit impairment analysis (cont'd)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by customer classifications.

Bank and Group - 2022

In thousands of GH¢

Stage 1: 12 Month ECL	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Credit card	Staff	Total
Balance as at 1 January 2022	22	10,173	74	14,278	-	56	24,603
ECL on new instruments issued during the year	13	3,104	403	3,079	8	18	6,705
Net remeasurement of loss allowance	(3)	143	(75)	(1,238)	-	(1)	(1,174)
At 31 December 2022	32	13,420	482	16,119	8	73	30,134
Stage 2: Lifetime ECL							
Balance as at 1 January 2022	-	1,643	207	21,494	-	-	23,344
ECL on new instruments issued during the year	-	12	705	123	-	-	840
Net remeasurement of loss allowance	-	(599)	121	(13,134)	-	-	(13,612)
At 31 December 2022	-	1,056	1,033	8,483	-	-	10,572
Stage 3: Credit Impaired Financial Assets - Lifetime ECL							
Balance as at 1 January 2022	10,025	8,599	21,027	56,793	-	1	96,445
Write-offs	-	(1,234)	(8,330)	(19,896)	-	-	(29,460)
Net remeasurement of loss allowance	(16)	11,211	24,114	43,562	-	-	78,871
At 31 December 2022	10,009	18,576	36,811	80,459	-	1	145,856
Total	10,041	33,052	38,326	105,061	8	74	186,562

22f. Provision for credit impairment analysis (cont'd)

Bank and Group - 2021

In thousands of GH¢

Stage 1: 12 Month ECL	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
Balance as at 1 January 2021	16	10,845	662	10,384	33	21,940
ECL on new instruments issued during the year	11	4,601	167	5,132	82	9,993
Net remeasurement of loss allowance	(5)	(5,273)	(755)	(1,238)	(59)	(7,330)
At 31 December 2021	22	10,173	74	14,278	56	24,603
Stage 2: Lifetime ECL						
Balance as at 1 January 2021	-	1,345	431	13,762	-	15,538
ECL on new instruments issued during the year	-	389	212	9,850	-	10,451
Net remeasurement of loss allowance	-	(91)	(436)	(2,118)	-	(2,645)
At 31 December 2021	-	1,643	207	21,494	-	23,344
Stage 3: Credit Impaired Financial Assets - Lifetime ECL						
Balance as at 1 January 2021	10,047	7,850	36,285	71,359	1	125,542
Write-offs	-	(2,976)	(16,296)	(18,905)	-	(38,177)
Net remeasurement of loss allowance	(22)	3,725	1,038	4,339	-	9,080
At 31 December 2021	10,025	8,599	21,027	56,793	1	96,445
Total	10,047	20,415	21,308	92,565	57	144,392

The amount designated as write-off represents the contractual amount outstanding at the time of derecognising the exposure. To the extent that customers exist, the amount so written-off are subject to enforcement activity.

22f. Provision for credit impairment analysis (cont'd)

The table below provides an explanation of how significant changes in the gross carrying amount of financial instruments during the year contributed to changes in loss allowance.

Changes in loans and advances balances	Stage 1	Stage 2	Stage 3	Total
Gross loans – 2022	**1,547,816**	**171,161**	**425,602**	**2,144,579**
Gross loans - 2021	**1,479,765**	**122,762**	**289,860**	**1,892,387**
Growth /(decline) in %	**4.60**	**39.43**	**46.83**	**13.33**
Changes in provision stock	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Provision balance - 2022	**30,134**	**10,572**	**145,856**	**186,562**
Provision balance - 2021	**24,603**	**23,344**	**96,445**	**144,392**
Growth /(decline) in %	**22.48**	**(54.71)**	**51.23**	**29.21**

The Group's gross loans and advances measured at amortised cost grew by 13.33% (2021: 12.10%) following the risk assets (loan) growth drive initiates implemented during the year. This propelled the provision stock to correlate in similar pattern, thus increased by 29.21% (2021: 11.43%, decrease).

The increase in ECLs of Stage 1 portfolios was driven by a 4.60% increase in the gross size of the portfolio and the change in ECLs of Stage 2 portfolios was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions. The increase in ECLs of Stage 3 portfolios was driven by a 46.83% increase in the gross size of the portfolio which was partly due to deterioration in economic conditions.

2021

Changes in loans and advances balances	Stage 1	Stage 2	Stage 3	Total
Gross loans – 2021	1,479,765	122,762	289,860	1,892,387
Gross loans - 2020	1,088,187	276,499	323,433	1,688,119
Growth /(decline) in %	35.98	(55.60)	(10.38)	12.10

Changes in loans and advances balances	Stage 1	Stage 2	Stage 3	Total
Provision balance – 2021	24,603	23,344	96,445	144,392
Provision balance - 2020	21,840	15,538	124,542	163,020
Growth /(decline) in %	12.14	50.24	(22.56)	(11.43)

22g. Loans and advances classification

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Current	**608,494**	**608,494**	721,367	721,367
Non- Current	**1,536,085**	**1,536,085**	1,171,020	1,171,020
	2,144,579	**2,144,579**	1,892,387	1,892,387

22h. Loans and advances ratios

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
	%	**%**	%	%
Loan loss provision ratio	**8.70**	**8.70**	7.63	7.63
Gross non-performing loans ratio	**19.85**	**19.85**	15.32	15.32
Ratio of 50 largest exposures	**43.05**	**43.05**	46.78	46.78

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Interest rate charge	**%**	**%**	%	%
Commercial loan	**20-44**	**20-44**	16--21	16--21
Consumer loans	**10-48**	**10-48**	10 – 22	10 – 22
Mortgage loans – dollar	**10-14**	**10-14**	8 – 13	8 – 13
Mortgage loans – Cedi	**10-32**	**10-32**	20 - 28	20 - 28
Staff loans – dollar	**3-4**	**3-4**	3 - 4	3 - 4
Staff loans – Cedi	**6-12**	**6-12**	7 - 11	7 - 11

23. Investments in subsidiaries

In thousands of GH¢	**2022**	2021
	Bank	Bank
Investments in subsidiaries	**13,543**	**13,543**
	13,543	**13,543**

Subsidiaries

In thousands of GH¢	**2022**	2021
	Bank	Bank
Republic Investment Limited	**4,535**	4,535
HFC Realty Limited	**1,930**	1,930
Republic Boafo Limited	**503**	503
Republic Securities (Ghana) Limited	**75**	75
HFC Venture Capital Fund	**5,000**	5,000
Republic Trust Limited Company	**1,500**	1,500
Investments in subsidiaries are measured at cost.	**13,543**	13,543

(ii) Holding structure

The holdings of Republic Bank in the various subsidiaries are as follows:

Subsidiaries	**Holding**		**Country of Incorporation**	**Relationship**	**Nature of business**
	2022	2021			
	%	%			
Republic Investment (Ghana) Limited	100	100	Ghana	A wholly owned subsidiary of the bank	Investment management
HFC Realty Limited	100	100	Ghana	A wholly owned subsidiary of the bank	Property management
Republic Boafo Limited	51	51	Ghana	A company in which the Bank has 51% equity holding	Microfinance
UG-HFC	60	60	Ghana	A company in which the bank has 60% equity holding	Asset management
HFC Venture Capital Fund	100	100	Ghana	A wholly owned subsidiary of the bank	Venture capitalist
Republic Trust Limited Company	100	100	Ghana	A wholly owned subsidiary of the bank	Pension Fund Manager

(iv). Summary of financial information

In thousands of GH¢

Description	Republic Investments		Republic Boafo		HFC Realty		HFC Venture Capital		Republic Trust	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	**19,406**	17,850	**35,478**	27,776	**1,536**	205			**1,192**	
Expenses	**(16,637)**	(10,684)	**(27,528)**	(23,278)	**(1,209)**	(35)			**(1,234)**	
Income Tax and National Fiscal Stab. Levy	**(2,220)**	(2,210)	**(2,840)**	(1,349)	**(82)**	(9)			**(59)**	
Profit for the year/Total comprehensive income	**549**	4,956	**5,110**	3,149	**245**	161			**(101)**	
Total assets	**31,971**	34,802	**23,173**	19,050	**4,419**	4,037	**5,049**	5,049	**3,778**	1,500
Total liabilities	**5,497**	8,971	**5,535**	5,485	**119**	275	**10**	10	**2,379**	-
Total shareholders' equity	**26,474**	25,831	**17,638**	13,565	**4,300**	3,762	**5,039**	5,039	**1,399**	1,500
Total cash inflows	**12,281**	16,014	**40,461**	27,285	**1,196**	427	**-**	-	**1,192**	1,500
Total cash outflows	**(15,041)**	(13,823)	**(38,110)**	(27,015)	**(951)**	(417)	**-**	-	**(1,993)**	-
Net cash inflow/outflow	**(2,760)**	2,191	**2,351**	270	**245**	10	**-**	-	**(801)**	1,500

24. Current income tax – 2022

In thousands of GH¢

The Bank

Income Tax	Balance at 1/1/2022	Charge for the year	Payments during the year	Adjustment	Balance at 31/12/2022
Up to 2021	**1,270**	**-**	**-**	**(1,270)**	**-**
2022	**-**	**45,239**	**(50,928)**		**(5,689)**
	1,270	**45,239**	**(50,928)**	**(1,270)**	**(5,689)**
National Fiscal Stabilization Levy					
Up to 2021	**(351)**	**-**	**(265)**	**616**	**-**
2022	**-**	**-**	**(4,160)**	**-**	**(4,160)**
	(351)	**-**	**(4,425)**	**616**	**(4,160)**

24. Current income tax – 2022 (cont'd)

Financial Sector Recovery Levy

Income Tax	Balance at 1/1/2022	Charge for the year	Payments during the year	Adjustment	Balance at 31/12/2022
2021	**159**	-	**(198)**	**39**	-
2022	-	-	(4,160)	-	(4,160)
	159	-	**(4,358)**	**39**	**(4,160)**
	1,078	**45,239**	**(59,711)**	**615**	**(14,009)**

Group

Income Tax	Balance at 1/1/2022	Charge for the year	Payments during the year	Adjustment	Balance at 31/12/2022
Up to 2021	740	-	-	(1,270)	(530)
2022	-	50,048	(55,384)		(5,336)
	740	**50,048**	**(55,384)**	**(1,270)**	**(5,866)**

National Fiscal Stabilization Levy

Up to 2021	(404)	-	(265)	616	(53)
2022	-	664	(4,160)	-	(3,496)
	(404)	**664**	**(4,425)**	**616**	**(3,549)**

Financial Sector Recovery Levy

Income Tax	Balance at 1/1/2022	Charge for the year	Payments during the year	Adjustment	Balance at 31/12/2022
2021	**159**	**-**	**(198)**	**39**	**-**
2022	-	-	(4,160)	-	(4,160)
	159	**-**	**(4,358)**	**39**	**(4,160)**
Total	**495**	**50,712**	**(64,167)**	**(615)**	**(13,575)**

The tax assets for both the Bank and subsidiaries up to 2021 have been agreed with the Ghana Revenue Authority. All other tax liabilities are subject to agreement with the Ghana Revenue Authority.

24c. Current income tax 2021

In thousands of GH¢

The Bank

Income Tax	Balance at 1/1/2021	Charge for the year	Payments during the year	Refund	Balance at 31/12/2020
Up to 2019	(5,630)	-	-	6,386	756
2020	1,466	-	(1,275)	-	191
2021	-	26,315	(25,992)	-	323
	(4,164)	26,315	(27,267)	6,386	1,270

National Fiscal Stabilization Levy

Up to 2019	684	-		100	(584)
2020	(99)	-	(108)	-	(9)
2021	-	6,260	(6,018)	-	242
	585	**6,260**	**(6,126)**	**100**	**(351)**

Financial Sector Recovery Levy

Income Tax	Balance at 1/1/2021	Charge for the year	Payments during the year	Refund	Balance at 31/12/2021
2021	-	4,672	(4,513)	-	159
	-	4,672	(4,513)	-	159
Total Tax & Levy	**(4,749)**	**37,247**	**(37,906)**	**6,486**	**1,078**

Group

Income Tax	Balance at 1/1/2021	Charge for the year	Payments during the year	Refund	Balance at 31/12/2021
Up to 2019	(6,191)	-		6,757	566
2020	2,574	-	(1,275)	-	1,299
2021	-	29,524	(30,649)	-	(1,125)
	(3,617)	**29,524**	**(31,924)**	**6,757**	**740**

National Fiscal Stabilization Levy

Up to 2019	(704)	-		100	(604)
2020	(3)	-	(108)	-	(111)
2021	-	6,868	(6,557)	-	311
	(707)	**6,868**	**(6,665)**	**100**	**(404)**

Financial Sector Recovery Levy

Income Tax	Balance at 1/1/2021	Charge for the year	Payments during the year	Refund	Balance at 31/12/2021
2021	-	4,672	(4,513)	-	159
	-	**4,672**	**(4,513)**	**-**	**159**
Total	**(4,324)**	**41,064**	**(43,102)**	**6,857**	**495**

The National Stabilisation Levy is assessed under the National Fiscal Stabilisation Levy Act (Act 862) of 2013 at 5% on accounting profit before tax. The levy became effective in the 2013 fiscal year.

The Financial Sector Recovery Levy was passed on March 31, 2021 to impose a special levy on Banks to raise revenue to support the financial sector reforms and to provide for related matters. The levy is at 5% of the Bank's profit before tax.

25. Deferred tax

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2021: 25%). The movement on the deferred tax account is as follows:

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
At 1 January	**(9,920)**	**(10,184)**	(16,624)	(16,640)
Charge to profit or loss (Note 18)	**(4,507)**	**(4,780)**	6,704	6,456
Charge to Other Comprehensive Income	**12,810**	**12,810**	-	-
At 31 December	**(1,617)**	**(2,154)**	(9,920)	(10,184)

Recognised deferred tax assets

The Group recognised deferred tax assets of GHS 25,835,000 ((2021: GHS 20,305,000) and the Bank recognised deferred tax assets of GHS 25,134,000 ((2021: GHS 19,877,000) based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group and Bank will have future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are attributable to the following items:

2022	**Bank**			**Group**		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment	**1,226**	**-**	**1,226**	**2,424**	**-**	**2,424**
Loan Impairment	**25,134**	**-**	**25,134**	**25,134**	**-**	**25,134**
Leases	**-**	**(4,867)**	**(4,867**	**-**	**(5,528)**	**(5,528)**
Revaluation of building	**-**	**(19,876)**	**(19,876)**	**-**	**(19,876)**	**(19,876)**
Net deferred tax (assets)/ liabilities	**26,360**	**(24,743)**	**1,617**	**27,558**	**(25,404)**	**2,154**

2021	**Bank**			**Group**		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment	326	-	326	754	-	754
Loan Impairment	19,551	-	19,551	19,551	-	19,551
Leases	-	(2,891)	(2891)	-	(3,055)	(3,055)
Revaluation of building	-	(7,066)	(7,066)	-	(7,066)	(7,066)
Net deferred tax (assets)/ liabilities	19,877	(9,957)	9,920	20,305	(10,121)	10,184

25. Deferred tax (cont'd)
25.b. Movement in deferred tax balances

	Bank				Group			
	Net balance at Jan. 1	Recognised in profit & loss	Recognised OCI	Net balance at Dec. 31	Net balance at Jan. 1	Recognised in profit & loss	Recognised OCI	Net balance at Dec. 31
Property and equipment	**326**	**900**	-	**1226**	**754**	**1670**	-	**2,424**
Loan impairment	**19,551**	**5,583**	-	**25,134**	**19,551**	**5,583**	-	**25,134**
Leases	**(2,891)**	**(1,976)**	-	**(4,867)**	**(3,055)**	**(2,473)**	-	**(5,528)**
Revaluation of building	**(7,066)**	-	**(12,810)**	**(19,876)**	**(7,066)**	-	**(12,810)**	**(19,876)**
	9,920	**4,507**	**(12,810)**	**1,617**	**10,184**	**4,780**	**(12,810)**	**2,154**

25.b.Movement in deferred tax balances

	Net balance at Jan. 1	Recognised in profit & loss	Net balance at Dec. 31	Net balance at Jan. 1	Recognised in profit & loss	Net balance at Dec. 31
Property and equipment	1,539	(1,213)	326	1,555	(801)	754
Loan impairment	22,151	(2,600)	19,551	22,151	(2,600)	19,551
Leases	-	(2,891)	(2,891)	-	(3,055)	(3,055)
Revaluation of building	(7,066)	-	(7,066)	(7,066)	-	(7,066)
	16,624	**(6,704)**	**9,920**	**16,640**	**(6,456)**	**10,184**

26. Goodwill and Intangible assets

In thousands of GH¢		**2022**		2021
	Bank	**Group**	Bank	Group
Goodwill (Note 26a)	**2,774**	**2,774**	3,742	3,742
Software (Note 26b)	**3,369**	**3,534**	5,408	5,573
	6,143	**6,308**	9,150	9,315

26a. Goodwill

(Bank and Group) In thousands of GH¢	**2022**	2021
Gross carrying amount		
At 1 January and 31 December	**3,923**	3,923
Accumulated impairment		
At 1 January	**181**	181
Charge for the year	**968**	-
At 31 December	**1,149**	181
Carrying amount	**2,774**	3,742

The impairment charge for the year relates to the de-recognition of goodwill for a CGU (branch) which was closed during the year.

26a. Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments (operating branches) expected to benefit from the synergies of the business acquisition in which the goodwill arises, as follows:

Carrying amount of goodwill as allocated to each of the CGUs

In thousands of GH¢	**2022**	2021
Goodwill	**2,774**	3,742

The recoverable amount of the retail segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management.

The recoverable amount of the retail segment is set out below:

In thousands of GH¢	**2022**	2021
Recoverable amount	**64,317**	21,297
Carrying amount of underlying assets of CGU	**1,580**	1,431

The present value of the expected cash flows of the retail segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

	Growth rate	Discount rate
Retail	10%	50.3%

Key assumptions used in value in use calculations

Growth rates

The growth rates reflect the long-term average growth rates for the retail segments (all publicly available). The growth rate for online retailing exceeds the overall long-term average growth rates for Ghana because this sector is expected to continue to grow at above-average rates for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of the retail segment. The discount rate applied was referenced to the end of year inflation rate, which reflects the current market assessment of the time value of money.

Cash flow assumptions

Retail segment

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market.

Cash flow projections reflect stable profit margins achieved immediately before the budget period. The cash flow projections covered a period of five (5) years No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

26b. Software acquired

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Cost				
Opening balance	**26,155**	**26,960**	21,228	21,817
Additions	**419**	**635**	4,927	5,143
At 31 December	**26,574**	**27,595**	26,155	26,960
Accumulated depreciation				
Opening balance	**20,747**	**21,387**	18,207	18,793
Charge for the year	**2,458**	**2,674**	2,540	2,594
At 31 December	**23,205**	**24,061**	20,747	21,387
Net Book Value	**3,369**	**3,534**	5,408	5,573

27. Other assets

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Prepayments	**13,389**	**16,451**	9,455	12,710
Account receivable	**7,169**	**7,169**	5,297	5,297
Inventory-consumables	**811**	**1,295**	933	982
Sundry account receivable	**947**	**4,267**	829	5,173
Others	**446**	**1,641**	759	2,387
	22,762	**30,823**	17,273	26,549

28. Property and equipment

In thousands of GH¢ **The Bank – 2022**	**Land and Building**	**Computers**	**Furniture and Equipment**	**Motor Vehicles**	**Assets Refurbishment**	**Right -of- Use Assets - Building**	**Capital Work in Progress**	**Total**
Cost/valuation								
At 1 January	39,422	26,352	42,317	16,536	24,587	52,301	34,192	235,707
Additions	601	1,220	2,500	4,636	494	17,002	26,523	52,976
Revaluation surplus	51,239	-	-	-	-	-	-	51,239
Gross revaluation adjustment*	(5,373)	-	-	-	-	-	-	(5,373)
Disposals	(344)	(28)	(335)	(678)	(228)	-	-	(1,613)
Transfers	-	-	931	300	1,215	-	(2,446)	-
At 31 December	85,545	27,544	45,413	20,794	26,068	69,303	58,269	332,936
Accumulated Depreciation								
At 1 January	5,445	24,876	30,131	11,071	5,637	21,426	-	98,586
Charge for the year	2,583	1,830	3,645	2,261	2,088	10,112	-	22,519
Adjust for accum. depreciation	(5,373)	-	-	-	-	-	-	(5,373)
Disposals	(61)	(16)	(303)	(664)	(164)	-	-	(1,208)
At 31 December	2,594	26,690	33,473	12,668	7,561	31,538	-	114,524
Carrying amount	82,951	854	11,940	8,126	18,507	37,765	58,269	218,412

Included in property and equipment is right of use assets.

No property and equipment were impaired as at 31 December 2022 (2021, Nil)

28. Property and equipment (cont'd)

In thousands of GH¢ **The Bank – 2021**	**Land and Building**	**Computers**	**Furniture and Equipment**	**Motor Vehicles**	**Assets Refurbishment**	**Right -of- Use Assets - Building**	**Capital Work in Progress**	**Total**
Cost/valuation								
At 1 January	45,455	25,724	36,211	13,794	6,332	42,669	29,924	200,109
Additions		628	2,650	3,366		10,941	25,979	43,564
Disposals	(6,033)			(624)		(1,309)		(7,966)
Transfers	-	-	3,456	-	18,255	-	(21,711)	-
At 31 December	**39,422**	**26,352**	**42,317**	**16,536**	**24,587**	**52,301**	**34,192**	**235,707**
Accumulated Depreciation								
At 1 January	4,800	23,086	26,950	9,895	3,327	13,800	-	81,858
Charge for the year	658	1,790	3,181	1,799	2,310	8,935	-	18,673
Disposals	(13)	-	-	(623)	-	(1,309)	-	(1,945)
At 31 December	**5,445**	**24,876**	**30,131**	**11,071**	**5,637**	**21,426**	**-**	**98,586**
Carrying amount	**33,977**	**1,476**	**12,186**	**5,465**	**18,950**	**30,875**	**34,192**	**137,121**

28. Property and equipment (cont'd)

In thousands of GH¢ **The Group 2022**	**Land and Building**	**Computers**	**Furniture and Equipment**	**Motor Vehicles**	**Assets Refur-bishment**	**Right -of- Use Assets**	**Capital Work in Progress**	**Total**
Cost/valuation								
At 1 January	39,422	28,624	45,575	20,433	24,587	55,237	34,192	248,070
Additions	601	1,870	2,816	5,971	-	18,217	26,609	56,084
Revaluation surplus	51,239	-	-	-	-	-	-	51,239
Gross revaluation adjustment*	(5,373)	-	-	-	-	-	-	(5,373)
Disposals	(344)	(78)	(335)	(744)	(228)	-	-	(1,729)
Transfers	-	-	823	-	1,709	-	(2,532)	-
At 31 December	**85,545**	**30,416**	**48,879**	**25,660**	**26,068**	**73,454**	**58,269**	**348,291**
Accumulated Depreciation								
At 1 January	5,445	26,521	33,025	13,699	5,637	23,179	-	107,506
Charge for the year	2,583	2,003	3,828	2,847	2,089	10,910	-	24,260
Adj. for accum. depreciation	(5,373)	-	-	-	-	-	-	(5,373)
Disposals	(61)	(67)	(303)	(729)	(164)	-	-	(1,324)
At 31 December	**2,594**	**28,457**	**36,550**	**15,817**	**7,562**	**34,089**	**-**	**125,069**
Carrying amount	**82,951**	**1,959**	**12,329**	**9,843**	**18,506**	**39,365**	**58,269**	**223,222**

Included in property and equipment is right of use assets.

*This gross revaluation adjustments relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

No property and equipment were impaired as at 31 December 2022 (2021, Nil)

28. Property and equipment (cont'd)

In thousands of GH¢ **The Group 2021**	**Land and Building**	**Computers**	**Furniture and Equipment**	**Motor Vehicles**	**Assets Refurbishment**	**Right -of- Use Assets**	**Capital Work in Progress**	**Total**
Cost/valuation								
At 1 January	45,455	27,731	39,392	17,004	6,332	45,605	29,924	211,443
Additions	-	953	2,739	4,053	-	10,941	25,979	44,665
Disposals	(6,033)	(60)	(12)	(624)	-	(1,309)	-	(8,038)
Transfers	-	-	3,456	-	18,255	-	(21,711)	-
At 31 December	**39,422**	**28,624**	**45,575**	**20,433**	**24,587**	**55,237**	**34,192**	**248,070**
Accumulated Depreciation								
At 1 January	4,800	24,575	29,679	12,041	3,327	14,831	-	89,253
Charge for the year	658	2,006	3,358	2,281	2,310	9,657	-	20,270
Disposals	(13)	(60)	(12)	(623)	-	(1,309)	-	(2,017)
At 31 December	**5,445**	**26,521**	**33,025**	**13,699**	**5,637**	**23,179**	**-**	**107,506**
Carrying amount	**33,977**	**2,103**	**12,550**	**6,734**	**18,950**	**32,058**	**34,192**	**140,564**

28. Property and equipment (cont'd)

The Group revalued its land and building at the end of December 2021 and effectively recognized in 2022. The assets revaluation exercise was undertaken by one of the Group approved independent valuers. The revaluation resulted in the recognition of a surplus of GHS51.24 million (2021: Nil) and a corresponding additional depreciation of GHS1.92 million.

In accordance with Section 156 of the Banks and Specialised Deposit-Taking Institutions Act, 2016, Act 930, the composition of the Group's Net Own Funds shall exclude surplus arising from the revaluation. Further, the revaluation surplus is not distributable to shareholders.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Cost	**17,554**	**17,554**	17,554	17,554
Accumulated depreciation	**(3,529)**	**(3,529)**	(3,178)	(3,178)
Net carrying amount	**14,025**	**14,025**	14,376	14,376

Profit / loss on disposal

	2022		2021	
	Bank	Group	Bank	Group
Gross book value	**1,613**	**1,729**	7,966	8,038
Accumulated depreciation	**(1,208)**	**(1,324)**	(1,945)	(2,017)
Net book value	**405**	**405**	6,021	6,021
Sale proceeds	**1,133**	**1,133**	8,310	8,310
Profit / (loss) on disposal	**728**	**728**	2,289	2,289

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year ended December 31, 2022 (December 31, 2021: nil). Also, there were no restrictions on title and no property and equipment has been pledged as security for a liability as at December 31, 2022 (December 31, 2021, Nil)

29. Deposits from banks

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Money market deposits	-	-	45,016	45,016
	-	-	45,016	45,016

All the deposits from Banks are current. (2021: Nil)

30a. Deposits from customers

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Retail & corporates customers:				
Term deposits	**1,299,848**	**1,289,848**	1,104,670	1,090,591
Current deposits	**1,835,837**	**1,824,101**	1,420,986	1,414,298
Others	**861,998**	**861,998**	599,398	599,398
Financial institution customers;				
Term deposit	**37,215**	**37,215**	13,560	13,560
Current deposit	**55,383**	**55,383**	26,465	26,465
	4,090,281	**4,068,545**	3,165,079	3,144,312

30b. Analysis of deposits from customers

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Current	**1,891,220**	**1,884,532**	1,447,451	1,440,763
Non-current	**2,199,061**	**2,184,013**	1,717,628	1,703,549
Total	**4,090,281**	**4,068,545**	3,165,079	3,144,312

The ratio of the 20 largest deposits to total deposits for the current financial year is 33.37% (2021 37.74%).

31. Borrowings

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
Ghana International Bank (i)	-	-	45,154	45,154
IFC loan (ii)	**88,123**	**88,123**	91,452	91,452
	88,123	**88,123**	136,606	136,606

The movement on borrowings is as follow:

	2022		2021	
	Bank	Group	Bank	Group
At 1 January	**136,606**	**136,606**	117,633	117,633
Addition	-	-	78,935	78,935
Interest charged	**7,058**	**7,058**	5,381	5,381
Repayment	**(91,870)**	**(91,870)**	(64,212)	(64,212)
Exchange difference	**45,093**	**45,093**	5,210	5,210
Interest paid	**(8,764)**	**(8,764)**	(6,341)	(6,341)
At 31 December	**88,123**	**88,123**	136,606	136,606

	2022		2021	
	Bank	Group	Bank	Group
Current	**45,243**	**45,243**	76,545	76,545
Non-current	**42,880**	**42,880**	60,061	60,061
	88,123	**88,123**	136,606	136,606

(i) Ghana International Bank

The Ghana International Bank loan was an unsecured term loan of US$30 million contracted for General Corporate Purpose at an interest rate of Libor plus 3.75%. The first drawdown was for the sum of US$10 million in September 2021. The facility was repaid in quarterly principal repayment of US$2.5 million from the first drawdown and a final bullet repayment of the outstanding balance during the financial year under review. There were no breach of any of the covenants underlying this facility.

(ii) International Financial Corporation (IFC) Loan

Republic Bank (Ghana) PLC executed a US$40.00 million loan agreement with the International Financial Corporation (IFC) on June 27, 2019, with an initial repayment date of December 15, 2023, and subsequently reviewed to August 15, 2024. Drawdown for the first tranche of the facility was for US$20.00 million in 2020 at a Six (6) month Libor rate plus and a spread of 3.75% per annum. The facility is unsecured.

The facility is to be used by Republic Bank (Ghana) PLC exclusively for financing Eligible Sub-projects and as of the reporting period, there had not been a breach of any of the covenants underlying this facility.

32a. Bonds

In thousands of GH¢	2022		2021	
	Bank	Group	Bank	Group
At 1 January	**80,849**	**80,849**	79,556	79,556
Bonds issued	-	-	18,000	18,000
Interest charged	**17,142**	**17,142**	15,389	15,389
	97,991	**97,991**	112,945	112,945
Redemptions	-	-	(18,201)	(18,201)
Interest paid	**(16,310)**	**(16,310)**	(13,895)	(13,895)
At 31 December	**81,681**	**81,681**	80,849	80,849

Analysis by type of bond:

	2022		2021	
	Bank	Group	Bank	Group
SSNIT Bonds – Treasury linked	**81,681**	**81,681**	80,849	80,849
Total Ghana cedi bonds at 31 December	**81,681**	**81,681**	80,849	80,849

	2022		2021	
	Bank	Group	Bank	Group
Current	**5,681**	**5,681**	4,849	4,849
Non- Current	**76,000**	**76,000**	76,000	76,000
Total Ghana cedi bonds at 31 December	**81,681**	**81,681**	80,849	80,849

SSNIT - Pilot Scheme

(i) The Treasury linked bond is also for 20yrs. The rate is a 2-year Treasury bill rate plus a spread of 2.5%. Coupons are paid semi-annually. The balance on the bond account as at December 31, 2022 was at a principal value of GH¢76.00 million (December 31, 2021, GH¢76.00 million). Settlement of the bonds shall be made in cash.

32b. Other liabilities

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Creditors	**132,133**	**139,131**	95,936	107,796
ECL Provision on contingent liabilities	**1,798**	**1,798**	1,797	1,797
Dividend payable (Note 40)	**9**	**9**	9	9
	133,940	**140,938**	97,742	109,602

The creditors balance includes the following:

	2022		2021	
	Bank	**Group**	**Bank**	**Group**
Payment order	**32,131**	**32,131**	2,176	2,176
Deferred commission & fees	**1,303**	**1,303**	1,423	1,423
Account payable	**78,754**	**84,373**	65,622	75,241
Lease liability	**18,298**	**19,329**	19,313	21,027
Sundry payable	**1,647**	**1,994**	7,402	7,929
	132,133	**139,131**	95,936	107,796

Creditors are non-interest bearing, non-secured.

In thousands of GH¢

	2022		2021	
	Bank	**Group**	**Bank**	**Group**
Current	**116,687**	**123,050**	80,111	90,594
Non-current	**15,446**	**16,081**	17,612	18,999
	132,133	**139,131**	97,723	109,593

32c. Lease Liability

	2022		2021	
	Bank	**Group**	**Bank**	**Group**
Balance as at 1 January	**19,313**	**21,027**	13,088	15,703
Additions	**2,033**	**2,033**	6,397	6,397
Interest expense	**952**	**1,083**	1,058	1,061
Payments made during the period	**(8,957)**	**(9,927)**	(1,082)	(1,967)
Interest payment	**(354)**	**(371)**	(287)	(307)
Foreign exchange losses	**5,311**	**5,484**	139	140
Balance as at 31 December	**18,298**	**19,329**	19,313	21,027

32c. Lease Liability

Amount recognised in profit or loss

	2022		2021	
	Bank	**Group**	Bank	Group
Interest expense	**952**	**1,083**	1,058	1,201
Expenses relating to short-term leases	**2,374**	**2,374**	2,793	2,793
Foreign exchange losses	**5,311**	**5,484**	139	-

Amounts recognized in statement of cash flows

Total cash outflows for lease	**9,311**	**10,298**	1,369	2,274

33. Stated capital

The Bank has authorised shares of 1,000,000,000 out of which 851,966,373 have been issued (2021: 851,966,373) at no par value. The movement in stated capital is as follows:

In thousands of GH¢	2022		2021	
	No. of shares	**Proceeds GH¢'000**	No. of shares	Proceeds GH¢'000
At 1 January	**851,966**	**401,191**	851,966	401,191
Ordinary shares issued	**-**	**-**	-	-
31 December	**851,966**	**401,191**	851,966	401,191

There are no calls or instalments unpaid. There are no treasury shares (2021: Nil).

The ordinary shareholders are entitled to receive dividend as declared by the Board from time to time and are entitled to one vote per share at meetings of the Bank. The ordinary shares rank equally with regard to the Bank's residual assets.

34. Income surplus

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
At 1 January	**24,372**	**53,882**	(14,477)	8,495
Profit / (loss) for the year	**(66,837)**	**(63,679)**	81,698	88,236
Movement from / (to) regulatory credit risk reserve	**(150,425)**	**(150,425)**	(2,000)	(2,000)
Transfer to statutory reserve	**-**	**-**	(40,849)	(40,849)
At 31 December	**(192,890)**	**(160,222)**	24,372	53,882

35. Statutory reserve fund

Statutory reserve represents the cumulative amounts set aside from annual net profit after tax as required by Section 34 of the Banks and Specialised Deposit–Taking Institutions Act, 2016 (Act 930). The proportion of net profits transferred to this reserve ranges from 12.5% to 50% of net profit after tax depending on the ratio of existing statutory reserve fund to paid up capital.

36. Revaluation reserve

The revaluation reserve relates to the unrealised surplus on the revaluation of buildings which is non-distributable. The balance is net of deferred tax of GH¢14.51 million (2021: GH¢7.07 million).

37. Regulatory credit risk reserve

Regulatory credit risk reserve represents differences in loan loss provisioning resulting from the application of IFRS impairment rules and the credit loss provisioning rules of Bank of Ghana (BOG).

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
Impairment allowance per BoG guidelines	**383,435**	**383,435**	190,840	190,840
Impairment allowance per IFRS (Note 21c)	**(186,562)**	**(186,562)**	(144,392)	(144,392)
Credit risk reserve - December 31	**196,873**	**196,873**	46,448	46,448

38. Housing development assistance reserve

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
At 31 December	**744**	**744**	744	744
	744	**744**	744	744

The housing development assistance reserve has been set up by management to fund housing related research and new technologies when the need arises and is as such not available for distribution to shareholders.

39. Non-controlling interest

In thousands of GH¢	**2022**	2021
	Group	Group
At 1 January	**6,647**	5,006
Share of net profit	**2,552**	1,641
Dividend	**(557)**	-
At 31 December	**8,642**	6,647

The non-controlling interest is not material to the Group.

40. Dividend

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
At 1 January	**9**	**9**	9	9
Dividend paid in the year	**-**	**-**	-	-
At 31 December	**9**	**9**	9	9

The payment of dividend is subject to the deduction of withholding tax at a rate of 8% for residents and non-residents (2020: 8%).

41. Ghana Domestic Debt Exchange Programme

Ghana is facing a very challenging economic situation amid an increasingly difficult global economic environment. These adverse developments have exposed Ghana to a surge in inflation, a significant exchange rate depreciation and increased stress on the financing of the government's budget. The latest debt sustainability analysis demonstrated that Ghana is faced with a significant financing gap over the coming years and that the country's public debt is unsustainable. The country was downgraded by ratings agencies several times in 2022. During the last quarter of 2022, negotiations took place between the government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye Trust Plc bonds excluding Treasury bills(T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest).

The terms of the exchange are set out in the GDDEP memorandum issued on 5 December 2023 which was updated several times with changes to the number of bonds, maturity, and coupon rates of the new "replacement" bonds. The final exchange memorandum was issued on 3 February 2023 with an ultimate offer expiration date set to 10 February 2023 and the ultimate Settlement Date set to 21 February 2023.

Only Eligible Bonds listed under "Eligible Bonds" in the Exchange Memorandum were eligible for exchange for New Bonds in the Invitation to Exchange. This includes bonds issued be the Republic of Ghana and bonds issued by E.S.L.A. Plc ('ESLA') and Daakye Trust Plc ('Daakye'), which are both special purpose entities set up by the government of Ghana.

Eligible Holders were split into three different categories depending on whether they are Collective Investment Schemes (CIS) Holders or Individual Holders below the age of 59 years eligible as of 31st January 2023 (Category A), Individual Holders aged 59 years or older as of 31st January 2023 (Category B) or other Eligible Holders (General Category). The Bank falls within the General Category.

In exchange for Eligible bonds maturing in 2023, General Category Holders received seven (7) New General Bonds, maturing one per year consecutively from and including 2027 through to and including 2033. Similarly, in exchange for Eligible bonds maturing after 2023, General Category Holders received twelve (12) New General Bonds, maturing one per year consecutively from and including 2027 through to and including 2038.

The amount eligible for the exchange was the principal amount of the eligible bonds outstanding after 31 January 2023 and accrued interest up to the Settlement Date which was due for payment after 31 January 2023.

Interest on the New Bonds will be paid in cash ("Cash Interest"), except for interest accrued from the settlement date to 21 February 2025. During this period, a specified portion of the interest will be settled in cash and the remainder capitalised by adding the amount to the principal amount (the "PIK Interest") and settled on the maturity of the New General bond. The coupon rates on the twelve New General Bonds range from 8.35% to 10%.

Coupon rates for all eligible bonds were substantially changed, and the maturity of the new bonds (replacing the respective old bonds) were significantly extended compared to the old bonds.

41. Ghana Domestic Debt Exchange Programme (cont'd)

Bonds eligible for exchange

The Bank participated in the exchange programme on February 7, 2023 and received the new bonds on 21 February 2023. The Bank tendered an offer for exchange for GHS 532.82 million worth of eligible bonds and received the equivalent amount of twelve new bonds on the settlement date.

The table below details the bonds held by the bank which were eligible for the exchange programme. This table does not include details on bonds which matured in January 2023 amounting to GHS17.47 million in face value with a carrying amount of GHS 17.45 as at 31 December 2022. These bonds were settled by the Government of Ghana at their maturity dates.

Bond type	Value of Bonds Exchanged at 21 Feb 2023	Gross Carrying Amount at 31 Dec 2022
GOG Bonds	371,694	362,065
ESLA Bond	80,961	78,784
Daakye Bond	80,168	77,928
Total	**532,823**	**518,777**

The table below details the bonds held by the Bank which were eligible for the exchange programme based on the classification at which they are held in these financial statements. This table includes the carrying amounts held as at 31 December 2022, the impairment losses arising from the exchange programme (refer to Note 21d) for the year ended 31 December 2022.

Bond	Value of Bonds Exchanged at 21 Feb 2023	Gross Carrying Amount at 31 Dec 2022	Impairment Allowance at 31 Dec 22	Carrying Amount at 31 Dec 2022	Impairment Charge for the y.e. 31 Dec 22
Amortised Cost	532,823	518,777	**150,965**	367,812	**150,965**

Impairment of eligible bonds measured at amortised cost

As at 31 December 2022, it is evident that Ghana is facing financial difficulties, with its sovereign debt trading at significant discounts. The announcement of the GDDEP and the downgrade of the country's rating to 'selective default' (Standard & Poors) by the rating agencies in 2022 further evidences the country's financial challenges. In this regard, exposures to Government of Ghana (including T Bills, Cocoa bills, Local US$ Bonds and Eurobonds), ESLA and Daakye were considered credit impaired at the reporting date and were downgraded to stage 3.

For bonds eligible for exchange and measured at amortised cost, impairment is assessed based on the fair value of the new bonds issued under the debt exchange programme at the settlement date discounted to the reporting date using the effective interest rate of the eligible bonds (see accounting policy Note 5).

The fair value of the new bonds is estimated using discounted cash flow techniques, applying rates from the yield curve that was constructed from market information and data available at the date of measurement to discount the expected cash flows from the new bonds as outlined in the exchange memorandum.

The data considered in the construction of the yield curve includes traded prices, indicative broker quotes and evaluated prices from pricing services over the period from 30 December 2022 to 3 March 2023. The weighted-average yield-to-maturity applied in discounting the cashflows of the new bonds to be issued under the exchange programme on 21 February 2023 is 15.70% resulting in a fair value of GHS 367.81 million for the bonds held at amortised cost.

41. Ghana Domestic Debt Exchange Programme (cont'd)

Sensitivity of ECL on Eligible Bonds to Yield-to-Maturity Rates

The ECL on the eligible bonds are sensitive to judgements and assumptions made regarding the choice of yield-to-maturity rate applied in discounting the cashflows of the new bonds to be issued under the exchange programme. Management performs a sensitivity analysis on the ECL recognised on these assets. A 100bp parallel rise in the yield curve at the measurement date, holding other assumptions constant, would have increased the loss allowance on the eligible bonds by GHS 18.18 million. A 100bp fall in the yield curve would have an equal effect in the opposite direction.

Subsequent events

The exchange will be considered a substantial modification of the eligible bonds requiring derecognition at the settlement date of these assets for the following reasons:

— Each individual bond eligible and participating in the exchange programme will be replaced by a uniform series of identical new bonds with the same relative proportion in terms of maturities and in sum the same aggregate amount of the respective old bond.

— Coupon rates for all eligible bonds will be substantially changed; and

— The maturity of the new bonds (replacing the respective old bonds) will be significantly extended compared to the old bonds

On February 7, 2023, the Bank participated in the exchange programme and received the new bonds on 21 February 2023. The Bank tendered an offer for exchange for GHS 532.82 million worth of eligible bonds and received the equivalent amount of twelve new bonds on the settlement date.

Subsequent to the year-end but before the financial statements were authorised for issue, the Bank derecognised the existing bonds eligible for exchange and recognised the new bonds at fair value in its 2023 financial period.

Other Government Exposures

The Bank also held other government exposures such as treasury bills, USD denominated local notes, cocoa bills and Eurobonds. The Bank is indirectly exposed to the Government through loan to a State-Owned Company, with independent source of income, but with Central Government's guarantee.

The Government in a public statement (through an FAQ related to the GDDEP) intends to exchange domestic non-marketable debt and Cocoa bills, under comparable terms at a later stage. The Government also intends to exchange USD denominated local notes at a later stage. External debt restructuring parameters will be renegotiated in due course.

On 19 December 2022, the Ministry of Finance suspended debt service on external debt until renegotiations take place. External debts include Euro Bonds and other external foreign currency denominated debts.

On 23 January 2023, the Bank of Ghana unilaterally rolled over cocoa bills that were due to mature.

These events, in addition to the announcement of the GDDEP and the downgrade of the country, provide evidence that other government exposures are credit-impaired.

41. Ghana Domestic Debt Exchange Programme (cont'd)

Other direct government exposures held at amortised cost

Instrument Type	Gross Carrying Amount at 31 Dec 2022	Impairment Allowance at 31 Dec 2022	Carrying Amount at 31 Dec 2022	Impairment Charge for the y.e. 31 Dec 2022
Eurobonds	12,903	3,710	9,193	3,710
BoG 14-Day Bills	327,008	-	327,008	-
Cocoa Bills	376,580	5,808	370,772	5,808
Treasury Bills	348,198	5,550	342,648	5,550
	1,064,689	**15,068**	**1,049,621**	**15,068**

Impairment of other government exposures measured at amortised cost

Other direct government exposures are assessed to be credit-impaired and thus assigned a PD of 100%.

The determination of the LGD is based on an empirical analysis of recovery rates observed at the African level on the sovereign debt of countries that have defaulted. This analysis was based on the report produced by Moody's Investors Service, Sovereign default and recovery rates from 1981-2021.We have considered default events over the last 10 years (2021 – 2011). Beyond this period, we consider that recovery rates would not be indicative of current recovery potential because the economic context is very different.

a. For treasury bills issued in local currency that have reached maturity at the date of authorisation of these financial statements and have been settled by the Government of Ghana, having observed a 100% recovery rate was assigned an LGD of 0%.

b. For exposures that are outstanding at the date of authorisation these financial statements and the Government has not defaulted on, we formulated two scenarios: a scenario where a loss occurs and a scenario where no loss occurs. The probability weightings applied to these scenarios are as follows

Instrument	Scenario where a loss occurs	Scenario where no loss occurs
Treasury Bills	12.35%	87.65%
Cocoa Bills	12.35%	87.65%
USD denominated local notes	50%	50%

Indirect government exposures

The Bank did not have significant indirect exposure to the Government of Ghana through loans and other credit exposures to enterprises conducting business activities which significantly depend on income sources from the Government.

42. Value Added Statements for the year ended 31 December 2022

In thousands of GH¢	2022		2021	
	Bank	**Group**	Bank	Group
Interest earned and other operating income	**696,187**	**748,747**	549,948	592,076
Direct cost of services	**(235,904)**	**(233,842)**	(182,645)	(181,545)
Value added by banking services	**460,283**	**514,805**	367,303	410,531
Non-banking income	**33,300**	**36,298**	12,667	15,474
Impairment charge	**(237,662)**	**(241,607)**	(19,549)	(20,447)
Value added	**255,921**	**309,496**	360,421	405,558
Distributed as follows				
To employees:				
Non-executive directors	**3,127**	**4,003**	1,449	1,625
Executive directors	**2,406**	**3,580**	1,575	1,940
Other employees	**157,498**	**186,374**	132,464	152,679
To Government:				
Income tax	**40,732**	**45,932**	43,951	47,520
To shareholders:				
Dividends to shareholders	**-**	**557**	-	-
To expansion and growth:				
Depreciation	**22,519**	**24,260**	18,673	20,270
Amortisation	**2,458**	**2,674**	2,540	2,594
Other operating expenses	**94,018**	**103,800**	78,071	89,053
To Income surplus	**(66,837)**	**(61,684)**	81,698	89,877

43. Contingent liabilities and commitments

The Bank conducts business involving acceptances, guarantees and performance bonds. The majority of these facilities are offset by corresponding obligations of third parties. The table below shows outstanding commitments at the reporting date:

In thousands of GH¢	**Bank 2022**	**Group 2022**	Bank 2021	Group 2021
Letters of credit	**9,442**	**9,442**	37,600	37,600
Guarantees and bonds	**118,279**	**118,279**	123,907	123,907
Loan commitments	**126,505**	**126,505**	98,435	98,435
Total exposure	**254,226**	**254,226**	259,942	259,942

All contingent liabilities and commitments are current. There were no instruments or commitments pending drawdown as at the end of December, 2022. (December 31, 2021, Nil).

The contingent liabilities are largely cash- backed and expected credit loss for the period was GH¢1.80 million (2021: GH¢1.79 million).

Nature of commitments

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

Letters of credits commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by the Bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customers default.

Legal Proceedings

There were a number of legal proceedings outstanding against the Group as at 31 December 2022. If defence against legal action is unsuccessful, potential liabilities estimated at GH¢0.40 million would be payable (2021: GH¢0.50 million).

The above information also relates to the Bank.

44. Related party transactions

A number of transactions are entered into with related parties in the normal course of business.

i) Transactions with directors, key management personnel and connected persons

Short term employee benefits

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
Salaries and other short-term benefits	**3,400**	**4,420**	3,639	4,439
Employer Social Security charges	**563**	**742**	211	336
	3,963	**5,162**	3,850	4,775
Directors' emoluments	**5,533**	**7,583**	3,024	3,565

44. Related party transactions

Loans and advances to Key Management Personnel and Directors

Loans and advances to key management personnel outstanding as at 31 December 2022 is GH¢ 909,106 (2021: GH¢ 2,027,643). Interest income on these loans amounted to GH¢ 177,696 (2021: GH¢ 52,112). No impairment losses have been recorded in respect of these loans.

The Group granted short-term personal loan for the sum of GH¢ 230,000 to a director in 2021 and none during the period under review. The facility was for a period of five years and as at December 31, 2022 the balance on the account was GH¢ 178,570 (2021: GH¢ 222,924). In October 2022, there was renewal and enhancement of overdraft to Ashong Benjamin & Associates.

Directors' shareholdings as at 31 December 2022 and 2021

	2022		2021	
	Shares	% of issued share capital	Shares	% of issued share capital
Mr. Charles William Zwennes	**317,273**	**0.040**	317,273	0.040
Ebenezer Tetteh Tagoe	**23,702**	**0.003**	21,352	0.003
Total	**340,975**	**0.043**	338,625	0.043

ii) Transactions with parent company, subsidiaries and other related companies

Name of related party	Relationship
Republic Financial Holdings Ltd (Trinidad & Tobago)	Ultimate Parent and Parent Company of Republic Bank (Ghana) PLC.
Social Security National Insurance Trust	Minority Shareholder
Republic Investment (Gh.) Limited	Wholly owned subsidiary
HFC Realty Limited	Wholly owned subsidiary
Republic Securities Limited	Wholly owned subsidiary of Republic Investments Ltd
Republic Boafo Limited	51% equity holding
UG-HFC	60% equity holding
St. Patrick Estate Limited	Indirect control
Republic Trust Limited Company	Wholly owned subsidiary

Loans to related parties

No funds were advanced to the subsidiaries, associates or related entities during the year under review and there were no outstanding loans and advances balance at the end of the year. (2021: Nil)

44. Related party transactions (cont'd)

Borrowings from related party

The outstanding balance of bonds from Social Security and National Insurance Trust (SSNIT) as at 31 December 2022 was GH¢81.68 million (2021: GHS 80.85 million). Note 32a of these financial statements provides details on interest charge, payments during the year and other terms on the bonds.

iii) Related parties deposits

Deposits from related parties includes deposits from HFC Realty Limited, Republic Boafo Limited, Republic Investment Ghana Limited, Republic Securities Limited, Republic Financial Holdings Limited, Directors and Key Management Personnel.

A. Related parties deposits– Parent and subsidiaries

In thousands of GH¢	2022						
	Republic Financial Holdings Ltd.	**Republic Investments Gh. Ltd.**	**Republic Boafo Gh. Ltd.**	**HFC Realty Gh. Ltd.**	**HFC Venture Capital Fund**	**Republic Trust**	**Social Security & National Insurance Trust**
Deposit at 1 January	**20,242**	**1,809**	**10,626**	**3,731**	**89**	**1,020**	**35,108**
Deposit received during the year	**170**	**442,600**	**44,374**	**5,486**	**-**	**3,214**	**917,774**
Interest expenses / exch. Loss	**8,216**	**39**	**364**	**428**	**34**	**-**	**385**
Withdrawals during the year	**-**	**(440,240)**	**(42,070)**	**(5,715)**	**-**	**(1,835)**	**(947,244)**
Deposit at 31 December	**28,628**	**4,208**	**13,294**	**3,930**	**123**	**2,399**	**6,023**

In thousands of GH¢	2021						
	Republic Financial Holdings Ltd.	**Republic Investments Gh. Ltd.**	**Republic Boafo Gh. Ltd.**	**HFC Realty Gh. Ltd.**	**HFC Venture Capital Fund**	**Republic Trust**	**Social Security & National Insurance Trust**
Deposit at 1 January	19,402	1,565	7,319	4,004	97	-	62,729
Deposit received during the year	55	64,913	76,916	16,255	-	1,500	212,298
Interest expenses / exch. Loss	785	3,623	3,082	41	(8)	20	1,101
Withdrawals during the year		(68,292)	(76,692)	(16,569)	-	(500)	(241,020)
Deposit at 31 December	20,242	1,809	10,626	3,731	89	1,020	35,108

44. Related party transactions (cont'd)

B. Related parties' deposits – Directors and key management

	2022		2021	
	Bank	**Group**	Bank	Group
Deposit at 1 January	**348**	**384**	1,490	1,680
Deposit received during the year	**11,455**	**12,546**	4,106	5,449
Interest expenses / exch. Loss	**13**	**25**	93	103
Withdrawals	**(10,612)**	**(11,703)**	(5,341)	(6,848)
Deposit at 31 December	**1,204**	**1,252**	348	384

iv) Due to related parties

	2022	2021
Republic Boafo Limited	**3,777**	2,683

During the year, Republic Boafo Limited provided services to the Bank for a total fees and commission of GHS37.15 million (2021: GHS26.21). The amount payable relates to fees and commission due to Republic Boafo Limited for the December 2022 services provided to the Bank. (2021: GH¢2.6 million).

v) Due from related parties

	2022	2021
Republic Boafo Limited	**-**	40
Republic Financial Holdings	**31**	-
Republic Trust Company Limited	**2,295**	598
Total	**2,326**	638

The amount due from Republic Boafo Limited was settled during the year.

45. Country analysis

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

Bank

In Thousands of GH¢	2022		2021	
Assets	**In Ghana**	**Outside Ghana**	In Ghana	Outside Ghana
Cash and cash equivalents	**1,659,649**	**100,278**	**890,024**	56,031
Investment securities at FVOCI	**11,185**	-	**17,661**	-
Pledged assets	**34,148**	-	**74,406**	-
Investment securities	**1,015,786**	-	**1,243,178**	-
Loans and advances to customers	**1,958,017**	-	**1,747,995**	-
Investments in subsidiaries	**13,543**	-	**13,543**	-
Current income tax	**14,009**	-	**-**	-
Deferred tax assets	**25,134**	-	**19,877**	-
Intangible assets	**6,143**	-	**9,150**	-
Other assets	**22,762**	-	**17,273**	-
Property, plant and equipment	**218,412**	-	**137,121**	-
Total assets	**4,978,788**	**100,278**	**4,170,228**	**56,031**

45. Country Analysis (cont'd)

Group

Liabilities	**2022**		2021	
	In Ghana	**Outside Ghana**	In Ghana	Outside Ghana
Deposits from banks	-	-	45,016	-
Deposits from customers	**4,090,281**		3,165,079	-
Borrowings	-	**88,123**	-	136,606
Current tax liabilities	-	-	1,078	-
Deferred tax liabilities	**23,517**	-	9,957	-
Bonds	**81,681**	-		
Other liabilities	**133,940**	-	178,591	-
Total liabilities	**4,329,419**	**88,123**	3,399,721	136,606

Assets	**2022**		2021	
In Thousands of GH¢	**In Ghana**	**Outside Ghana**	In Ghana	Outside Ghana
Cash and cash equivalents	**1,659,659**	**100,278**	890,031	56,031
Investment securities at FVOCI	**11,185**	-	17,661	-
Pledged assets	**34,148**	-	74,406	-
Investment securities	**1,042,752**	-	1,270,233	-
Loans and advances to customers	**1,958,017**	-	1,747,995	-
Current income tax	**13,575**	-	-	-
Deferred tax assets	**25,835**	-	20,305	-
Intangible assets	**6,308**	-	9,315	-
Other assets	**30,823**	-	26,549	-
Property, plant and equipment	**223,222**	-	140,564	-
Total assets	**5,005,524**	**100,278**	4,197,059	56,031

Liabilities	**2022**		2021	
In Thousands of GH¢	**In Ghana**	**Outside Ghana**	In Ghana	Outside Ghana
Deposits from banks	-	-	45,016	-
Deposits from customers	**4,068,545**	-	3,144,312	-
Borrowings	-	**88,123**	-	136,606
Current tax liabilities	-	-	495	-
Deferred tax liabilities	**23,681**	-	10,121	-
Bonds	**81,681**	-		
Other liabilities	**140,938**	-	190,451	-
Total liabilities	**4,314,845**	**88,123**	3,390,395	136,606

46. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

Bank – 2022

In thousands of GHS	At FVTPL	At FVOCI	Amortized cost	Total carrying amount
Cash and cash equivalents	-	-	1,759,927	1,759,927
Investment securities at FVOCI	-	11,185	-	11,185
Pledged assets	-	-	34,148	34,148
Investment securities	52,055	-	963,731	1,015,786
Loans and advances to customers	-	-	1,958,017	1,958,017
Other assets	-	-	9,619	9,619
Total financial assets	52,055	11,185	4,725,442	4,788,682
Deposits from customers	-	-	4,090,281	4,090,281
Borrowing	-	-	88,123	88,123
Bonds	-	-	81,681	81,681
Other liabilities	-	-	114,148	114,148
Total financial liabilities	-	-	4,374,233	4,374,233

Group – 2022

In thousands of GHS	At FVTPL	At FVOCI	Amortized cost	Total carrying amount
Cash and cash equivalents	-	-	1,759.937	1,759,937
Investment securities at FVOCI	-	11,185	-	11,185
Pledged assets	-	-	34,148	34,148
Investment securities	62,867	-	979.885	1,042,752
Loans and advances to customers	-	-	1,958,017	1,958,017
Other assets	-	-	10,431	10,431
Total financial assets	62,867	11,185	4,742,418	4,816,470
Deposits from customers	-	-	4,068,545	4,068,545
Borrowing	-	-	88,123	88,123
Bonds	-	-	81,661	81,661
Other liabilities (incl. bonds)	-	-	118,419	118,419
Total financial liabilities	-	-	4,352,768	4,352,768

46. Classification of financial assets and financial liabilities (cont'd)

Bank – 2021

In thousands of GHS	At FVOCI	At FVTPL	Amortized cost	Total carrying amount
Cash and cash equivalents	-	-	946,055	946,055
Investment securities at FVOCI	-	17,661	-	17,661
Pledged assets	-	-	74,406	74,406
Investment securities	54,116	-	1,189,062	1,243,178
Investment in subsidiaries	-	-	13,543	13,543
Loans and advances to customers	-	-	1,747,995	1,747,995
Other assets	-	-	6,882	6,882
Total financial assets	**54,116**	**17,661**	**3,977,943**	**4,049,720**
Deposits from banks	-	-	45,016	45,016
Deposits from customers	-	-	3,160,828	3,160,828
Borrowing	-	-	136,606	136,606
Other liabilities (incl. bonds)	-	-	158,323	158,323
Total financial liabilities	**-**	**-**	**3,500,773**	**3,500,773**

Group – 2021

In thousands of GHS	**At FVTPL**	**At FVOCI**	**Amortized cost**	**Total carrying amount**
Cash and cash equivalents	-	-	946,062	946,062
Investment securities at FVOCI	-	17,661	-	17,661
Pledged assets	-	-	74,406	74,406
Investments securities	63,111	-	1,207,122	1,270,233
Loans and advances to customers	-	-	1,747,995	1,747,995
Other assets	-	-	12,857	12,857
Total financial assets	**63,111**	**17,661**	**3,988,442**	**4,069,214**
Deposits from banks	-	-	45,016	45,016
Deposits from customers	-	-	3,144,312	3,144,312
Borrowing	-	-	136,606	136,606
Other liabilities (incl. bonds)	-	-	167,992	167,992
Total financial liabilities	**-**	**-**	**3,493,926**	**3,493,926**

47. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Risk Management and Compliance Department regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of the Risk Management and Compliance Department is to ensure that the Group's operations are carried out in a manner to ensure that risks are balanced with rewards. The Risk Management and Compliance Department ensures that the Group complies with all prudential and regulatory guidelines in the pursuit of profitable banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Risk is an inherent feature in the business activities of the Group and therefore the Group has put in place various mitigating measures to prevent their occurrence.

The Board of directors is the ultimate authority for approving large credit exposures. It has delegated certain limits in amounts for approval to the Finance and Credit committee.

Finance and credit committee of the Board

The Finance and credit committee is chaired by a non-executive director. It is vested with power to approve credits facility which is above the limit of the credit committee. In addition, this committee of the Board ensures that the Group's risk taking is consistent with shareholders' expectations and the Group's strategic plan.

The Credit committee, chaired by the Managing director, approves credit exposures with ceilings established by the Board of directors. Credit exposures are evaluated in line with the Group's strategic plan.

Assets and Liabilities Committee (ALCO)

The Assets and liabilities committee (ALCO), chaired by the Managing Director, monitor, compile and analyse market interest rates, exchange rates and inflation rate. ALCO analyse and report on trends in volumes and volatility of advances, deposits and investments.

ALCO also considers gap analysis and capital maturity reports by Treasury Department, with its recommendations.

The committee also monitors the Group's liquidity position and mandates the treasurer to undertake any necessary measures for changing the Group's liquidity position, if necessary. Decisions about repricing of interest rate charged out are undertaken to align the Group's risk and return.

Risk management framework

The Risk management and compliance department is guided by a set of policy and procedure manuals which have been instituted by the Board of directors and management. A comprehensive departmental manual has established a framework within which management effectively manages and controls risks. Tasks involved in the risk management functions are to identify, define, measure, control, monitor and mitigate potential events that could impair the ability of the Group to generate stable and sustainable financial results from its operations.

47. Financial risk management (cont'd)

Risk identification

All risks are qualitatively evaluated on a recurring basis and, where appropriate, evaluation including quantitative analysis is made. Management understands the degree and nature of risk exposures on decisions regarding allocation of resources. Risk assessment is validated by the risk department which also tests the effectiveness of risk management activities and makes recommendations for remedial action. The Group also identifies risk by evaluating the potential impact of internal and external factors business transactions and positions. Once the risks are identified various mitigating measures are put in place to regulate the degree of risks involved.

Risk monitoring, control and reporting

The Risk Management and Compliance department monitors, on a continuous basis, the Group's risks. Management is regularly updated on the risks likely to impact on the Group operations. The findings are reported at ALCO meetings and appropriate remedial actions are taken to control the risks identified.

Risk types

Through its risk management structure, the Group seeks to manage efficiently the core risks: credit, liquidity and market risk. These arise directly through the Group's commercial activities whilst compliance and regulatory risk, operational risk and reputational risks are normal consequences of any business undertaking.

Internal audit

The Group's policy is that risk management processes throughout the Group are audited by the internal audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit committee.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore manages its exposure to credit risk carefully. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off- statement of financial position instruments, such as loan commitments. The credit risk management and control are centralised in credit risk management team of the Group treasury department and report to the Board of directors.

In addition to direct financial loss, credit risk is viewed in the context of economic exposures, taking into consideration opportunity costs, mark-to-market re-valuations, transaction costs and expenses associated with recovering a non-performing asset over and above the accounting losses. Credit risk is mitigated by appropriate risk-based pricing, case-by-case loan structuring, collateralisation and contingencies to protect the Group's position.

In evaluating credit risk, the Group consistently assesses three principal components: portfolio at risk, expected default frequency and loss in the event of default.

47. Financial risk management (cont'd)

(i) Credit risk measurement

Loans and advances (including loan commitments and guarantees) and investment securities

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

1. the remaining lifetime probability of default (PD) as at the reporting date; with

2. the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

1. quantitative test based on movement in PD;

2. qualitative indicators; and

3. a backstop of 30 days past due

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower.

47. Financial risk management (cont'd)

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are; gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	Internally collected data on customer behaviour – e.g. utilisation of credit facilities	Payment record – this includes overdue status as well as a range of variables about payment ratios
Data from credit reference agencies, press articles, changes in external credit ratings	Affordability metrics	Utilisation of the granted limit
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities		

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending, in particular between wholesale and retail and other financial instruments.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling:

1. the remaining lifetime PD is determined to have increased by more than 10% of the corresponding amount estimated on initial recognition; or,
2. if the absolute change is annualised, lifetime PD since initial recognition is greater than 200 basis points.

In addition, irrespective of the relative increase since initial recognition, credit risk of an exposure is deemed not to have increased significantly if its remaining annualised lifetime PD at the reporting date is 100 basis point or less.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

47. Financial risk management (cont'd)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. A customer needs to demonstrate consistently good payment behaviour over a regulatory maximum of six (6) months before the exposure is no longer considered to be credit-impaired or in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

1.the criteria are capable of identifying significant increases in credit risk before an exposure is in default;

2.the criteria do not align with the point in time when an asset becomes 30 days past due; the average time between the identification of a significant increase in credit risk and default appears reasonable;

3.exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and

4.there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

The Group considers a financial asset to be in default when: –

1. the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
2. the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
3. it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

1. qualitative: e.g. breaches of covenant;
2. quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
3. based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: the base case and downside scenarios were assigned

relatively higher probability of occurring, and one less likely scenario which is upside was assigned a lower probability of occurring. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund and selected private-sector and academic forecasters.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management. For periods beyond five years, management utilises the inhouse research view and model outputs, which allow for a reversion to longterm growth rates or norms. All projections are updated on a quarterly basis.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for wholesale portfolios are; GDP growth, unemployment rates and interest rates. For exposures to specific industries and/or regions, the key drivers also include relevant commodity and/or real estate prices. The key drivers for credit risk for retail portfolios are; unemployment rates, house prices and interest rates.

The economic scenarios used as at 31 December 2022 included the following key indicators for Ghana for the years ending 31 December 2022 to 2026.

Indicators		Dec-22	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
Unemployment rates	Base	13.9%	13.9%	13.0%	11.7%	10.0%	11.9%
	Upside		12.7%	12.0%	10.4%	8.4%	10.0%
	Downside		12.7%	11.6%	10.6%	9.3%	11.4%
Average GDP growth	Base	3.5%	3.5%	2.8%	3.9%	4.9%	5.6%
	Upside		3.5%	2.1%	5.0%	5.9%	4.9%
	Downside		3.5%	3.5%	2.8%	3.9%	6.3%
Inflation	Base	54.1%	54.1%	18.9%	7.8%	6.0%	6.0%
	Upside		52.1%	16.9%	5.8%	4.0%	4.0%
	Downside		56.1%	20.9%	9.8%	8.0%	8.0%

The economic scenarios used for the 2021 ECL has been provided below

Indicators		2021	2022	2023	2024	2025	2026
Unemployment rate	Base	13.4%	11.3%	9.8%	8.1%	6.2%	7.9%
	Upside		11.0%	9.0%	7.2%	5.0%	6.9%
	Downside		11.6%	10.6%	9.0%	7.3%	8.9%
GDP growth	Base	5.3%	6.2%	4.7%	5.0%	5.8%	5.2%
	Upside		7.1%	6.2%	5.3%	6.6%	5.8%
	Downside		5.3%	3.2%	4.7%	5.0%	4.6%
Inflation	Base	12.6%	8.8%	8.0%	6.9%	6.2%	6.0%
	Upside		6.80%	6.0%	4.9%	4.2%	4.0%
	Downside		10.8%	10.0%	8.9%	8.2%	8.0%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 to 10 years.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances to customers assuming each forward-looking scenario (e.g. Base, Upside and Downside) were weighted 100% instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements. The amounts are inclusive of post-model adjustments, as appropriate to each scenario

FY - 2022

Loans staging / description	Gross loans & advances	Base	Upside	Downside	PD -weighted ECL
Stage -1	**1,547,816**	**30,129**	**30,082**	30,152	**30,134**
Stage -2	**171,161**	**10,572**	**10,567**	**10,577**	**10,572**
Stage -3	**425,602**	**145,856**	**145,856**	**145,856**	**145,856**
As at December 31, 2022	**2,144,579**	**186,557**	**186,505**	**186,585**	**186,562**
FY - 2021					
Stage -1	1,479,765	23,445	22,313	26,831	24,603
Stage -2	122,762	23,039	22,699	23,956	23,344
Stage -3	289,860	96,445	96,445	96,445	96,445
As at December 31, 2021	1,892,387	142,929	141,457	147,232	144,392
Expected loss allowance					
Stage -1		6,684	7,769	3,321	5,531
Stage -2		(12,467)	12,132)	(13,379)	(12,772)
Stage -3		73,088	78,871	78,871	78,871
For the year-end December 31, 2022		73,088	74,508	68,813	71,630
Proportion of loans in stage 2		6%	6%	6%	6%
2021					
Expected loss allowance					
Stage -1		362	861	1,903	2,663
Stage -2		10,902	9,925	11,406	7,806
Stage -3		9,080	9,080	9,080	9,080
For the year-end December 31, 2021		20,344	19,866	22,389	19,549
Proportion of loans in stage 2		17%	16%	18%	16%

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 5.4(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

1. its remaining lifetime PD at the reporting date based on the modified terms; with

2. the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 5.4(vii)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL

Modification following COVID-19 outbreak

In response to the coronavirus pandemic, the Group temporarily extended credit terms for specific customers on request and each customer that was granted an extension is closely monitored for credit deterioration.

Following the extension or modifications made, management evaluated the cash flows and concluded it was not substantially different from the contractual rights to cash flows from the original financial asset. Accordingly, the original financial assets were not derecognized. The objective of the extension was to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

The modification did not result in any gain or loss and no fees were received as part of the modification.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Modification following COVID-19 outbreak (cont'd)

The Group also identified potential high-risk customers who were considered to be severely impacted by the pandemic. The expected credit loss of these identified customers was increased by increasing their potential probability of defaults, to reflect the actual and expected impact of the COVID-19 pandemic. The additional impairment losses on these exposures recognised in the statement of comprehensive income was GHS2.52 million.'

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry or sector in which customers operate.

The risk management team has further enhanced the Group's credit policy under which each new customer is thoroughly analysed individually for creditworthiness before credit facilities are offered. The Group's review includes external ratings, financial statements, credit agency information, industry information and in some cases bank references.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

1. probability of default (PD);
2. loss given default (LGD); and
3. exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'. LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, Loan-to-Value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of ECL (cont'd)

However, for retail overdrafts facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect, but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL.

These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

1. instrument type;
2. credit risk gradings;
3. collateral type;
4. date of initial recognition;
5. remaining term to maturity; and
6. category of facility.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance

A reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument have been provided under Note 22 (d)

The loss allowance in the tables includes ECL on loan commitments for certain retail and corporate products such as overdrafts and commitments and letter of guarantees, because the Group cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Customers of the Group are segmented into six rating classes.

The table below shows the credit quality by class of loans and advances and investment securities.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of ECL (cont'd)

2022 – Bank / Group

Loans and advances at amortised

Internal rating	Limit in (days)	PD ranges	Stage 1	Stage 2	Stage 3	Total
Rating - R1 - R3	**<= 30**	**0 - 20.70%**	**1,547,816**		**-**	**1,547,816**
Rating - R4 - R5	**>= 30**	**20.71% - 99.99%**	**-**	**171,161**	**-**	**171,161**
Rating - R6	**>= 90**	**100%**	**-**	**-**	**425,602**	**425,602**
Gross carrying balance			**1,547,816**	**171,161**	**425,602**	**2,144,579**
Loss allowance			**(30,134)**	**(10,572)**	**(145,856)**	**(186,562)**
Carrying balance			**1,517,682**	**160,589**	**279,746**	**1,958,017**
Letter of credit and guarantees						
Carrying balance			**127,721**	**-**	**-**	**127,721**
Loss allowance			**(1,798)**	**-**	**-**	**(1,798)**
			125,923	**-**	**-**	**125,923**

2021 – Bank / Group

Internal rating	Limit in (days)	PD ranges	Stage 1	Stage 2	Stage 3	Total
Rating - R1 - R3	<= 30	0 - 20.70%	1,479,766	-	-	1,479,766
Rating - R4 - R5	>= 30	20.71% - 99.99%	-	122,761		122,761
Rating - R6	>= 90	100%	-	-	289,860	289,860
Gross carrying balance			1,479,766	122,761	289,860	1,892,387
Loss allowance			(24,603)	(23,344)	(96,445)	(144,392)
Carrying balance			1,455,163	99,417	193,415	1,747,995
Letter of credit and guarantees						
Carrying balance			161,507	-	-	161,507
Loss allowance			(1,797)	-	-	(1,797)
			159,710	-	-	159,710

Credit quality - Investment securities

In Thousands of GH¢

Bank – 2022	Stage 1	Stage 2	Stage 3	
	12 Month ECL	Lifetime ECL	Credit Impaired Financial Assets	**Gross maximum exposures**
Gross exposure	595,292	-	534,461	1,129,753
ECL	**(11,357)**	**-**	**(154,675)**	**(166,032)**
Net	**583,935**	**-**	**379,786**	**963,721**
Bank – 2021				
Gross exposure	1,189,062	-	-	1,189,062
ECL	-	-	-	-
Net	1,189,062	-	-	1,189,062

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Group – 2022	Stage 1	Stage 2	Stage 3	
Gross exposure	**606,503**	-	**549,607**	**1,156,110**
ECL	**(13,753)**	-	**(162,482)**	**(176,235)**
Net	**592,750**	-	**387,125**	**979,875**
Group – 2021				
Gross exposure	1,204,518	-	8,862	1,213,380
ECL	(2,396)	-	(3,862)	(6,258)
Net	1,202,122	-	5,000	1,207,122

The Group in addition to its rating scale, uses the loan classification guide as provided by the Central Bank in its assessments. The Central Bank classification guide, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

The Central Bank classification guide / rating is as follows:

Description of the grade	Number of days of delinquency
Current	Less than 1 month
Olem	Above 30 to 90 days
Sub-standard	Above 90 to 180 days
Doubtful	Above 180 to 365 days
Loss	Above 365 days

The following table sets out the credit analysis for loans and advances measured at amortised cost in accordance with the Central's Bank classification guide.

At 31 December 2022

Bank / Group	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
In Thousands of GH¢							
Loans and advances to financial institutions	**1,387**	-	-	-	**29,789**	**31,176**	-
Loans and advances to customers	**1,268,641**	**130,842**	**50,814**	**23,429**	**239,466**	**1,713,192**	**(446,128)**
Mortgage lending	**277,788**	**40,319**	**28,379**	**7,143**	**46,582**	**400,211**	-
Gross loans and advances	**1,547,816**	**171,161**	**79,193**	**30,572**	**315,837**	**2,144,579**	**(446,128)**

At 31 December 2021

Bank / Group	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
In Thousands of GH¢							
Loans and advances to financial institutions	196.00	-	-	-	30,011	30,207	-
Loans and advances to customers	1,220,623	135,425	82,269	68,169	61,405	1,567,891	(442,380)
Mortgage lending	238,478	7,805	31,535	7,157	9,314	294,289	-
Gross loans and advances	1,459,297	143,230	113,804	75,326	100,730	1,892,387	(442,380)

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and industries.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The Group's main control and mitigation measures to credit risk exposure is through the use of collateral.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

The Central Bank classification guide described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that are expected at the financial position date based on objective evidence of impairment.

The internal rating tool assists management to determine whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Please refer to Notes 5.5 for details on the Group impairment policies

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Impairment and provisioning policies

Collateral and security

The Bank routinely obtains collateral and security to mitigate credit risk. Collaterals held as security and other credit enhancements, were in the form of cash (deposits) and landed properties of the borrowing entities and amounted to GH¢2,880,733,076 as at the reporting date (2021: GH¢2,780,822,099).

The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, businesses holding approved classes of collateral must ensure that they are legally perfected devoid of encumbrances.

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating over all corporate assets and other liens and guarantees. Because of the Group's focus on corporate customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is performed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. Valuation of collaterals is updated in a three-year cycle for loans whose credit risk has deteriorated significantly and are being monitored more closely, except where it is prohibited by law.

Collateral is not normally held for loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. If collaterals are obtained, these are usually in the form of assignment of Government treasury bills and bonds.

Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2022.

Collateral values of impaired loans are at cash flows of the forced sale values less estimated costs of sale as discounted to present values.

Provided below is a summary of the Group's credit risk mitigation benchmarks for loans and advances

No	Facility type	Credit Risk mitigation benchmark
1	Corporate & Commercial loans and advances	1. Cash collateral cover of 110% above facility when in same currency and 120% when in different currency 2. Property / mortgage collateral to have a forced sale value of at least one hundred and thirty percent (130%) of the facility amount
2	Mortgages	1. Property / mortgage collateral to have a forced sale value of at least one hundred and twenty-five percent (125%) of the facility amount.
3	Personal loans	1. Personal Guarantee 2. Employer's undertaking /or 3. Guarantees /or 4. Salary domiciliation /or 5. Secured against provident fund
4	Off- balance sheet exposures	1. 100% Guarantees issued by Insurance Companies 2. Cash collateral cover of 110% or above facility when in same currency and 120% when in different currency 3. Property / mortgage collateral to have a forced sale value of at least one hundred and thirty percent of the facility amount

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Collateral and security (cont'd)

At 31 December 2022, the Group and Bank had gross loans and advances within the Stage 3 category amounting to GH¢47,571,525 (2021: GH¢56,075,817) for which there was no loss allowance recognised because their present values of collateral values exceeded the outstanding amounts.

Included in the loans and advances to customers balance are creditimpaired financial assets with a carrying amount of GHS 279.75 million (2021: 193.42 million) and corresponding fair value of collaterals as GHS 562.83 million (2021: 453.23 million).

Maximum exposure to credit risk before collateral held

In Thousands of GH¢		**2022**		2021
	Bank	**Group**	Bank	Group
Cash and cash equivalents	**1,498,171**	**1,498,181**	750,741	750,749
Investment securities at FVOCI	**11,185**	**11,185**	17,661	17,661
Pledged assets	**34,148**	**34,148**	74,406	74,406
Investment securities	**1,181,818**	**1,218,987**	1,243,178	1,270,233
Loans and advances to customers	**2,144,579**	**2,144,579**	1,747,995	1,747,995
Other assets	**9,619**	**10,431**	6,887	12,857
	4,879,520	**4,917,511**	3,840,868	3,873,901

Contingent liabilities		**2022**		2021
	Bank	**Group**	Bank	Group
Letters of credits	**9,442**	**9,442**	37,600	37,600
Guarantees commitments	**118,279**	**118,279**	123,907	123,907
Loan commitments	**126,505**	**126,505**	98,435	98,435
	254,226	**254,226**	259,942	259,942
Total Exposure	**5,133,746**	**5,171,737**	4,100,810	4,133,843

The above table represents a worst-case scenario of credit risk exposure to the Bank and Group at 31 December 2022 and 31 December 2021, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet items, the exposures set out above are based on gross amounts as reported in the financial statements.

As shown above, 43.91% of the total maximum exposure is derived from loans and advances to banks and customers (2021: 43.32%) at the Group level. At the Bank level, the ratios were 44.24% for 2022 and 43.67% for 2021.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 82% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2021: 84%);
- 74% of the loans and advances portfolio are considered to be neither past due nor impaired (2021: 84%);

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Collateral and security (cont'd)

Repossessed properties

The total forced sale value of repossessed properties, mainly landed properties and buildings, covering an exposure of GH¢ 166.50 million (2021: GH¢ 69.47 million) at the end of the year was GHS69.24 million (2021: GH¢ 10.69 million). Repossessed properties are offered to potential buyers at prevailing market prices.

Concentration risk

The following table shows the Bank and Group's credit exposure as categorised by industry sectors.

	2022		2021	
In Thousands of GH¢	**Bank**	**Group**	Bank	Group
Financial Institution lending	**31,176**	**31,176**	30,207	30,207
Agriculture, Forestry & Fishing	**12,668**	**12,668**	226	226
Manufacturing	**131,454**	**131,454**	158,552	158,552
Construction	**232,868**	**232,868**	168,159	168,159
Electricity, Gas & Water	**259,273**	**259,273**	201,141	201,141
Commerce & Finance	**400,466**	**400,466**	353,019	353,019
Mortgage loans	**400,211**	**400,211**	294,289	294,289
Transport, Storage & Communication	**43,201**	**43,201**	60,382	60,382
Services	**350,782**	**350,782**	228,026	228,026
Miscellaneous	**282,480**	**282,480**	398,386	398,386
Gross loans and advances to customers	**2,144,579**	**2,144,579**	1,892,387	1,892,387

The following table shows the Group's credit exposure as categorised by contingent products;

In Thousands of GH¢

Bank	**Guarantees, acceptances and other financial facilities**	Guarantees, acceptances and other financial facilities
	2022	2021
Letters of Credit	**9,442**	37,600
Banks guarantee	**57,868**	56,268
Advance Payment Guarantee	**58,659**	66,284
Bid Security	**200**	408
Tender security	**20**	947
Performance Bond	**1,532**	-
	127,721	161,507
Group		
Letters of Credit	**9,442**	37,600
Banks guarantee	**57,868**	56,268
Advance Payment Guarantee	**58,659**	66,284
Bid Security	**200**	408
Tender security	**20**	947
Performance Bond	**1,532**	-
	127,721	161,507

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Concentration risk -(cont'd)

The following table shows the Group's Non- performing loans (NPL) analysis by business segments

In thousands of GH¢	NPL - Bank		NPL - Group	
	2022	2021	**2022**	2021
Agriculture, Forestry & Fishing	**-**	-	**-**	-
Manufacturing	**703**	955	**703**	955
Construction	**107,779**	58,707	**107,779**	58,707
Electricity, Gas & Water	**37,159**	48,707	**37,159**	48,707
Commerce & Finance	**83,234**	85,762	**83,234**	85,762
Mortgage loans	**82,104**	48,006	**82,104**	48,006
Transport, Storage & Communication	**35,013**	922	**35,013**	922
Services	**79,362**	34,134	**79,362**	34,134
Miscellaneous	**248**	12,667	**248**	12,667
As at 31 December	**425,602**	289,860	**425,602**	289,860
Stage 3 impairment provision	**145,856**	96,445	**145,856**	96,445
Net exposure	**279,746**	193,415	**279,746**	193,415

Market risk

Market risk is managed through the Group's treasury operations where the primary objective is to minimise both interest rate risk and foreign exchange loss. On a trading basis, investments in Government of Ghana Securities and Commercial Paper are restricted to the highest-grade issues. The Group does not engage in speculative operations, either in Ghana or overseas.

Speculative operations are those operations which create short term open risk positions to the Group. Investment in equity instruments for trading purposes is not permitted, except with the approval of the Board of Directors.

(i) Interest rate risk

Interest rate risk refers to the Group's exposure to interest rate changes in the economy that could impact on the Group's earning capacity and capital. This risk is composed of the following sub-risks:

i. Re-pricing risk, arising from timing differences or mismatches in maturity and re-pricing of the Group's assets (mainly loans, overdrafts, advances and investments) and liabilities (primarily customer deposits);

ii. Basis risk, arising from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics; and

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Interest rate risk – (cont'd)

Sensitivity analysis – Group and Bank

2022	**Increase in policy rate**	**Impact on profit or loss**	**Impact on equity**
		GH¢'000	**GH¢'000**
Interest rate	**2%**	**14,466**	**9,403**

2021	Increase in policy rate	Impact on profit or loss	Impact on equity
		GH¢'000	GH¢'000
Interest rate	2%	17,019	11,063

A two percentage (2%) increase in interest rate would have a positive impact on the Group's profit and equity income by the value indicated; likewise, the same percentage decrease will have a negative impact on profit and equity by the value indicated. The impact of a change in the policy rate on the operations of the Bank approximate the impact on the Group's position and results.

(ii). Interest rate benchmark reform

1. Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform). In 2022, the Group did not undertake amendments to its financial instruments with contractual terms as most are not indexed to IBORs and as such they did not incorporate new benchmark rates as Sterling Overnight Index Average (SONIA), Secured Overnight Financing Rate (SOFR) and Euro Short-Term Rate. As at December 31, 2022, the Group's remaining IBOR exposure is indexed to the US dollar LIBOR with six month settings. These settings will no longer be representative after June 30, 2023 as announced by the Financial Conduct Authority (FCA) and the alternative reference rate for US dollar LIBOR is the SOFR

As at December 31, 2022, the IBOR rates to which the Group is exposure to and the new benchmark rates to which this exposure are being transitioned to is the USD US LIBOR to SOFR. As at December 2022, the transition was in progress.

The main risks to which the Group has been exposed as a result of IBOR reform are operational and the financial risk is predominantly limited to interest rate risk.

2. Non-derivative financial assets and loan commitments

The Group has no unreformed non-derivative financial assets and loan commitments as at December 31, 2022 (2021: Nil)

3. Non-derivative financial liabilities

The Group's non-derivative financial liability subject to the reform was the borrowing from the International Finance Corporation. Details of the facility has been provided under Note 31

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Maturity Profile

The tables below summarise the Bank and the Group's exposure to interest rate risks. Included in the tables are the Bank and the Group's assets and liabilities at carrying amounts (non-derivatives), categorised by the earlier of contractual repricing or maturity dates. The Bank and the Group does not bear interest rate risk on off balance sheet items.

2022

Bank In Thousands of GH¢	Up to 1 month	2- 3 months	4-12 months	1-5 years Total	Over 5 years	Non-interest bearing	Total	Carrying Amount
Financial asset								
Cash and cash equivalents	600,254	-	-	-	-	1,159,673	1,759,927	1,759,927
Investment securities at FVOCI	-	11,185	-	-	-	-	11,185	11,185
Pledged assets	-	-	34,148	-	-	-	34,148	34,148
Investment securities	61,250	352,149	265,786	389,571	112,880	-	1,181,636	1,015,786
Investment in subsidiaries	-	-	-	-	13,543	-	13,543	13,543
Loans and advances to customers and financial Inst.	60,297	85,002	463,195	750,193	785,892	-	2,144,579	1,958,017
Other assets	-	-	-	-	-	9,619	9,619	9,619
Total financial assets	721,801	448,336	763,129	1,139,764	912,315	1,169,292	5,154,637	4,802,225
Financial Liabilities								
Deposits from banks and customers	12,774	849,223	970,280	366,784	-	1,891,220	4,090,281	4,090,281
Borrowings	-	45,243	21,440	21,440	-	-	88,123	88,123
Bonds	-	-	-	-	81,681	-	81,681	81,681
Lease liability	-	-	4,574	13,724	-	-	18,298	18,298
Other liabilities	-	-	-	-	-	95,850	99,565	95,850
	12,774	894,466	996,294	401,948	81,681	1,987,070	4,377,948	4,374,233
Total Interest re-pricing gap	709,027	(446,130)	(233,165)	737,816	830,634	(817,778)	776,689	427,992

47. FINANCIAL RISK MANAGEMENT (CONT'D)

In Thousands of GH¢

2021

Bank *In Thousands of GH¢*	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non-interest bearing	Carrying Amount
Financial asset							
Cash and cash equivalents	283,906	1,009	-	-	-	661,140	946,055
Investment securities at FVOCI	-	-	17,661	-	-	-	17,661
Pledged assets	-	-	74,406	-	-	-	74,406
Investment securities	-	-	625,645	245,019	372,514	-	1,243,178
Investment in subsidiaries	-	-	-	-	13,543	-	13,543
Loans and advances to customers and financial Inst.	179,001	69,519	288,455	715,254	495,766	-	1,747,995
Other assets	-	-	-	-	-	6,885	6,885
Total financial assets	462,907	70,528	1,006,167	960,273	881,823	668,025	4,049,723
Deposits from banks	45,016	-	-	-	-	-	45,016
Deposits from banks and customers	-	877,807	599,398	240,423	-	1,447,451	3,165,079
Borrowings	-	46,240	30,305	60,061	-	-	136,606
Bonds	-	-	-	-	80,849	-	80,849
Lease liability	-	-	2,801	16,512	-	-	19,313
Other liabilities	-	-	-	-	-	76,633	76,633
	45,016	924,047	632,540	316,996	80,849	1,524,084	3,523,496
Total Interest re-pricing gap	417,891	(853,591)	373,663	643,277	800,974	(856,059)	526,227

47. FINANCIAL RISK MANAGEMENT (CONT'D)

In Thousands of GH¢

2022

Group *In Thousands of GH¢*	Up to 1 month	2- 3 months	4-12 months	1-5 years Total	Over 5 years	Non-interest bearing	Total	Carrying Amount
Financial asset								
Cash and cash equivalents	600,254	-	-	-	-	1,159,683	1,759,937	1,759,937
Investment securities at FVOCI	-	11,185	-	-	-	-	11,185	11,185
Pledged assets	-	-	34,148	-	-	-	34,148	34,148
Investment securities	61,250	352,149	266,874	405,383	133,331	-	1,218,987	1,042,752
Loans and advances to customers and financial Inst.	60,297	85,002	463,195	750,193	785,892	-	2,144,579	1,958,017
Other assets	-	-	-	-	-	10,431	10,431	10,431
Total financial assets	721,801	448,336	764,217	1,155,576	919,223	1,170,114	5,179,267	4,816,470
Deposits from banks and customers	12,774	849,223	970,280	366,784	-	1,869,484	4,068,545	4,068,545
Borrowings	-	45,243	21,440	21,440	-	-	88,123	88,123
Bonds	-	-	-	-	81,681	-	81,681	81,681
Lease Liability	-	-	4,574	14,755	-	-	19,329	19,329
Other liabilities	-	-	-	-	-	95,090	95,090	95,090
Total financial liabilities (contractual maturity dates)	12,774	894,466	996,294	402,979	81,681	1,964,574	4,352,768	4,352,768
Total Interest re-pricing gap	709,027	(446,130)	(232,077)	752,597	837,542	(794,460)	826,499	463,702

Included in the repricing profiles of investment securities in the table above are investment securities that were exchanged by the bank on 21 February 2023 as per note 41. The GDDEP resulted in the Group entities exchanging its eligible bonds for a set of new bonds with a significantly different cash flow pattern. If the contractual cash flows of the new bonds had been considered in determining the contractual maturities of the eligible bonds reported under "Investment securities" in the table above, the cash flows maturities for these bonds will be included in the one to five years and over five years time bands.

On 19 December 2022, the Government suspended debt service on external debt, including the Group entities' holdings in Eurobonds, which are reported under "Investment securities" in the table above. As of the date of authorization of these financial statements, negotiations between the Government and stakeholders are ongoing to restructure the terms of the Eurobonds. The finalization of these negotiations will have an impact on the maturities of the cash flows of these bonds as well as the Group and Bank's interest rate repricing gap position.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

In Thousands of GH¢

2021

Group In Thousands of GH¢	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Financial asset							
Cash and cash equivalents	283,906	1,009	-	-	-	661,147	946,062
Investment securities at FVOCI	-	-	17,661	-	-	-	17,661
Pledged assets	-	-	74,406	-	-	-	74,406
Investment securities	-	-	625,645	245,019	399,569	-	1,270,233
Loans and advances to customers and financial Inst.	179,001	69,519	288,455	715,254	495,766	-	1,747,995
Other assets	-	-	-	-	-	12,857	12,857
Total financial assets	462,907	70,528	1,006,167	960,273	895,335	674,004	4,069,214
Deposits from banks and customers	45,016	-	-	-	-	-	45,016
Borrowings	-	796,386	599,398	321,844	-	1,426,684	3,144,312
Bonds	-	-	-	-	80,849	-	80,849
Lease Liability	-	-	4,515	16,512	-	-	21,027
Other liabilities	-	-	-	-	-	88,566	88,566
Total financial liabilities (contractual maturity dates)	45,016	796,386	603,913	338,356	80,849	1,515,250	3,379,770
Total Interest re-pricing gap	417,891	(725,858)	402,254	621,917	814,486	(841,246)	689,444

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Maturity Profile (cont'd)

(ii) Foreign exchange rate risk

Foreign exchange rate risk arises from changes in foreign exchange rates that affect the value of assets (primarily loans, overdrafts, advances and investments), liabilities (primarily, customer deposits) and off-statement of financial position transactions denominated in foreign currencies. Management developed procedures, instruments and control mechanisms designed to protect the value of the Group's equity without endangering other business priorities.

(iii) Concentration of currency risk-on-and off- statement of financial position financial instruments

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate at 31 December 2022. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency:

The amounts presented in this table is the cedi equivalent of the original currencies.

In Thousands of GH¢

Bank

At 31 December 2022	EUR	USD	GBP
Assets			
Cash and cash equivalents	28,899	298,715	21,626
Investment securities at FVOCI	-	-	-
Pledged assets	-	-	-
Investment securities	-	124,352	-
Loans and advances to customers	10	468,772	129
Other assets	-	1,290	29
Total assets	28,909	893,129	21,784
Liabilities			
Deposits from banks	-	-	-
Deposits from customers	27,694	779,476	21,561
Borrowing	-	88,123	-
Other liabilities	949	24,504	-
Total liabilities	28,643	892,103	21,561
Net on balance sheet	266	1,026	223
At 31 December 2021			
Total assets	18,752	670,091	18,586
Total liabilities	18,273	668,163	18,508
Net on balance sheet	479	1,928	78

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Group

In Thousands of GH¢

At 31 December 2022	EUR	USD	GBP
Assets			
Cash and cash equivalents	28,899	303,218	21,626
Investment securities at FVOCI	-	-	-
Pledged assets	-	-	-
Investment securities	-	124,352	-
Loans and advances to customers	10	466,190	129
Other assets	-	3,872	29
Total assets	28,909	897,632	21,784
Liabilities			
Deposits from banks	-	-	-
Deposits from customers	27,694	775,886	21,561
Borrowing	-	88,123	-
Other liabilities	949	32,601	-
Total liabilities	28,643	896,610	21,561
Net on balance sheet	266	1,022	223

At 31 December 2021			
Total assets	18,752	670,091	18,586
Total liabilities	18,273	668,163	18,508
Net on balance sheet	479	1,928	78

47. FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis – Group and Bank

2022	**Change in currency**	**Impact on profit or loss**	**Impact on equity**
		GH¢ '000	**GH¢ '000**
Currency			
USD	**2%**	**20**	**13**
EUR	**2%**	**5**	**3**
GBP	**2%**	**4**	**3**

2021	Change in currency	Impact on profit or loss	Impact on equity
		GH¢ '000	GH¢ '000
Currency			
USD	2%	39	25
EUR	2%	10	6
GBP	2%	2	1

An increase of two percent (2%) in the various currencies will have a positive impact on profit or loss and equity by the values indicated; likewise, the same percentage decrease in the currencies will have a negative impact on profit or loss and equity by the values indicated.

The analyses above reflect both the Bank's and Group's positions as the other subsidiaries within the Group do not maintain financial instruments in foreign currencies.

Exchange rates movements

Exchange rates used for the translation of foreign denominates financial instruments as well as the maximum, average and minimum rates during the period have been provided below:

	2022			2021		
	USD	**GBP**	**EUR**	USD	GBP	EUR
End year exchange rates	**8.5760**	**10.3118**	**9.1457**	6.0061	8.1672	7.0941
Maximum exchange rate during the year	**13.1057**	**16.0353**	**13.8049**	6.0061	8.1672	7.0941
Average exchange rate during the year	**9.5509**	**12.0530**	**10.2579**	5.8063	7.9882	6.8679
Minimum exchange rate during the year	**5.9961**	**8.0706**	**6.7109**	5.7262	7.7586	6.6248

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Group regularly and without delay meets its obligations and liabilities on maturity dates during its everyday activity and maintain business flow as usual without any strains on its payment capability.

The Group manages this risk by striving to maintain a well-diversified customer depositor base and satisfactory access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios.

The Group's liquidity management process, as carried out within the individual entities in the Group and monitored by a separate team in the Group treasury department, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

A key measure used by the bank and Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported bank and Group liquid ratio of net liquid assets to current deposits at the reporting date and during the reporting period were as follows:

	2022		2021	
	Bank	**Group**	**Bank**	**Group**
At 31 December	**146.70%**	**146.70%**	149.37%	149.37%
Average for the period	**149.07%**	**149.07%**	152.58%	152.58%
Maximum for the period	**155.39%**	**155.39%**	171.91%	171.91%
Minimum for the period	**141.60%**	**141.60%**	99.05%	99.05%

i) Liquidity risk management process

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash to settle contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such call and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

i) Liquidity risk management process (cont'd)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

ii) Funding approach

Sources of liquidity are regularly reviewed by a separate team in Bank Treasury to maintain a wide diversification by currency, provider, product and term.

Eurobonds

On 19 December 2022, the Government suspended debt service on external debt, including the Bank's holdings in Eurobonds, which are reported under "Investment securities" in the table above. The amounts disclosed in the table are based on the remaining contractual undiscounted cashflows of the Eurobonds held by the Bank at 31 December 2022. As of the date of authorization of these financial statements, negotiations between the Government and stakeholders are ongoing to restructure the terms of the Eurobonds. The finalization of these negotiations will have an impact on the maturities of the undiscounted cash flows of these bonds as well as the Bank's liquidity gap position.

GDDEP considerations

Included in the maturity profiles of investment securities in the table below are investment securities that were exchanged by the Bank on 21 February 2023 as per note 41. The GDDEP resulted in the Group entities exchanging their eligible bonds for a set of new bonds with a significantly different cash flow pattern. If the contractual cash flows of the new bonds had been considered in determining the contractual maturities of the eligible bonds reported under "Investment securities" in the table above, the cash flows maturities for these bonds will be included in the one to five years and over five years' time bands.

The table below analyses the undiscounted cash flows of the Bank and Group financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2022 and 2021 to the contractual maturity date.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Funding approach (cont'd)

In Thousands of GH¢

2022

Bank	Carrying Amount	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset							
Cash and cash equivalents	1,759,927	1,773,933	-	-	-	-	1,773,933
Investment securities at FVOCI	11,185	-	11,702	-	-	-	11,702
Pledged assets	34,148	-	-	37,307	-	-	37,307
Investment securities	1,015,786	3,853	7,706	631,279	432,021	670,655	1,745,514
Loans and advances to customers and financial Inst.	1,958,017	110,266	186,308	916,686	2,660,650	2,161,203	6,035,113
Other assets	9,619	-	7,264	2,355	-	-	9,619
Assets held for managing liquidity risk	4,788,682	1,888,052	212,980	1,587,627	3,092,671	2,831,858	9,613,188
Deposits from customers	4,090,281	391,018	1,244,451	1,426,146	855,063	378,244	4,294,922
Borrowings	88,123	-	45,243	23,584	29,158	-	97,985
Bonds	81,681	-	-	-	-	171,530	171,530
Lease liabilities	18,298	-	-	4,780	18,665	-	23,445
Other liabilities	95,850	-	5,150	35,510	55,190	-	95,850
Total financial liabilities (contractual maturity dates)	4,374,233	391,018	1,294,844	1,490,020	958,076	549,774	4,683,732
Liquidity gap	414,449	1,497,034	(1,081,864)	(97,607)	(2,134,595)	2,282,084	4,929,456
Contingent liabilities and commitments							
Guarantees	118,279	608	14,325	92,346	11,000		
Letters of credit	9,442	3,155	4,568	1,719			
	127,721	3,763	18,893	94,065	11,000		

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Funding approach (cont'd)

In Thousands of GH¢

2022

Group	Carrying Amount	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset							
Cash and cash equivalents	1,759,937	1,773,943	-	-	-	-	1,773,943
Investment securities at FVOCI	11,185	-	11,702	-	-	-	11,702
Pledged assets	34,158	-	-	37,307	-	-	37,307
Investment securities	1,042,752	3,853	7,706	632,468	447,209	603,278	1,694,514
Loans and advances to customers and financial Inst.	1,958,017	110,266	186,308	916,686	2,660,650	2,161,203	6,035,113
Other assets	10,431	-	8,076	2,355	-	-	10,431
Assets held for managing liquidity risk	4,816,470	1,888,062	213,792	1,588,816	3,107,859	2,764,481	9,563,010
Financial liabilities							
Deposits from customers	4,068,545	370,181	1,244,451	1,426,146	855,063	378,244	4,274,085
Borrowings	88,123	-	45,243	23,584	29,158	-	97,985
Bonds	81,681	-	-	-	-	171,530	171,530
Lease liabilities	19,329	-	-	5,010	18,875	-	23,885
Other liabilities	95,090	-	4,390	35,510	55,190	-	95,090
Total financial liabilities (contractual maturity dates)	4,352,768	370,181	1,294,084	1,490,250	958,286	549,774	4,662,575
Liquidity gap	463,702	1,517,881	(1,080,292)	98,566	2,149,573	2,214,707	4,900,435
Contingent liabilities and commitments							
Guarantees	118,279	108	14,325	103,846			
Letters of credit	9,442	3,155	4,568	1,719			
	127,721	3,263	18,893	105,565			

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Funding approach (cont'd)

In Thousands of GH¢

2021

Bank	Carrying Amount	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset							
Cash and cash equivalents	946,055	986,212	1,133	-	-	-	987,345
Investment securities at FVOCI	17,661	-	-	20,564	-	-	20,564
Pledged assets	74,406	-	-	86,635	-	-	86,635
Investment securities	1,243,178	-	-	728,470	291,769	444,297	1,464,536
Loans and advances to customers and financial Inst.	1,747,995	451,634	420,730	686,771	1,129,150	358,830	3,047,115
Other assets	17,273	6,885	-	-	-	-	6,885
Assets held for managing liquidity risk	4,046,568	1,444,731	421,863	1,522,440	1,420,919	803,127	5,613,080
Deposits from banks	45,016	45,016	-	-	-		45,016
Deposit from customers	3,165,079	1,469,061	925,195	790,067	5,014		3,149,337
Borrowings	136,606	-	32,275	46,976	63,042	-	142,290
Bonds	80,849	-	-	-	-	80,849	80,849
Lease liabilities	19,313	3,343	-	1,880	14,444	2,486	22,153
Other liabilities	76,632	-	57,684				57,684
Total financial liabilities (contractual maturity dates)	3,523,495	1,517,420	1,015,154	838,923	82,500	83,335	3,497,329
Liquidity gap	523,073	(72,689)	(593,291)	(683,517)	(1,338,419)	719,792	2,115,751
Contingent liabilities and commitments							
Guarantees	123,908	8,477	8,660	106,771	-		-
Letters of credit	37,599	3,790	6,275	27,534	-		-
	161,507	12,267	14,935	134,305	-		-

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Funding approach (cont'd)

In Thousands of GH¢

2021

Group	Carrying Amount	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset							
Cash and cash equivalents	946,062	986,219	1,133	-	-	-	987,352
Investment securities at FVOCI	17,661	-	-	20,564	-	-	20,564
Pledged assets	74,406	-	-	86,635	-	-	86,635
Investment securities	1,270,233	-	-	728,470	291,769	476,566	1,496,805
Loans and advances to customers and financial Inst.	1,747,995	255,136	80,990	336,050	833,271	530,967	2,036,414
Other assets	12,857	12,857	-	-	-	-	12,857
Assets held for managing liquidity risk	4,069,214	1,254,212	82,123	1,171,719	1,125,040	1,007,533	4,640,627
Deposits from banks	45,016	51,543	-	-	-	-	51,543
Deposits from customers	3,144,312	285,337	1,255,314	926,093	551,004	285,337	3,303,085
Borrowings	136,606	-	49,014	32,123	63,665	-	144,802
Bonds	80,849	-	-	-	-	95,402	95,402
Lease liabilities	21,027	-		2,885	19,867		22,752
Other liabilities	66,116	-	66,116	-	-	-	66,116
Total financial liabilities (contractual maturity dates)	3,493,926	336,880	1,370,444	961,101	634,536	380,739	3,682,550
Liquidity gap	575,288	917,332	(1,288,321)	210,618	490,504	626,794	958,077
Contingent liabilities and commitments							
Guarantees	123,908	8,477	8,660	106,771	-	-	
Letters of credit	37,599	3,790	6,275	27,534	-	-	
	161,507	12,267	14,935	134,305	-	-	

47. FINANCIAL RISK MANAGEMENT (CONT'D)

The amounts in the table above have been compiled as follows:

- Non-derivative financial liabilities and financial assets – undiscounted cash flows, which include estimated interest payment

- Issued financial guarantee contracts, and unrecognised loan commitments – Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

As part of the management of liquidity risk arising from financial liabilities, the Group and Bank holds liquid assets comprising cash and cash equivalents, and investments in government securities, which can be readily sold to meet liquidity requirements.

(iii) Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with central banks;
- Certificates of deposit;
- Government bonds and other securities that is readily acceptable in repurchase agreements with the central banks

The assets above are available for future funding requirement and none is encumbered, except to the extent that it has been pledged to a counter party

(iv) Capital management

The Banks's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- to comply with the capital requirements set by Bank of Ghana;

- to safeguard the Group's, particularly the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to maintain a strong capital base to support the development of its business.

The group and its individually regulated entities generally complied with all externally imposed capital requirements. The subsidiaries are not subject to externally imposed capital requirements.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Bank of Ghana for supervisory purposes. The required information is filed with the Bank of Ghana on a monthly basis. The Bank of Ghana requires each locally owned bank to hold the minimum level of regulatory capital of GH¢400 million in 2021 (400 million in 2021).

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Capital management (cont'd)

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

Tier 1 capital

Tier 1 capital which is made up of the stated capital and disclosed reserved is the portion of capital which is permanently and freely available to absorb unanticipated. The disclosed reserves are made of retained earnings or surplus after tax and dividends, statutory reserves, general reserves (not ear-marked for any identifiable losses) and the book value of goodwill is deducted.

Tier 2 Capital

Tier 2 capital is a supplementary capital with some attributes of tier 1 capital but restricted in its ability to absorb losses. It provides a useful supplement to tier 1 capital, because of the significant efficiencies and ability to provide protection for depositors and other creditors. Tier 2 capital is divided into two, Upper tier 2 capital (has no fixed maturity) and Lower tier 2 capital (has a limited lifetime).

Capital Ratios

Tier 1 capital ratio:

Tier 1 capital ratio is calculated as the adjusted tier 1 capital divided by the total risk-weighted assets and the Bank's internal guideline is to ensure that the Bank maintains the minimum regulatory capital ratio of 13% as detailed below:

Regulatory Capital	RWAs (%)
Minimum Common Equity Tier	6.5
Maximum Additional Tier 1	1.5
Minimum Tier 1 Capital Ratio	**8.0**
Maximum Tier 2 Capital Ratio	2.0
Minimum Capital Adequacy ratio	**10.0**
Capital Conservation Buffer (CCB1)	3.0
Minimum Capital Adequacy with CCB1	**13.0**

The Group and its individually regulated operations have complied with all externally imposed capital requirements to which they are subject to for both the current and prior financial years.

Following the Government of Ghana completion of the Domestic Debt Exchange Program (DDEP) and prior to the issuance of the financial statements, the Central Bank of Ghana provided some regulatory forbearances effective December 2022 due to the significant impact of the program. The reliefs provided include:

A. Reduction of Capital Conservation Buffer from 3% to zero, effectively the minimum regulatory capital ratio has been reduced from 13% to 10%.

B. All losses resulting from the Debt Exchange programme is spread over a period of four (4) years for the purpose of CAR computation.

C. Increase in Tier II component of regulatory capital from 2% to 3% of Total Risk Weighted Assets (RWA).

D. Increase in allowable portion of property revaluation gains for Tier II capital computation, from 50% to 60%.

E. Risk-weights attached to the New Bonds to be set to 0% for CAR computation and 100% for old bonds.

The risk weighted assets are measured in accordance with the guidelines as provided by the Bank of Ghana. It takes into account the nature of, and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. The table below summarises the composition of regulatory capital and the ratios of the Bank for the years ended 31 December 2022 (after applying relief (c) above provided by the regulator) and 2021. During those two years, the Bank complied with all of the externally imposed capital requirements to which it is subject to.

47. FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Capital management (cont'd)

In thousands of GH¢	**2022**	2021
Tier 1 Capital	**482,402**	585,679
Tier 2 capital	**80,099**	45,705
Total Capital	**562,501**	631,384
Total Credit Risk Equiv. RWA	**1,908,277**	1,703,468
Total Operational Risk Equiv. RWA	**760,362**	579,882
Total Market Risk Equiv. RWA	**1,318**	1,907
Total RWA	**2,669,957**	2,285,257
Tier 1 / RWA	**18.25%**	25.63%
Tier 2 / RWA	**3.00%**	2.00%
Capital Adequacy Ratio (CRD)	**21.25%**	27.63%

The Group applied the Central Bank's regulatory reliefs in arriving at the capital adequacy ratios for December 2022.

A. Forecasted capital position

In accordance with the Capital Requirement Directive, the Bank's Internal Capital Adequacy Assessment Process (ICAAP) is established to ensure that the Bank holds appropriate capital commensurate for unexpected losses that may arise from business through capital transactions, credit, operational and market risks.

Based on the Bank's Internal Capital Adequacy Assessment Process, the forecasted capital position for the ensuing year is GHS738.74 million, with a ratio of 23.74%. The table balance summaries the composition of the capital position and associated ratio.

In thousands of GH¢	**Forecasted (2023)**
Tier 1 Capital	**645,384**
Tier 2 capital	**93,355**
Total Capital	**738,739**
Total Credit Risk Equiv. RWA	**2,261,308**
Total Operational Risk Equiv. RWA	**847,862**
Total Market Risk Equiv. RWA	**2,669**
Total RWA	**3,111,839**
Tier 1 / RWA	**20.74%**
Tier 2 / RWA	**3.00%**
Capital Adequacy Ratio	**23.74%**

48. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year. The Group held only ordinary shares issued at no par value and there were no instruments, ordinary shares or otherwise that could potentially dilute the earnings per share at the reporting date.

In thousands of GH¢	**2022**		2021	
	Bank	**Group**	Bank	Group
Profit / (loss) attributable to the equity holders	**(66,837)**	**(61,127)**	81,698	88,236
Weighted average number of ordinary shares issued	**851,966**	**851,966**	851,966	851,966
Bonus shares issued included in right issues	**-**	**-**	-	-
Total Weighted average number of shares outstanding	**851,966**	**851,966**	851,966	851,966
Basic earnings per share (expressed in GH Pesewas)	**(7.84)**	**(7.47)**	9.59	10.36
Diluted earnings per share (expressed in GH Pesewas)	**(7.84)**	**(7.47)**	9.59	10.36

49. Fair value of assets and liabilities

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

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

A. Valuation models

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other investments which are valued by reference to Bank of Ghana rates and the use of discounted cash flow techniques.

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observation market data when available. The Group considers relevant and observable market prices in its valuation when possible.

The Group invests in Unit trust, which are not quoted in an active market and The Group considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value of unit trust may be used as an input into measuring their fair value. In measuring this fair value, the net asset value of the unit trust is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the Trust.

49. Fair value of assets and liabilities (cont'd)

The Group invests in Unit trust and Ebankese Fund, which are not quoted in an active market. The Group considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the net asset value of unit trust may be used as an input into measuring their fair value. In measuring this fair value, the net asset value of the unit trust is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the Trust. The fair value of the Ebankese Fund is based on the Group's share of the net assets value of the fund. At the end of the reporting period, fair value of investment securities at FVOCI is categorised as Level 2 in the fair value hierarchy (2021: Level 1). This is due to the disappearance of active market at the reporting date following the announcement of a debt exchange programme by government. The fair value was based on constructing yield curves based on traded prices, indicative broker quotes and evaluated prices from pricing services

A. Financial instruments measured at fair value

2022

Bank	Level 1	Level 2	Level 3	Total
In Thousands of GH¢				
Investment securities at FVOCI	-	**11,185**	-	**11,185**
Investment securities - Unit Trust	-	**47,932**	-	**47,932**
Investment securities - Ebankese Fund	-	**4,123**	-	**4,123**
	-	**63,240**	-	**63,240**

2022

Group	Level 1	Level 2	Level 3	Total
In Thousands of GH¢				
Investment securities at FVOCI	-	**11,185**	-	**11,185**
Investment securities - Unit Trust	-	**58,744**	-	**58,744**
Investment securities - Ebankese Fund	-	**4,123**	-	**4,123**
	-	**74,052**	-	**74,052**

2021

Bank	Level 1	Level 2	Level 3	Total
In Thousands of GH¢				
Investment securities at FVOCI	17,661	-	-	17,661
Investment securities - Unit Trust	-	49,993	-	49,993
Investment securities - Ebankese Fund	-	4,123	-	4,123
	17,661	54,116	-	71,777

49. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

2021

Group	Level 1	Level 2	Level 3	Total
In Thousands of GH¢				
Investment securities at FVOCI	17,661	-	-	17,661
Investment securities - Unit Trust	-	58,988	-	58,988
Investment securities - Ebankese Fund	-	4,123	-	4,123
	17,661	63,111	-	80,772

Financial instruments not measured at fair value

(a) Loans and advances to customers

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

(b) Investment securities

The fair value for investment securities and held-to-maturity financial assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(c) Deposits from banks and due to customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

49. Fair value of assets and liabilities (cont'd)

The following table sets out the fair values of financial instruments not measured at fair value. Financial instruments not held at fair value comprises loans and advances to banks, loans and advances to customers, deposits from banks, deposits from customers, other assets (excluding prepayments) and other liabilities.

2022

Bank	Level 1	Level 2	Level 3	Fair value	Carrying Amount
In Thousands of GH¢					
Financial assets					
Cash and cash equivalents	-	1,759,927	-	1,759,927	1,759,927
Pledged assets	-	34,148	-	34,148	34,148
Investment securities	-	1,015,786	-	1,015,786	1,015,786
Loans and advances to customers	-	1,958,017	-	1,958,017	1,958,017
Total financial assets	-	**4,767,878**	-	**4,767,878**	**4,767,878**
Financial liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers	-	4,090,281	-	4,090,281	4,090,281
Borrowing	-	88,123	-	88,123	88,123
Bonds	-	81,681	-	81,681	81,681
Total financial liabilities	-	**4,260,085**	-	**4,260,085**	**4,260,085**

2021

Bank	Level 1	Level 2	Level 3	Fair value	Carrying Amount
In Thousands of GH¢					
Financial assets					
Cash and cash equivalents	-	946,055	-	946,055	946,055
Investment securities	-	1,189,062	-	1,189,062	1,189,062
Loans and advances to customers	-	1,747,995	-	1,747,995	1,747,995
Total financial assets	-	**3,883,112**	-	**3,883,112**	**3,883,112**
Financial liabilities					
Deposits from banks	-	45,016	-	45,016	45,016
Deposits from customers	-	3,165,079	-	3,165,079	3,165,079
Borrowing	-	136,606	-	136,606	136,606
Other liabilities	-	80,849	-	80,849	80,849
Total financial liabilities	-	**3,427,550**	-	**3,427,550**	**3,427,550**

49. Fair value of assets and liabilities (cont'd)

(c) Financial instruments not measured at fair value (cont'd)

2022

Group	Level 1	Level 2	Level 3	Carrying Amount	Fair value
In Thousands of GH¢					
Financial assets					
Cash and cash equivalents	-	1,759,937	-	1,759,937	1,759,937
Pledged assets	-	34,148	-	34,148	34,148
Investment securities		1,042,752		1,042,752	1,042,752
Loans and advances to customers	-	1,958,017	-	1,958,017	1,958,017
Total financial assets	-	**4,794,854**	-	**4,794,854**	**4,794,854**
Financial liabilities					
Deposits from customers	-	4,068,545	-	4,068,545	4,068,545
Borrowing	-	88,123	-	88,123	88,123
Bonds	-	81,681	-	81,681	81,681
	-	**4,238,349**	-	**4,238,349**	**4,238,349**

2021

Group	Level 1	Level 2	Level 3	Carrying Amount	Fair value
In Thousands of GH¢					
Financial assets					
Cash and cash equivalents	-	946,062	-	946,062	946,062
Investment securities	-	1,207,122	-	1,207,122	1,207,122
Loans and advances to customers	-	1,747,995	-	1,747,995	1,747,995
Total financial assets	-	**3,901,179**	-	**3,901,179**	**3,901,179**
Financial liabilities					
Deposits from banks	-	45,016	-	45,016	45,016
Deposits from customers	-	3,144,312	-	3,144,312	3,144,312
Borrowing	-	136,606	-	136,606	136,606
Other liabilities - bonds	-	80,849	-	80,849	80,849
	-	**3,406,783**	-	**3,406,783**	**3,406,783**

50. Segment analysiS

The Group has four main reporting segments on a worldwide basis:

Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and consumer loans;

Mortgage banking – incorporating mortgage services

Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loans, and foreign currency; and Microfinance banking – incorporating savings account, deposits, loan and other credit facilities

Other Group's operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Board of Directors relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

The revenue from external parties reported to the Board of directors is measured in a manner consistent with that in the profit or loss.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

50. Segment analysis (cont'd)

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2022 and 2021 are as follows:

Bank		SEGMENT REPORTING			
At 31 December 2022	**Corporate**	**Mortgage**	**Consumer & retail**	**Microfinance**	**Total**
In Thousands of GH¢					
Income					
Interest income	427,336	39,962	106,253	31,311	604,862
Interest expenses	(137,371)	(26,014)	(33,660)	(37,151)	(234,196)
Net interest income	289,965	13,948	72,593	(5,840)	370,666
Fee and commission income	32,926	309	18,978	-	52,213
Fee and commission expenses	-	-	(1,708)	-	(1,708)
	32,926	309	17,270	-	50,505
Net Trading Income	34,014	-	-	-	34,014
Net income from investments at fair value thru. P&L	5,098	-	-	-	5,098
Other Operating Income	18,493	-	-	-	18,493
Other Income	14,807	-	-	-	14,807
Total operating income	395,303	14,257	89,863	(5,840)	493,583
Impairment charges for credit losses	(198,419)	(25,348)	(13,444)	(451)	(237,662)
Operating expenses- unallocated					(282,026)
Taxation - unallocated					(40,732)
Segment profit/loss before tax	196,884	(11,091)	76,419	(6,291)	(66,837)
Segment assets					
Loans and advances	1,049,152	361,885	485,669	61,311	1,958,017
Unallocated assets	-	-	-	-	3,121,049
Total assets	1,049,152	361,885	485,169	61,311	5,079,066
Segment liabilities					
Total deposits	121,409	-	3,784,087	184,785	4,090,281
Unallocated liabilities	-	-	-	-	327,261
Total Liabilities	121,409	-	3,784,087	184,785	4,417,542
Segment Equity					
Total shareholders' funds					6611,524
Total liabilities and shareholders' fund					5,070,066

50. Segment analysis (cont'd)

Bank

SEGMENT REPORTING

At 31 December 2021	Corporate	Mortgage	Consumer & retail	Microfinance	Total
In Thousands of GH¢					
Income					
Interest income	332,430	31,551	82,118	21,540	**467,639**
Interest expenses	(122,986)	(13,243)	(18,081)	(26,208)	**(180,518)**
Net interest income	209,444	18,308	64,037	(4,668)	**287,121**
Fee and commission income	38,288	1,750	10,852	-	**50,890**
Fee and commission expenses	(2,127)	-	-	-	**(2,127)**
	36,161	1,750	10,852	-	**48,763**
Net Trading Income	27,847	-	-	-	**27,847**
Net income from investments at fair value thru. P&L	3,572	-	-	-	**3,572**
Other Operating Income	7,180	-	-	-	**7,180**
Other Income	5,487	-	-	-	**5,487**
Total Operating Income	289,691	20,058	74,889	(4,668)	**379,970**
Impairment charges for credit losses	(15,949)	(226)	(3,203)	(171)	**(19,549)**
Operating expenses- unallocated					**(234,772)**
Taxation - unallocated					**(43,951)**
Segment profit/loss before tax	273,742	19,832	71,686	(4,839)	**81,698**
Segment assets					
Loans and advances	978,875	272,981	474,951	21,188	**1,747,995**
Unallocated assets	-	-	-	-	**2,478,264**
Total assets	978,875	272,981	474,951	21,188	**4,226,259**
Segment liabilities					
Total deposits					3,210,095
Unallocated liabilities					326,232
Total Liabilities					3,536,327
Segment Equity					
Total shareholders' funds					689,932
Total liabilities and shareholders' fund					4,226,259

50. Segment analysis (cont'd)

Group	SEGMENT REPORTING				
At 31 December 2022	**Corporate**	**Mortgage**	**Consumer & retail**	**Microfinance**	**Total**
In Thousands of GH¢					
Income					
Interest income	427,336	39,962	126,548	31,311	625,157
Interest expenses	(137,371)	(26,014)	(31,698)	(37,151)	(232,234)
Net interest income	289,965	13,948	94,850	(5,840)	392,923
Fee and commission income	32,926	309	51,649	-	84,884
Fee and commission expenses	-	-	(1,708)	-	(1,708)
	32,926	309	49,941	-	83,176
Net Trading Income	34,014	-	-	-	34,014
Net income from investments at fair value thru. P&L	4,692	-	-	-	4,692
Other Operating Income	18,493	-	-	-	18,493
Other Income	17,805	-	-	-	17,805
Total operating income	397,895	14,257	144,791	(5,840)	551,103
Impairment charges for credit losses	(202,364)	(25,348)	(13,444)	(451)	(241,607)
Operating expenses- unallocated					(324,691)
Taxation - unallocated					(45,932)
Segment profit/loss before tax	195,531	(11,091)	131,347	(6,291)	(61,127)
Segment assets					
Loans and advances	1,049,152	361,885	485,169	61,311	1,958,017
Unallocated assets	-	-	-	-	3,147,785
Total assets	1,049,152	361,885	485,169	61,311	5,105,802
Segment liabilities					
Total deposits	121,409	-	3,762,351	184,785	4,068,545
Unallocated liabilities	-	-	-	-	334,423
Total Liabilities	121,409	-	3,762,351	184,785	4,402,968
Segment Equity					
Total shareholders' funds					702,834
Total liabilities and shareholders' fund					5,105,802

50. Segment analysis (cont'd)

Group — **SEGMENT REPORTING**

At 31 December 2021	Corporate	Mortgage	Consumer & retail	Microfinance	Total
In Thousands of GH¢					
Income					
Interest income	347,461	31,551	82,118	21,540	482,670
Interest expenses	(121,886)	(13,243)	(18,081)	(26,208)	(179,894)
Net interest income	225,575	18,308	64,037	(4,668)	302,776
Fee and commission income	64,869	1,750	10,852	-	77,471
Fee and commission expenses	(2,127)	-	-		(2,127)
	62,742	1,750	10,852	-	75,344
Net Trading Income	27,847	-	-	-	27,847
Net income from investments at fair value thru. P&L	4,088	-	-	-	4,088
Other Operating Income	7,180	-	-	-	7,180
Other Income	8,294	-	-	-	8,294
Total operating income	335,726	20,058	74,889	(4,668)	425,529
Impairment charges for credit losses	(16,847)	(226)	(3,203)	(171)	(20,447)
Operating expenses- unallocated					(268,161)
Taxation - unallocated					(47,520)
Segment profit/loss before tax	318,879	19,832	71,686	(4,839)	89,401
Segment assets					
Loans and advances	978,875	272,981	474,951	21,188	1,747,995
Unallocated assets	-	-	-	-	2,505,095
Total assets	978,875	272,981	474,951	21,188	4,253,090
Segment liabilities					
Total deposits					3,189,328
Unallocated liabilities					337,673
Total Liabilities					3,527,001
Segment Equity					
Total shareholders' funds					726,089
Total liabilities and shareholders' fund					4,253,090

No individual customer contributed 10% or more to revenue, except interest income on government investments. All revenues are generated in Ghana.

Operating segments are reported in a manner consistent with internal reporting provided to ALCO and the Board

51. Maturity analysis of assets and liabilities

Bank 2022 **At 31 December**

In Thousands of GH¢	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	1,759,927	1,759,927	
Investment securities at FVOCI	20	11,185	11,185	
Pledged assets	20	34,148	34,148	
Investment securities	21	1,015,786	411,798	603,988
Loans and advances to customers	22	1,958,017	421,932	1,536,085
Investments in subsidiaries	23	13,543	-	13,543
Current income tax	24	14,009	14,009	-
Deferred tax assets	25	26,360	-	26,360
Intangible asset	26	6,143	1,585	4,558
Other assets	27	22,762	9,619	13,144
Property and equipment	28	218,412	54,603	163,809
Total assets		**5,080,292**	**2,718,806**	**2,361,486**
Liabilities				
Deposits from banks	29	-	-	-
Deposits from customers	30	4,090,281	3,257,271	833,010
Borrowing	31	88,123	66,683	21,440
Current tax	24	-	-	-
Deferred tax liabilities	25	24,743	-	24,743
Bonds	32a	81,681	-	81,681
Other liabilities	32b	133,940	27,610	106,330
Total liabilities		**4,418,768**	**3,351,564**	**1,067,204**

51. Maturity analysis of assets and liabilities (cont'd)

Group 2022			At 31 December	
In Thousands of GH¢	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	1,759,937	1,759,937	-
Investment securities at FVOCI	20	11,185	11,185	-
Pledged assets	20	34,148	34,148	-
Investment securities	21	1,042,752	438,764	603,988
Loans and advances to customers	22	1,958,017	421,932	1,536,085
Investments in subsidiaries	23	-	-	-
Current income tax	24	13,575	13,575	-
Deferred tax assets	25	25,835	-	25,835
Intangible asset	26	6,308	1,585	4,723
Other assets	27	30,823	30,823	-
Property and equipment	28	213,222	10,849	212,373
Total assets		5,095,802	2,722,798	2,383,004
Liabilities				
Deposits from banks	29	-	-	-
Deposits from customers	30	4,068,545	3,235,535	833,010
Borrowing	31	88,123	66,683	21,440
Current tax	24	-	-	-
Deferred tax liabilities	25	23,681	-	23,681
Bonds	32a	81,681	-	81,681
Other liabilities	32b	140,938	34,608	106,330
Total liabilities		4,402,968	3,336,826	1,066,142

51.Maturity analysis of assets and liabilities (cont'd)

Bank 2021 | **At 31 December**

In Thousands of GH¢	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	946,055	946,055	-
Investment securities at FVOCI	20	17,661	17,661	-
Pledged assets	20	74,406	74,406	-
Investment securities	21	1,243,178	625,645	617,533
Loans and advances to customers	22	1,747,995	536,975	1,211,020
Investments in subsidiaries	23	13,543	-	13,543
Current income tax	24	-	-	-
Deferred tax assets	25	19,877	-	19,877
Intangible asset	26	9,150	-	9,150
Other assets	27	17,273	17,273	-
Property and equipment	28	137,121	-	137,121
Total assets		4,226,259	2,218,015	2,008,244
Liabilities				
Deposits from banks	29	45,016	45,016	-
Deposits from customers	30	3,165,079	1,447,451	1,717,628
Borrowing	31	136,606	76,545	60,061
Current tax	24	1,078	1,078	-
Deferred tax liabilities	25	9,957	-	9,957
Bonds	32a	80,849	-	80,849
Other liabilities	32b	97,742	78,429	100,162
Total liabilities		3,536,327	1,648,519	1,968,657

51. Maturity analysis of assets and liabilities (cont'd)

Group 2021		**At 31 December**		
In Thousands of GH¢	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	946,062	946,062	-
Investment securities at FVOCI	20	17,661	17,661	-
Pledged assets	20	74,406	74,406	-
Investment securities	21	1,270,233	706,817	563,416
Loans and advances to customers	22	1,747,995	536,975	1,211,020
Investments in subsidiaries	23	-	-	-
Current income tax	24	-	-	-
Deferred tax assets	25	20,305	-	20,305
Intangible asset	26	9,315	-	9,315
Other assets	27	26,549	26,549	-
Property and equipment	28	140,564	-	140,564
Total assets		4,253,090	2,308,470	1,944,620
Liabilities				
Deposits from banks	29	45,016	45,016	-
Deposits from customers	30	3,144,312	1,426,684	1,717,628
Borrowing	31	136,606	76,545	60,061
Current tax	24	495	495	-
Deferred tax liabilities	25	10,121	-	10,121
Bonds	32a	80,849	-	80,849
Other liabilities	32b	109,602	90,594	19,008
Total liabilities		3,527,001	1,639,334	1,887,667

52. Going concern and Events after the reporting period

There was no event after reporting date that required adjustments or disclosure except on the GDDEP as per the Note 41.

The Bank incurred a net loss for the year ended 31 December 2022 of GH¢ 66.84m (2021 GH¢ 81.70m profit) but as of that date its total assets exceeded its total liabilities by GH¢661.52m (2021 GH¢689.93). This is mainly attributed to the developments of the GDDEP and its resultant impact on the impairment of government securities and impairment on loans and advances.

Subsequent to the reporting date, the Bank has reverted to making profit and is expected to remain profitable for the foreseeable future.

The directors have considered the following matters in making an assessment on the going concern assumption:

- Cash flow forecast – profit making, increase in the revenue and liquidity management
- New turnaround strategy — that is focused on diversifying its investments portfolio and expansion of its loan market to drive growth in income for the foreseeable future.
- Risk management – rigorous selection process for clients, management of business risks and working capital. New turnaround strategy that has shown an improvement in revenue for the foreseeable future.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

There was no other events after reporting date that required adjustments or disclosure except on the GDDEP as per the Note 41.

53. Analysis of Shareholding

Range of shareholding as at 31 December 2022

FROM	TO	No. of shareholders	No. of Shares	% of Holding
1	1,000	1,746	521,719	0.06
1,001	5,000	401	931,250	0.11
5,001	10,000	74	537,562	0.06
10,001	50,000	97	2,027,465	0.24
50,001	999,999,999	49	847,948,377	99.53
TOTAL		**2,367**	**851,966,373**	**100.00**

Major shareholders as at 31 December 2022 (top 20)

Name of shareholder	Number of shares	% of issued Capital
REPUBLIC FINANCIAL HOLDINGS LIMITED	566,922,389	**66.54**
SOCIAL SECURITY & NATIONAL INS.TR.	220,379,810	**25.87**
GHANA UNION ASSURANCE CO. LTD.	42,364,167	**4.97**
SCGN/GHANA INTERNATIONAL BANK PLC	9,221,968	**1.08**
ACE MEDICAL INSURANCE LIMITED	1,204,200	**0.14**
STD NOMS TVL PTY/HERITAGE FUND LTD	899,976	**0.11**
UNITED MASTER TRUST PROVIDENT	880,407	**0.10**
CAPITAL AND EQUITY LTD.	625,000	**0.07**
ZWENNES CHARLES MR	317,273	**0.04**
PRESTIGE CAPITAL LIMITED	295,297	**0.04**
HFCN/CDH BALANCED FUND LIMITED	292,769	**0.03**
AMOAKO-ATTA CHARLES MR	272,350	**0.03**
BOATENG DANIEL A. DAMEH DR.	257,288	**0.03**
REGIMANUEL GRAY LTD.	220,266	**0.03**
NSIA GHANA LIMITED	219,389	**0.03**
DATABANK BROKERAGE LIMITED	200,000	**0.03**
AL-HASSAN ABDUL-RAHMAN MR	196,932	**0.02**
DUKU KWADWO MR	193,351	**0.02**
DJANGMAH VICTOR KODJO V.K	165,000	**0.02**
ASAFO-ADJEI OSEI MR	160,000	**0.02**
REPORTED TOTALS	**845,287,832**	**99.22**
NOT REPORTED	**6,678,541**	**0.78**
GRAND TOTALS	**851,966,373**	**100.00**

Directors' shareholdings as at 31 December 2022

	Shares	% of issued Capital
Mr. Charles William Zwennes	317,273	0.040
Mr. Ebenezer Tetteh Tagoe	23,702	0.003
Total	340,975	0.043

RESOLUTIONS

ORDINARY RESOLUTIONS

1. That the Financial Statements of Republic Bank (Ghana) PLC and its Subsidiaries for the financial year ended 31st December 2022 together with the Auditors' Reports thereon be received and adopted.
2. That the Directors' Report for the year ended 31st December 2022 be received and adopted.
3. That the appointment of Mr. Benjamin Dzoboku as Managing Director of the Company by the Directors pursuant to Article 65 of the Company's Constitution and sections 172(3), (5) and 184 of the Companies Act, 2019 (Act 992) (the "Companies Act") be and is hereby ratified in accordance with Section 144 (5)(c) of the Companies Act, subject to regulatory approval.
4. That Mr. Parasram Salickram be and is hereby elected as a Director of the Company under Article 66 of the Company's Constitution and section 325(e), 172(4) and (5) of the Companies Act.
5. That Mr. Michael Addotey Addo be and is hereby re-elected as a Director of the Company under Article 66 of the Company's Constitution and Section 325(d) of the Companies Act, 2019 (Act 992).
6. That Mr. Ebenezer Tetteh Tagoe be and is hereby re-elected as a Director of the Company under Article 67 of the Company's Constitution and Section 325(d) of the Companies Act, 2019 (Act 992).
7. That Mr. Paul King Aryene be and is hereby re-elected as a Director of the Company under Article 67 of the Company's Constitution and Section 325(d) of the Companies Act, 2019 (Act 992).
8. That the Directors be and are hereby authorized to fix the remuneration of the Company's Auditors for the 2023 financial year.

SPECIAL RESOLUTIONS

To consider and if thought fit to pass the following Special Resolutions – All Subject to Regulatory Approval:

Dividend Warrant

(i) That paragraph 44(1) of the Constitution be deleted in its entirety and replaced with the following as a new paragraph 44(1) -

"All dividend payments to members shall be through electronic payment means such as mobile money, bank transfers and other forms of payments as may be approved by the Securities and Exchange Commission."

(ii) That paragraph 44(2) of the Constitution be deleted in its entirety and replaced with the following as a new paragraph 44(2) -

"Dividend payments through electronic payment means as set out in paragraph 44(1) above, shall be paid to the electronic transfer details provided by the member or in the case of joint holders to the electronic transfer details of the member that the joint holders may in writing direct."

EXPLANATORY NOTES TO SPECIAL RESOLUTIONS

These notes provide an explanation to the proposed Special Resolutions set out in the Notice and Agenda for the 32nd Annual General Meeting of the Company. For the Resolutions to be passed, 75% of the votes of members present are required. The Resolution is proposed for the Company to be compliant with regulatory requirements.

SPECIAL RESOLUTION

AMENDMENT OF ARTICLES 44(1) AND 44(2) OF THE COMPANY'S CONSTITUTION

I INTRODUCTION

The Securities and Exchange Commission (SEC) on 6th February 2023 issued a Directive on the 'Discontinuation of the Usage of Dividend Warrants as a Means of Dividend Payment'.

Per the Directive, effective 1st February 2024, all dividend payments are to be made through electronic payment means such as mobile money, bank transfers and other forms of payments as may be approved by SEC.

An amendment is therefore required, where applicable to the Company's Constitution, in order for the Bank to be compliant with the Directive within the given timeline.

The amendment of the Company's Constitution is critical to ensuring that the Company's governing document is aligned with the Directive and compliant with the regulatory requirement.

II THE AMENDMENTS

(i) That paragraph 44(1) of the Constitution which reads "A dividend payable in cash may be paid by cheque or warrant sent by post directed to the registered address of the member or, in the case of joint holders, to the registered address of the person who is first named on the register of members, or to a person and to an address that the holder or joint holders may in writing direct or by electronic transfer to the Bank account of the member" be deleted in its entirety and replaced with the following as a new paragraph 44(1) -

"All dividend payments to members shall be through electronic payment means such as mobile money, bank transfers and other forms of payments as may be approved by the Securities and Exchange Commission."

(ii) That paragraph 44(2) of the Constitution which reads "A cheque or warrant shall be made payable to the order of the person to whom it is sent" be deleted in its entirety and replaced with the following as a new paragraph 44(2) -

"Dividend payments through electronic payment means as set out in paragraph 44(1) above, shall be paid to the electronic transfer details provided by the member or in the case of joint holders to the electronic transfer details of the member that the joint holders may in writing direct."

III REQUIRED APPROVALS

The Company would be required to, pursuant to section 27 of the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930), apply and seek the approval of the Bank of Ghana before it can make any amendments to its Constitution.

The Company would also be required to, pursuant to Article 94 of the Company's Constitution, apply and seek the approval of the Ghana Stock Exchange before it can have its Constitution amended.

IV FINANCIAL OUTLAY
Any financial outlay to effect the adoption and registration of the amended Constitution with the Regulators and the Registrar General will be nominal.

V CONCLUSION
The rational behind the amendment of the Company's Constitution is to ensure that the Company is compliant with current regulatory directives, in particular the directive from the Securities and Exchange Commission (SEC) on the 'Discontinuation of the usage of Dividend Warrants as a means of Dividend Payment'.

VI DIRECTORS RECOMMENDATION
In view of the foregoing, the Board of Directors recommends that Shareholders vote in favour of the resolution for the amendment of Articles 44(1) and 44(2) of the Company's Constitution in compliance with the Securities and Exchange Commission Directive, subject to regulatory approvals.

PROXY

I/We ....of ....

being members of Republic Bank (Ghana) PLC (the "Company") hereby appoint .... or failing him, MR. PAUL KING ARYENE, Acting Chairman of Republic Bank (Ghana) PLC, as my/our proxy to vote for me/us on my/our behalf at the Virtual Annual General Meeting of the Company to be streamed from the Accra City Hotel, Barnes Road, Accra at 1.00 pm (13.00 GMT) on the 19th day of July 2023 and at any adjournment thereof.

Please indicate with a tick in the space below how you wish your votes to be cast

ORDINARY RESOLUTIONS

			For	Against	Abstain.
1.	To receive and adopt the 2022 Financial Statements of Republic Bank (Ghana) PLC & Auditors Report thereon.	1.			
2.	To receive and adopt the Directors' Report.	2.			
3.	To ratify the appointment of Mr. Benjamin Dzoboku as a Director	3.			
4.	To elect Mr. Parasram Salickram as a Director	4.			
5.	To re-elect Mr. Michael Addo as a Director	5.			
6.	To re-elect Mr. Ebenezer Tetteh Tagoe as a Director.	6.			
7.	To re-elect Mr. Paul King Aryene as a Director.	7.			
8.	To authorise Directors to fix the Auditors' fees for 2023.	8.			
	SPECIAL RESOLUTIONS				
9	To consider and if thought fit to pass the following - All Subject to Regulatory Approval: (i) That Regulation 44(1) of the Constitution of the Company be deleted in its entirety and replaced with the following as a new Regulation 44(1) - "All dividend payments to members shall be through electronic payment means such as mobile money, bank transfers and other forms of payments as may be approved by the Securities and Exchange Commission." (ii) That Regulation 44(2) of the Constitution of the Company be deleted in its entirety and replaced with the following as a new Regulation 44(2) - "Dividend payments through electronic payment means as set out in Regulation 44(1) above, shall be paid to the electronic transfer details provided by the member or in the case of joint holders to the electronic transfer details of the member that the joint holders may in writing direct."	9			

This .... day of .... 2023 / Signed ....

THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE COMPANY SECRETARY IF THE SENDER WILL BE 'ATTENDING' THE MEETING

1. Provision has been made on the form for MR. PAUL KING ARYENE, the Chairman of the Meeting, to act as your Proxy; but if you so wish, you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman.

2. In the case of joint holders, each holder must sign. In the case of a company, the Proxy Form must be signed by a Director or its Common Seal appended.

If you intend to sign a Proxy, please sign the above Proxy Form and post it to reach the Company Secretary, Republic Bank (Ghana) PLC, "Ebankese", P.O. Box CT4603, Cantonments, Accra, Ghana or via email to marketing@republicghana.com at any time prior to the commencement of the meeting in accordance with the Company's Regulations.

Republic Bank (Ghana) PLC

THIRD FOLD HERE

SECOND FOLD HERE

FIRST FOLD HERE

THE COMPANY SECRETARY
REPUBLIC BANK (GHANA) PLC
EBANKESE
P.O. BOX CT4603
CANTONMENTS
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