ANNUAL
REPORT
2022

FIDELITY BANK

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Notice of Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Fidelity Bank Ghana Limited, whose registered place of business is No. 10 Ambassadorial Enclave, Ridge Tower, West Ridge, Accra, Ghana, will be held **virtually on Friday 26th May 2023 at 11:00 am (GMT) via Microsoft® Teams** to transact the following business:

By Ordinary Resolution:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2022;

2. To ratify the appointment of the Board Chairman, Mr. James Reynolds Baiden;

3. To re-elect Directors, Harold Richardson, Lisa Mensah and Abubakar Sulemana retiring by rotation;

4. To authorize the Directors to fix the remuneration of the Auditors.

Dated, this 2nd day of May, 2023

BY ORDER OF THE BOARD

MAATAA OPARE
(COMPANY SECRETARY)

Members and/or their proxies may attend and participate in the Annual General Meeting of Fidelity Bank Ghana Limited virtually. A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend the virtual meeting and vote instead of him. A Proxy need not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting it must be completed and emailed to **companysecretary@myfidelitybank.net** or **deposited at the offices of the Company Secretary, Fidelity Bank Ghana Limited, 2nd Floor, Ridge Tower, Accra not less than 48 hours before the appointed time of the meeting.**

Agenda

Annual General Meeting of Fidelity Bank Ghana Limited

Friday 26th May, 2023 at 11:00 am (GMT)
via Microsoft® Teams

1.	Opening Prayer
2.	Chairman and Managing Director's Speech
3.	Q&A
4.	Adoption of Minutes of AGM of 24th June, 2022.
5.	Notice of Meeting
6.	To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2022;
7.	To ratify the appointment of the Board Chairman, Mr. James Reynolds Baiden;
8.	To re-elect Directors, Harold Richardson, Lisa Mensah and Abubakar Sulemana retiring by rotation;
9.	To authorize the Directors to fix the remuneration of the Auditors.
10.	Closing Prayer

Contents

Financial Highlights

For the year ended 31 December 2022

[All amounts are expressed in thousands of Ghana cedis]

	GROUP		BANK	
	December	December	**December**	December
As at	**2022**	2021	**2022**	2021
Total assets	**13,776,690**	13,359,794	**13,785,897**	13,349,840
Loans and advances to customers	**2,736,268**	2,278,591	**2,815,748**	2,278,591
Deposits	**10,061,242**	8,226,047	**9,874,809**	8,264,429
Shareholders' equity	**709,658**	1,287,785	**656,377**	1,241,940
For the year ended				
Operating income	**1,458,462**	1,130,065	**1,433,043**	1,107,625
(Loss)/Profit before tax	**(533,409)**	516,975	**(518,623)**	504,544
(Loss)/Profit after tax	**(399,085)**	351,383	**(388,585)**	341,520
Dividend per share	**-**	5.45	**-**	5.45
Earnings per share	**(15.81)**	13.92	**(15.39)**	13.53
Return on average equity (%)	**(39.96)**	30.25	**(40.94)**	30.46
Return on average assets (%)	**(2.94)**	3.10	**(2.94)**	3.10
Number of staff	**1,188**	1,139	**1,171**	1,126
Number of branches	**76**	73	**76**	73
Number of ATMs	**124**	121	**124**	121

Corporate Profile

Fidelity commenced business in October 1998 as a discount house. Fidelity Discount House attracted a rich client base and was noted for its innovative and attractive investment product offerings, making us the discount house of choice. With the quality of services offered, our customers requested for a deeper and richer business relationship, making it logical to move into the banking sector. On the 28th of June 2006, we obtained a universal banking license.

Investment banking has always been a key pillar in the overall strategy of the Bank, thus, Fidelity Securities Limited (FSL), a fully owned subsidiary of the Bank, was incorporated as the investment banking arm of the Bank. Formerly known as Fidelity Asset Management, FSL's business includes providing advisory services, issuing securities, raising capital and undertaking portfolio investment management for clients.

In 2012, the Bank established Fidelity Asia Bank Limited (FABL) in Labuan, Malaysia as a wholly owned Asian subsidiary in Malaysia. FABL provides offshore banking services. The continued growth of the Bank culminated in Fidelity's acquisition of ProCredit Savings and Loans Company Limited (PCSL) from ProCredit Holding Germany (PCH) and the DOEN Foundation of the Netherlands in 2014.

Currently, a Tier 1 Bank, Fidelity continues to perform its primary role of financial intermediation through our Wholesale Banking and Retail Banking divisions to meet the banking needs of our diverse customer base.

Our successful journey to the top tier of the banking sector has been largely driven by good governance, superior products, well trained staff and key investments in technology. As the largest privately-owned Ghanaian bank, our focus is on continuing to innovate and provide value-added products and services to our growing customer base.

Subsidiaries

Fidelity Asia Bank Limited (FABL) was established in July 2012 as a wholly owned Asian subsidiary in Malaysia. FABL provides offshore banking services.

Fidelity Securities Limited (FSL), a fully owned subsidiary of Fidelity Bank Ghana Limited, is the investment banking arm of the Bank. Formerly known as Fidelity Asset Management, FSL's business includes providing advisory services, issuing securities, raising capital and undertaking portfolio investment management for clients.

Mission

To become an established top three (3) bank in Ghana by 2024 based on the following key performance indicators: Quality of Deposits; Operating Income; Quality of Loan Book; Return on Equity and Cost to Income Ratio. Anchored on three key pillars:

- our people
- our service and processes, and
- return to stakeholders.

This will be premised on exceptional corporate governance standards and risk management practices, knowledge of the local market, professionalism, proactivity, innovation and above all, a customer-centric culture.

Vision

Fidelity Bank's vision is to become a world-class financial institution that provides superior returns for all stakeholders as follows:

Our Customers:
The best place to bank

Our Shareholders:
The best place to invest

Our Employees:
The best place to work

Our Regulators:
The best place to benchmark

Corporate Information

Board of Directors

Edward Effah
Chairman

Julian Kingsley Opuni
Managing Director

Harold Richardson
Independent Non-Executive Director

Sulemana Abubakar
Independent Non-Executive Director

Lisa Mensah
Independent Non-Executive Director

Emmanuel Barima Manu
(Retired 18 Feb 2022)
Non-Executive Director

Adwoa Nyantakyiwa Annan
Non-Executive Director

Skander Khalil Oueslati
Non-Executive Director

Jim Reynolds Baiden
Non-Executive Director

Abayomi Theophilus Akinade
Non-Executive Director

Company Secretary
Ms. Maataa Opare

Registered Office
Fidelity Bank Ghana Limited
Ridge Tower
10 Ambassadorial Enclave
West Ridge, Accra
Ghana

Solicitors
Bari & Co.
Suite No. 1, 1st Floor No. 27
Castle Road
Adabraka, Accra

Independent Auditor
Ernst and Young
Chartered Accountants
60 Rangoon Lane
Cantonment City
P. O. Box 16009
Airport, Accra

Bankers
Citibank N. A.
Oddo BHF Bank
Ghana International Bank (UK)
Bank of China
JP Morgan Chase Bank
Banque De Commerce Et Placements
ABSA
UBA, America
Medcapital Bank

Board of Directors

Edward Effah
Founder and Chairman

Edward established the Fidelity group of financial services companies in October 1998 after a successful career as a senior finance executive. The Fidelity group of financial services companies is comprised of Fidelity Bank Ghana Limited (Fidelity Bank), Fidelity Asia Bank Limited (Malaysia) and Fidelity Securities Limited (FSL). Fidelity Bank was set up in October 2006 and has grown to become the largest privately-owned Ghanaian bank with total assets in excess of 13 billion Cedis (US$ 2.2 billion), over 2 million customers and 76 branches spread out across every region of the country as at 31st December 2022.

Edward served as the Chief Executive Officer of Fidelity Bank from its inception in 2006 to 2016 and he is currently the Board Chairman of Fidelity Bank. Under Edward's leadership, Fidelity has established itself as a leader in its markets in Ghana in terms of reputation, profitability and assets under management. Fidelity Bank has won more than 100 awards in recognition of its customer service, technology solutions, social and economic impact, corporate social responsibility and banking excellence.

Edward has extensive experience in business strategy formulation, calculated risk taking, strategy execution, team building, mentoring, business innovation, finance, technology strategy, capital raising, investor relations, corporate governance and effective communication with key stakeholders. Edward brought to Fidelity over fifteen years of experience in senior executive positions in finance and treasury management. Previous positions held prior to establishing Fidelity include: Country Director of Global Emerging Markets (GEM) Ghana Limited (1995-1998), Chief Finance Officer of Inter-Afrique Group (1995 – 1997), Risk Manager (1990 – 1995) of Rudolf Wolff, the City of London based derivatives and foreign exchange trader and an auditor and management consultant with Coopers and Lybrand, London (1987 – 1990).

In November 2011, Edward was a finalist in the Ernst & Young's premier Entrepreneur of the Year West Africa Awards. In November 2014, Edward won the Chartered Institute of Marketing Ghana (CIMG) Marketing Man of the Year Award. In May 2019, Edward won the awards of CEO of the Decade, CEO of the Year and was also inducted into the Hall of Fame by the CEO Network for his immense contribution towards the banking industry in Ghana. In October 2020, Edward again won the ultimate award of CEO of the Decade at the Ghana Business Awards for his outstanding leadership over the decade.

Edward is currently the Board Chairman of Unilever Ghana Limited and he is also a board member of Fidelity Securities Limited, Fidelity Asia Bank Limited and Africa Capital LLC.

Previous directorships held by Edward include: Chairman, College of Health Sciences, University of Ghana (2009 – 2011); Council Member, University of Ghana (2009 – 2011); Chairman, Fidelity Capital Partners Limited; Council Member, Ghana Stock Exchange (2006 – 2007), Director, Ghana Agro Food Complex (2005 – 2006); Director, Golden Beach Hotels Limited (2001 – 2004); and Executive Council Member, Africa Venture Capital Association (2000 – 2005).

Edward is a Chartered Accountant by profession and he is a member of the Institute of Chartered Accountants in England and Wales.

Julian Kingsley Opuni
Managing Director

Julian Opuni is the Managing Director of Fidelity Bank and serves as an executive member of the Board. He joined the bank as the Head of Commercial Banking at the inception of the unit. After incubating and building the new business line, he led the growth and consolidation of the wider Commercial & SME Banking segments and ultimately the entire Retail Banking Directorate.

Julian has over 25 years of experience in the financial services sector both locally and internationally. He has extensive experience in business development, credit analysis, and sales management and has also participated in various youth entrepreneurship & business mentoring projects.

Prior to joining Fidelity Bank, Julian had a successful career with Lloyds Bank in the United Kingdom where he worked for over 18 years. He joined Lloyds as a member of their Expedited Management Training Program, holding various roles in Operations and Retail Banking which included Branch Management. Additionally, he held several senior positions in both Business & Corporate Banking, finally leaving as a Senior Manager with responsibility for various business centres in the west of London. His great leadership skills and business acumen have earned him recognition both locally and internationally. He was the recipient of the Ghana Business Awards' Outstanding Leadership Award in 2020. He was also adjudged the Best Banking CEO of the Year in Ghana by International Business Magazine while Global Banking and Finance Magazine adjudged him as the Best Banking CEO in Ghana.

He is an Associate of the Institute of Financial Services (Aifs) and holds a B.Sc. in Banking & Financial Services from the University of Manchester Institute of Science & Technology. Julian is also an accredited specialist in Manufacturing, Legal and Property Lending and he was recently conferred a fellowship by the Chartered Institute of Bankers, Ghana.

Sulemana Abubakar
Independent Non-Executive Director

Sulemana Abubakar (Abu) is the General Electric (GE) Chief Information Officer (CIO) for GE International Markets and the Chief Executive Officer for GE Ghana.

He is a growth-focused and execution-oriented ICT leader with over 29 years of executive and hands-on experience in digitizing multibillion-dollar Fortune 100 organizations. He has a solid track record in delivering ICT solutions in both matured and emerging markets. He has a proven ability in establishing and directing global program teams, and planning and deploying business systems in various industries and countries. Abu has also established Project Management Centers of Excellence, managed rescued efforts of multimillion-dollar programs and delivered business solutions across the US, Canada, Western Europe, Brazil, Russia, China, Africa and the Middle East. Sulemana Abubakar holds a BSc in Civil Engineering from the Kwame Nkrumah University of Science & Technology, an MBA from Imperial College London, and has several technology certificates from various institutions including MIT and Harvard.

Lisa Mensah
Independent Non-Executive Director

Lisa Afua Serwah Mensah is a US citizen who is the President and CEO of The Oregon Community Foundation. The Oregon Community Foundation manages over $3 billion of philanthropic resources for the benefit of improving the lives in the state of Oregon. Prior to becoming CEO of the Oregon Community Foundation, Lisa was the President and CEO of Opportunity Finance Network (OFN) a network of community development financial institutions that manage over $27 billion of investments in housing, business, and facilities in low-income areas throughout America. She is a development finance expert with experience using public and private sector financial tools to improve economic security. She previously served as President Obama's Under Secretary of Agriculture for Rural Development and founded the Initiative on Financial Security at The Aspen Institute. She was educated at Harvard and Johns Hopkins and has worked extensively on small and micro business development, housing, and financial and savings policy. Ms. Mensah began her career in commercial banking at Citibank before joining the Ford Foundation where she was responsible for the country's largest philanthropic grant and loan portfolio of investments in rural America. She serves on the boards of Feeding America, Ecotrust and the Heritage and Cultural Society of Africa, U.S.A.

Harold Richardson
Independent Non-Executive Director

Harold Richardson is a Ghanaian with over 30 years' experience as a Chartered Accountant and currently serves as the Principal at Harry Richardson Consult, an Accounting firm he owns.

Harold is a member of professional bodies including the Institute of Chartered Accountants Ghana (ICAG), the Chartered Institute of Taxation Ghana (CITG) and the Ghana Association of Restructuring and Insolvency Advisors (GARIA). Harold has served as the General Manager (Finance & Admin.) of Vanef STC, Chief Financial Officer of Regimanuel Gray Ltd and Deputy Director of Finance, Ghana Airways Ltd. He has also served in various capacities at the Old Achimotan Association (Achimota School), where he was Treasurer, and became the Vice President. He served as a Trustee of the Achimota School Endowment Trust, a member of the Board of Governors of Achimota School, and a member of the Board of Governors of Christ the King School, He was a director of Vanef STC. Harold currently sits on the board of Chapel Hill School Limited and North Ridge Lyceum Limited, both educational institutions.

Emmanuel Barima Manu, LLM

Non-Executive Director

(Retired 18 Feb 2022)

Emmanuel Barima Manu, holds a Master's Degree in International Commercial Law and is a co-founding member and Managing Partner of Bari & Co. He has extensive experience in corporate, investment and commercial practice including negotiating complex commercial and business contracts and other varied agreements. Mr. Manu was called to the Ghana Bar in October 1989 and has worked with other firms like Naoferg Chambers and Law Trust Company.

Mr. Manu has advised many clients on commercial transactions, contracts, corporate business and energy and oil and gas laws including Springfield E & P Limited, Asky Airlines, African Gold Group Inc(Canada), Bulk Oil Storage and Transportation Company Limited, Elmina Beach Resort, Millicom Ghana Limited, Allterrain Services Ghana Limited, Minexco Petroleum Limited, Sonitra Ghana Limited, Cayco Ghana Limited, West Africa Diamonds Company Limited(Nevada, U.S.A), Atholl Energy Limited and Altrom Ltd, (Switzerland). He has also represented Fidelity Bank Ghana Limited on numerous occasions as Lead Legal Adviser.

Mrs. Adwoa Nyantakyiwa Annan

Non-Executive Director

Mrs. Adwoa Annan is the co-founder of Geothermal Management Services Ltd, a green technology company. She is also a non-executive director of Waveline Growth Partners Limited, a finance company in Nigeria and a consulting Advisor at Alfie Designs, a garment manufacturing company and J&J Plastics Ltd

Prior to that, Mrs. Annan had a successful 30 year career in the financial services sector having worked in both the main stream banking and microfinance sectors. She has extensive experience in banking operations, customer service, sales management and strategic management.

She started her career with Barclays as a management trainee where she worked for 23 years, holding various senior management roles in operations, internal audit, branch management and business development.

Following a passion to empower women, she joined Women's World Banking in 2007 as the Chief Operations Officer overseeing all aspects of business strategy growth with specific concentration on the banking operations, credits, IT, Human Resources and Administration units. In 2011, she became the CEO and voluntarily retired after 4 years of implementing a successful turnaround program.

She holds an International Baccalaureate diploma from United World College of the Atlantic (U.K), a Bachelor's Degree in Economics from the University of Kent at Canterbury (UK) and a professional graduate diploma in management (International Professional Managers Association). She is also a graduate member of the Chartered Institute of Administration and Management Consultancy.

Skander Khalil Oueslati

Non-Executive Director

Skander was nominated to represent AfricInvest 4.5 as a non-executive director on the board of the bank. He is a Tunisian and has been a member of AfricInvest for the past 15 years. He has garnered over 24 years of professional experience in the banking and finance industry. He is currently a Senior Partner at AfricInvest and its Chief Investment Officer. Prior to joining AfricInvest, Skander was the Executive Director and Head of Structured and Project Finance at BMCE International London, United Kingdom. He also served as a Senior Investment Officer with the International Financial Corporation (IFC) in Washington, DC, USA. Prior to this, he worked as a Project Finance Analyst with BNP Paribas, Paris, France. Skander has previously served on the Boards of Family Bank (Kenya), Bridge Bank Group West Africa, UAP Insurance (East Africa), and MTNCI (Cote d'Ivoire). He currently serves on the Boards of Prime Bank (Kenya) and Tausi Insurance (Kenya).

James Reynolds Baiden

Non-Executive Director

James Reynolds Baiden was appointed Chairman of the Board of Directors of Fidelity Bank from 1st January 2023 to succeed Edward Effah who completed his tenure on 31st December 2022.

Jim Baiden, as he is widely known, is a consummate Banking Professional who garnered more than 35 years-experience working in the Banking & Finance Industry right from his first job at National Investment Bank in the early '80s until his retirement in 2018 as the Managing Director of Fidelity Bank Ghana.

In October 1998 Jim Baiden teamed up with Edward Effah to co-found Fidelity Discount House and subsequently served as the General Manager & Executive Director from inception in 1998 to 2006.

In October 2006 Jim Baiden came together with Edward Effah and Thomas Svanikier, a key shareholder to develop the transitional framework that culminated in the transformation and founding of Fidelity Bank, a wholly owned Private Sector Bank. Jim was subsequently appointed the first Deputy Managing Director of Fidelity Bank Ghana Limited.

In June 2016 after 10 years of impeccable service to the Bank as the Deputy Managing and working with a world class Management team that transformed Fidelity into a Top5 bank in Ghana, Jim was appointed the Managing Director of Fidelity Bank. Jim maintained the reputation of the Bank as an outstanding Ghanaian success story and led the Management team to continue growing the Balance Sheet and Profitability of the Bank during his tenure. During the Banking crisis in 2017, Jim then the Managing Director of the Bank, came in for special mention in many fora for his leadership role in building a strong bank that was not indicted by the happenings in the banking industry that led to the collapse of 9 banks.

In October 2018, Jim retired as an Executive Director and Managing Director of Fidelity Bank, having served Fidelity for a total of 20 years. After a 3-year cooling-off period, Jim was re-appointed to the Board of Fidelity Bank in May 2021.

At the 4th Ghana CEOs Summit in March 2019, Jim Baiden was inducted into the Ghana Banking Hall of Fame in recognition of his immense contribution to the development of Banking in Ghana.

During his active working days, Jim gained extensive international experience as an alumnus of Gerrard & National, a City of London based Discount House. He also attended the Darden School of Management, University of Virginia, USA, specialising in "Managing Critical Resources."

Jim holds a Master's Degree in Banking & Finance from the Finafrica Foundation, Milan, Italy and a Bachelor's degree in Economics with Statistics from the University of Ghana, Legon.

Jim is married to Joyce and they have 3 adult children. It is not a secret that Jim is passionate about the things of God and serves as the Chairman of the Action Chapel Scholarship Foundation. In many circles Jim is known as the "TrueBlue" because of his die-hard support of Chelsea Football Club.

Abayomi T. Akinade

Non-Executive Director

Yomi has a combined professional experience of 40 years in banking, technology, cyber security and project management. He is a Nigerian-American. Yomi attended Oklahoma State University (BSc. Bus. Admin & Econs), University of Oklahoma (MBA), Northwestern University (Post-Graduate - Advance Management) and University of Wisconsin (Post-Graduate – Project Management). He has been nominated by a significant shareholder of Fidelity Bank Ghana Limited, Messrs. Leapfrog III FS Africa No. 1 PTE Limited. Yomi is currently the Managing Partner and Chief Executive Officer of Holmen Consulting Limited in Nigeria engaged in the provision of IT consulting and project implementation services to clients in the banking, finance, power and energy sectors. Prior to this, he served as a Consultant and Chief Information Officer for Union Bank of Nigeria in charge of technology transformation from 2010 to 2015. He was also an Oracle Practice Lead from 1999 to 2003 with Whittman-Hart Inc in the USA where he participated in over 25 successful projects in Oracle applications and database, JD Edwards applications, Infrastructure and process automation implementations. He was also the General Manager, Head of Corporate and Investment Banking at the Marina International Bank in Nigeria from 1997 to 1998. Yomi has served in various senior executive roles within the banking and finance industry. He served as the Managing Director of Mutual Trust Savings and Loans, Nigeria from 1991 to 1997. Prior to this, he took up the role of Deputy General Manager and Corporate Bank Head at Société General Bank Nigeria where he nurtured the Bank's Corporate Banking Division thus making it the most profitable division of the Bank. Between 1984 and 1989, he served as Head of Financial Institutions Department at Citibank NA (Nigeria). He also occupied the role of Head, Foreign Exchange at Habib Bank in Nigeria from 1982 to 1984 where he was a founding member. Yomi remains the Chief Executive Officer of Akinade Associates Inc, (USA) and Holmen Consulting Ltd, (Nigeria), both IT Consulting Firms where he is the CEO with projects in the spheres of IT infrastructure, Enterprise Resource Planning, Database Management, Custom Digital Platforms, Customer Relationship Management, Cloud Migration, Cybersecurity and Data Analytics among others. He has occupied this role for the past 18 years.

Executive Committee

Edward Opare-Donkor

Deputy Managing Director

(Wholesale Banking)

Edward is a Chartered Accountant with over twenty four (24) years' experience in the Financial Service Sector.

As an astute Business Executive, Edward has strong agile transformational skills and has honed these skills in senior executive roles over the years.

His remit includes Banking Operations & Business Optimization, Customer Experience, Marketing, Facilities & Properties, Information Security, Physical Security, Internal Control and Data & Analytics.

Until his appointment as the Deputy Managing Director, he served in various capacities including Finance Director and Director of Banking Operations & Business Optimization.

Prior to joining Fidelity, Edward had served in various roles at Enterprise Insurance Co. Ltd and CDH Insurance Ltd where his career in Finance began.

Edward holds an Executive MBA degree from the University of Ghana Business School and a BA (Hons) in Economics from the same University. He is a member of the Institute of Chartered Accountants, Ghana and has contributed in various finance-based workshops in both Ghana and overseas.

Edward served on Fidelity Security Limited's (FSL) board of directors.

Atta Yeboah Gyan

Deputy Managing Director

(Operations and Support Functions)

Atta Gyan was appointed Deputy Managing Director in April 2022 with oversight responsibility for Operations and Support Functions. Prior to his appointment as DMD, he served as the Bank's Chief Financial Officer for six years and was responsible for the overall financial functions of the Group.

Atta is a hands-on executive with over twenty-two years of experience in financial and corporate strategy, financial risk management, financial analysis and reporting, budgeting and forecasting, mergers and acquisitions, banking operations, audit and control. Atta joined Fidelity Bank in September 2007 and held many senior roles in the Bank before he was appointed Finance Director/ Chief Financial Officer in March 2016. Atta began his banking career at SG-SSB Ltd (now Société Generale Ghana) as an Inspector after a stint at Ghana Airways. At SG-SSB, he was a key member of the task force of Operations and Control staff that led the bank's transition from a locally controlled bank to a foreign owned entity. Prior to joining Fidelity Bank, he worked at Multimedia Group Ltd as the Finance Manager for Joy FM. In that role, he set up the Finance function at the station, coordinated the station's strategy and budget, and had oversight responsibility for credit control and client service.

Atta is a certified Financial Risk Manager (FRM®) and a member of the Global Association of Risk Professionals (GARP), USA. He also holds GARP's certification in Sustainability and Climate Risk (SCR®). He is a Chartered Accountant and a member of the Institute of Chartered Accountants, Ghana. He holds a Master's degree in Finance and a Bachelor of Science degree in Business Administration from the University of Ghana Business School, Legon. Atta also holds a post-chartered diploma certificate in International Financial Reporting Standards (IFRS).

Kwabena Boateng

Divisional Director, Corporate & Institutional Banking

Kwabena is the current Divisional Director, Corporate & Institutional Banking with over twenty (20) years' experience in the Banking Industry.

Prior to joining Fidelity, he was Executive Director, Commercial Banking of Standard Chartered Bank Ghana Ltd. He joined Standard Chartered Bank in 2006 as Senior Relationship Manager, Corporate Banking and rose through the ranks to become General Manager, SME Banking and Director, Local Corporate.

He has vast experience in the industry especially SME and Corporate Banking. He made significant impact on Standard Chartered Bank Ghana's SME business by developing it to be a major part of the SME franchise in Africa.

Prior to joining Standard Chartered Bank, he was with The Trust Bank (now Ecobank) and Amalgamated Bank (now Bank of Africa) where he was Senior Relationship Manager, Corporate Banking.

Kwabena practiced Civil Engineering for 6 years before joining the banking industry.

He holds an MBA (Finance) and BSc Civil Engineering from University of Ghana and University of Science & Technology, Kumasi respectively.

Nana-Esi Idun-Arkhurst

Divisional Director, Retail Banking

Nana Esi Idun-Arkhurst is the Divisional Director of Retail Banking at Fidelity Bank Ghana Limited. She handles strategy to address the financial needs of diverse client profiles within the Retail business of Fidelity. She has led the transformation of the business into a dominant Retail Bank meeting the needs of customers through strong value propositions, innovative products and excellent relationship management. She has also seen to onboarding of key strategic partnerships to support vertical markets in the agricultural, health, education, women and young entrepreneurs and alternative business in insurance.

With 19 years of experience in Banking, she has expertise in SME Financing, Financial Inclusion, Wealth Management, Bancassurance and Digital Transformation. She is an Independent Non-Executive Director and Board Chair of Sanlam Life Insurance Ghana Limited. Prior to joining Fidelity Bank in 2016, Nana Esi worked with Standard Chartered Bank for 12 years where she worked in different roles and headed various units. She holds a BSc. in Chemical Engineering from the Kwame Nkrumah University of Science and Technology and an MBA from The University of Edinburgh Business School where she was a Chevening Scholar as well as the school's 25th Anniversary Scholar.

She also holds a Post-graduate Certificate in Business Excellence in Global Banking: Fintech | Digital | Analytics from Columbia Business School Executive Education.

Christopher Lalusha

Group Chief Information Officer

An Innovative and accomplished Technology and Business executive with diverse financial services and Technology experience including performance driven results in IT management, project management, strategic planning, IT governance, corporate leadership, budgeting, operational efficiency, staffing models, shared services management and execution strategies. He holds an MBA in International Business, an MSc in Information Systems Management and a BSc in Computer Science.

He is a dynamic leader who is well-grounded in all technology and business aspects with a proven track record of excellence.

Dr. Shirley-Ann Awuletey-Williams

Chief Risk Officer

Shirley - Ann Awuletey - Williams joined Fidelity Bank in May 2008 as a Corporate Account Manager responsible for the Manufacturing & Distribution Desk in the Corporate Banking Department. She was transferred to the Risk Management Department as the Acting Head in January 2009 and was appointed the Chief Risk Officer of the Bank in 2015.

Prior to joining Fidelity, Shirley-Ann worked with Merchant Bank (Ghana) Limited (now UMB Bank) for 13 years in various departments/roles including Domestic Banking, Foreign Operations, Corporate & Institutional Banking and SME Banking. She also managed the Credit Analysts Unit as well as the Business Support function and was a Senior Relationship Manager responsible for various account portfolios. With about 27 years' experience in banking, her core competencies include Account Relationship Management, Credit Analysis & Monitoring and Enterprise Risk Management.

Shirley-Ann holds a Doctorate Degree in Business Administration and a Masters Degree in Applied Business Research both from SBS Swiss Business School. She also holds an MBA (Finance) from the University of Leicester School of Management, UK and BSc. (Hons) Agricultural Economics from the University of Ghana, Legon. She is a Chartered Banker and a Fellow of the Chartered Institute of Bankers, Ghana.

Maataa Opare

Group Head of Legal & Company Secretary

Maataa's career in Fidelity began as a Legal Officer, Legal Counsel, then Head of Legal and Company Secretary. Prior to joining the Bank, she was a Specialist Contract Manager at Santander Private Banking UK where she provided astute legal guidance to its offshore entity, share dealing service and private banking. The previous six years were spent in Bank of Cyprus UK where she was instrumental in effecting changes brought in by the Consumer Credit Act and the Payment Services Directive. Maataa has had over sixteen years of experience as an in-house lawyer in financial institutions and has also worked in Property Litigation and Product Liability in Hogan Lovells, London. As a Solicitor of the Supreme Court of England & Wales and called to the Bar in Ghana, she is dual jurisdiction qualified.

Maataa holds a B.Sc. in Politics and International Relations from the University of Southampton. She also took the CPE and Legal Practice Course at the College of Law, Store Street. Her Post-Call was completed at the Ghana School of Law. She was recently awarded the Best Achiever in Legal Services Award, Banking Category and inducted into the Ghana Feminine Hall of Fame for her outstanding contributions and achievements in the banking industry. She has been named as one of Ghana's Top 100 Inspirational Women and has also received an Honorary Award for her contribution and support towards the growth and development of young people through the Head of State Award Scheme under the Duke of Edinburgh 's International Award scheme, the Business Executive Award for her contributions and achievement in the Ghanaian Banking Industry and the Ghana Outstanding Woman in Banking and Finance, 2021.

Owusu Boahen

Director, Human Resources

Owusu is an experienced HR professional with a passion for excellence and a good background in the implementation of HR change initiatives aligned to business objectives. Owusu has about 17 years of HR experience in the Banking industry, majority of which has been with Fidelity Bank Ghana Ltd. He joined Fidelity Bank in 2013 as a Human Resources Business Partner for Retail Banking and later as a Business Partner for our Corporate and Investment Banking department. Owusu was a vital player in the Human Resources team that helped build the required HR infrastructure to support the Bank's growth agenda. Prior to joining Fidelity Bank, Owusu worked with Barclays Bank Ghana in various capacities in the Human Resources Department. He joined Barclays Bank Ghana in 2005 and rose through the ranks to later become an HR Business Partner and a key member of the HR department. He is a Member of the Society for Human Resource Management (SHRM), USA, a Member of the Academy to Innovate HR (AHIR) and an associate member of the Institute of Human Resource Management Practitioners, Ghana. Owusu holds an MPhil in Industrial/ Organizational Psychology from the University of Ghana, Legon.

Okyere Kwasi Akyeampong

Chief Transformation Officer

Kwasi leads a multi-faceted and cross-functional team mandated to spearhead transformation across the Bank to improve efficiency, enhance customer experience and drive business growth.

Before joining Fidelity Bank, Kwasi served as a global leader in diverse roles spanning a variety of world-class banks in Europe. He was the Head of Technology Strategy for Fixed Income and Wealth Management within the Global Markets at Credit Suisse in London.
Prior to joining Credit Suisse in 2010, as the Global Head of Commodities Technology, he worked for Morgan Stanley as the Global Head of Commodities Trading and Sales Technology and held other global roles, with a deep understanding of a majority of the Fixed income asset classes. Over the course of his career, he has held a variety of senior roles within the investment banking industry, with experience in leading teams globally working on a variety of technology offerings.
While at Credit Suisse, Kwasi also served as the Chair for the UK Financial Inclusion Advocates. This role enabled him to leverage the skills and enthusiasm of Credit Suisse employees in order to raise awareness, build, advance financial inclusion and impact investing efforts across the firm. As part of a global cohort of senior leaders, he traveled to Uganda in June 2019 to strengthen existing partnerships with financial inclusion organizations.

Kwasi holds a first-class Computer Science degree from Salford University in England and is an alumnus of the MSc Finance program from London Business School. He is also an Amanfo, a proud alumnus of Prempeh College in Kumasi- Ghana, where he attended Senior High School.

In his free time, he loves to read, play golf and exercise, he regularly runs half marathons to raise money for worthy causes. Kwasi is passionate about Fintech, Data Science and Agriculture in Africa and is keen to address the issue of food security using technology.

Prince Thomas Essilfie

Divisional Director, Treasury & Markets

Prince is the Divisional Director for the Treasury & Markets Division. He is a banking professional with over 12 years of experience in financial and capital markets, treasury management and corporate funding in the US, London and several African markets.

Prince joined from Africa Finance Corporation (AFC), where he was a Senior Vice President and led the Treasury Client Solutions business, an initiative he started at AFC.

Prior to starting Treasury Client Solutions, Prince teamed up with the other members of the AFC Treasury team to raise a significant amount of funding for AFC in capital markets (Eurobonds and Medium-Term Notes issuances), loan markets (syndicated and bilateral loans) as well as through swaps and structured Repo transactions. He also led the AFC's principal investments into various fixed income securities including Credit Linked Notes, Eurobonds, long term Promissory Notes, among others.

Before AFC, Prince was a Director on the Matched Principal Trading desk at UBS Investment Bank and also spent time at Morgan Stanley trading emerging market fixed income securities and currencies with a focus on African markets. He also traded US interest rate derivatives at a proprietary trading company in Chicago.

Earlier in his career, Prince was an IT and process consultant at CGI in the US. In his 5 years at the global IT and business consulting firm, he developed and led the implementation of large-scale IT systems for financial institutions and US Federal Government agencies.

He holds an MBA in Finance & Economics from the University of Chicago, Booth School of Business and a Bachelor of Arts degree with a double major in Computer Science & Economics Management and a minor in Mathematics from Ohio Wesleyan University.

Sustainability Report 2022

As a financial institution, we recognise the importance of our role in ensuring a sustainable future for our planet, communities, and economy. In light of this, we are dedicated to doing our business in a responsible and sustainable way that generates long-term value for all of our stakeholders.

We have begun integrating environmental, social, and governance (ESG) concepts into all aspects of our operations after making significant strides in our sustainability journey over the last year. This report details our efforts to create shared value for all of our stakeholders.

We believe that transparency and accountability are necessary for building trust with our stakeholders, and we are committed to providing regular updates on our sustainability performance. Furthermore, we recognise that sustainability is an ongoing process, and we are dedicated to continuously enhancing our sustainability practices and positively impacting the environment around us. Our Sustainability plan is based on three pillars: Sustainable Finance, Sustainable Operations, and Corporate Social Responsibility, with our operations contributing particularly to Sustainable Development Goals 4, 5, 8,12 and 13.

A. Sustainable Finance

We intend to employ creative funding to assist national development that advances the Sustainable Development Goals, complies with the Paris Agreement, and halts the loss of biodiversity. By offering financial services and products that are linked with the SDGs, Fidelity Bank will contribute to economic growth, societal well-being, and environmental protection. In 2022, our sustainable finance strategy promoted the development of small and medium-sized enterprises, access to finance, and rural remittances.

1) SME Development

The Fidelity Young Entrepreneurs Initiative, which consists of the Fidelity Young Entrepreneurs Fund and the Orange Corners Innovation Fund, aims to support existing businesses and start-ups of local entrepreneurs with financial and non-financial resources to harness social impact potential, build capacity and guide youth-related businesses to grow and scale up their businesses.In addition to building a presence, it emphasises the bank's commitment to delivering on its corporate goal of "Service to Our Community." Women and youth-led firms in manufacturing, creative arts, green economy, agriculture, technology, transportation & logistics were the intended audience.

The bank also held the Orange Summit which brought together industry experts, entrepreneurs and business executives to discuss how businesses can build financial resilience, harness marketing and branding for business growth and the importance of regulatory compliance to businesses.

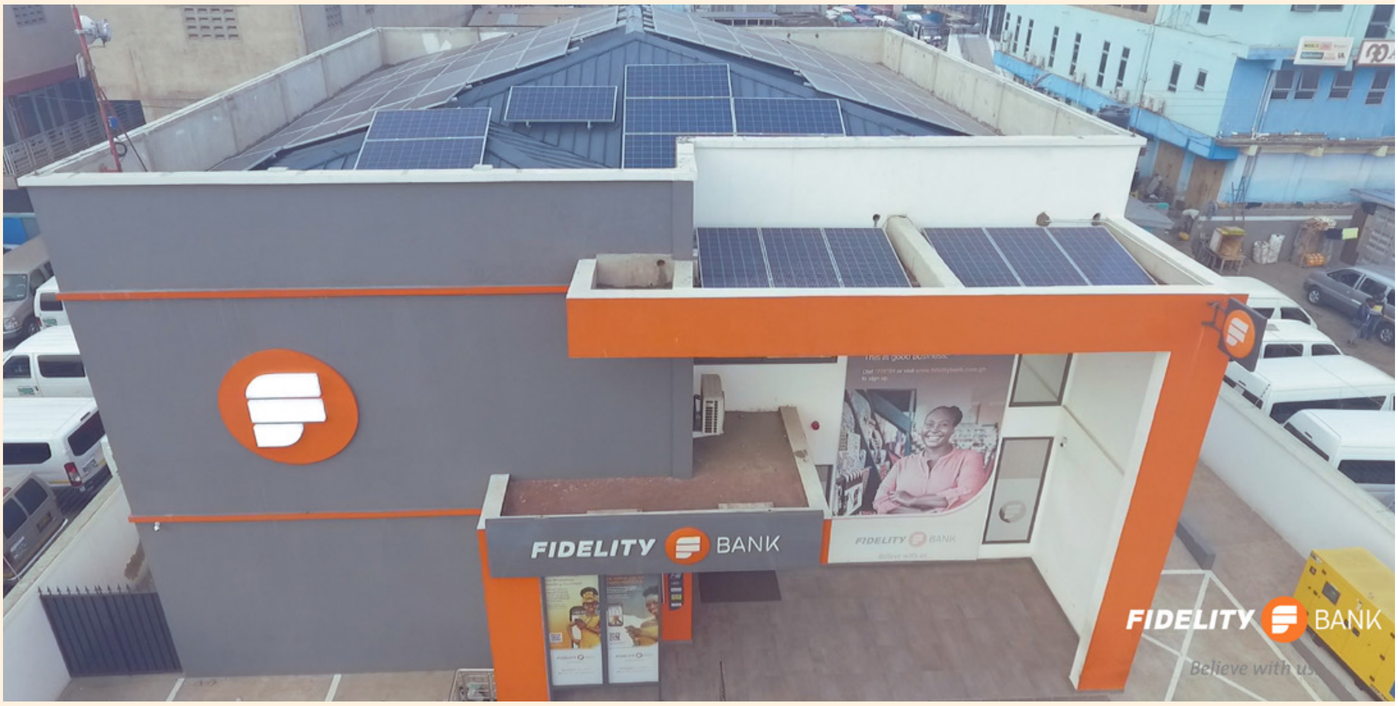
Participants, partners and Fidelity Staff at the Orange Summit

2) Access to Finance
Education is one of the bank's primary focus areas, and in 2022, via our partnership with EDIFY, GHS 655,000 was disbursed to Christian-based Private Schools to support their operating cash needs. This effort helped 33 schools pay their employees and rent for school facilities, as well as develop the necessary protocols, so they could reopen after the epidemic.
The second phase of this collaboration initiative is to assist schools in using education technology.

3) Remittance Initiative
Under a partnership with the International Fund for Agricultural Development (IFAD), the bank is implementing a € 135,337 project to assist rural livelihoods and promote sustainable development. This is being accomplished through expanding access to inexpensive and convenient remittances and other financial services for rural households with low incomes in the Brong Ahafo and Central regions. As part of the project 12,000 individuals will be trained in financial literacy using IVR mobile technology, 3,600 smart accounts will be established for direct termination of remittances, and 50 agents trained.

B. Sustainable Operations

1) Solar Energy for New Branches owned by Fidelity Bank
Installation of solar energy at the newly opened Kaneshie branch. This is line with Bank's initiative to deploy renewable energy sources at all Fidelity Bank owned locations.



2) Replacement of Extractors for Energy Efficiency
The Facilities team carried out an exercise to replace old extractors at the Orange Height for energy efficiency. This has led to a reduction in the cost of electricity by 12.05%.

C. Corporate Social Responsibility

In accordance with our core philosophy of giving back to the community, Fidelity Bank Ghana launched a number of projects in the last year to assist the communities in which it works. Our funding went towards education and activities that empower women and girls.

EDUCATION

1) Orange Impact
To culminate our year-long 15th-anniversary celebration, Fidelity Bank Ghana introduced a social impact initiative in education known as 'Orange Impact'. The project aims to provide 15 underprivileged schools with a suite of tailored resource and infrastructure support.

The Orange Impact Initiative is funded directly by Fidelity Bank and employee contributions. The initiative will guarantee that recipient schools receive different types of assistance, such as the building of classroom blocks, renovations, and the distribution of teaching and learning materials, based on the unique requirements of each school.

In October 2022, the project was inaugurated at the Duose D/A Primary School in Duose, Upper West Region.

2) Donation to the University of Health and Allied Sciences
In response to the request for help, Fidelity Bank provided 20 brand-new laptop computers to the UHAS Basic School as part of the Bank's donation to the school's computer lab.

3) Donation to the St. Mary's Seminary Senior High School
Also, Fidelity Bank provided 30 reconditioned desktop computers to the ICT Lab at St. Mary's Seminary Senior High School (SMASCO) Lolobi, in Ghana's Oti District. This action was in response to the school's request for assistance in equipping its ICT lab with PCs to support ICT instruction for students.

4) Assistance for the New Horizon Special School
To commemorate National Chocolate Day in 2022, Fidelity Bank Ghana support pupils and faculty of New Horizon Special School with 10 Thousand Ghana cedis and chocolates. This school educates children aged 6 to 18 and provides vocational training and jobs for persons with learning disabilities.

From left to right: Ms. Sylvia Francois, Board Member, New Horizon Special School receives cheque from Mrs. Comfort Armoo, Head of Customer Experience, Fidelity Bank Ghana

5) Contribution to Wesley Girls' Senior High School
In addition, the Bank contributed GHS 10,000 to Wesley Girls' High School for the construction of a three-story multi-purpose facility to house a centralised administration and a multifunctional resource centre for the holistic development of staff and students.

6) Donation to SOS Village
In continuance of our relationship with Herman SOS Village, the bank donated GHS20000 to the Fidelity House of the village.

7) Empowerment of Women / Girls
The Bank collaborated with "Touching the Lives of Girls Foundation," a non-governmental organisation whose mission is to educate, inform, enforce, and monitor teenage girls on feminine hygiene in order to avoid absenteeism and illnesses, and distribute sanitary pads to them.

On World Menstrual Hygiene Day, the Bank contributed GHS 20,000 to the initiative.

8) As a Bank committed to the empowerment of women, Fidelity Bank supported the Rebecca Foundation, which is the brainchild of Rebecca Akufo-Addo, the First Lady of the Republic of Ghana, and focuses on identifying and implementing initiatives that support government efforts to improve the lives of Ghanaians, particularly women and children. The Bank contributed GHS 50,000 to their International Women's Day programmes in 2022.

2022 Financial Statements

Chairman's Statement

Distinguished Shareholders,

Welcome to the 2023 Annual General Meeting of Fidelity Bank Ghana Limited. I am honored to present to you the report for the year ended 31st December 2022.

Operating Environment

In 2022, global economic activities, especially in advanced economies, were severely impacted by rising inflation levels, the Russia-Ukraine war, and the difficult aftereffects of COVID-19. The unanticipated rise in global inflation also contributed to hikes in interest rates. In the January 2023 World Economic Outlook (WEO) update, the International Monetary Fund (IMF) noted that the global economy was expected to grow by 3.4% in 2022, which was a 2.5% lower than the growth in 2021.

On the domestic front, Ghana's economy was projected to expand by 3.5% in 2022, down from an expansion of 5.4% in 2021. The economy was not spared as inflation rose to unprecedented levels. This was largely driven by the hikes in food, transport and utility prices. Furthermore, the pass-through effect of exchange rate pressures contributed significantly to imported inflation. Consequently, the Monetary Policy Committee (MPC) of the Bank of Ghana (BOG) constantly raised the policy rate from 14.5% at the beginning of 2022 to 27% at the end of 2022, all with the intention of curbing upward pressures on inflation.

The macroeconomic challenges, sovereign downgrades and lack of access to the international capital market led to Government of Ghana's (GOG) decision to seek a US$3 billion bailout from the IMF in 2022. As part of the requirements to obtain the US$3 billion bailout from IMF, Ghana needed to restructure its debt profile to bring down the debt to GDP ratio and be able to service maturing coupons and principals as they fall due for settlement thereby resulting in the launch of a Domestic Debt Exchange Programme (DDEP) as the first step. Under the DDEP, existing bondholders were invited to voluntarily exchange eligible domestic bonds for new benchmark bonds with the same aggregate principal/nominal amount. The staff-level agreement between IMF and GOG was reached in December 2022.

Banking Sector Developments

After maintaining sustainable profitability levels and financial soundness for the first half of 2022, the macroeconomic challenges coupled with the launch of the DDEP impacted adversely the banking sector performance in the last quarter of 2022.

Similar to the COVID-19 era, BOG has provided regulatory reliefs to support the banking sector in the post DDEP era to ensure the sector remains sound and resilient. As part of the regulatory reliefs, the industry's minimum required capital adequacy ratio (CAR) was reduced from 13% to 10% as of year end 2022. Consequently, the 2022 industry's CAR, adjusted for the regulatory reliefs, was 15.6%. This shows a decline in comparison to the December 2021 CAR of 19.6%.

Total assets increased by 22.9%, mainly driven by foreign assets which rose by 42.6% as a result of the impact of foreign currency revaluation of bank's assets arising from the depreciation of the local currency. That notwithstanding, there was a decline in domestic assets by 21.7% as a result of the slight decline in Government of Ghana bills; a spillover from the DDEP.

The DDEP and macroeconomic challenges notwithstanding, the industry's asset quality improved as the non-performing loans (NPL) ratio decreased to 14.8% in December 2022 from the 15.2% recorded in December 2021.

The banking sector outlook for 2023 remains positive despite the adverse ramifications of the DDEP on revenues and capital of all Banks. Thanks to the regulatory reliefs provided by BOG, the soundness and stability of the banking sector have been anchored by and large.

Highlights of Financial Results for 2022

For the first time, in the history of your Bank, the Group recorded a loss of GH¢ 399 million in 2022 because of the adverse effect of the DDEP.

That notwithstanding, in a difficult global and domestic macroeconomic environment, in 2022, the Group recorded a record strong operating income of GH¢ 1.46 billion, representing a 29% growth over the 2021 out-turn of GH¢ 1.13 billion.

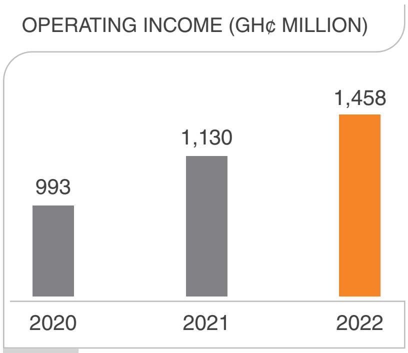


Fig. 1

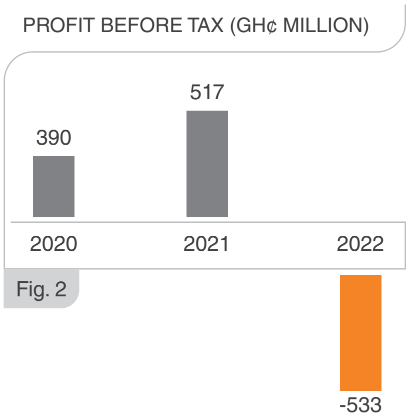


Fig. 2

The Group continued to improve cost and operational efficiency thereby resulting in the Group's cost-to-income ratio declining further from 49% in 2021 to 46% in 2022.

The Group's balance sheet grew slightly with a year-on-year increase of 3% to close the year at GH¢ 13.78 billion (2021: GH¢ 13.36 billion). The marginal growth was attributable to a 22% increase in customer deposits which grew to GH¢ 10.06 billion, and a 20% growth in loans & advances to GH¢ 2.74 billion (2021: GH¢ 2.28 billion); whereas, investment securities declined by 22% from GH¢ 7.71 billion to GH¢ 6.02 billion; an impact from the DDEP.

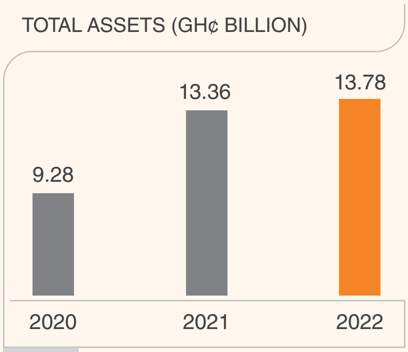


Fig. 3

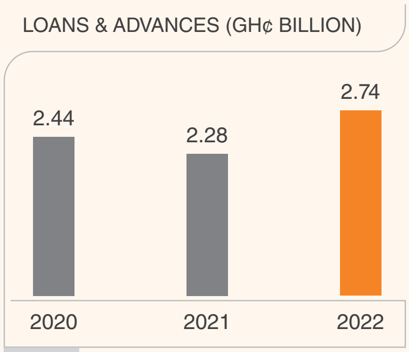


Fig. 4

The Group's shareholder funds sharply declined by 45% to close the year at GH¢ 0.71 billion as a result of the Group's provisioning for expected credit losses post DDEP. Despite the DDEP, the Bank's year-end capital adequacy ratio (CAR) was 16.8%, significantly above the industry's required minimum CAR of 10%. This indicates the Bank is still sufficiently capitalized and poised for growth and a rebound.

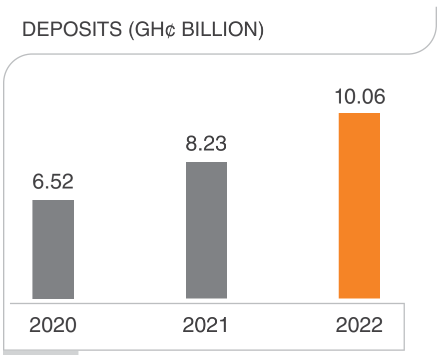


Fig. 5

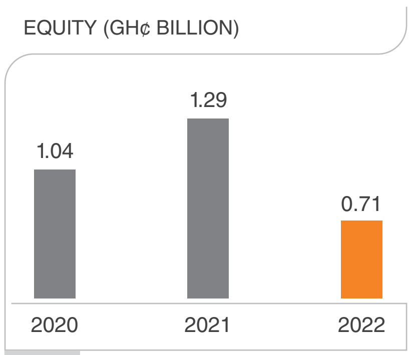


Fig. 6

Dividends

Due to the BOG directive to suspend the declaration and payment of dividends and other distributions to shareholders, there will be no payment of dividends for the year ended 2022.

Corporate Governance

The Bank continues to exhibit exemplary corporate governance standards, accountability and risk management practices consistent with the Corporate Governance Directive 2018 and the 2019 Fit and Proper Persons Directive.

As of 31st December 2022, the Board of Fidelity Bank Ghana Limited consisted of nine (9) members with one Executive Director, three Independent Non-Executive Directors and the remaining being Non-Executive Directors.

Directors

In February 2022, Mr. Emmanuel Barima Manu retired from the Board as a Non-Executive Director in compliance with the Corporate Governance Directive 2018. During his time of service, he represented the Bank on several occasions as lead legal adviser. On behalf of the Board and management of the Bank, I would like to express our appreciation for his valuable support, commitment and contribution to the Bank's development and growth. We wish him well in his future endeavors.

You will recall that in 2018, the central bank's Corporate Governance Directive which came into effect introduced the requirement for an Independent Non-Executive Chairman with limitations on tenure. The approval for the extension of my tenure as Chairman ended on 31st December 2022. I therefore effectively ceased to be the Chairman of the Board of Fidelity Bank Ghana Limited from 1st January 2023.

The Board of Directors in full compliance with the Fit and Proper Persons Directive 2019 nominated Mr. James Reynolds Baiden as Chairman of the Board. His nomination was approved by the Bank of Ghana on 22nd November 2022. I have the singular pleasure to inform you that the Board of Directors has also appointed Mr. James Reynolds Baiden as Chairman of the Board. His appointment has been tabled for ratification at this year's Annual General Meeting.

Conclusion and Outlook for 2023

Despite the global economic challenges and domestic hurdles including the DDEP which significantly impacted the Bank's performance, the strength and resilience built by Fidelity Bank over the past 16 years has sustained the business. We could not have achieved this feat without the support from our shareholders, Board, management and staff. Thus, we are determined not to lose track of what has sustained the Bank over the period: our people, our culture, and our response to the evolving needs of our clients.

In 2023, we are confident that we shall bounce back stronger to generate higher, more sustainable returns for our shareholders.

Signed

Edward Effah
Board Chairman

Managing Director's Report

Dear Shareholders,

Welcome to the 2023 Annual General Meeting of Fidelity Bank Ghana Limited. I am, once again, honored to deliver the report of your Bank's performance for the year ended 2022.

Although we recorded a strong performance in the first half of 2022, the operating environment experienced continued turbulence and volatility in the second half of the year that eroded some of our gains. The combined impact of domestic and global complications made 2022 one of our most difficult operating years and the impact on our business was significant. Nevertheless, your Bank was able to successfully navigate the headwinds due to the strong foundation that has been built over the years.

The global economy remained under severe strain in 2022. The estimated growth of 3.4% for 2022 per the International Monetary Fund (IMF) remained below the historical average of 3.8% observed from 2000 to 2019. This rate is expected to further decline to 2.9% in 2023, before rebounding marginally to 3.1% in 2024. Economic activity slowed due to a host of factors including the Russia-Ukraine war, rising inflationary pressures and the monetary policy directives enacted to combat them, as well as the economic slowdown in China due to the rebound of COVID-19. Though showing signs of cooling, global inflation remained elevated at 8.8% which is significantly above central bank targets in many countries. Consequently, global financing conditions tightened considerably due to the aggressive policy stances in advanced economies to contain inflation. This monetary policy tightening, strong US dollar, geopolitical tensions, and rising inflation dampened risk appetite and triggered widespread capital outflows particularly in emerging markets and frontier economies.

On the domestic front, two primary global forces – the COVID-19 pandemic and the Russian invasion of Ukraine, combined with pre-existing macroeconomic vulnerabilities to largely shape Ghana's economic outcomes for the year. The economy experienced growth in the first half of the year expanding by 3% in Q1 2022, and further by 4.7% in Q2 2022 largely driven by the recovery of the industrial sector which grew by 4.3% in H1 2022. However, the combination of international pressures, rapidly rising inflation, and weakening currency contributed to a sharp deterioration of economic sentiments that carried through the rest of the year.

Public debt sustainability concerns triggered several rating actions on Ghana by Fitch, S&P and Moody's, resulting in downgrades starting in January 2022 and recurring through the year. These credit rating actions widened sovereign bond spreads and effectively blocked Ghana's access to the International Capital Market.

In the local currency market, the Ghana Cedi came under intense pressure due to the sovereign downgrades, lack of access to the international markets, portfolio reversals as the US Fed tightened policy alongside heightened foreign exchange demand. In October, the Ghana Cedi depreciated sharply, on the back of negative sentiments culminating in a peak annual depreciation of 53.8% against the US Dollar in 2022 as compared to 4.1% in 2021.

Inflation which stood at 13.9% in January 2022 continued to be elevated throughout the year. The year 2022 saw headline inflation increase to a 20 year high of 54.1%, largely driven by the pass-through effect of the cedi depreciation and rising global commodity prices.

As part of the Central Bank's measures to address the rising inflationary pressures, the Monetary Policy Committee (MPC) raised the monetary policy rate by 250 bps from 14.5% to 17% in March 2022. By year end, the monetary policy rate had reached 27% (a 1250 bps increment between January 2022 and December 2022). Additional measures taken by the MPC included increasing the primary reserve requirement of banks from 12% to 15% through a phased approach between September 2022 and November 2022. This was subsequently reviewed to 13% for foreign currency and 14% for domestic currency balances.

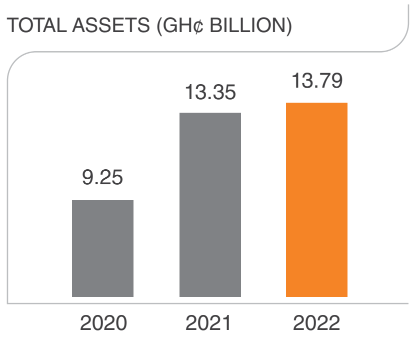
The elevated rate of inflation, rapid cedi depreciation, high debt service demands, and closure of the International Capital Market led the country to seek support from the International Monetary Fund (IMF) in July 2022 as a means to address the underlying macroeconomic challenges and help restore fiscal and debt sustainability. One of IMF's preconditions was the need to restructure the country's rising debt. As a result, the Government launched a domestic debt exchange programme (DDEP) under which existing bondholders were invited to voluntarily exchange eligible domestic bonds for new bonds with the same aggregate principal/nominal amount (but at lower coupons) to ensure the streamlining of the country's unsustainable debt. By year end, Government had reached a staff-level agreement with the IMF as part of processes leading to a bailout.

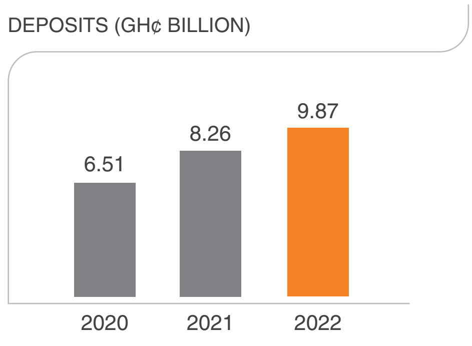
2022 Performance

Even with the challenging global environment, the continuous rise in inflation and interest rates coupled with the rapid depreciation of the Ghana cedi, the Bank grew its operating income by 29% whiles still maintaining an adequate capital base. Our participation in the DDEP however resulted in a loss resulting from the shortfall in the fair values of the new bonds as against their original carrying amounts on our books. Notwithstanding this, we churned out a strong set of results for the core business.

Balance Sheet Analysis

Over the period under review, the Bank's balance sheet size grew marginally by 3% to GH¢ 13.79 billion, from the 2021 position of GH¢ 13.35 billion. This growth was the net impact of a 24% increase in the loans and advances portfolio from GH¢ 2.28 billion to GH¢ 2.82 billion; and the decline in the investment securities portfolio by 23% from GH¢ 7.69 billion to GH¢ 5.95 billion resulting from swap maturities and the recognition of the expected credit loss from the DDEP. The Bank also recorded a healthy growth in customer deposits which inched up by 19% moving from GH¢ 8.26 billion in 2021 to GH¢ 9.87 billion in 2022. This growth was across all SBUs.

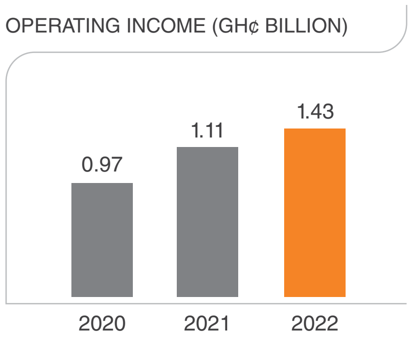


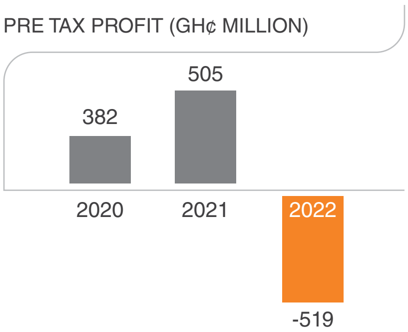


Income Statement Analysis

As a result of our participation in the DDEP, the Bank recorded a pre-tax loss of GH¢ 519 million. On our core performance, net interest income grew by 6% from GH¢ 845 million in 2021 to GH¢ 896 million in 2022 even though margin reduction primarily due to higher interest rates posed some constraints. Overall operating income grew by 29% from GH¢ 1.11 billion in 2021 to GH¢ 1.43 billion in 2022 resulting from the significant strides made on foreign exchange and trade activity as well as increased transaction and electronic banking volumes.

Revenue growth exceeded cost growth resulting in an improvement in the cost-to-income from 49% in 2021 to 46% in 2022.





Awards and Recognitions

Despite the economic challenges, the Bank still maintained its commitment to serve and as such was recognized for its performance with the following awards:

- Best SME Bank Ghana 2022 – World Economic Magazine Awards
- Best Banking Initiative for Young Entrepreneurs Ghana 2022 – World Economic Magazine Awards
- Best Bank in Ghana – The Banker Awards
- Best Regional Bank, West Africa – African Banker Awards
- Most Safety and Security Conscious Company of the Year – Health, Environment, Safety and Security (HESS) Award
- Best Company in Data Security Management – Health, Environment, Safety and Security (HESS) Award
- Best Company in Fire Safety and Security Management – Health, Environment, Safety and Security (HESS) Award
- Most Innovative Commercial Bank – International Finance Award
- Best Bank in Ghana – Euromoney Awards for Excellence 2022
- Indigenous Financial Brand of the Year – Marketing World Awards
- Best Consumer Digital Bank in Ghana – Global Finance Awards
- Best Overall Partner Financial Institution – GIRSAL Awards
- Best Company in Youth Development & Empowerment Project – Sustainability & Social Investment Awards
- Best Company in Charitable Giving – Sustainability & Social Investment Awards

Notable Events

Transformation
In line with the Bank’s transformation agenda, the Transformation Office chalked milestones on the journey to achieve 360-degree transformation across people, processes and technology. Some of the notable achievements in the year under review are as follows:

- Blueprint on what a transformed Fidelity Bank will look like was developed and is in execution phase following engagements with the entire branch network and support functions.
- Empowered staff through cross functional teams and talent discovery.
- Optimized the process of generating some key reports which has reduced turnaround times and enhanced adherence to regulatory reporting timelines.
- Streamlined some customer journeys which has enhanced customer experience.
- 149% revenue target for Transaction and Electronic Banking was achieved.
- Expanded product offering (API ecosystem and Pension Backed Mortgage) to drive revenue growth.
- Data governance framework finalized for implementation to enhance data quality.

Sustainability Strategy
In line with the Bank’s goal of becoming a top 3 bank in Ghana and to also achieve a sustainable future for our stakeholders, a fully-fledged Partnerships, Sustainability & Corporate Social Responsibility department was set up in 2022 spearheaded by the Head of the department, Nana Yaa Ofori-Koree. The new department is to work collaboratively with all other departments of the business to integrate sustainability principles across all of the Bank’s activities and operations. This is to ensure the Bank keeps with the current corporate trends to provide maximum value to our stakeholders without compromising our impact on the environment and society.

Staff
Mr. Edward Opare-Donkor, Deputy Managing Director for Wholesale Banking, after over 20 years of passionate and committed service in various capacities right from the Fidelity Discount House to when it metamorphosed into a full-fledged Universal Bank, resigned.

On behalf of the Board and management, we wish to thank him for his numerous and selfless contributions to Fidelity Discount House and Fidelity Bank Ghana Limited and wish him well in the next chapter of his career.

Conclusion

The current economic challenges and uncertainties, notwithstanding, management is poised to execute innovative strategies to return the Bank to its growth trajectory in 2023 and beyond.

I express my profound gratitude to the Board and management for their tremendous support during the 2022 financial year. I also express my deepest appreciation to the employees of the Bank for their hard work, and to all stakeholders of the Bank for the services rendered that has culminated in the results we have today despite the turbulence. I am finally very grateful to our cherished customers for believing with us. Together, we will bounce back stronger during these challenging times.

Signed

Julian Opuni
Managing Director

Report of the Directors

The Directors submit their report together with the audited financial statements of the Bank and its subsidiaries, together called the Group, for the year ended 31 December 2022.

Statement of Directors' responsibility

The Bank's Directors are responsible for the preparation and fair presentation of the audited consolidated and separate financial statements comprising the consolidated and separate statements of financial position as at 31st December 2022, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of 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 in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act 2019, (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Directors' responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Going Concern

The Directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. Accordingly, the Directors have conducted liquidity and solvency assessment under various plausible scenarios and have concluded at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these Financial Statements.

The Bank has incurred substantial impairment losses as a result of the participation in the Domestic Debt Exchange Programme (DDEP). These losses had an impact on the accounting and regulatory capital of the Bank as of 31st December 2022. To help manage the potential impact and preserve financial stability, the Bank of Ghana (BoG) on 5th January 2023 and subsequently on 14th March 2023 announced regulatory and solvency reliefs for banks that fully participate in the DDEP, effective 31st December 2022 and liquidity reliefs effective 21st February 2023.

The Group's financial performance outlook and forecasts have considered various scenarios and stress situations under profitability, liquidity and solvency post the DDEP. This took into consideration the various regulatory liquidity and solvency reliefs announced by BoG for participating banks. This exercise, coupled with Government's commitment to the IMF programme, and to maintaining fiscal discipline, leaves no reason to believe that the going concern status of the Bank is in doubt.

The DDEP was a condition for Government of Ghana to reach an agreement with IMF to provide support to Ghana in implementing policies to restore macroeconomic stability on the back of Ghana's public debt reaching unsustainable levels. Ghana's public debt had increased significantly during the year. Concurrently, government's efforts to preserve the debt sustainability were not seen as sufficient by investors, leading to credit rating downgrades, exit of non-resident investors from the domestic bond market, and ultimately leading to loss of access to international capital markets. These adverse developments, further exacerbated by price and supply-chain shocks from the war in Ukraine, led to significant exchange rate depreciation, a surge in inflation and pressure on foreign exchange reserves. Against this backdrop, the government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that restore macroeconomic stability, ensure debt sustainability and help alleviate exchange rate pressures.

The IMF assistance, however, was conditional on Ghana restructuring its public debt (Domestic and External) which included bringing public debt down to more manageable levels from the estimated 105% of GDP to 55% in present value terms by 2028. In response, the government announced a voluntary Domestic Debt Exchange Programme (DDEP) in early December 2022. The exchange was finally concluded and settled in February 2023 before the financial statements were approved.

Principal activities
The company operates as a Bank under the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930).

Nature of business
The Bank is licensed to carry out universal banking business in Ghana, and there was no change in the nature of the Bank's business during the year.

Holding company
Fidelity Bank Ghana Limited, a company incorporated in Ghana, wholly owns Fidelity Securities Limited, Fidelity Asia Bank Limited.

Fidelity Securities Limited (FSL), a company incorporated in Ghana, is the investment banking arm of the Bank. FSL's business involves providing advisory services, fund management, issuance of securities and publishing analysis and reports concerning securities for clients.

Fidelity Asia Bank Limited (FABL) is a company incorporated in Malaysia and carries on the business of offshore banking.

Particulars of entries in the interest register

1. Consultancy Agreement for the provision of consultancy/ advisory/guidance/ research services in ICT financial planning with an Independent Non-Executive Director, with a one (1) year renewable tenure.
2. Cash-Backed Loan of USD 69,488 for a six-month tenure at an interest rate of 21% for a Non -Executive Director.

Financial report and dividend

All amounts are expressed in thousands of Ghana cedis

The results for the year are set out below

GH¢ 000	GROUP 2022	GROUP 2021	BANK 2022	BANK 2021
(Loss)/Profit after tax (attributable to equity holders)	**(399,085)**	351,383	**(388,585)**	341,520
Retained earnings account brought forward	**374,940**	185,749	**346,362**	166,712
	(24,145)	537,132	**(42,223)**	508,232
Transfer to statutory reserve fund	**-**	(85,380)	**-**	(85,380)
Transfer from/(to) credit risk reserve	**3,783**	31,744	**3,783**	31,744
Tax charge on transfer	**-**	(322)	**-**	-
Ordinary share dividend paid	**(137,613)**	(81,632)	**(137,613)**	(81,632)
Preference share dividend paid	**(33,773)**	(26,602)	**(33,773)**	(26,602)
Balance to be carried forward	**(191,748)**	374,940	**(209,826)**	346,362

Auditor
In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), the Auditor, Ernst & Young Chartered Accountants, will continue in office. The audit fees payable for the year under review was GH¢648,560.

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

BY ORDER OF THE BOARD

Signed

Edward Effah
Board Chairman

Date: 27 April 2023

Signed

Julian Kingsley Opuni
Managing Director

Date: 27 April 2023

Report of External Consultants on the Board Performance Assessment of Fidelity Bank Ghana Limited

We have performed the evaluation of the Board of Fidelity Bank Ghana Limited for the year ended 31st December, 2022 in line with the requirements of the Bank of Ghana's Corporate Governance Guideline 2018 and internationally accepted best practices.

Our approach involved analytical processes which included analysis of survey data completed by the Board which covered assessments of; the Overall Board, Processes and Procedures, Chairperson, Managing Director, Peer Reviews, Committees, Culture and Dynamics, Company Secretary, and the Assessment of the Board by Senior Management. Additionally, we reviewed the Bank's compliance with relevant regulatory requirements as stated in the Bank of Ghana's Corporate Governance Directive 2018 as well as benchmarking its practices to international standards.

Based on the documentation reviewed, data gathered and the findings from the Board Survey, the Board of Fidelity Bank Ghana Limited complies with the requirements of the Bank of Ghana's Corporate Governance Directive, 2018. The Board understands its mandate and accordingly, under the year of review, performed its fiduciary duties as expected of them.

A part of the review, we have included in this report our comments and proposed recommendations for the Board's attention. This report should be read together with the Corporate Governance section of the Bank's Annual Report.

Florence Hope-Wudu
Managing Consultant

PURPLE ALMOND
CONSULTING SERVICES

Corporate Governance Report

Fidelity Bank Ghana Limited and its Subsidiaries operate in accordance with the Fidelity Group principles and practices on corporate governance. These principles and practices are guided by the Corporate Governance Directive 2018 (the Directive), Corporate Governance Disclosure Directive 2022 and the Fit and Proper Persons Directive 2019 issued by the Bank of Ghana, as well as the Basel Committee standards on corporate governance which constitutes the best of international practice in this area.

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

i. Good corporate governance enhances shareholder value;
ii. The respective roles of shareholders, board of directors and management in the governance architecture should be clearly defined; and
iii. The board of directors should have a membership of at least 30% independent directors, defined broadly as directors who do not have more than 5% equity interest directly or indirectly in the Bank, are not employed by the group or company, or who are not affiliated with organisations with significant financial dealings with the group as provided by the Directive.

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

The Board of Directors

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

As of 31 December 2022, the Board of Directors of Fidelity Bank Ghana Limited consisted of Nine (9) members with one (1) retirement. The Board comprise of at least thirty per cent (30%) Ghanaian membership, one Executive Director, three Independent Non-executive directors and the remaining being Non-Executive Directors. This is in keeping with section 29 of the Directive. The board members have wide experience and in-depth knowledge in management, industry and financial and capital markets which enables them to make informed decisions and valuable contributions to the Group's progress. The Board met seven times during the year, which is more than the minimum required meetings per Section 39 of the Corporate Governance Directive.

The Board has overall responsibility for the Bank, including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance and corporate values. The Board is responsible for appointing and providing oversight of senior management and ensures a well-structured and rigorous selection process in line with the fit and proper directive in place. This is in keeping with Sections 10 and 11 of the Directive. These responsibilities are set out in the Board Charter. The Board will ensure that within 90 days of the beginning of each financial year, the Board shall certify general compliance with the Directive. The Board further certifies that:

i. It has independently assessed and documented the corporate governance process of the Bank and has generally achieved its objectives.
ii. The Directors are aware of their responsibilities as persons charged with governance.
iii. The Board further confirms that it shall report any material deficiencies and weaknesses that have been identified in the course of the year along with action plans and timetables for the corrective action by the Board to the Bank of Ghana.

The Board has delegated various aspects of its work to its Audit, Risk, Cyber and Information Security, Technology and Payment Systems, and Staff Welfare and Remuneration Committees in order to strengthen its corporate governance and bring it in line with international best practice in accordance with Sections 49 to 58 of the Directive. The sub-committees have the following memberships and functions:

Audit Committee

Harold Richardson	Chairman
Adwoa Nyantakyiwaa Annan	Member
Sulemana Abubakar	Member
Lisa Mensah	Member
Skander Khalil Oueslati	Member

The Audit Committee is made up of a majority of independent Directors who are all non-executive, with at least 30% Ghanaian membership. The Committee performs the following functions among others:

- Establish the accounting policies and practices for the Bank.
- Provide oversight of the internal and external audit functions, the appointment, compensation and removal of auditors, reviewing and approving the audit scope and frequency.
- Receive key audit reports and ensuring that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors as well as any other relevant matter referred to the committee by the Board.

The summary of work carried out by the Audit Committee during the year includes assisting the Board ensure the adequacy of the Bank's audit function, promote, evaluate, and monitor the effectiveness and independence of the Bank's Internal Audit, ensured the adequacy of controls, processes and systems that guarantee the reliability and integrity of financial and operational reporting, and ensured the Bank's adherence to laws, regulations, policies and contracts.

Risk Committee

Lisa Mensah	Chairperson
Harold Richardson	Member
Julian Kingsley Opuni	Member
Skander Khalil Oueslati	Member
Abayomi Theophilus Akinade	Member

The Risk Committee is made up of all categories of directors with at least 30% Ghanaian membership and performs the following functions among others:

- Challenge the assessment and measurement of key risks of the Bank;
- Provide advice, oversight and the encouragement necessary to embed and maintain a supportive risk culture throughout the institution;
- Provide high level oversight and critique of the day-to-day risk management and oversight arrangements of senior management;
- Provide high level oversight and critique of the design and execution of the scenario analysis and stress-testing of the institution;
- Review the internal capital adequacy assessment and internal liquidity adequacy assessment of the institution;
- Review the external risk information disclosures including annual report and accounts and quarterly disclosures of the institution; and
- Provide oversight and critique of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board.

The summary of work carried out by the Risk Committee includes advising the Board on the overall current and future risk tolerance/appetite of the Bank and strategy including on AML/CFT and for overseeing implementation of the Bank's risk strategy by senior management.

Staff Welfare and Remuneration Committee

Adwoa Nyantakyiwaa Annan	Chairperson
Julian Kingsley Opuni	Member
Emmanuel Barima Manu (Retired 18 Feb 2022)	Member
Jim Reynolds Baiden	Member

The Staff Welfare and Remuneration Committee's main responsibility includes proposing and making recommendations on human resource issues and matters relating to terms and appointment of senior management and staff of the Bank.

The summary of work carried out by the Staff Welfare and Remuneration Committee includes overseeing the development and implementation of various staff welfare and management issues including capacity planning and practices, staff socializing and engagement, succession planning, workload models, change management and ensuring compliance with the Fit and Proper Persons Directive 2019.

Cyber and Information Security, Technology and Payment Systems Committee

Sulemana Abubakar	Chairperson
Edward Effah	Member
Emmanuel Barima Manu (Retired 18 Feb 2022)	Member
Jim Reynolds Baiden	Member
Abayomi Theophilus Akinade	Member

The Committee is mandated to:

- Provide long term strategic guidance on technology;
- Oversee major Information Technology (IT) related strategies, projects and technology architecture decisions;
- Monitor whether the Bank's IT programs effectively support its business objectives and strategies;
- Confer with the Bank's senior IT management team;
- Inform the Board of Directors on IT related matters.
- Receive and assess Cyber Security Reports submitted by the Chief Information Security Officer and develop strategic direction on the Bank's cyber security policy for implementation by the Chief Information Security Officer.
- Monitor the effectiveness of the Bank's preparedness to withstand cyber-attacks and make recommendations to the Chief Information Security Officer for implementation.
- Keep the Board informed and updated on the Bank's Cyber Security strategy and direction.

The summary of work carried out by the Cyber and Information Security, Technology and Payment Systems Committee includes overseeing the execution of cyber & information security and technology strategies formulated by management, taking responsibility for the Company's IT strategies and the financial, tactical and strategic benefits of proposed major IT related projects and technology architecture alternatives. It also critically reviewed the progress of major IT related projects and technology architecture decisions. Ensuring the Bank is in compliance with the Payment Systems related laws, rules, standards, policies and directives.

The Board has adopted standard evaluation tools to help assess annually the performance of the Board, its committees and individual members.

Nominations Committee

The Committee is constituted as an Adhoc Committee of the Board and comprise of all Board members except the Managing Director and the Board Chairman.

The Committee is mandated to:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board having regard to the requirements of the Corporate Governance directive and make recommendations to the Board with regard to any changes.
- give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Bank, and the skills and expertise needed on the board in the future.
- keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.
- Keep up to date and fully inform about regulatory and strategic issues impacting on the committee's mandate.
- identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise and ensuring that they meet the Fit and Proper Persons test.

The summary of work carried out by the Nominations Committee includes advising the Board on composition structure of the Board, implementing clear transparent appointment process for appointment of directors and ensuring compliance with Corporate Governance Directive 2018 and Fit and Proper Persons Directive 2019.

Profile of Directors

Director	Qualification	Position	Other Board Membership and Management Positions (section 45 of the Directive)
Edward Effah	Chartered Accountant	Chairman	Unilever Ghana Limited Edam Simply Healthy Foods Limited Fidelity Asia Bank Limited Fidelity Securities Limited
Julian Kingsley Opuni	Banker	Executive Director	Admiral Homes Company Limited
Harold Richardson	Auditor / Chartered Accountant	Independent Non-Executive Director	North Ridge Lyceum Limited Chapel Hill School Limited
Sulemana Abubakar	IT Specialist	Independent Non-Executive Director	Datacore Limited Making Learning Happen
Lisa Mensah	Non-Profit Executive	Independent Non-Executive Director	Opportunity Finance Network Ecotrust Heritage and Cultural Association of Africa
Emmanuel Barima Manu (Retired 18 Feb 2022)	Lawyer	Non-Executive Director	FPL Properties Limited Bari & Co. Law Trust Company Innovate Solutions Limited
Adwoa Nyantakyiwaa Annan	Economist/Banker	Non-Executive Director	Geothermal Management Services Limited Waveline Growth Partners Limited
Skander Khalil Oueslati	Chief Investment Officer	Non-Executive Director	Tausi Assurance, Kenya Silafrica Plastic Packaging ICS International School Prime Bank, Kenya
Jim Reynolds Baiden	Consultant	Non-Executive Director	Action Church Chapel Scholarship Foundation
Abayomi Theophilus Akinade	IT Consultant	Non-Executive Director	Quantum Manufacturing and Metering Solutions Limited Holmen Consulting Limited Piacelo Limited

Schedule of Board and Board- Sub Committee Meetings Held During the Year

Board of Directors

Director	Year Appointed	Number of Meetings	Attendance
Edward Effah	2016	7	7
Julian Kingsley Opuni	2018	7	7
Harold Richardson	2020	7	7
Sulemana Abubakar	2020	7	7
Lisa Mensah	2020	7	6
Emmanuel Barima Manu (Retired 18 Feb 2022)	2013	7	1
Adwoa Nyantakyiwaa Annan	2017	7	7
Skander Khalil Oueslati	2021	7	7
Jim Reynolds Baiden	2021	7	7
Abayomi Theophilus Akinade	2021	7	7

Audit Committee

Director	Role	Date Appointed	Number of Meetings	Attendance
Harold Richardson	Chairperson	June 2020	4	4
Adwoa Nyantakyiwaa Annan	Member	June 2020	4	4
Abubakar Sulemana	Member	June 2020	4	4
Lisa Mensah	Member	June 2020	4	4
Skander Khalil Oueslati	Member	May 2021	4	4

Risk Committee

Director	Role	Date Appointed	Number of Meetings	Attendance
Lisa Mensah	Chairperson	June 2020	4	4
Harold Richardson	Member	June 2020	4	4
Julian Kingsley Opuni	Member	June 2020	4	4
Skander Khalil Oueslati	Member	May 2021	4	4
Abayomi Theophilus Akinade	Member	December 2021	4	4

Staff Welfare & Remuneration Committee

Director	Role	Date Appointed	Number of Meetings	Attendance
Adwoa Nyantakyiwaa Annan	Chairperson	March 2021	4	4
Emmanuel Barima Manu (Retired 18 Feb 2022)	Member	April 2013	4	1
Julian Kingsley Opuni	Member	February 2019	4	4
Jim Reynolds Baiden	Member	May 2021	4	4

Cyber and Information Security, Technology and Payment Systems Committee

Director	Role	Date Appointed	Number of Meetings	Attendance
Sulemana Abubakar	Chairperson	June 2020	4	4
Edward Effah	Member	June 2015	4	4
Emmanuel Barima Manu (Retired 18 Feb 2022)	Member	June 2020	4	1
Jim Reynolds Baiden	Member	May 2021	4	4
Abayomi Theophilus Akinade	Member	September 2021	4	4

The annual meeting calendar during the year 2022

QUARTER	MEETING	DATE
Quarter 1	Sub-Committee and Board Meeting	15,16 &17 March 2022
Quarter 2	Sub-Committee and Board Meeting	15,16 &17 June 2022
	Shareholders Conference/AGM	24 June 2022
Quarter 3	Sub-Committee and Board Meeting	6,7 & 8 September 2022
	Strategy Session	7 & 8 November 2022
Quarter 4	Sub-Committee and Board Meeting	5, 6 & 7 December 2022

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

Recruitment, Induction and Training of New Directors
Individuals selected to be members of the Board have an appropriate diversity of skills and come from backgrounds necessary to provide the needed direction for the Bank such as business, banking, accounting, audit, law, IT, etc.

All new directors to the board of the Bank are provided with a letter of appointment stating clearly the terms which shall govern their appointment. The oldest serving directors on the board are required to retire at each annual general meeting and may offer themselves for re-election in accordance with the Companies Act, 2019 (Act 992) and the Bank's Constitution. If recommended by the directors, the Board then proposes their re-election to shareholders. The term of non-executive directors is governed by the Bank of Ghana directive on corporate governance, which limits the maximum period of service for non-executive directors to nine years.

New board members participate in a comprehensive induction program covering the Group's financial, strategic, operational and risk management overviews. New directors are given access to the board portal where they access information on governance policies and business information. Presentations are made on the Group's business functions and activities by key executive management and the business units.

Board Qualifications and Composition
In accordance with Section 23 of the Directive, all Board members are qualified for the position and remain qualified through training, for their positions. They have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgement about the affairs of the Bank. They also possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity.

Remuneration Structure
In line with market practice, Non-executive directors receive quarterly fixed fees of USD 5500 for serving on the Board and USD 1000 and USD 1500 per sitting for each sub-committee member and chairperson respectively. The Board members' remuneration is approved by the shareholders on the recommendation of the Board.

Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

The Board also oversees the design and operation of the compensation system of the Bank and quarterly monitors the review of the compensation system via the Staff Welfare & Remuneration Committee to ensure that it is effectively aligned with prudent risk taking. The Board ensures that levels of remuneration are sufficient to attract, retain, and motivate Executive Officers of the Bank and remuneration balanced yearly through salary structural adjustments to avoid excessive risk taking or potential risks to the Bank's capital base. The Board ensures that remuneration that is tied to performance and any variable remuneration scheme more generally, is designed in such a way as to prevent excessive risk taking. A committee of independent directors determine the remuneration of executive and non-executive directors; together with the Staff Welfare & Remuneration Committee, approves the compensation of Key Management Personnel. Details of a share options that will be part of Executive remuneration will be tied to performance, and subject to shareholder approval. Executive remuneration policy aligns with the long-term sustainability of the Bank by providing a mix of short-term and long-term remuneration to incentivise sustainable long-term performance. The Directors, Executive Management, and Staff remuneration are structured.

Annual Certification

In accordance with section 12 of the Directive, the Board certifies that the Bank is compliant with the Directive. The Board further certifies that;

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

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

No material deficiencies and weaknesses have been identified in the course of the year.

Directors are required to obtain certification from Purple Almond Consulting, or any other institution recognised by the Bank of Ghana to the effect that they have participated in a corporate governance programme and have completed a programme on Directors' responsibilities.

During the year, as part of regulatory requirements for director certification, modular training sessions organised by Purple Almond Consulting were held for the Board on various corporate governance topics.

Board Evaluation

The Board hereby certifies that it has complied with Section 46 and 48 of the Directive on Board performance evaluation as well as AML/CFT Evaluation. As required in section 47, the Bank undertakes a formal and rigorous evaluation of its performance with external facilitation every two years. The External Board Assessment was conducted by Purple Almond Consulting Limited, for the year end 31st December 2022 and report issued in May 2023. The performance criteria used to assess the effectiveness of the Board are within the domain of Board Policy and Procedure, Board Renewal and Succession, Board Capability, Performance and Effectiveness, Board Structure and Operations, Strategy, Growth and Innovation, Operational Improvement and Sustainability, Risk Appetite and Oversight and Effective Reporting and Stakeholder Management. The evaluation was conducted via desktop reviews, online surveys, director interviews and reporting.

On the basis of the data collected, outcome of the board survey and interviews with selected board members, the board assessment showed that overall, the Board Generally Conforms with the provisions of the Bank of Ghana's Corporate Governance Directive 2018. An Action Plan Tracker with well-defined deadlines to address the observed weaknesses and key findings was developed and assigned for closure. A closure rate of 94% was recorded with the action of gender equity on the board being worked on to achieve a 100% closure rate. The detailed report was submitted to the BOG in May 2023.

Business Strategy

In the year under review the Board approved and monitored the overall business strategy of the Bank, considering the long-term financial interest of the Bank, its exposure to risk, and its ability to manage risk effectively. This was in line with section 13 of the Directive.

The Board also approved the formulation and implementation of an overall risk strategy, including the risk tolerance/appetite; policies for risk, risk management and compliance, including anti-money laundering and combating the financing of terrorism (AML/CFT) risk; internal controls system; corporate governance framework, principles and corporate values including a code of conduct or comparable document; and a compensation system.

Risk Management and Internal Controls

The Board has put an effective internal control system in accordance with Sections 64 and 67 of the Directive and has a risk management in place. The Key Management Personnel holding these roles have sufficient authority, stature, independence, resources and access to the Board.

Internal controls have been designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended.

In accordance with Section 68 of the Directive, the Bank also has a Chief Internal Auditor who is not involved in the audited activities and business line responsibilities of the Bank. He has the professional competence to collect and analyse financial information as well as evaluate audit evidence and to communicate with the stakeholders of the internal audit function. He possesses sufficient knowledge of auditing techniques and methodologies and reports directly to the Audit Committee but has direct access to the Board.

The Board recognizes the importance of external auditors as vital to the corporate governance process and has engaged the services of Ernst & Young Chartered Accountants (EY), an independent, competent and qualified external auditor, to undertake the function in accordance with Section 71 of the Directive.

Key Management Oversight

In accordance with Sections 18 and 63 of the Directive, the Board also monitors and ensures that the actions of Key Management Personnel are consistent with the strategy and policies approved by the Board, including the risk tolerance/appetite and risk culture. As at 31st December 2022, two (2) Key Management Personnel had exited the Bank. The role of the Chief Information Security Officer has been earmarked for Key Management Personnel role of the Bank.

The Board has ensured that there is established a management structure that promotes accountability and transparency and oversees the implementation of appropriate systems for managing risks – both financial and non-financial - to which the Bank is exposed.

The Bank has engaged skilled and competent staff and provides training and development opportunities to sustain the delivery of short and long-term business objectives, the risk management framework that protects the reputation of the Bank.

Succession Planning

Per Section 17 of the Directive, the Bank continues to pursue a robust talent and succession management process, knowing that our success is hinged on our ability to attract and retain the best talent in the industry, whilst maintaining a bench strength that ensures seamless leadership continuity. The Bank promotes a culture of regularly reviewing and refreshing the succession pipeline to align with the fluid nature of the current talent landscape. Business Unit Heads have been empowered to own the succession management process end-to-end in their respective businesses. Executive Management's sponsorship and oversight of the process has ensured accountability from Business Heads across the bank. Our succession planning process prioritizes all critical roles at all levels in the organization; to ensure business and leadership continuity.

Our focus on developing a talent pool for our key management staff has led to the introduction of a leadership accelerated program. The Bank's recruitment process has been aligned with the succession management process to serve as a source of future appointments into key leadership positions. We believe in creating an environment that enables staff to realize their career aspirations through internal appointments and promotions.

The Board through its Adhoc Nomination Committee considers succession planning by advising the Board on its composition and structure, implementing clear transparent appointment process for appointment of directors and ensuring that the Board is kept up to date with strategic commercial changes affecting its mandate area.

Corporate culture and values

The Bank has established a corporate culture and values that promote and reinforces norms for responsible and ethical behaviour in terms of the Bank's risk awareness, risk-taking and risk management in accordance with section 15 of the Directive. This is achieved by the Bank through its board members setting and adhering to corporate values for itself. Key management and employees also create expectations that business should be conducted in a legal and ethical manner at all times

The corporate values, professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviours are communicated to all employees.

Related Party Transactions

The Board has in place policies and procedures to ensure that all related party transactions are carried out at arm's length in accordance with Section 16 of the Directive and in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given to a related party. Therefore, in any connected transactions the Bank ensures Board approval is obtained prior to the execution of the transaction.

Separation of Powers

There is clearly in place a division of responsibilities between the positions of the Board Chair and the Managing Director in accord with Section 19 of the Directive.

Conflict of Interest

The Bank's directors have a statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is, or is likely to be brought, before the Board per Sections 59 and 60 of the Directive. At no time during the year did any director hold a material interest in any contract of significance with the Bank or any of its subsidiaries. The Board reviews actual or potential conflicts of interest annually.

Anti-Money Laundering

The Bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering Act, 2020 (Act 1044) and AML/CFT & P Guideline, December 2022. These include due diligence for opening new accounts, customer identification, monitoring of high-risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Signed

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Edward Effah
Board Chairman

Independent Auditor's Report

To the Shareholders of Fidelity Bank Ghana Limited and its Subsidiaries

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Fidelity Bank Ghana Limited (the Bank) and its subsidiaries (collectively ''the Group'') set out on pages 44 to 139, which comprise the Consolidated and Separate Statement of Financial Position as at 31 December 2022, the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Separate Statement of Changes in Equity and the Consolidated and Separate Statement of Cash Flows for the year then ended, and notes to the Consolidated and Separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2022, and its consolidated and separate Financial Performance and Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and also in the manner required by the provisions of the Companies Act, 2019 (Act 992) and the Banks and Specialized 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 the Bank in accordance with the 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 the 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, we have provided our description of how our audit addressed the matter as provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated and Separate Financial Statements. The result of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans and advances to customers	

IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model.
 	
The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.
 	
The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition and recognition of impairment could be done on a 12-month expected credit losses or lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that takes into account:
 	
• The probability-weighted outcome.
• Reasonable and supportable information that is available without undue cost or Loan loss provision is a key area of judgement for management. Significant judgements in the determination of the Bank's Expected Credit Loss includes:
    • Use of assumptions in determining ECL modelling parameters.
        » Portfolio segmentation for ECL computation
        » Determination of a significant increase credit risk and
        » Determination of associations between macroeconomic scenarios.
The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers. Due to the significance of such loans which account for about 20% of total assets of the Bank, and the significant use of judgements, the assessment of the allowance for expected credit losses is a key audit matter.
 	
The information on expected credit losses on loans and advances to customers is provided in Note 14 'Allowance for expected credit losses on financial assets' of the consolidated financial statements.
	We obtained an understanding of the Bank's credit risk modelling methodology.
	
	We validated and tested the ECL model of the Bank by assessing the data integrity and the internal controls around the model.
	
	We have also performed, among others, the following substantive audit procedures:
	
	• Reviewed the accounting policies and framework of the methodology developed by the Bank in order to assess its compliance with IFRS 9;
	• Verified sampled underlying contracts of financial assets to determine the appropriateness of management's classification and measurement of these instruments in the ECL model;
	• Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) ;
	• Tested the accuracy and completeness of data used in modelling the risk parameter, Recalculating the ECL;
	• Reviewed forward looking information / multiple economic scenario elements;
	• For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realization for collaterals, etc;
	• We have also analyzed information relating to the allowance for expected credit losses on loans and advances to customers disclosed in the Notes to the consolidated and separate financial statements of the Bank.

Key audit matter	How the matter was addressed in the audit

Expected Credit Loss (ECL) assessments on sovereign exposures (Government Bills and Bonds)

As of 31 December 2022, Fidelity Bank Ghana Limited held material government bills and bonds as follows:

	Bank	Group
Local GOG Bonds	3,553,182,076	3,638,207,216
Cocoa Bills	11,611,570	11,611,570
ESLA Bonds	418,439,780	434,040,573
Daakye Bonds	103,904,782	105,136,370
Swap Bond	1,265,952,957	1,265,952,957
Treasury Bills	712,061,588	712,061,588
Placement Reclass	42,880,000	42,880,000
Rediscount Bills	19,117,284	19,117,284
Eurobonds	278,911,442	278,911,442
Repos	182,326,970	182,326,970
GoG FEA USD Bonds	388,273,688	388,273,688
	6,976,662,138	**7,078,519,659**

In the year under review, government initiated a Debt Exchange Programme as part of a comprehensive agenda to restore debt and fiscal sustainability. This debt restructuring programme is critical component of both the debt reduction and the IMF programme that government has sought to help restore economic stability. Fidelity Bank Ghana limited Limited applied IFRS 9 model in determining the ECL impacts of the debt restructure programme on its exposure to these instruments. Management exercised significant judgements regarding inputs, assumptions, and techniques for estimating ECL and staging of these instruments.

The use of different inputs and assumptions could produce significantly different estimates of ECL.

Key judgements and estimates made by management in estimating ECL include

- Fair value determination of the new bonds government announced as replacement for the bonds held at 31 December 2022,
- Various scenarios and probability weights assigned to these scenarios as well as estimate of expected cash shortfalls under each of these scenarios
- Assessment of Significant Increase in Credit Risk (SICR); and
- Determination of whether the existing instruments would have suffered significant modification based on the terms of the restructure

Further details of the debt restructuring programme and the company's

IFRS 9 assessment and related ECL impacts are disclosed in notes 3.1.4, 14 and 18 of these financial statements.

How the matter was addressed in the audit

- We obtained and reviewed the communications from government regarding the debt restructuring programme.
- We assessed IFRS 9 and other accounting implications of this debt restructuring programme.
- Together with our specialist teams, we reviewed critical inputs used in assessing ECL on these instruments including staging, fair value calculations, scenarios and related probability weights among others.
- We reviewed industry guidance issued by the Institute of Chartered Accountants Ghana (ICAG) regarding accounting implications of the debt restructure.
- We evaluated the reasonableness of management assumptions and judgments and tested the reasonableness of management's ECL calculations.
- We also reviewed the reasonableness of the impairment in line with our understanding of the macro-economic environment and the banking industry.
- We assessed the adequacy of the management's disclosure regarding impairment of bond balances in line with IFRS 9 requirements.

Other information

The Directors are responsible for the other information. The other information comprises Corporate information (Directors, Company Secretary, Registered Office, Solicitors and Bankers), Financial highlights, Report of the Directors, Corporate Governance Report, Value added statement and Shareholder information report included in the 149-page document titled "Fidelity Bank Ghana Limited financial statements for the year ended 31 December 2022", other than the 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 an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2019, (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016, (Act 930) and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

Auditor's responsibilities for the audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated 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 bank to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Bank's 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 controls 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with 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

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;
- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and
- The statements of Financial Position (Consolidated and Separate) and Statements of Profit or Loss (Consolidated and Separate) and Statements of Other Comprehensive Income (Consolidated and Separate) are in agreement with the books of account.
- As Auditors, we are independent of the Bank pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institutions Act, 2016, (Act 930) under Section 85 (2) requires that we report on certain matters. Accordingly, we state that:

- The accounts give a true and fair view of the statement of affairs of the Bank and the results of operations for the year under review;
- We were able to obtain all the information and explanations required for the efficient performance of our duties;
- The transactions of the Bank are generally within the powers of the Bank;
- The Bank has generally complied with the provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016, (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments;

The Bank has generally complied with the provisions of the the Corporate Governance Directive 2018 (the Directive), and the Fit and Proper Persons Directive 2019 issued by the Bank of Ghana.

The Engagement Partner on the audit resulting in this independent Auditor's report is Pamela Des Bordes (ICAG/P/1329).

EY
Building a better working world

Ernst & Young (ICAG/F/2023/126)
Chartered Accountants
Accra, Ghana

Date: 27 April 2023

Consolidated and Separate Statements of Comprehensive Income

All amounts are expressed in thousands of Ghana cedis

Year ended 31 December

	Notes	GROUP 2022	GROUP 2021*	BANK 2022	BANK 2021*
Interest income calculated using the effective interest method	8	**1,646,458**	1,487,205	**1,647,183**	1,481,778
Other interest	8	**228,304**	85,642	**228,304**	85,642
Interest expense	9	**(965,767)**	(715,304)	**(979,421)**	(721,944)
Net interest income		**908,995**	857,543	**896,066**	845,476
Fee and commission income	10	**256,485**	209,246	**244,106**	199,012
Fee and commission expense	11	**(108,041)**	(54,951)	**(108,017)**	(54,927)
Net fee and commission income		**148,444**	154,295	**136,089**	144,085
Other operating income	12	**401,023**	118,227	**400,888**	118,064
Operating income		**1,458,462**	1,130,065	**1,433,043**	1,107,625
Net impairment loss on investment securities	14	**(1,055,658)**	(1,255)	**(1,026,322)**	(1,001)
Net impairment loss on loans and advances, and others	14	**(265,852)**	(55,939)	**(265,852)**	(55,939)
Personnel expenses	13	**(294,977)**	(260,385)	**(288,185)**	(254,821)
Depreciation and amortisation	13	**(56,904)**	(52,876)	**(56,747)**	(52,678)
Other expenses	13	**(318,480)**	(242,635)	**(314,560)**	(238,642)
(Loss)/profit before income tax		**(533,409)**	516,975	**(518,623)**	504,544
Income tax credit/(expense)	15	**134,324**	(119,938)	**130,038**	(117,796)
National fiscal stabilisation levy	15	**-**	(25,653)	**-**	(25,227)
Financial sector recovery levy	15	**-**	(20,001)	**-**	(20,001)
(Loss)/profit for the year		**(399,085)**	351,383	**(388,585)**	341,520
Attributable to owners of Fidelity Bank Ghana Limited		**(399,085)**	351,383	**(388,585)**	341,520
Other comprehensive income/(loss) that may be reclassified to the income statement:	33				
Net change in investment securities measured at FVOCI		**(25,592)**	8,230	**(25,592)**	8,230
Currency translation differences on foreign subsidiary	33	**17,936**	1,628	**-**	-
Total other comprehensive (loss)/income		**(7,656)**	9,858	**(25,592)**	8,230
Total comprehensive (loss)/income for the year, net of tax		**(406,741)**	361,241	**(414,177)**	349,750
Attributable to owners of Fidelity Bank Ghana Limited		**(406,741)**	361,241	**(414,177)**	349,750
Total comprehensive (loss)/income for the year, net of tax		**(406,741)**	361,241	**(414,177)**	349,750
Earnings per share					
Basic/diluted earnings per share (GH¢)	29	**(15.81)**	13.92	**(15.39)**	13.53

Items in the statement of other comprehensive income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15.

* Prior year amounts have been restated. Please refer to note 2.20 for details of the restatements.

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

All amounts are expressed in thousands of Ghana cedis

Year ended 31 December

	Notes	GROUP 2022	GROUP 2021	BANK 2022	BANK 2021
Assets					
Cash and cash equivalents	17	**3,419,799**	2,771,863	**3,421,897**	2,767,433
Derivative financial instruments	17	**368,886**	-	**368,886**	-
Investment securities	18	**6,019,160**	7,708,102	**5,945,309**	7,692,223
Investments (other than securities)	19	**-**	-	**12,471**	12,471
Loans and advances to customers	20	**2,736,268**	2,278,591	**2,815,748**	2,278,591
Current tax asset	15	**35,401**	-	**35,181**	-
Property and equipment and right-of-use assets	22	**185,170**	175,813	**185,058**	175,615
Intangible assets	23	**58,324**	43,236	**57,988**	42,902
Deferred tax asset	16	**309,513**	17,719	**302,178**	17,656
Other assets	21	**612,231**	316,582	**609,243**	315,061
Non-current assets held for sale	24	**31,938**	47,888	**31,938**	47,888
Total assets		**13,776,690**	13,359,794	**13,785,897**	13,349,840
Liabilities					
Derivative financial instruments	17	**-**	52,171	**-**	52,171
Deposits from banks and other financial institutions	26	**478,198**	145,208	**481,449**	356,632
Deposits from customers	25	**9,583,044**	8,080,839	**9,393,360**	7,907,797
Borrowings	27	**2,606,480**	3,548,609	**2,858,582**	3,548,609
Current tax liability	15	**-**	7,221	**-**	7,016
Other liabilities	28	**399,310**	237,961	**396,129**	235,675
Total liabilities		**13,067,032**	12,072,009	**13,129,520**	12,107,900
Equity					
Stated capital	30	**422,840**	422,840	**422,840**	422,840
Statutory reserve	32	**440,756**	440,756	**440,756**	440,756
Other reserves	33	**37,810**	45,466	**2,607**	28,199
Credit risk reserve	34	**-**	3,783	**-**	3,783
Retained earnings	35	**(191,748)**	374,940	**(209,826)**	346,362
Total equity attributable to equity holders		**709,658**	1,287,785	**656,377**	1,241,940
Total liabilities and equity		**13,776,690**	13,359,794	**13,785,897**	13,349,840

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:

Signed

Edward Effah
Board Chairman
Date: 27 April 2023

Signed

Julian Kingsley Opuni
Managing Director
Date: 27 April 2023

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

GROUP - 2022

	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2022	**422,840**	**440,756**	**45,466**	**3,783**	**374,940**	**1,287,785**
Loss for the year	-	-	-	-	(399,085)	**(399,085)**
Net change in investment securities measured at FVOCI	-	-	(25,592)	-	-	**(25,592)**
Foreign currency translation differences for foreign subsidiary	-	-	17,936	-	-	**17,936**
Total comprehensive income	**-**	**-**	**(7,656)**	**-**	**(399,085)**	**(406,741)**
Regulatory and other reserve transfers:						
Transfer from credit risk reserve	-	-	-	(3,783)	3,783	**-**
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(137,613)	**(137,613)**
Dividend paid (preference shares)	-	-	-	-	(33,773)	**(33,773)**
Net transfer to reserves and transactions with owners	**-**	**-**	**-**	**(3,783)**	**(167,603)**	**(171,386)**
Balance at 31 December 2022	**422,840**	**440,756**	**37,810**	**-**	**(191,748)**	**709,658**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

GROUP - 2021

	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2021	422,840	355,376	35,608	35,527	185,749	**1,035,100**
Profit for the year	-	-	-	-	351,383	**351,383**
Net change in investment securities measured at FVOCI	-	-	8,230	-	-	**8,230**
Foreign currency translation differences for foreign subsidiary	-	-	1,628	-	-	**1,628**
Total comprehensive income	**-**	**-**	**9,858**	**-**	**351,383**	**361,241**
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	85,380	-	-	(85,380)	**-**
Taxes paid on transfer to stated capital	-	-	-	-	(322)	**(322)**
Transfer from credit risk reserve	-	-	-	(31,744)	31,744	**-**
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(81,632)	**(81,632)**
Dividend paid (preference shares)	-	-	-	-	(26,602)	**(26,602)**
Net transfer to reserves and transactions with owners	**-**	**85,380**	**-**	**(31,744)**	**(162,192)**	**(108,556)**
Balance at 31 December 2021	**422,840**	**440,756**	**45,466**	**3,783**	**374,940**	**1,287,785**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

BANK - 2022

	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2022	**422,840**	**440,756**	**28,199**	**3,783**	**346,362**	**1,241,940**
Loss for the year	-	-	**-**	**-**	**(388,585)**	**(388,585)**
Net change in investment securities measured at FVOCI	-	-	**(25,592)**	**-**	**-**	**(25,592)**
Total comprehensive income	**-**	**-**	**(25,592)**	**-**	**(388,585)**	**(414,177)**
Regulatory and other reserve transfers:						
Transfer from credit risk reserve	-	-	-	(3,783)	3,783	-
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(137,613)	(137,613)
Dividend paid (preference shares)	-	-	-	-	(33,773)	(33,773)
Net transfer to reserves and transactions with owners	**-**	**-**	**-**	**(3,783)**	**(167,603)**	**(171,386)**
Balance at 31 December 2022	**422,840**	**440,756**	**2,607**	**-**	**(209,826)**	**656,377**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

BANK - 2021

	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2021	**422,840**	**355,376**	**19,969**	35,527	166,712	**1,000,424**
Profit for the year	-	-	-	-	341,520	**341,520**
Net change in investment securities measured at FVOCI	-	-	**8,230**	-	-	**8,230**
Total comprehensive income	-	-	**8,230**	-	341,520	**349,750**
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	**85,380**	-	-	(85,380)	-
Transfer from credit risk reserve	-	-	-	(31,744)	31,744	-
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(81,632)	**(81,632)**
Dividend paid (preference shares)	-	-	-	-	(26,602)	**(26,602)**
Net transfer to reserves and transactions with owners	-	**85,380**	-	(31,744)	(161,870)	**(108,234)**
Balance at 31 December 2021	**422,840**	**440,756**	**28,199**	3,783	346,362	**1,241,940**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

All amounts are expressed in thousands of Ghana cedis

	Notes	GROUP 2022	GROUP 2021*	BANK 2022	BANK 2021*
Cash flows from operating activities					
(Loss)/Profit before income tax		**(533,409)**	516,975	**(518,623)**	504,544
Adjustments:					
Depreciation	22	**40,443**	37,652	**40,319**	37,568
Amortisation	23	**16,461**	15,224	**16,428**	15,110
Impairment on financial assets	14a	**1,335,980**	66,967	**1,306,644**	66,713
Profit on disposal of property and equipment	22	**-**	(402)	**-**	(402)
Profit on disposal of non-current held for sale		**(2,537)**	-	**(2,537)**	-
Exchange difference on borrowings		**471,076**	26,379	**471,073**	26,379
Finance charge on lease liabilities	28	**2,564**	3,562	**2,564**	3,562
		1,330,578	666,357	**1,315,868**	653,474
Changes in working capital					
Changes in loans and advances to customers	20	**(493,158)**	121,349	**(572,642)**	69,509
Changes in investment securities held for trading	18	**269,157**	(228,421)	**269,302**	(227,209)
Changes in other assets	21	**(307,550)**	(156,195)	**(306,081)**	(155,271)
Changes in deposits from customers	25	**860,643**	1,602,266	**844,001**	1,678,752
Changes in deposits from banks and other financial institutions	26	**332,990**	42,954	**124,816**	9,943
Changes in other liabilities	28	**165,054**	(8,744)	**164,159**	(23,394)
Changes in derivatives financial instruments		**(421,057)**	60,523	**(421,057)**	60,523
Income tax and levies paid	15	**(192,826)**	(138,190)	**(189,409)**	(135,531)
Increase/(decrease) in operating assets and liabilities		**213,253**	1,295,542	**(86,911)**	1,277,322
Net cash flow generated from operating activities		**1,543,831**	1,961,899	**1,228,957**	1,930,796
Cash flow from investing activities					
Purchase of property and equipment	22	**(39,932)**	(27,685)	**(39,861)**	(27,624)
Purchase of intangible assets	23	**(31,516)**	(23,360)	**(31,516)**	(23,326)
Proceeds on asset disposal		**-**	402	**-**	402
Proceeds on disposal of non-current asset held for sale		**20,487**	-	**20,487**	-
Purchase of investment securities		**(6,015,230)**	(4,881,886)	**(5,916,978)**	(4,868,750)
Proceeds from sale/redemption of investment securities		**6,489,582**	2,353,417	**6,478,495**	2,343,209
Net cash flows generated/(used in) investing activities		**423,391**	(2,579,112)	**510,627**	(2,576,089)

Consolidated and Separate Statements of Cash Flows (Continued)

All amounts are expressed in thousands of Ghana cedis

	Notes	GROUP 2022	GROUP 2021*	BANK 2022	BANK 2021*
Cash flows from financing activities					
Dividends paid	31	**(171,386)**	(108,234)	**(171,386)**	(108,234)
Repayment of principal portion of lease liabilities	28	**(17,073)**	(8,626)	**(17,073)**	(8,626)
Draw-down of long term borrowings	27	**120,002**	-	**120,002**	-
Repayment of long term borrowings	27	**(82,157)**	(234,842)	**(82,157)**	(234,842)
(Repayment) /Draw-down of short term borrowings	27	**(1,990,501)**	2,316,680	**(1,738,399)**	2,316,680
Taxes paid on capitalisation		**-**	(322)	**-**	-
Net cash flow (used in)/generated from financing activities		**(2,141,115)**	1,964,656	**(1,889,013)**	1,964,978
Net increase/(decrease) in cash and cash equivalents		**(173,893)**	1,347,443	**(149,429)**	1,319,685
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at 1 January	17	**2,771,863**	1,414,367	**2,767,433**	1,439,323
Gain on currency translation of foreign subsidiary	33	**17,936**	1,628	**-**	-
Effect of exchange rate fluctuations on cash and cash equivalents held		**803,392**	8,989	**803,392**	8,989
Impairment reversal/(charge) on cash equivalents		**501**	(564)	**501**	(564)
Net increase/(decrease) in cash and cash equivalents		**(173,893)**	1,347,443	**(149,429)**	1,319,685
Cash and cash equivalents at 31 December	17	**3,419,799**	2,771,863	**3,421,897**	2,767,433
Additional information on operational cash flows from interest					
Interest received		**1,503,929**	1,156,288	**1,504,654**	1,150,861
Interest paid		**576,933**	349,799	**590,587**	356,439

* Prior year amounts have been restated. Please refer to note 2.20.1 for details of the restatements

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2022

(All amounts are in thousands of Ghana cedis)

1. GENERAL INFORMATION

Fidelity Bank Ghana Limited (FBGL) is a limited liability company, incorporated and domiciled in Ghana. The registered office is located at Ridge Tower, 10 Ambassadorial Enclave, West Ridge, Accra. FBGL operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The consolidated and separate financial statements of FBGL for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 25 April 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The set of financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and other related laws of Ghana have been included, where appropriate. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy.

The Group's financial statements comprise the consolidated and separate statements of comprehensive income, the consolidated and separate statements of financial position, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows and related notes. The financial statements of the Bank standing alone comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes.

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated and separate financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. The figures shown in the consolidated and separate financial statements are stated in thousands of Ghana cedis unless otherwise stated.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

Going concern

IAS 1 Presentation of Financial Statements requires management, when preparing financial statements, to make an assessment of an entity's ability to continue as a going concern, and whether the going concern assumption is appropriate, up to the date on which the financial statements are issued.

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these Financial Statements.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Financial Statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Fidelity Bank Ghana Limited and its subsidiaries as at 31 December 2022.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. However, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in 'Ghana cedi' (GH¢), rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income. All foreign exchange gains and losses are presented in profit or loss within `Other operating income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI)/available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income (FVOCI)/ available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.4 Revenue recognition

Revenue is derived substantially from banking business and related activities and comprises net interest income and non-interest income. Income is recognised on an accrual basis in the year in which it accrues.

2.4.1 Interest and similar income and expense

For all financial instruments measured at amortised cost and interest-bearing financial instruments classified as fair value through other comprehensive income (FVOCI), interest income or expense is recorded on an accrual basis 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 or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payment or receipts. The adjusted carrying amount is calculated on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

2.4.2 Fee and commission income

The Group earns fees and commission income from services it provides to its customers. Fee income is divided into the following two categories:

(a) Fee income earned from services provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Fee and commission expense relates mainly to transaction and service fees which are expensed as the services are rendered.

2.4.3 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

2.4.4 Net trading income

This comprises gains and losses from trading assets and liabilities and changes in fair value. Income is recognised on foreign exchange differences and margins on market making.

2.5 Financial assets and liabilities

2.5.1 Financial Assets

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at 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 loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or Liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the differences is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(i) Classification and subsequent measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

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

Debt instruments

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

(i) Classification and subsequent measurement

Classification and subsequent measurement of debt instruments depend on:

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

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

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

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Other Operating income' in the year in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

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

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

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(ii) Impairment

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

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

(iii) Modification of loans

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

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

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

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

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Financial guarantee contracts and loan commitments

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.5.2. Financial liabilities

(i) Classification

The Group's holding in financial liabilities represents mainly deposits from banks and customers, and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

ii) Measurement

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

iii) Derecognition

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

2.5.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value techniques are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Group uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the Group's credit spreads widen, the Group recognises a gain on these liabilities because the value of the liabilities has decreased. When the Group's credit spreads narrow, the Group recognises a loss on these liabilities because the value of the liabilities has increased.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.5.4 De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Financial liabilities

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

2.5.5 Repurchase and reverse repurchase agreements

Securities may be lent subject to a commitment to repurchase it at a specified date ('a repo'). Such securities are not derecognised but retained on the statement of financial position when substantially all the risks and rewards of ownership remain with the Group. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Group.

Conversely, securities borrowed or purchased securities subject to a commitment to resell at a specified date (a 'reverse repo') is not recognised on the statement of financial position as the transactions are treated as collateralised loans. However, where the securities borrowed is sold to third parties, the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income.

2.5.6 Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis result in the related assets and liabilities being presented gross in the statement of financial position.

2.5.7 Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.6 Leases

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

2.6.2 Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.6.3 Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 22 Property, equipment and right-of-use assets.

2.6.4 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2.6.5 Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group is not exposed to finance leases as a lessor.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise balances with 91 days or less from the date of acquisition including cash and balances with Bank of Ghana, other eligible bills, money market placements and dealing securities.

2.8 Property, equipment and right-of-use assets

Recognition and measurement

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

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

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 2.6.3. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Subsequent costs

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

Depreciation

Depreciation is charged to profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of ten years, the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and corresponding years are as follows:

Leasehold Improvement	Over the lease term
Land	-
Building	50 years
Right-of-use assets	Over the lease term
Motor vehicles	4 years
Computer hardware	4 years
Furniture and fittings	4 years
Equipment	4 years

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

De-recognition

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

2.9 Intangible assets

(a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.11 Financial guarantees

In the ordinary course of business, the Group gives financial guarantees consisting of letters of credit, guarantees and acceptances. Such financial guarantees are given to banks, other financial institutions and bodies on behalf of customers to secure loans, overdrafts and other banking facilities, and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and payment of import duties. These financial guarantees are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

The fee and commission income receivable on these financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, in ‘Other liabilities’ and recognised in the statement of comprehensive income in ‘Fees and commission income’ on a straight line basis over the life of the guarantee.

2.12 Provisions

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Employee benefits

i. Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

ii. Termination benefits

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

iii. Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.15 Income tax

Current income tax

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

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

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

Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

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

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

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain.

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

2.16 Stated capital

i. Ordinary shares

Ordinary shares are classified as 'stated capital' in equity.

ii. Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Bank's shareholders.

2.17 Preference shares

i. Preference shares

Preference shares are classified as equity. These are non-voting, irredeemable and non-cumulative. The holders have the option of converting into ordinary shares as stated in the agreement.

ii. Dividend on preference shares

Dividends on the Bank's preference shares are recognised in equity in the year in which they are paid.

2.18 New and amended standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

(i) IFRS 17 Insurance Contracts
Effective for annual periods beginning on or after 1 January 2023.

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Bank.

(ii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
Effective for annual periods beginning on or after 1 January 2023.

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are not expected to have a material impact on the Bank.

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current
Effective for annual periods beginning on or after 1 January 2024.

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(iv) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
Effective for annual periods beginning on or after 1 January 2024

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

The amendments are not expected to have a material impact on the Bank.

(v) Definition of Accounting Estimates - Amendments to IAS 8
Effective for annual periods beginning on or after 1 January 2023.

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.
The amendments are not expected to have a material impact on the Bank.

(vi) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
Effective for annual periods beginning on or after 1 January 2023.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Bank is currently assessing the impact of the amendments to determine the impact they will have on the Banks's accounting policy disclosures.

2.19 IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.
The following is a summary of the amendments from the 2018-2020 annual improvements cycle:

(i) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

(ii) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Bank will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
The amendments are not expected to have a material impact on the Bank.

(iii) IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.
The amendments are not expected to have a material impact on the Bank.

2.20 Restatement of prior period balances

Prior years' statements of comprehensive income were adjusted for the following:

GROUP - 2021	Before Restatement	Interest income calculated using the effective interest rate method (1)	Other interest (1)	Net change in investment securities measured at FVOCI (2)	Profit for the year attributable to owners of Fidelity Bank Ghana Limited (3)	After Restatement
Interest Income	1,572,847	(1,487,205)	(85,642)	-	-	**-**
Interest income calculated using the effective interest rate method	-	1,487,205	-	-	-	**1,487,205**
Other interest	-	-	85,642	-	-	**85,642**
Attributable to owners of Fidelity Bank Ghana Limited	-	-	-	-	351,383	**351,383**
Other comprehensive income that may not be reclassified to the income statement:						
Net change in investment securities measured at FVOCI	8,230	-	-	(8,230)	-	**-**
Other comprehensive income/(loss) that may be reclassified to the income statement:						
Net change in investment securities measured at FVOCI	-	-	-	8,230	-	**8,230**

1. Interest income was disaggregated into "Interest income calculated using the effective interest rate method" and "Other Interest" which relates to net income from financial instruments at FVTPL in line with IAS 1.82.
2. Net change in investment securities measured at FVOCI was previously classified as "other comprehensive income that may not be reclassified to the income statement". The presentation has been restated to include it under "Other comprehensive income/(loss) that may be reclassified to the income statement" since these items can be reclassifed to the income statement.
3. Profit for the year which is attributable to owners has been presented on the statement of comprehensive income as required by IAS 1.81B. As such, the prior year has been restated to comply with the requirements of IAS 1.81B.

(All amounts are in thousands of Ghana cedis)

2.20 Restatement of prior period balances (Continued)

Prior years' statements of comprehensive income were adjusted for the following:

BANK - 2021	Before Restatement	Interest income calculated using the effective interest rate method (1)	Other interest (1)	Net change in investment securities measured at FVOCI (2)	Profit for the year attributable to owners of Fidelity Bank Ghana Limited (3)	After Restatement
Interest Income	1,567,420	(1,481,778)	(85,642)	-	-	**-**
Interest income calculated using the effective interest rate method	-	1,481,778	-	-	-	**1,481,778**
Other interest	-	-	85,642	-	-	**85,642**
Attributable to owners of Fidelity Bank Ghana Limited	-				341,520	**341,520**
Other comprehensive income that may not be reclassified to the income statement:						
Net change in investment securities measured at FVOCI	8,230	-	-	(8,230)	-	**-**
Other comprehensive income/(loss) that may be reclassified to the income statement:						
Net change in investment securities measured at FVOCI	-	-	-	8,230	-	**8,230**

1. Interest income was disaggregated into "Interest income calculated using the effective interest rate method" and "Other Interest" which relates to net income from financial instruments at FVTPL in line with IAS 1.82.
2. Net change in investment securities measured at FVOCI was previously classified as "other comprehensive income that may not be reclassified to the income statement". The presentation has been restated to include it under "Other comprehensive income/(loss) that may be reclassified to the income statement" since these items can be reclassifed to the income statement.
3. Profit for the year which is attributable to owners has been presented on the statement of comprehensive income as required by IAS 1.81B. As such, the prior year has been restated to comply with the requirements of IAS 1.81B.

2.20 Restatement of prior period balances

Prior year's statements of cash flows were adjusted for the following:

GROUP - 2021

	Before Restatement	Changes in derivatives financial instruments (1)	Changes in investment securities held for trading (2)	Right of Use Asset additions (3)	Purchase of investment securities (4)	Proceeds from sale of investment securities (4)	Additional information on operational cash flows from interest (5)	After Restatement
Cash flows from operating activities:								
Fair value on derivative financial instruments	60,523	(60,523)	-	-	-	-	-	**-**
Changes in working capital:								
Changes in investment securities held for trading	-	-	(228,421)	-	-	-	-	**(228,421)**
Changes in derivatives financial instruments	-	60,523	-	-	-	-	-	**60,523**
Cash flow from investing activities:								
Purchase of property and equipment	(43,094)	-	-	15,409	-	-	-	**(27,685)**
Purchase/(Sale) of investment securities	(2,758,343)	-	228,421	-	4,881,886	(2,351,964)	-	**-**
Purchase of investment securities	-	-	-	-	(4,881,886)	-	-	**(4,881,886)**
Proceeds from sale of investment securities	-	-	-	-	-	2,351,964	-	**2,351,964**
Additional information on operational cash flows from interest:								
Interest received	-	-	-	-	-	-	1,156,288	**1,156,288**
Interest paid	-	-	-	-	-	-	349,799	**349,799**

1. The Group reclassed movement in derivative financial instruments from operating activities to changes in working capital.
2. Changes in investment securities held for trading was previously recorded under investing activities. The prior year has been restated to include it under working capital as it represents an operating item.
3. Right of use asset additions previously captured as additions to property and equipment was reversed as it represents a non cash item.
4. Purchases/(sales) of investment securities recorded on net basis was disaggregated into "purchases of investment securities" and "proceeds from sale of investment securities" as these cash flows should be presented on a gross basis as required by IAS 7.21.
5. Additional information on operational cash flows which relates to interest received and interest paid have been provided in line with IAS 7.31.

(All amounts are in thousands of Ghana cedis)

2.20 Restatement of prior period balances

Prior year's statements of cash flows were adjusted for the following:

BANK - 2021

	Before Restatement	Changes in derivatives financial instruments (1)	Changes in investment securities held for trading (2)	Right of Use Asset additions (3)	Purchase of investment securities (4)	Proceeds from sale of investment securities (4)	Additional information on operational cash flows from interest (5)	After Restatement
Cash flows from operating activities:								
Fair value on derivative financial instruments	60,523	(60,523)	-	-	-	-	-	-
Changes in working capital:								
Changes in investment securities held for trading	-	-	(227,209)	-	-	-	-	**(227,209)**
Changes in derivatives financial instruments	-	60,523	-	-	-	-	-	**60,523**
Cash flow from investing activities:								
Purchase of property and equipment	(43,033)	-	-	15,409	-	-	-	**(27,624)**
Purchase/(Sale) of investment securities	(2,754,203)	-	227,209	-	4,868,750	(2,341,756)	-	**-**
Purchase of investment securities	-	-	-	-	(4,868,750)	-	-	**(4,868,750)**
Proceeds from sale of investment securities	-	-	-	-	-	2,341,756	-	**2,341,756**
Additional information on operational cash flows from interest:								
Interest received	-	-	-	-	-	-	1,150,861	**1,150,861**
Interest paid	-	-	-	-	-	-	356,439	**356,439**

1. The Group reclassed movement in derivative financial instruments from operating activities to changes in working capital.
2. Changes in investment securities held for trading was previously recorded under investing activities. The prior year has been restated to include it under working capital as it represents an operating item.
3. Right of use asset additions previously captured as additions to property and equipment was reversed as it represents a non cash item.
4. Purchases/(sales) of investment securities recorded on net basis was disaggregated into "purchases of investment securities" and "proceeds from sale of investment securities" as these cash flows should be presented on a gross basis as required by IAS 7.21.
5. Additional information on operational cash flows which relates to interest received and interest paid have been provided in line with IAS 7.31.

3 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

(b) Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Under this framework, the Board has established a number of separate independent bodies responsible for managing and monitoring risks. These include, Board sub-committees, Credit Committee of management (CC), Management Risk and Control Committee (MRCC), Asset and Liability Management Committee (ALCO) and the Risk Management Department, which are responsible for developing and monitoring the Group's risk management policies in their specified areas. All Board committees report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Through its risk management structure, the Group seeks to manage efficiently the core risks to which it is exposed: credit, liquidity and market risks, which arise directly through the Group's commercial activities; and compliance, regulatory, and operational risks, which are normal consequences of any business undertaking.

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but excludes reputational & strategic risk. Operational risk exists in all products and business activities and the effective management of operational risk has always been a fundamental element of the Group's risk management programme. The Group has a broad operational risk management framework which defines the set of activities designed to proactively identify, assess and manage all operational risks by aligning the people, technology and processes with best risk management practices towards sustaining financial performance and enhancing stakeholders' value.

The Operational Risk, Internal Control and Compliance Units with oversight responsibility of the MRCC as well as the Audit Unit constantly carry out reviews to identify and assess the operational risk inherent in all products, activities, processes and systems.

These units also ensure that all business units within the Group monitor their operational risk using set standards and indicators. Significant issues and exceptions are reported to the MRCC for discussion and resolution.

Disaster recovery procedures, business continuity planning, self-compliance assurance and internal audit also form an integral part of our operational risk management process. There was no significant financial loss resulting from operational risk incidents during the year across the Group.

The Group's strict enforcement of ethical code of conduct for all employees, operational risk management policies, risk awareness training and other deliberate operational risk control activities have significantly reduced operational risk related incidents.

Measurement of operational risk

The Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, the Group uses various tools, including risk and control self-assessment, operational risk event management and key risk indicator monitoring. Risk and control self-assessment is conducted by each business or support unit to identify key operational risks and assess the effectiveness of internal controls. When control issues are identified, the units develop action plans and track the resolution of the issues. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the Group's reputation, must be reported based on certain established thresholds. Key risk indicators with predefined escalation triggers are employed to facilitate risk monitoring in a forward-looking manner.

3.1 Credit risk management

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

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

Credit risk is the single largest risk for the Group's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team headed by the Chief Risk Officer, which reports to the Board of Directors and head of each business unit regularly.

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

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

3.1.1 Risk limit control and mitigation policies

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

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default. Some other specific control and mitigation measures are outlined below:

(a) Lending limits (for derivatives and loan books)

The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

(b) Master netting arrangements

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

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

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

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

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

3.1.2 Impairment and provisioning policies

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable or ordinarily as soon as payment of interest or principal is 90 days or more overdue.

3.1.3 Write-off policy

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

3.1.4 Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Significant increase in credit risk (SICR)

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

Quantitative criteria

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

Qualitative criteria

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

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/ loans.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

IFRS 9 contains a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. This means that where payments are 30 days past due, the financial asset needs to migrate from stage 1 to stage 2. The group views that where the customer and the group have agreed to a deferral of payment for a specified period, such an extension will not trigger the counting of days past due.

Definition of default and credit-impaired assets

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

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments except as modified in the backstop modifications as above.

Qualitative criteria

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

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

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

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

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions may vary by product type or industry.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs and how collateral values change etc. are monitored and reviewed on a quarterly basis.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. Forward-looking macroeconomic information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. Both quantitative models and expert judgement-based adjustments consider a range of forecasted macroeconomic scenarios as inputs. Macroeconomic scenarios are defined by taking domestic macroeconomic considerations into account, and forecasts are developed for baseline, downside and upside scenarios. The baseline, downside and upside scenarios are used in the ECL calculations. ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process.

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Regression modelling techniques have been used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the portfolio of accounts to which the model is applied. This results in the production of models that are used to predict impairment parameters based on the predictive characteristics identified through the regression process.

The ECL model has included forward looking information in the computation of the base PDs to reflect the likely impact of the weaker macroeconomic prospects on the loan portfolio.

Economic Variable Assumptions

The most significant forward-looking assumptions used for the ECL estimate as at 31 December 2022 are set out below:

Scenario	Weight %	GDP Growth %	Exchange Rate GHC/ 1 USD	Inflation %
Baseline	50	2.80	12.47	33.00
Upside	20	3.08	13.72	36.30
Downside	30	2.52	11.22	29.70

The most significant variables affecting the ECL model are as follows:

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the ensuing year. The macroeconomic outlook for 2021 and 2022 has seen a material downward revision in projected economic output. These revisions have been incorporated into the expected credit loss provision model in line with IFRS 9 requirements.

2. Exchange Rate – The Bank of Ghana average USD rate is used as a determinant variable as a result of the sensitivity of the economy to exchange rate fluctuations.

3. Inflation – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates has an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next four quarters.

3.1.5 Expected credit loss measurement on investment securities

3.1.5.1 Background to the Ghana's Domestic Debt Exchange programme

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme (DDEP), which constitutes a debt treatment arrangement through which institutional and individual bondholders of eligible Government bonds, including E.S.L.A and Daakye bonds were invited to participate in a voluntary exchange of their eligible (old) bonds for new bonds issued by the Republic.

Ghana's fiscal and debt vulnerabilities have worsened amid an increasingly challenging external environment. During the COVID-19 pandemic, Ghana's public debt increased significantly. At the same time, the government's efforts to preserve the debt sustainability were not seen as sufficient by investors, leading to credit rating downgrades, exit of non-resident investors from the domestic bond market, and ultimately Ghana's loss of access to international capital markets.

These adverse developments, further exacerbated by price and supply-chain shocks from the war in Ukraine, have led to a large exchange rate depreciation, a surge in inflation and pressure on foreign exchange reserves. Against this backdrop, the government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that restore macroeconomic stability and ensure debt sustainability while protecting the most vulnerable parts of its population. It would help create the conditions for inclusive and sustainable growth and job creation. It is also expected to help alleviate exchange rate pressures and provide a catalytic effect on additional sources of financing.

The IMF assistance was conditional on Ghana restructuring its public debt – domestic and external - which will include bringing public debt down to more manageable levels from the estimated 105% of GDP to 55% in present value terms by 2028.

As a first step of the debt restructuring, the Government announced a voluntary Domestic Debt Exchange Programme (DDEP) in early December 2022. Under the DDEP, the Government sought to exchange about GHS132 billion (US$11.45billion or about 15% of 2021 GDP) of existing domestic bonds held by various local investors, including banks, for a package of 12 new bonds with different pay-out dates.

3.1.5.2 The Exchange

The Invitation to Exchange was an arrangement through which holders of Eligible Bonds submitted their holdings of Eligible Bonds governed by Ghanaian law and denominated in Ghanaian Cedis (GHS) for new benchmark Government of Ghana bonds with the same aggregate principal amount (plus applicable capitalized accrued and unpaid interest), and which have in the aggregate a lower average coupon and extended average maturity than the Eligible Bonds.

The key terms of the exchange memorandum issued by the Government on 3rd February 2023 are as follows:

• Invitation to exchange the domestic notes and bonds of the Republic of Ghana, E.S.L.A PLC and Daakye Trust PLC to all registered holders of eligible bonds that are not pensions fund.

• Categorization of eligible bond holders to “Category A holder”, “Category B holder” and “Category C holder”.

Category A holder: Collective Investment Schemes or Natural persons below the age of 59 years old as of 31st January 2023.

Category B holder: Eligible Holders that are natural persons 59 years old or older as of 31st January 2023.

Category C holder: Eligible Holders that are not Category A Holders or Category B Holders.

• Issuance of 7 New General Bonds maturing one per year consecutively from and including 2027 through and including 2033 for General Category Holders in exchange for Eligible Post-2023 Bonds and issuance of 12 New General Bonds, maturing one per year consecutively from and including 2027 through and including 2038 at average coupon of 9%.

The Bank’s Board of Directors, upon careful scenario analysis, deliberations and consultations came to the decision to participate the voluntary Ghana Domestic Debt Exchange Programme given the adverse impact non-participation might have on future profitability, liquidity and solvency of the Bank. The group tendered in a total of Ghc 4.23 billion (principal and accrued unpaid interest) for New General Bonds under the programme.

The debt restructuring exercise is indicative of Government’s impaired ability to service its debt and is indicative of a significant increase in credit risk. As a result, the eligible bonds under the DDE programme and all exposures to Government had to be assessed for impairment which resulted in provisions for expected credit losses.

Thus, the terms of the new offer and the circumstances leading to the entire debt treatment arrangement constitute a significant modification of the eligible bond portfolio, requiring that the Group undertakes the following activities under the International Financial Reporting Standards (IFRS):

i. Assessment of the eligible portfolio for impairment
ii. Assessment of modification losses and determination of their significance
iii. Derecognition of the eligible bonds
iv. Determination of the fair values at which the new bonds will be recognized;
v. The impact of the DDEP on other exposures to the sovereign; and
vi. Other related accounting matters.

The determination of the expected credit losses (ECL), modification gains/losses and fair value/present value of the New Bonds all require the application of an appropriate discount rate, which is the subject of this policy. Based on historical and forward-looking factors, the Group considers the current (distressed) yields on the eligible (old) bonds as inappropriate for the determination of the fair values of the new bonds. The Group is guided by the requirements of IFRS 13 – Fair Value Hierarchy – in determining its internal discount rate.

3.1.5.3 Determinants of the Discount Rate

In determining the fair values of the new bonds, the Group refers to IFRS 13 (Fair Value Hierarchy). For disclosure and comparability purposes, IFRS 13 establishes a fair value hierarchy that categorises the inputs to valuation techniques into three levels (IFRS 13.72):

Level 1
Level 2
Level 3

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Typical examples of Level 1 inputs are prices of financial assets and liabilities traded on stock exchanges that meet the definition of an active market. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis (IFRS 13. Appendix A). A quoted price in an active market provides the most reliable evidence of fair value and should be used without adjustment to measure fair value whenever available (IFRS 13.76-77). As an exception to this rule, adjustments to Level 1 inputs are permitted in circumstances specified in paragraph IFRS 13.79.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly (including market-corroborated data). Examples of Level 2 inputs are given in paragraph IFRS 13.82 and paragraph IFRS 13.B35.

Entities often use over-the-counter (OTC) derivatives which serve as hedging instruments (irrespective of whether the hedge accounting is applied). OTC derivatives cannot, by definition, be included in Level 1 inputs as they are tailored to meet the needs of a particular entity and there are no quoted prices for identical instruments. The Group includes OTC derivatives in Level inputs.

Level 3 inputs are unobservable inputs and are used when relevant observable inputs are not available. Unobservable inputs should be developed using the information available to the entity, which can often be the entity's own data adjusted to account for assumptions of other market participants and exclude entity-specific factors (IFRS 13.86-87, 89). Paragraph IFRS 13.88 stresses that fair value measurement based on Level 3 inputs should consider assumptions about risk.

Paragraph IFRS 13.B36 gives examples of Level 3 inputs for particular assets and liabilities. When inputs used to measure fair value fall into different levels, the whole fair value measurement is categorized in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (IFRS 13.73, 75).

The Group recognizes the fact that the determination of a suitable discount rate for cashflow discounting purposes should be reflective of market conditions, which is crucial for impairment assessment on the eligible (old) bonds. Under the current circumstance, there were no benchmark market rates to be referenced or adopted to fair value the expected cashflows, given that the new bonds were yet to be issued and subsequently traded.

Against this backdrop and considering the existing economic conditions and available market data on trading activities on the bond market, the Group adopted the Level 2 hierarchy method in determining an appropriate discount rate.

A 4-year (pre-distress) period bond market data was used in conjunction with forward looking conditions to fairly extrapolate a rate reflective of potential market conditions post the issuance of the New Bonds by the Republic.

The computation of the discount rate was influenced by various factors such as the yield curve, issuer creditworthiness, and bond riskiness. The creditworthiness of the issuer and bond riskiness play a significant role in determining the discount rate, as higher credit risk or lower credit rating may result in a higher discount rate.

(All amounts are in thousands of Ghana cedis)

3.1.5.4 Discount Rate Computation

The evaluation of the discount rate for bond exchange requires a comprehensive analysis of multiple factors such as the yield curve, issuer creditworthiness, and bond riskiness. The discount rate is a critical component in determining the present value of the cash flows generated by the new bond and is used to assess the viability of exchanging existing bonds with high coupon rates for new bonds with lower coupon rates.

Bonds and notes issued by the Government of Ghana over a 4-year time frame, provided valuable information for market participants to compare and assess the relative value of different instruments. The spread between the coupon rate and the market rate, which reflects market demand for each bond or note, is an essential metric used to determine the best value proposition.

The model computed the spreads between the Coupons and the Bids for the various bonds on offer within the period. The resultant spreads were separately grouped into positive (where the Bids exceeded the Offers) and negative spreads (where the Bids were lower than the Offers).

Subsequently, an average of each of the grouping (positive and negative spreads) was determined. A third variant which considered the overall average of the spreads across all the data points, taking into account both positive and negative spreads, was also determined.

Using an average yield of 9% (being the average coupon for new bonds) as a base, each of the average spreads over the 4-year period was layered on top of it to arrive at a discount rate reflective of the market conditions in both normal and distressed market environments. This rate can justifiably be used as a valuation factor to discount the expected cashflows from the new bonds.

Category	Average Spreads (+ve/-ve) being layered on the base average of 9%	Resultant Discount Rate
Average of low observations ==>>	-0.27%	8.73%
Average of high observations ==>>	2.79%	11.79%
Overall average observations ==>>	0.73%	9.73%

To reflect the risky environment, Management and the Board made a policy decision to adopt the upper bound of the resultant rates as the discount factor - 11.79%

3.1.5.5 Forward Looking Considerations

The Group considered the following corroborative forward-looking factors in determining the appropriate discount factor.

a. The Macroeconomic environment

The pre-DDE conditions, including the mounting public debt and the widening fiscal deficit that triggered sovereign credit rating downgrade, leading to loss of external market access and rising domestic borrowing costs, are expected to improve significantly after the Exchange. These improvements will likely stabilise the macro-economic environment with positive impacts on inflation, exchange rate, interest rates and public debt sustainability. The Bank of Ghana has publicly indicated that it expects inflation to return to the medium-term bound of 8 +/- 2%, a situation that will see the central bank soften its stance on the policy rate.

b. The IMF's conditionalities and oversight

The Government undertook the debt restructuring and, for that matter, the Domestic Debt Exchange Programme (DDEP) as part of the precondition for an IMF intervention. The government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that will restore macroeconomic stability and ensure debt sustainability while protecting the most vulnerable parts of the population. The Programme is also expected to help alleviate exchange rate pressures and provide a catalytic effect on additional sources of financing.

The IMF assistance, which is expected to be approved by the Fund's executive board in March 2023, is conditional on Ghana restructuring its public debt – domestic and external –which will include bringing public debt down to more manageable levels from the currently estimated 105% of GDP to 55% in present value terms by 2028. Ghana's experience under last IMF Extended Credit Facility Programme confirms that macroeconomic stability is highly achievable under a Fund Programme. Another evidence of economic recovery, debt sustainability and stability under IMF supported programmes was the HIPC initiative.

c. Government commitment to a stable interest rate outlook

i. Commitment to stay clear of the Bond Market

Post the DDE programme, the Government has committed to stay clear of the bond market for six (6) months after the settlement date. In this regard, the Republic of Ghana is not expected to announce, issue or take any steps to issue any domestic public indebtedness (other than the new bonds) after the agreed settlement date and until 6 months have elapsed, provided, however, that for the avoidance of any doubt, this shall not limit the issuance of treasury bills during this period or other short-term non-marketable securities through the Clear Market End Date.

ii. Limitation on future issuances

From the Clear Market end date through the date that is three (3) years from the Settlement Date ("New Bond End Date"), the Republic will not announce, issue or take any steps to issue any Domestic Public Indebtedness other than the issuance of Tranches of New Bonds that can be consolidated with and form a single Series with any of the Series of the New Bonds that are issued on the issue date; provided, however, that for the avoidance of any doubt, this shall not limit the issuance of treasury bills of the Republic during this period or other short-term non-marketable securities through the New Bond End Date. For the next 3 years, the Republic will only be allowed to announce or issue tranches (re-taps) of the new bonds.

It is the view of the Group that these commitments provide reasonable assurances and give an indication of the direction of interest rates and expected market spreads around the coupon rates of the new bonds, which is towards a reversion to the average achieved over the past four years.

3.1.5.6 Credit Spread Considerations and Final Discount Rate

In addition to adopting the upper bound of the computed discount rate (11.79%), the Group, taking a more conservative stance considered a Credit Spread element, the difference in returns due to different credit qualities between the old and new bonds, to further adjust the resultant rate by a 3.88% spread to arrive at a final discount rate of 15.67% (11.79% + 3.88%).

3.1.5.7 Expected Credit Loss on Investment Securites

The expected credit loss on investment securities for Group (Ghc 1.06 billion) and Bank (Ghc 1.03 billion) as at 31 December 2022 was calculated as the product of the PD x EAD x LGD. The 15.67% discount rate was used to fair value the expected future cash flows in arriving at the LGD.

3.1.6 Maximum exposure to credit risk before collateral held

	Group		Bank	
Maximum exposure	**2022**	2021	**2022**	2021
Credit risk exposures (net) relating to on balance sheet assets are as follows:				
Balances with Bank of Ghana	**2,534,644**	1,376,103	**2,534,644**	1,376,103
Investment securities*	**5,936,517**	7,356,302	**5,864,023**	7,341,635
Cash and balances with banks	**686,378**	855,631	**688,476**	851,201
Money market placements	**198,777**	540,129	**198,777**	540,129
Loans and advances to customers	**2,736,268**	2,278,591	**2,815,748**	2,278,591
Other assets (excluding prepayments)	**492,331**	276,803	**489,343**	275,288
	12,584,915	12,683,559	**12,591,011**	12,662,947
Credit risk exposures relating to off balance sheet items are as follows:				
Letters of credit	**385,297**	309,756	**385,297**	309,756
Financial guarantees	**255,640**	372,602	**255,640**	372,602
Commitments**	**161,271**	124,081	**161,271**	124,081
At 31 December	**13,387,123**	13,489,998	**13,393,219**	13,469,386

(All amounts are in thousands of Ghana cedis)

The above table represents a worst case scenario of the credit risk exposure of the Group and the Bank at 31 December 2022. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

* The Group restated the prior year investment securities balance since investment securities measured at FVTPL amount of Ghc 351,800 (Bank: Ghc 350,589) was incorrectly included.
**Prior period disclosures have been re-aligned to reflect the current period presentation format in line with IFRS 7.35K.

At 31 December 2022, the Group's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – Performing
- Stage 2 – Underperforming
- Stage 3 – Credit Impaired

3.1.7 Maximum exposure to credit risk – financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represent the Group's maximum exposure to credit risk on these assets.

2022

Group	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total Gross maximum exposures
Cash and cash equivalents	3,220,943	-	-	3,220,943
Investment securities	-	774,059	6,305,817	7,079,876
Loans and advances to customers	2,659,352	101,674	172,387	2,933,413
Gross carrying amount	5,880,295	875,733	6,478,204	13,234,232
Loss allowance	(58,706)	(30,862)	(1,168,372)	(1,257,940)
Carrying amount	**5,821,589**	**844,871**	**5,309,832**	**11,976,292**

2022

Bank	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total Gross maximum exposures
Cash and cash equivalents	3,223,041	-	-	3,223,041
Investment securities	-	774,059	6,202,603	6,976,662
Loans and advances to customers	2,738,832	101,674	172,387	3,012,893
Gross carrying amount	5,961,873	875,733	6,374,990	13,212,596
Loss allowance	(58,706)	(30,862)	(1,139,009)	(1,228,577)
Carrying amount	**5,903,167**	**844,871**	**5,235,981**	**11,984,019**

2021

Group	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total Gross maximum exposures
Cash and cash equivalents	2,772,443	-	-	2,772,443
Investment securities	7,708,102	-	-	7,708,102
Loans and advances to customers	2,158,263	23,867	212,777	2,394,907
Gross carrying amount	12,638,808	23,867	212,777	12,875,452
Loss allowance	(50,471)	(9,594)	(62,127)	(122,192)
Carrying amount	12,588,337	14,273	150,650	12,753,260

2021

Bank	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total Gross maximum exposures
Cash and cash equivalents	2,768,013	-	-	2,768,013
Investment securities	7,697,254	-	-	7,697,254
Loans and advances to customers	2,158,263	23,867	212,777	2,394,907
Gross carrying amount	12,623,530	23,867	212,777	12,860,174
Loss allowance	(50,206)	(9,594)	(62,127)	(121,927)
Carrying amount	**12,573,324**	**14,273**	**150,650**	**12,738,247**

i. Maximum exposure to credit risk – financial instruments not subject to impairment

The maximum credit risk exposure (Group and Bank) from financial assets not subject to impairment (i.e. FVPL) is GH¢ 81.29 million (2021: GH¢350.60 million).

3.1.8 Collaterals and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the acceptance of security for funds advanced, 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.

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

The Group's policies regarding obtaining collateral have not significantly changed during the reporting year and there has been no significant change in the overall quality of the collateral held by the Group since the prior year.

(All amounts are in thousands of Ghana cedis)

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of the collateral to mitigate potential credit losses. Financial assets that are credit impaired and the related collateral in order to mitigate potential losses are shown below:

Group

At 31 December 2022	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	24,168	23,415	753	10
Term loans	148,219	86,744	32,822	100,277
Total credit impaired assets	**172,387**	**110,159**	**33,575**	**100,287**

Bank

At 31 December 2022	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	24,168	23,415	753	10
Term loans	148,219	86,744	32,822	100,277
Total credit impaired assets	**172,387**	**110,159**	**33,575**	**100,287**

Credit impaired financial assets with gross exposure of Ghc 30.68 million (2021: Ghc 1.19 million) were fully covered by collateral held. Hence no impairment allowance was charged on these exposures.

Bonds used as cash collateral with a face value of Ghc 628.27 million were voluntarily exchanged under the DDE programme. The fair value of the collaterals were assessed to be Ghc 465.71.

Group

At 31 December 2021	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	4,003	2,945	1,058	1,196
Term loans	208,774	59,182	149,592	383,079
Total credit impaired assets	**212,777**	**62,127**	**150,650**	**384,275**

Bank

At 31 December 2021	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	4,003	2,945	1,058	1,196
Term loans	208,774	59,182	149,592	383,079
Total credit impaired assets	**212,777**	**62,127**	**150,650**	**384,275**

3.1.9 Loss Allowance

The following tables show reconciliations from the opening to closing balance of the loss allowances for all classes of financial assets:

Group

Investment Securities At 31 December 2022	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Balance at the beginning of the reporting period	5,296	-	-	5,296
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(5,296)	-	5,296	-
Write off	-	-	-	-
Current period provision	-	-	78,247	78,247
New assets originated	-	2,503	974,670	977,173
Payments and assets derecognised	-	-	-	-
Balance at the end of the reporting period	**-**	**2,503**	**1,058,213**	**1,060,716**

Group

Cash and cash equivalents At 31 December 2022	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Balance at the beginning of the reporting period	580	-	-	580
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	-	-	-	-
New assets originated	79	-	-	79
Payments and assets derecognised	(580)	-	-	(580)
Balance at the end of the reporting period	**79**	**-**	**-**	**79**

(All amounts are in thousands of Ghana cedis)

Group

Loans and advances to customers At 31 December 2022	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	44,594	9,595	62,127	116,316
Transfers to Stage 1	7,935	(2,821)	(5,114)	-
Transfers to Stage 2	(3,071)	3,239	(168)	-
Transfers to Stage 3	(10,529)	(5,500)	16,029	-
Write off	-	-	(202,746)	(202,746)
Credit quality related changes on existing assets	4,677	23,183	192,036	219,896
Foreign exchange movement	8,268	1,779	11,518	21,565
New assets originated	31,239	4,790	39,776	75,805
Payments and assets derecognised	(24,487)	(5,905)	(3,299)	(33,691)
Balance at the end of the reporting period	**58,626**	**28,360**	**110,159**	**197,145**

The increase in the ECL is as a result of the growth in the loan portfolio and movement of some credit impaired assets to stage 3.

Bank

Investment Securities At 31 December 2022	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	5,031	-	-	5,031
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(5,031)	-	5,031	-
Write off	-	-	-	-
Current period provision	-	-	78,247	78,247
New assets originated	-	2,503	945,572	948,075
Payments and assets derecognised	-	-	-	-
Balance at the end of the reporting period	**-**	**2,503**	**1,028,850**	**1,031,353**

The increase in the ECL largely resulted from the Bank's participation in the Domestic Debt Exchange Programme.

Bank

Cash and cash equivalents At 31 December 2022	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	580	-	-	580
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	-	-	-	-
New assets originated	79	-	-	79
Payments and assets derecognised	(580)	-	-	(580)
Balance at the end of the reporting period	**79**	**-**	**-**	**79**

Bank

Loans and advances to customers At 31 December 2022	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	44,594	9,595	62,127	116,316
Transfers to Stage 1	7,935	(2,821)	(5,114)	-
Transfers to Stage 2	(3,071)	3,239	(168)	-
Transfers to Stage 3	(10,529)	(5,500)	16,029	-
Write off	-	-	(202,746)	(202,746)
Credit quality related changes on existing assets	4,677	23,183	192,036	219,896
Foreign exchange movement	8,268	1,779	11,518	21,565
New assets originated	31,239	4,790	39,776	75,805
Payments and assets derecognised	(24,487)	(5,905)	(3,299)	(33,691)
Balance at the end of the reporting period	**58,626**	**28,360**	**110,159**	**197,145**

The increase in the ECL is as a result of the growth in the loan portfolio and movement of some credit impaired assets to stage 3.

(All amounts are in thousands of Ghana cedis)

Group

Investment Securities At 31 December 2021	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	4,040	-	-	4,040
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	1,256	-	-	1,256
Balance at the end of the reporting period	**5,296**	**-**	**-**	**5,296**

Group

Cash and cash equivalents At 31 December 2021	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	16	-	-	16
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	564	-	-	564
Balance at the end of the reporting period	**580**	**-**	**-**	**580**

Group

Loans and advances to customers At 31 December 2021	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	7,429	10,656	41,389	59,474
Transfers to Stage 1	1,374	(414)	(960)	-
Transfers to Stage 2	(3,036)	3,978	(942)	-
Transfers to Stage 3	(537)	(110)	647	-
Write off	-	-	(20,675)	(20,675)
Credit quality related changes on existing assets	38,763	(4,515)	42,668	76,916
New assets originated	15,743	-	-	15,743
Payments and assets derecognised	(15,142)	-	-	(15,142)
Balance at the end of the reporting period	**44,594**	**9,595**	**62,127**	**116,316**

Bank

Investment Securities At 31 December 2021	**Stage 1 12 Month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired Financial Assets**	**Total**
Balance at the beginning of the reporting period	4,030	-	-	4,030
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	1,001	-	-	1,001
Balance at the end of the reporting period	**5,031**	**-**	**-**	**5,031**

(All amounts are in thousands of Ghana cedis)

Bank

Cash and cash equivalents At 31 December 2021	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Balance at the beginning of the reporting period	16	-	-	16
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Write off	-	-	-	-
Current period provision	564	-	-	564
Balance at the end of the reporting period	**580**	**-**	**-**	**580**

Bank

Loans and advances to customers At 31 December 2021	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired Financial Assets	Total
Balance at the beginning of the reporting period	7,429	10,656	41,389	59,474
Transfers to Stage 1	1,374	(414)	(960)	-
Transfers to Stage 2	(3,036)	3,978	(942)	-
Transfers to Stage 3	(537)	(110)	647	-
Write off	-	-	(20,675)	(20,675)
Credit quality related changes on existing assets	38,764	(4,516)	42,668	76,916
New assets originated	15,743	-	-	15,743
Payments and assets derecognised	(15,142)	-	-	(15,142)
Balance at the end of the reporting period	**44,595**	**9,594**	**62,127**	**116,316**

3.2 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Treasury and monitored by both Treasury and Risk Management departments separately. Regular reports are submitted to the Board of Directors and heads of each business unit. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Group's retail and corporate banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's financial assets.

3.2.1 Market risk measurement techniques

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

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

3.2.2 Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Bank maintains a total open position which is capped at 10% of it net own funds. Within this limit, the bank also maintains single currency open positions capped at 5% of net own funds.

(All amounts are in thousands of Ghana cedis)

3.2.2 Foreign exchange risk (continued)

Included in the table below are assets and liabilities at carrying amounts categorised by currency:

Group

At 31 December 2022	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	338,898	211,218	542,492	2,327,191	**3,419,799**
Investment securities	-	-	801,900	5,217,260	**6,019,160**
Loans and advances to customers	1,532	2	772,965	1,961,769	**2,736,268**
Other assets	39	53	8,415	483,824	**492,331**
Total assets	**340,469**	**211,273**	**2,125,772**	**9,990,044**	**12,667,558**
Liabilities					
Deposits from customers	245,045	123,899	2,267,205	6,946,895	**9,583,044**
Deposits from banks and other financial institutions	122	325	123,786	353,965	**478,198**
Borrowings	2,724	28,352	1,282,054	1,293,350	**2,606,480**
Other liabilities	8,023	560	150,443	240,287	**399,313**
Total liabilities	**255,914**	**153,136**	**3,823,488**	**8,834,497**	**13,067,035**
Net on balance sheet position	**84,555**	**58,137**	**(1,697,716)**	-	**-**

**The Bank has entered into forward agreements that effectively hedge the net on-balance sheet position for the various foreign currencies.*

3.2.2 Foreign exchange risk (continued)

Group

At 31 December 2021	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	188,637	77,936	876,610	1,628,680	**2,771,863**
Investment securities	-	-	363,439	7,344,663	**7,708,102**
Loans and advances to customers	2,356	1	812,052	1,464,182	**2,278,591**
Other assets	22	42	1,964	314,554	**316,582**
Total assets	**191,015**	**77,979**	**2,054,065**	**10,752,079**	**13,075,138**
Liabilities					
Deposits from customers	170,518	65,033	2,070,914	5,774,374	**8,080,839**
Deposits from banks and other financial institutions	-	-	-	145,208	**145,208**
Borrowings	-	-	2,706,047	842,562	**3,548,609**
Other liabilities	3,639	229	28,073	206,020	**237,961**
Total liabilities	**174,157**	**65,262**	**4,805,034**	**6,968,164**	**12,012,617**
Net on balance sheet position*	**16,858**	**12,717**	**(2,750,969)**	**-**	**-**

**The Bank has entered into forward agreements that effectively hedge the net on-balance sheet position for the various foreign currencies.*

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to the US Dollar, the Euro and the Pound Sterling. The table below illustrates the hypothetical sensitivity of reported profit to a 15% decrease in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Cedi weakens by 15%	Impact on statement of comprehensive income	
	2022	2021
US Dollar	**11,319**	3,154
Euro	**530**	9
Pound Sterling	**3,712**	79

Year-end exchange rates applied in the above analysis are GH¢ 8.576 (2021: GH¢6.0061) to the US dollar, GH¢ 9.1457 (2021: GH¢6.8281) to the Euro and GH¢ 10.3118 (2021: GH¢8.1272) to the Pound Sterling. The strengthening of the Ghana Cedi will produce symmetrical results.

(All amounts are in thousands of Ghana cedis)

3.2.2 Foreign exchange risk (continued)

Bank

At 31 December 2022	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	338,898	211,218	545,161	2,326,620	**3,421,897**
Investment securities	-	-	801,900	5,143,409	**5,945,309**
Loans and advances to customers	1,532	2	772,965	2,041,249	**2,815,748**
Other assets	39	53	5,398	483,853	**489,343**
Total assets	**340,469**	**211,273**	**2,125,424**	**9,995,131**	**12,672,297**
Liabilities					
Deposits from customers	245,045	123,899	2,076,952	6,947,464	**9,393,360**
Deposits from banks	122	325	127,037	353,965	**481,449**
Borrowings	2,724	28,352	1,534,156	1,293,350	**2,858,582**
Other liabilities	8,023	560	148,053	239,493	**396,129**
Total liabilities	**255,914**	**153,136**	**3,886,198**	**8,834,272**	**13,129,520**
Net on balance sheet position	**84,555**	**58,137**	**(1,760,774)**	**-**	**-**

** The Bank has entered into forward agreements that effectively hedge the net on-balance sheet position for the various foreign currencies.*

3.2.2 Foreign exchange risk (continued)

Bank

At 31 December 2021	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	188,637	77,936	872,601	1,628,259	**2,767,433**
Investment securities	-	-	363,439	7,328,784	**7,692,223**
Loans and advances to customers	2,356	1	812,052	1,464,182	**2,278,591**
Other assets	22	42	1,754	313,243	**315,061**
Total assets	**191,015**	**77,979**	**2,049,846**	**10,734,468**	**13,053,308**
Liabilities					
Deposits from customers	170,518	65,033	1,896,950	5,775,296	**7,907,797**
Deposits from banks	-	-	211,424	145,208	**356,632**
Borrowings	-	-	2,706,047	842,562	**3,548,609**
Other liabilities	3,639	229	26,532	205,275	**235,675**
Total liabilities	**174,157**	**65,262**	**4,840,953**	**6,968,341**	**12,048,713**
Net on balance sheet position*	**16,858**	**12,717**	**(2,791,107)**	**-**	**-**

**The Bank has entered into forward agreements that effectively hedge the net on-balance sheet position for the various foreign currencies.*

Foreign currency sensitivity analysis

Cedi weakens by 15%	Impact on statement of comprehensive income	
	2022	2021
US Dollar	**1,860**	(2,867)
Euro	**3,712**	9
Pound Sterling	**530**	79

Year-end exchange rates applied in the above analysis are GH¢ 8.576 (2021: GH¢6.0061) to the US dollar, GH¢ 9.1457 (2021: GH¢6.8281) to the Euro and GH¢ 10.3118 (2021: GH¢8.1272) to the Pound Sterling. The strengthening of the Ghana Cedi will produce symmetrical results.

(All amounts are in thousands of Ghana cedis)

3.2.3 Interest rate risk

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

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

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

The table below summarises the re-pricing profiles of financial instruments as at 31 December 2022 and 31 December 2021. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

Group

At 31 December 2022	**Up to 1 month**	**1-3 months**	**3-12 months**	**Over 1 year**	**Non interest bearing**	**Total**
Assets						
Cash and cash equivalents	201,110	-	-	-	3,218,689	**3,419,799**
Investment securities	804,010	1,449,450	458,628	3,307,072	-	**6,019,160**
Loans and advances to customers	189,265	398,069	693,219	1,455,715	-	**2,736,268**
Financial assets	**1,194,385**	**1,847,519**	**1,151,847**	**4,762,787**	**3,218,689**	**12,175,227**
Liabilities						
Deposits from customers	235,075	459,197	1,380,791	3,258,389	4,249,592	**9,583,044**
Deposits from banks	106,129	9,950	16,583	29,914	315,622	**478,198**
Borrowings	455,858	1,475,468	363,390	311,764	-	**2,606,480**
Financial liabilities	**797,062**	**1,944,615**	**1,760,764**	**3,600,067**	**4,565,214**	**12,667,722**
Total interest re-pricing gap	**397,323**	**(97,096)**	**(608,917)**	**1,162,720**	**-**	**-**

3.2.3 Interest rate risk (continued)

Group

At 31 December 2021	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Assets						
Cash and cash equivalents	539,814	-	-	-	2,232,049	**2,771,863**
Investment securities	587,482	986,498	2,042,609	4,091,513	-	**7,708,102**
Loans and advances to customers	381,670	107,702	340,803	1,448,416	-	**2,278,591**
Financial assets	**1,508,966**	**1,094,200**	**2,383,412**	**5,539,929**	**2,232,049**	**12,758,556**
Liabilities						
Deposits from customers	598,383	474,468	963,822	3,163,118	2,881,048	**8,080,839**
Deposits from banks	33,276	8,713	14,521	58,083	30,615	**145,208**
Borrowings	700,354	2,051,014	747,923	49,318	-	**3,548,609**
Financial liabilities	**1,332,013**	**2,534,195**	**1,726,266**	**3,270,519**	**2,911,663**	**11,774,656**
Total interest re-pricing gap	**176,953**	**(1,439,995)**	**657,146**	**2,269,410**	**-**	**-**

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

	Possible interest rate movements				
	Total interest repricing gap	**Effective Basis**	**+100bps**	**+200bps**	**+300bps**
Up to 1 month	397,324	350/365	3,810	7,620	11,430
1-3 months	(97,095)	335/365	(891)	(1,782)	(2,673)
3-12 months	(608,917)	230/365	(3,837)	(7,674)	(11,511)
over 1 year	1,162,720	92/365	2,931	5,861	8,792
Total			**2,012**	**4,025**	**6,037**
Impact on net interest income			0.2%	0.4%	0.7%

(All amounts are in thousands of Ghana cedis)

3.2.3 Interest rate risk (continued)

Bank

At 31 December 2022

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Assets						
Cash and cash equivalents	453,212	-	-	-	2,968,685	**3,421,897**
Investment securities	803,450	1,449,450	453,744	3,238,665	-	**5,945,309**
Loans and advances to customers	189,265	398,069	692,538	1,535,876	-	**2,815,748**
Financial assets	**1,445,927**	**1,847,519**	**1,146,282**	**4,774,541**	**2,968,685**	**12,182,954**
Liabilities						
Deposits from customers	235,075	459,197	1,380,791	3,068,705	4,249,592	**9,393,360**
Deposits from banks	106,129	9,950	16,583	33,165	315,622	**481,449**
Borrowings	707,960	1,475,468	363,390	311,764	-	**2,858,582**
Financial liabilities	**1,049,164**	**1,944,615**	**1,760,764**	**3,413,634**	**4,565,214**	**12,733,391**
Total interest repricing gap	**396,763**	**(97,096)**	**(614,482)**	**1,360,907**	**-**	**-**

Bank

At 31 December 2021

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Assets						
Cash and cash equivalents	539,814	-	-	-	2,227,619	**2,767,433**
Investment securities	586,455	985,864	2,038,440	4,081,464	-	**7,692,223**
Loans and advances to customers	381,670	107,702	340,803	1,448,416	-	**2,278,591**
Financial assets	**1,507,939**	**1,093,566**	**2,379,243**	**5,529,880**	**2,227,619**	**12,738,247**
Liabilities						
Deposits from customers	598,383	474,468	790,780	3,163,118	2,881,048	**7,907,797**
Deposits from banks	81,727	21,398	35,663	142,653	75,191	**356,632**
Borrowings	700,354	2,051,014	747,923	49,318	-	**3,548,609**
Financial liabilities	**1,380,464**	**2,546,880**	**1,574,366**	**3,355,089**	**2,956,239**	**11,813,038**
Total interest re-pricing gap	**127,475**	**(1,453,314)**	**804,877**	**2,174,791**	**-**	**-**

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

	Total interest re-pricing gap	Effective Basis	+100bps	+200bps	+300bps
Up to 1 month	396,764	350/365	3,805	7,609	11,414
1-3 months	(159,498)	335/365	(1,464)	(2,928)	(4,392)
3-12 months	(614,481)	230/365	(3,872)	(7,744)	(11,616)
over 1 year	1,282,408	92/365	3,483	6,966	10,449
Total			**1,952**	**3,903**	**5,855**
Impact on net interest income			0.19%	0.38%	0.57%

3.3 Liquidity risk management

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in 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 are borrowed by customers. The Bank maintains an active presence in the money market to enable this to happen;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements and;
- managing the concentration and profile of debt maturities.

Finally, the Bank is statutorily required to maintain a reserve of 8% of the local currency equivalent of foreign currency customer deposits held as well as 8% of local currency customer deposits in one account with the Bank of Ghana. These balances are used to support all inter-bank transactions.

3.3.2 Liquidity risk measurement

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

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

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

3.3.3 Liquidity crisis management

Liquidity crisis is defined as a condition where the Bank is unable to meet maturing liabilities/or regulatory reserve requirements due to inadequate liquid assets or a condition that arises from a sudden deterioration of the perceived safety and credibility of the Bank resulting in substantial withdrawal of funds by depositors.

This is deemed to have occurred when any of the following conditions exist:

- Liquidity guidelines/ratios have been breached for four consecutive weeks.
- Bank of Ghana (BoG) support facilities have been accessed for three or more consecutive weeks.

Management has put in place a Contingency Action Plan to manage liquidity crisis. The plan includes action points together with responsibilities for ensuring that steps are taken to manage the crisis.

3.3.4 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the liquidity risk based on a different basis not resulting in a significantly different analysis.

Group **At 31 December 2022**	**0-3 months GH¢**	**3-6 months GH¢**	**6-12 months GH¢**	**Over 12 months GH¢**	**Total GH¢**
Liabilities					
Deposits from customers	789,398	554,821	920,527	7,815,942	10,080,688
Deposits from banks	191,733	84,433	89,961	119,692	485,819
Borrowings	1,928,074	121,130	242,260	332,964	2,624,428
Total liabilities (Contractual maturity date)	**2,909,205**	**760,384**	**1,252,748**	**8,268,598**	**13,190,935**
Assets					
Cash and cash equivalents	646,413	445,303	445,303	2,184,026	3,721,045
Investment securities	2,253,461	152,876	341,773	3,794,419	6,542,529
Loans and advances to customers	587,334	235,463	456,395	1,702,816	2,982,008
Total assets held for managing liquidity risk (contractual maturity date)	**3,487,208**	**833,642**	**1,243,471**	**7,681,261**	**3,245,582**

Group **At 31 December 2021**	**0-3 months GH¢**	**3-6 months GH¢**	**6-12 months GH¢**	**Over 12 months GH¢**	**Total GH¢**
Liabilities					
Deposits from customers	1,159,833	349,654	527,186	6,285,933	**8,322,606**
Deposits from banks	49,643	12,494	17,334	72,195	**151,666**
Borrowings	2,751,368	249,308	498,615	51,291	**3,550,582**
Total liabilities (Contractual maturity date)	**3,960,844**	**611,456**	**1,043,135**	**6,409,419**	**12,024,854**
Assets					
Cash and cash equivalents	873,956	334,143	334,143	1,414,064	**2,956,306**
Investment securities	1,573,980	680,870	1,360,232	4,705,240	**8,320,322**
Loans and advances to customers	489,372	115,873	224,930	1,665,678	**2,495,853**
Total assets held for managing liquidity risk (contractual maturity date)	**2,937,308**	**1,130,886**	**1,919,305**	**7,784,982**	**13,772,481**

(All amounts are in thousands of Ghana cedis)

3.3.4 Non-derivative financial liabilities and assets held for managing liquidity risk (continued)

Bank

At 31 December 2022	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	694,271	460,264	920,527	7,815,942	9,891,004
Deposits from banks	194,984	84,433	89,961	119,692	489,070
Borrowings	2,183,428	121,130	242,260	332,964	2,879,782
Total liabilities (Contractual maturity date)	**3,072,683**	**665,827**	**1,252,748**	**8,268,598**	**13,259,856**
Assets					
Cash and cash equivalents	898,515	445,303	445,303	1,894,021	3,683,142
Investment securities	2,252,901	151,248	302,496	3,756,850	6,463,495
Loans and advances to customers	587,334	235,463	457,075	1,781,616	3,061,488
Total assets held for managing liquidity risk (contractual maturity date)	**3,738,750**	**832,014**	**1,204,874**	**7,432,487**	**13,208,125**

Bank

At 31 December 2021	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	1,072,850	263,593	527,187	6,285,933	8,149,563
Deposits from banks	121,923	30,685	42,573	167,909	363,090
Borrowings	2,751,368	249,308	498,615	51,291	3,550,582
Total liabilities (Contractual maturity date)	**3,946,141**	**543,586**	**1,068,375**	**6,505,133**	**12,063,235**
Assets					
Cash and cash equivalents	873,956	334,143	334,143	1,408,970	2,951,212
Investment securities	1,572,319	679,480	1,358,960	4,693,684	8,304,443
Loans and advances to customers	489,372	115,873	224,930	1,665,678	2,495,853
Total assets held for managing liquidity risk (contractual maturity date)	**2,935,647**	**1,129,496**	**1,918,033**	**7,768,332**	**13,751,508**

3.3.5 Assets held for managing liquidity risk

The Group 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 Group's assets held for managing liquidity risk comprise:

- Cash and balances with banks;
- Balances with the Bank of Ghana;
- Government of Ghana bills and bonds; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.

3.4 Off balance sheet items (Group & Bank)

The table below presents the analyses of the undiscounted cash flows of the Group's off balance sheet financial assets and liabilities held by earliest draw down or utilization date.

2022	**0-3 months GH¢**	**3-6 months GH¢**	**6-12 months GH¢**	**Over 12 months GH¢**	**Total GH¢**
Letters of credit	340,380	35,913	9,005	-	**385,298**
Guarantees and indemnities	25,080	146,807	82,864	890	**255,641**
Loan commitments	64,285	20,894	74,001	2,091	**161,271**
	429,745	**203,614**	**165,870**	**2,981**	**802,210**

2021	**0-3 months GH¢**	**3-6 months GH¢**	**6-12 months GH¢**	**Over 12 months GH¢**	**Total GH¢**
Letters of credit*	188,233	118,324	3,199	-	**309,756**
Guarantees and indemnities*	22,908	22,672	238,928	88,095	**372,603**
Loan commitments *	72,973	19,006	27,152	4,951	**124,082**
	284,114	**160,002**	**269,279**	**93,046**	**806,441**

(a) Loan commitments

The expected credit loss on outstanding loan commitments stands at GH¢ 1.81 million (2021: GH¢0.46 million).

(b) Guarantees and indemnities

The Group had outstanding guarantees, indemnities and endorsements at the year-end of GH¢640.94 million (2021: GH¢682.4 million). The Group has made a provision for credit losses of GH¢22.11 million (2021: GH¢4.6 million) on this portfolio which is classified as stage 1.

(c) Capital commitments

The Group had no capital commitments at year end.

(All amounts are in thousands of Ghana cedis)

3.5 Country analysis - Bank

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

Bank	2022		2021	
	Ghana GH¢	Outside GH¢	Ghana GH¢	Outside GH¢
Assets				
Cash and cash equivalents	3,030,156	391,741	1,990,006	777,427
Investment securities	5,945,309	-	7,692,223	-
Derivative financial instruments	368,886		-	
Loans and advances to customers	2,815,748	-	2,278,591	-
Investments (other than securities)	101	12,370	101	12,370
Other assets	609,243	-	315,061	-
Current tax asset	35,181	-	-	-
Deferred tax asset	302,178	-	17,656	-
Property and equipment and right-of-use of assets	185,058	-	175,615	-
Intangible assets	57,988	-	42,902	-
Non-current assets held for sale	31,938	-	47,888	-
	13,381,786	**404,111**	**12,560,043**	**789,797**
Liabilities				
Derivative financial instruments	-	-	52,171	-
Deposits from customers	9,393,360	-	7,696,205	211,592
Deposits from banks and other financial institutions	478,198	3,251	145,208	211,424
Borrowings	2,152,052	706,530	1,253,877	2,294,732
Current tax liability	-	-	7,016	-
Deferred tax liability	-	-	-	-
Other liabilities	396,129	-	235,675	-
	12,419,739	**709,781**	**9,390,152**	**2,717,748**

3.6 Classification of financial assets and liabilites

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

Group 2022	Notes	Financial instruments at amortised cost GH¢	Financial instruments at mandatory at FVTPL GH¢	FVTOCI - Debt Instruments GH¢	Non-financial assets, liabilities and equity GH¢	Total GH¢
Assets						
Cash and cash equivalents	17	3,419,799	-	-	-	**3,419,799**
Derivative financial instruments	17	-	368,886	-	-	**368,886**
Investment securities	18	5,549,411	82,643	387,106	-	**6,019,160**
Loans and advances to customers	20	2,632,935	103,333	-	-	**2,736,268**
Current tax asset	15	-	-	-	35,401	**35,401**
Property and equipment and right-of-use assets	22	-	-	-	185,170	**185,170**
Intangible assets	23	-	-	-	58,324	**58,324**
Deferred tax asset	16	-	-	-	309,513	**309,513**
Other assets	21	-	-	-	612,231	**612,231**
Non-current assets held for sale	24	-	-	-	31,938	**31,938**
Total assets		**11,602,145**	**554,862**	**387,106**	**1,232,577**	**13,776,690**
Liabilities						
Deposits from banks and other financial institutions	26	478,198	-	-	-	**478,198**
Deposits from customers	25	9,583,044	-	-	-	**9,583,044**
Borrowings	27	2,606,480	-	-	-	**2,606,480**
Other liabilities	28	-	-	-	399,310	**399,310**
Total liabilities		**12,667,722**	**-**	**-**	**399,310**	**13,067,032**
Equity						
Stated capital	30	-	-	-	422,840	**422,840**
Statutory reserve	32	-	-	-	440,756	**440,756**
Other reserves	33	-	-	-	37,810	**37,810**
Retained earnings	35	-	-	-	(191,748)	**(191,748)**
Total equity attributable to equity holders		**-**	**-**	**-**	**709,658**	**709,658**
Total liabilities and equity		**12,667,722**	**-**	**-**	**1,108,968**	**13,776,690**

(All amounts are in thousands of Ghana cedis)

3.6 Classification of financial assets and liabilites (continued)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

Group 2021	Notes	Financial instruments at amortised cost GH¢	Financial instruments at mandatory at FVTPL GH¢	FVTOCI - Debt Instruments GH¢	Non-financial assets, liabilities and equity GH¢	Total GH¢
Assets						
Cash and cash equivalents	17	2,771,863	-	-	-	**2,771,863**
Investment securities	18	2,062,784	351,800	5,293,518	-	**7,708,102**
Loans and advances to customers	20	2,194,796	83,795	-	-	**2,278,591**
Property and equipment and right-of-use assets	22	-	-	-	175,813	**175,813**
Intangible assets	23	-	-	-	43,236	**43,236**
Deferred tax asset	16	-	-	-	17,719	**17,719**
Other assets	21	-	-	-	316,582	**316,582**
Non-current assets held for sale	24	-	-	-	47,888	**47,888**
Total assets		**7,029,443**	**435,595**	**5,293,518**	**601,238**	**13,359,794**
Liabilities						
Derivative financial instruments	17	-	52,171	-	-	**52,171**
Deposits from banks and other financial institutions	26	145,208	-	-	-	**145,208**
Deposits from customers	25	8,080,839	-	-	-	**8,080,839**
Borrowings	27	3,548,609	-	-	-	**3,548,609**
Current tax liability	15	-	-	-	7,221	**7,221**
Other liabilities	28	-	-	-	237,961	**237,961**
Total liabilities		**11,774,656**	**52,171**	**-**	**245,182**	**12,072,009**
Equity						
Stated capital	30	-	-	-	422,840	**422,840**
Statutory reserve	32	-	-	-	440,756	**440,756**
Other reserves	33	-	-	-	45,466	**45,466**
Credit risk reserve	34	-	-	-	3,783	**3,783**
Retained earnings	35	-	-	-	374,940	**374,940**
Total equity attributable to equity holders		**-**	**-**	**-**	**1,287,785**	**1,287,785**
Total liabilities and equity		**11,774,656**	**52,171**	**-**	**1,532,967**	**13,359,794**

The prior year has been restated to include the disclosure of financial instrument classifcation as required under IFRS 7.

3.6 Classification of financial assets and liabilites (continued)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

Bank 2022	Notes	Financial instruments at amortised cost GH¢	Financial instruments at mandatory at FVTPL GH¢	FVTOCI - Debt Instruments GH¢	Non-financial assets, liabilities and equity GH¢	Total GH¢
Assets						
Cash and cash equivalents	17	3,421,897	-	-	-	**3,421,897**
Derivative financial instruments	17	-	368,886	-	-	**368,886**
Investment securities	18	5,476,917	81,286	387,106	-	**5,945,309**
Investments (other than securities)	19	-	-	-	12,471	**12,471**
Loans and advances to customers	20	2,712,415	103,333	-	-	**2,815,748**
Current tax asset	15	-	-	-	35,181	**35,181**
Property and equipment and right-of-use assets	22	-	-	-	185,058	**185,058**
Intangible assets	23	-	-	-	57,988	**57,988**
Deferred tax asset	16	-	-	-	302,178	**302,178**
Other assets	21	-	-	-	609,243	**609,243**
Non-current assets held for sale	24	-	-	-	31,938	**31,938**
Total assets		**11,611,229**	**553,505**	**387,106**	**1,234,057**	**13,785,897**
Liabilities						
Deposits from banks and other financial institutions	26	481,449	-	-	-	**481,449**
Deposits from customers	25	9,393,360	-	-	-	**9,393,360**
Borrowings	27	2,858,582	-	-	-	**2,858,582**
Other liabilities	28	-	-	-	396,129	**396,129**
Total liabilities		**12,733,391**	**-**	**-**	**396,129**	**13,129,520**
Equity						
Stated capital	30	-	-	-	422,840	**422,840**
Statutory reserve	32	-	-	-	440,756	**440,756**
Other reserves	33	-	-	-	2,607	**2,607**
Retained earnings	35	-	-	-	(209,826)	**(209,826)**
Total equity attributable to equity holders		**-**	**-**	**-**	**656,377**	**656,377**
Total liabilities and equity		**12,733,391**	**-**	**-**	**1,052,506**	**13,785,897**

(All amounts are in thousands of Ghana cedis)

3.6 Classification of financial assets and liabilites (continued)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments:

Group 2021	Notes	Financial instruments at amortised cost GH¢	Financial instruments at mandatory at FVTPL GH¢	FVTOCI - Debt Instruments GH¢	Non-financial assets, liabilities and equity GH¢	Total GH¢
Assets						
Cash and cash equivalents	17	2,767,433	-	-	-	**2,767,433**
Investment securities	18	2,048,117	350,588	5,293,518	-	**7,692,223**
Investments (other than securities)	19	-	-	-	12,471	**12,471**
Loans and advances to customers	20	2,194,796	83,795	-	-	**2,278,591**
Property and equipment and right-of-use assets	22	-	-	-	175,615	**175,615**
Intangible assets	23	-	-	-	42,902	**42,902**
Deferred tax asset	16	-	-	-	17,656	**17,656**
Other assets	21	-	-	-	315,061	**315,061**
Non-current assets held for sale	24	-	-	-	47,888	**47,888**
Total assets		**7,010,346**	**434,383**	**5,293,518**	**611,593**	**13,349,840**
Liabilities						
Derivative financial instruments	17	-	52,171	-	-	**52,171**
Deposits from banks and other financial institutions	26	356,632	-	-	-	**356,632**
Deposits from customers	25	7,907,797	-	-	-	**7,907,797**
Borrowings	27	3,548,609	-	-	-	**3,548,609**
Current tax liability	15	-	-	-	7,016	**7,016**
Other liabilities	28	-	-	-	235,675	**235,675**
Total liabilities		**11,813,038**	**52,171**	-	**242,691**	**12,107,900**
Equity						
Stated capital	30	-	-	-	422,840	**422,840**
Statutory reserve	32	-	-	-	440,756	**440,756**
Other reserves	33	-	-	-	28,199	**28,199**
Credit risk reserve	34	-	-	-	3,783	**3,783**
Retained earnings	35	-	-	-	346,362	**346,362**
Total equity attributable to equity holders		-	-	-	**1,241,940**	**1,241,940**
Total liabilities and equity		**11,813,038**	**52,171**	-	**1,484,631**	**13,349,840**

The prior year has been restated to include the disclosure of financial instrument classifcation as required under IFRS 7.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

4.1 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **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, Ghana Stock Exchange).
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).
- **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 observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Derivative financial instruments
The Group uses observable market data in the valuation of derivative financial instruments. The inputs used for the valuation are derived from directly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, and observable inputs such as interest rates and yield curves, implied volatilities, and credit spreads.

4.2 Financial instruments measured at fair value

Group

2022	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments	-	**368,886**	
Investment securities	-	**469,749**	-
			-
2021			
Derivative financial instruments		52,171	
Investment securities*	-	5,645,318	-

Bank

2022	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments	-	**368,886**	
Investment securities	-	**468,392**	-
			-
2021			
Derivative financial instruments		52,171	
Investment securities*	-	5,644,106	-

4.2 Financial instruments measured at fair value (continued)

Inputs used for the valuation of investment securities are the quoted prices and interest rates for the various tenors of Government of Ghana treasury bills and bonds as at year end. The Group uses discounted cashflow models with observable market inputs of similar instruments for the valuation of its investment securities.

The Group uses observable market data in the valuation of derivative financial instruments. The inputs used for the valuation are derived from directly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, and observable inputs such as interest rates and yield curves, implied volatilities, and credit spreads.

* The prior year disclosures have been restated to include their fair value amount.

5. CAPITAL MANAGEMENT

Fidelity Bank considers a strong and efficient capital position to be a priority. The Bank's objectives when managing capital are:

(i) to comply with the capital requirements set by the Bank of Ghana;
(ii) to maintain sufficient capital resources to support the group's risk appetite
(iii) to safeguard the Bank's ability to continue as a going concern and;
(iv) to maintain a sufficient capital base to ensure strong credit ratings and to support its business and maximise shareholder value.

Compliance with capital adequacy ratios set by the Bank of Ghana is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Chief Financial Officer. Under the current capital requirements set by the Bank of Ghana, banks have to maintain a ratio of regulatory capital to risk weighted assets ("capital adequacy ratio") minimum of 13%.

Regulatory capital as defined by the Bank of Ghana has two (2) components:

- **Tier 1 Capital** or "going-concern capital": This refers to capital that supports the bank's operations and can absorb losses as required, and is made up of Common Equity Tier 1 ("CET1") and Additional Tier 1 ("AT1").
- **Tier 2 Capital** or "gone-concern capital": Tier 2 capital is available to absorb losses or convert to equity on a gone-concern basis or if the Bank is being wound up.

The CET1 capital consists of the following elements:

a. Ordinary (common) shares issued by the Bank that meet the criteria for classification as ordinary shares;
b. Retained Earnings;
c. Statutory Reserves; and
d. Regulatory adjustments to CET1.

The Pillar 1 CET 1 minimum capital requirement applicable to the Bank is 6.50% of risk-weighted assets (RWAs). The capital conservation buffer is implemented in Sections 79 to 82 of the Capital Requirements Directive and equals 3.00% of CET 1 capital. On 5th January 2023, as part of measures to help manage the impact of the DDEP on the capital of banks that fully participated, the Bank of Ghana reduced the capital conservation buffer from 3% to zero, effectively reducing the minimum capital adequacy ratio from 13% to 10%. Additionally, the Central Bank reduced the minimum CET1 capital from 6.5% to 5.5% of Total Risk Weighted Assets.

The AT1 capital consists of perpetual non-cumulative preference share issued and fully paid up in accordance with the Bank of Ghana's Capital Requirement Directive. The instruments are neither secured nor covered by guarantee, do not have credit sensitive dividend features and are subordinated to all other creditors and senior only to ordinary shareholders. The permissible amount of total qualifying AT1 capital is limited to a maximum of 1.5% of risk weighted assets (RWAs) except that excess AT1 may serve as Tier 2 for the purpose of computing the capital adequacy ratio.

Tier 2 capital comprises eligible capital instruments and subordinated long-term debt. To qualify as Tier 2 capital, capital instruments or subordinated debt must have an original maturity of at least five years. Moreover, eligible capital instruments may inter alia not contain an incentive to redeem, a right of investors to accelerate repayment, or a credit sensitive dividend feature.

The permissible amount of total qualifying Tier 2 capital is limited to a maximum of 2% of risk weighted assets (RWAs). To further mitigate the impact of the DDEP on participating banks, the Central Bank increase Tier 2 component of regulatory from 2% to 3% of Total Risk Weighted Assets.

The risk-weighted assets are measured using the standardised approach as prescribed by the Bank of Ghana. It takes into account the nature of, and reflects an estimate of credit, operational and market risks associated with each asset and counterparty and the Bank's operations.

The table below summarises the composition of regulatory capital, total risk weighted assets and the capital adequacy ratios of the Bank for the years ended 31 December 2022 and 2021.

	2022	2022	2021
	Pre-DDEP	Post-DDEP with Regulatory forbearance	
Common Equity Tier (CET1) capital			
Paid up capital (ordinary shares)	**285,551**	**285,551**	285,551
Statutory reserves	**534,190**	**440,756**	440,756
Retained earnings/Other reserves	**459,062**	**563,689**	374,561
Total CET1 before deductions/adjustments	**1,278,803**	**1,289,996**	1,100,868
Regulatory adjustments to CET1 capital			
Intangibles	**(221,096)**	**(471,492)**	(89,649)
Intra group transactions	**(86,191)**	**(86,191)**	-
Total regulatory adjustments	**(307,287)**	**(557,683)**	(89,649)
CET 1 capital after regulatory adjustments	**971,516**	**732,313**	1,011,219
Additional Tier 1 capital (AT1)	**79,968**	**77,906**	65,081
Total Tier 1 capital (Tier 1)	**1,051,484**	**810,219**	1,076,300
Tier 2 capital (Tier 2)	**57,322**	**61,990**	72,208
Total regulatory capital	**1,108,806**	**872,209**	1,148,508
Risk weighted assets			
Total credit risk equivalent weighted assets	**3,338,023**	**3,200,574**	2,621,631
Total operational risk equivalent weighted assets	**1,936,840**	**1,936,840**	1,676,598
Total market risk equivalent weighted assets	**56,330**	**56,330**	40,521
Total risk weighted assets (RWA)	**5,331,193**	**5,193,744**	4,338,750
Risk-based capital ratios			
CET1/RWA	**18.22%**	**14.10%**	23.31%
AT1/RWA	**1.50%**	**1.50%**	1.50%
Tier 1/RWA	**19.72%**	**15.60%**	24.81%
Tier 2/RWA	**1.08%**	**1.19%**	1.66%
Total capital adequacy ratio (CAR)	**20.80%**	**16.79%**	26.47%
Leverage Ratio	**6.99%**	**5.8%**	7.65%
Minimum capital requirement			
Mandatory minimum	**10.0%**	**10.0%**	10.0%
Prudential minimum (with capital conservation buffer)	**13.0%**	**10.0%**	13.0%

5. CAPITAL MANAGEMENT (continued)

Bank of Ghana Regulatory Reliefs

Banks that participated in the Domestic Debt Exchange Programme had significant negative impact on their equity and capital adequacy. To help manage the potential impact and preserve financial stability, the Bank of Ghana (BoG) on 5th January 2023 and subsequently on 14th March 2023 announced regulatory and solvency reliefs for banks that fully participate in the DDEP, effective 31st December 2022 and liquidity reliefs effective 21st February 2023. The reliefs include the following:

1. Liquidity Reliefs

- Cash Reserve Ratio – Local Currency: Reduction of CRR from 14% to 12% on domestic currency deposits.
- Cash Reserve Ratio – Foreign Currency: Reduction of CRR from 13% to 12% on foreign currency deposits to be held in foreign currency.

2. Solvency Reliefs

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

The Bank's capital is assessed to be adequate for planned growth. The Bank's capital adequacy pre-DDEP impact is 20.80%. The post-DDEP capital adequacy after application of the regulatory relief is 16.79%.

* The prior year disclosures have been restated to include their fair value amount.

6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Measurement of the expected credit loss allowance

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

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

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

The Group applied a significant judgement in the determination of the ECL on the investment securities porfolio resulting from the Domestic Debt Exchange programme. The assessment of SICR and the calculation of ECL both incorporate forward-looking and macroeconomic information into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments as described in notes 3.1.4 to 3.1.5.

(b) Fair value of financial instruments

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

(c) Income tax

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

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Hold to collect financial assets

The Group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as hold to collect. This classification requires significant judgement. In making this judgement, the Group uses the Business model and Solely for Payment of Principal and Interest (SPPI) model to assess that the purpose for holding these assets was to collect the contractual cash flows associated with the assets. If the Group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Group is required to reclassify the entire category as hold to collect and sell. Accordingly, the investments would be measured at fair value instead of amortised cost.

(All amounts are in thousands of Ghana cedis)

7. SEGMENT INFORMATION

For management purposes, the Group is organised into five operating segments as described below based on products offered, market segment and customer turnover.

Corporate Banking: Principally responsible for providing banking services and products to multinationals, large regional and domestic clients and other institutional clients.

Financial & Capital Markets: Undertakes the Bank's funding, ALM and centralised risk management activities through borrowing and investment in liquid assets such as short-term placements and government debt securities.

Retail Banking: Provides financial products and services to individuals (personal, private and inclusive segments) and small and medium scale enterprises. The unit provides financial solutions across various channels (ATM, mobile banking, agents etc.) and platforms.

Investment Banking: Investment banking services cover activities such as the provision of business advisory services, issuance of securities and arranging financing for short, medium and long term funding needs of clients.

Offshore banking: Principally responsible for providing banking services to offshore customers in the Asia Pacific region.

Management monitors the operating results of these business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties. For the purposes of segment reporting, interest is allocated to the business units based on a pool rate determined by Treasury using the Bank's cost of funds.

The following table shows an analysis of the performance of the various business units across the Group:

	BANK			FSL	FAB	
2022	**Corporate Banking**	**Financial & Capital Markets**	**Retail Banking**	**Investment Banking**	**Offshore Banking**	**GROUP**
Net interest income	127,804	806,645	(38,383)	2,600	10,329	908,995
Net fee and commission income	27,698	37,716	70,656	12,255	119	148,444
Other operating income	57,946	206,424	136,518	-	135	401,023
Inter-segment revenue	28,301	(641,363)	613,062	-	-	-
Total Segment revenue	**241,749**	**409,422**	**781,853**	**14,855**	**10,583**	**1,458,462**
Direct cost	(45,434)	(20,418)	(161,043)	(5,306)	(5,582)	(237,783)
Net impairment charges	(237,110)	(1,034,515)	(20,549)	(29,336)	-	(1,321,510)
Allocated cost	(129,773)	(86,516)	(216,289)	-	-	(432,578)
Segment profit	**(170,568)**	**(732,027)**	**383,972**	**(19,787)**	**5,001**	**(533,409)**
Reportable segment assets (loans and advances)	1,761,459	-	974,809	-	-	2,736,268
Reportable segment liabilities (customer deposits)	3,313,564	273,832	6,283,593	-	190,253	10,061,242

7. SEGMENT INFORMATION (continued)

2021	BANK			FSL	FAB	GROUP
	Corporate Banking	Financial & Capital Markets	Retail Banking	Investment Banking	Offshore Banking	
Net interest income	157,878	715,992	(28,394)	2,458	9,609	857,543
Net fee and commission income	15,163	49,106	79,812	10,112	102	154,295
Other operating income	19,597	12,277	86,190	5	158	118,227
Inter-segment revenue	(11,013)	(400,968)	411,981	-	-	-
Total Segment revenue	**181,625**	**376,407**	**549,589**	**12,575**	**9,869**	**1,130,065**
Direct cost	(36,454)	(16,941)	(105,189)	(3,799)	(5,960)	(168,343)
Net impairment charges	(48,461)	64	(8,542)	(255)	-	(57,194)
Allocated cost	(156,446)	(78,223)	(152,884)	-	-	(387,553)
Segment profit	**(59,736)**	**281,307**	**282,974**	**8,521**	**3,909**	**516,975**
Reportable segment assets (loans and advances)	1,531,051	-	747,540	-	-	2,278,591
Reportable segment liabilities Customer deposits	2,426,131	1,046,022	4,579,930	-	173,964	8,226,047

The Group operates in two geographic markets: Ghana (Fidelity Bank Ghana Limited & Fidelity Securities Limited) and Malaysia (Fidelity Asia Bank Limited). The following tables show the distribution of operating profit and non-current assets allocated based on the location of the customers and assets respectively for the years ended 31 December 2022 and 2021:

2022	Ghana	Malaysia	Total
Interest income	1,859,713	15,049	1,874,762
Interest expense	(961,047)	(4,720)	(965,767)
Net interest income	**898,666**	**10,329**	**908,995**
Non-interest income	549,214	253	549,467
Operating income	**1,447,880**	**10,582**	**1,458,462**
Operating expenses	(664,780)	(5,581)	(670,361)
Net impairment charge on financial assets	(1,321,510)	-	(1,321,510)
Operating profit	**(538,410)**	**5,001**	**(533,409)**

(All amounts are in thousands of Ghana cedis)

7. SEGMENT INFORMATION (continued)

2021

	Ghana	Malaysia	Total
Interest income	1,557,849	14,998	1,572,847
Interest expense	(709,915)	(5,389)	(715,304)
Net interest income	**847,934**	**9,609**	**857,543**
Non-interest income	272,262	260	272,522
Operating income	**1,120,196**	**9,869**	**1,130,065**
Operating expenses	(549,936)	(5,960)	(555,896)
Net impairment charge on financial assets	(57,194)	-	(57,194)
Operating profit	**513,066**	**3,909**	**516,975**

8. INTEREST INCOME

	Group		Bank	
	2022	2021	**2022**	2021
Interest income calculated using the effective interest method				
Cash and short term funds	**30,997**	8,304	**34,322**	9,569
Debt instruments at amortised cost	**535,302**	501,829	**528,487**	499,371
Debt instruments at FVOCI	**564,231**	647,069	**564,231**	647,069
Loans and advances	**515,928**	330,003	**520,143**	325,769
	1,646,458	1,487,205	**1,647,183**	1,481,778
Other interest				
Other financial assets measured at FVPL	**228,304**	85,642	**228,304**	85,642

9. INTEREST EXPENSE

	Group		Bank	
	2022	2021	**2022**	2021
Interest expense calculated using the effective interest method				
Savings accounts	**180,364**	111,999	**180,364**	111,999
Time and other deposits	**220,725**	71,099	**220,922**	66,975
Overnight and call accounts	**144,442**	63,979	**157,899**	74,743
Current accounts	**24,109**	39,766	**24,109**	39,766
Borrowings	**393,563**	424,899	**393,563**	424,899
Finance charge on lease liabilities	**2,564**	3,562	**2,564**	3,562
	965,767	715,304	**979,421**	721,944

10. FEE AND COMMISSION INCOME

	Group		Bank	
Fee income earned from services that are provided over time:	**2022**	2021	**2022**	2021
Guarantee fees	**4,584**	2,661	**4,584**	2,661
Fee income from providing financial services at a point in time:				
Trade finance fees	**12,763**	8,369	**12,763**	8,369
Credit related fees and commissions	**30,644**	36,989	**30,644**	36,989
Service charges	**177,865**	125,535	**177,884**	125,540
Other fees and commissions	**30,629**	35,692	**18,231**	25,453
	256,485	209,246	**244,106**	199,012

11. FEE AND COMMISSION EXPENSE

	Group 2022	Group 2021	Bank 2022	Bank 2021
Direct charges for services	**108,041**	54,951	**108,017**	54,927

12. OTHER OPERATING INCOME

	Group 2022	Group 2021	Bank 2022	Bank 2021
Foreign exchange:				
Net foreign exchange gains	**372,814**	116,658	**372,712**	116,551
Net securities trading income	**19,539**	-	**19,539**	-
Sundry income	**8,670**	1,569	**8,637**	1,513
	401,023	118,227	**400,888**	118,064

Sundry income comprises profit from disposal of assets and insurance claim.

13. OPERATING EXPENSES

(a) Personnel expenses comprise:	Group 2022	Group 2021	Bank 2022	Bank 2021
Wages and salaries	**131,371**	110,074	**124,579**	104,510
Social security fund contribution	**14,467**	13,032	**14,467**	13,032
Provident fund contribution	**8,303**	7,333	**8,303**	7,333
Other employee cost	**140,836**	129,946	**140,836**	129,946
	294,977	260,385	**288,185**	254,821

Other employee cost comprises allowances, staff medicals, expenses on the fair valuation of employee loans and other employee related costs.

The number of persons employed by the Group and the Bank at the end of the year was 1,288 (2021: 1,139) and 1,171 (2021: 1,126) respectively.

(All amounts are in thousands of Ghana cedis)

13. OPERATING EXPENSES (continued)

	Group		Bank	
(b) Depreciation and amortisation expenses comprise:	**2022**	2021	**2022**	2021
Depreciation (Note 22)	**40,443**	37,652	**40,319**	37,568
Amortisation (Note 23)	**16,461**	15,224	**16,428**	15,110
	56,904	52,876	**56,747**	52,678

(c) Other expenses comprise:

	Group 2022	Group 2021	Bank 2022	Bank 2021
Advertising and marketing	**22,410**	20,534	**22,050**	20,256
Audit fees	**649**	578	**567**	464
Directors' expenses	**3,235**	2,101	**2,934**	1,712
Utilities	**18,252**	15,505	**17,633**	15,087
Repairs and maintenance	**4,891**	5,104	**3,643**	3,262
Stationery and print expenses	**6,011**	4,682	**6,005**	4,670
Outsourced services	**51,831**	40,190	**51,831**	40,190
Other operating expenses	**196,816**	137,780	**195,588**	137,163
Legal and consultancy fees	**10,456**	13,006	**10,391**	12,683
Training	**3,327**	2,766	**3,318**	2,766
Donations and sponsorship	**602**	389	**600**	389
	318,480	242,635	**314,560**	238,642

• Other operating expenses cover insurance, software maintenance, fuel, occupancy etc.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	Group		Bank	
	2022	2021	**2022**	2021
(a) Gross allowance for expected credit losses				
Allowance for expected credit losses on loans and advances	**262,010**	77,517	**262,010**	77,517
Allowance for expected credit losses on other financial assets	**1,073,971**	(10,550)	**1,044,634**	(10,804)
	1,335,981	66,967	**1,306,644**	66,713
(b) Breakdown of allowance for expected credit losses				
Allowance for expected credit losses on loans and advances				
Loans and advances to customers (Note 14c)	**262,010**	77,517	**262,010**	77,517
Recoveries	**(14,470)**	(9,773)	**(14,470)**	(9,773)
	247,540	67,744	**247,540**	67,744
Allowance for expected credit losses on other financial assets				
Cash and cash equivalents (Note 17)	**(501)**	564	**(501)**	564
Investment securities (Note18)	**1,055,659**	1,255	**1,026,322**	1,001
Financial guarantees and undrawn commitments (Note 28)	**11,724**	(10,546)	**11,724**	(10,546)
Letters of credit (Note 28)	**7,089**	(1,823)	**7,089**	(1,823)
	1,073,971	(10,550)	**1,044,634**	(10,804)
Net allowance for expected credit losses on financial assets	**1,321,511**	57,194	**1,292,174**	56,940

Further details on each financial asset and the allowance for expected credit losses can be found in the related notes.

	Group		Bank	
(c) Classification of expected credit losses				
Net impairment loss on loans and advances, and others	**265,852**	55,939	**265,852**	55,939
Net impairment loss on investment securities	**1,055,659**	1,255	**1,026,322**	1,001
	1,321,511	57,194	**1,292,174**	56,940
(d) Movement in allowance for expected credit losses on loans and advances is as follows:				
At 1 January	**116,316**	59,474	**116,316**	59,474
Increase in allowance for expected credit losses	**262,010**	77,517	**262,010**	77,517
Amounts written off as uncollectible	**(202,746)**	(20,675)	**(202,746)**	(20,675)
Foreign exchange movement	**21,565**	-	**21,565**	-
At year end	**197,145**	116,316	**197,145**	116,316

(All amounts are in thousands of Ghana cedis)

15. INCOME TAX EXPENSE

	Group		Bank	
	2022	2021	**2022**	2021
Current income tax	**150,199**	139,978	**147,212**	137,775
Deferred tax (Note 16)	**(284,523)**	(20,040)	**(277,250)**	(19,979)
Income tax expense	**(134,324)**	119,938	**(130,038)**	117,796
National fiscal stabilisation levy	**-**	25,653	**-**	25,227
Financial Sector Recovery Levy	**-**	20,001	**-**	20,001
	(134,324)	165,592	**(130,038)**	163,024

The tax on the Group and Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

(Loss)/Profit before tax	**(533,409)**	516,975	**(518,623)**	504,544
Corporate tax rate at 25% (2021: 25%)				
Tax calculated at corporate tax rate	**(133,352)**	129,244	**(129,656)**	126,136
Effect of different tax rates in other countries	**(1,100)**	(860)	**-**	-
Effect of non-deductible items*	**169**	238	**169**	238
Effect of non-taxable items*	**(41)**	(8,684)	**(551)**	(8,578)
National fiscal stabilisation levy at 5% (2021: 5%)	**-**	25,653	**-**	25,227
Financial Sector Recovery Levy at 5% (2021:5%)	**-**	20,001	**-**	20,001
Income tax expense	**(134,324)**	165,592	**(130,038)**	163,024

* The prior year disclosures have been restated due to disaggregating non taxable and non deductable items. The change in presentation is to provide more useful information to users.

* This disclosure has been restated to exclude "temporary differences" in the tax rate reconciliation in the prior year.

15. INCOME TAX EXPENSE (continued)

Current tax (asset)/liability

The movement on current income tax for 2022 is as follows:

Group	At 1 January	Paid during the year	Charge	At 31 December
Year of assessment				
Current income tax				
Up to 2021	6,282	-	-	6,282
2022	-	(136,549)	150,204	13,655
	6,282	**(136,549)**	**150,204**	**19,937**
National fiscal stabilisation levy				
Up to 2021	(1,281)	-	-	(1,281)
2022	-	(28,381)	-	(28,381)
	(1,281)	**(28,381)**	**-**	**(29,662)**
Financial Sector Recovery Levy				
Up to 2021	2,220	-	-	2,220
2022	-	(27,896)	-	(27,896)
	2,220	**(27,896)**	**-**	**(25,676)**
Total current tax liability				**(35,401)**

Bank	At 1 January	Paid during the year	Charge	At 31 December
Year of assessment				
Current income tax				
Up to 2021	6,144	-	-	6,144
2022	-	(133,617)	147,212	13,595
	6,144	**(133,617)**	**147,212**	**19,739**
National fiscal stabilisation levy				
Up to 2021	(1,348)	-	-	(1,348)
2022	-	(27,896)	-	(27,896)
	(1,348)	**(27,896)**	**-**	**(29,244)**
Financial Sector Recovery Levy				
Up to 2021	2,220	-	-	2,220
2022	-	(27,896)	-	(27,896)
	2,220	**(27,896)**	-	**(25,676)**
Total current tax liability				**(35,181)**

The National Fiscal Stabilisation Levy Act, 2013, (Act 785), became effective from 15 July 2013. Under the Act, a 5% levy is charged on profit before tax and is payable on a quarterly basis.

(All amounts are in thousands of Ghana cedis)

15. INCOME TAX EXPENSE (continued)

The Financial Sector Recovery Levy Act, 2021, (Act 1067), became effective from 31 March 2021. Under the Act, a 5% levy is charged on profit before tax and is payable on a quarterly basis.

Current tax (asset)/ liability
The movement on current income tax for 2020 is as follows:

Group	**At 1 January**	**Paid during the year**	**Charge**	**At 31 December**
Year of assessment				
Current income tax				
Up to 2020	(6,650)	-	-	(6,650)
2021	-	(127,045)	139,977	12,932
	(6,650)	**(127,045)**	**139,977**	**6,282**
National fiscal stabilisation levy				
Up to 2020	(2,946)	-	-	(2,946)
2021	-	(23,988)	25,653	1,665
	(2,946)	**(23,988)**	**25,653**	**(1,281)**
Financial Sector Recovery Levy				
Up to 2020	-	-	-	-
2021	-	(17,781)	20,001	2,220
	-	**(17,781)**	**20,001**	**2,220**
Total current tax liability				**7,221**
Bank				
Year of assessment				
Current income tax				
Up to 2020	(6,828)	-	-	(6,828)
2021	-	(124,803)	137,775	12,972
	(6,828)	**(124,803)**	**137,775**	**6,144**
National fiscal stabilisation levy				
Up to 2020	(3,004)	-	-	(3,004)
2021	-	(23,571)	25,227	1,656
	(3,004)	**(23,571)**	**25,227**	**(1,348)**
Financial Sector Recovery Levy				
Up to 2020	-	-	-	-
2021	-	(17,781)	20,001	2,220
	-	**(17,781)**	**20,001**	**2,220**
Total current tax liability				**7,016**

16. DEFERRED TAX

Deferred tax (assets)/liabilities are attributable to the following:

	2022			2021		
Group	**Assets**	**Liabilities**	**Net**	Assets	Liabilities	Net
Property and equipment	**9,002**	**-**	**9,002**	(63)	7,678	7,615
Allowances for expected credit losses	**(322,219)**	**-**	**(322,219)**	(35,678)	-	(35,678)
Lease liability and ROU asset	**-**	**3,704**	**3,704**	-	3,071	3,071
Gains/Losses on FVOCI instruments	**-**	**-**	**-**	-	7,273	7,273
Net tax (assets)/liabilities	**(313,217)**	**3,704**	**(309,513)**	(35,741)	18,022	(17,719)
Bank						
Property and equipment	**8,996**	**-**	**8,996**	-	7,678	7,678
Allowances for expected credit losses	**(314,878)**	**-**	**(314,878)**	(35,678)	-	(35,678)
Lease liability and ROU asset	**-**	**3,704**	**3,704**	-	3,071	3,071
Gains/Losses on FVOCI instruments	**-**	**-**	**-**	-	7,273	7,273
Net tax (assets)/liabilities	**(305,882)**	**3,704**	**(302,178)**	(35,678)	18,022	(17,656)

Deferred tax is calculated using the enacted income tax rate of 25% (2021: 25%). Deferred tax charges in the statement of comprehensive income are attributable to the following items:

Group

2022	**At 1 January**	**Movement**	**At 31 December**
Property and equipment	7,615	1,387	9,002
Allowances for expected credit losses	(35,678)	(286,541)	(322,219)
Lease liability and ROU asset	3,071	633	3,704
Deferred tax (income)/expense through profit or loss	**(24,992)**	**(284,521)**	**(309,513)**
Deferred tax expense through equity (gains on FVOCI instruments)	**7,273**	**(7,273)**	**-**
Total	**(17,719)**	**(291,794)**	**(309,513)**

(All amounts are in thousands of Ghana cedis)

16. DEFERRED TAX (continued)

Bank

2022	At 1 January	Movement	At 31 December
Property and equipment	7,678	1,318	8,996
Allowances for expected credit losses	(35,678)	(279,200)	(314,878)
Lease liability and ROU asset	3,071	633	3,704
Deferred tax (income)/expense through profit or loss	**(24,929)**	**(277,249)**	**(302,178)**
Deferred tax expense through equity (gains on FVOCI instruments)	**7,273**	**(7,273)**	**-**
Total	**(17,656)**	**(284,522)**	**(302,178)**

Group

2021	At 1 January	Movement	At 31 December
Property and equipment	6,406	1,209	7,615
Allowances for expected credit losses	(14,339)	(21,339)	(35,678)
Lease liability and ROU asset	2,981	90	3,071
Deferred tax (income)/expense through profit or loss	**(4,952)**	**(20,040)**	**(24,992)**
Deferred tax expense through equity (gains on FVOCI instruments)	**6,380**	**893**	**7,273**
Total	**1,428**	**(19,147)**	**(17,719)**

Bank

2021	At 1 January	Movement	At 31 December
Property and equipment	6,408	1,270	7,678
Allowances for expected credit losses	(14,339)	(21,339)	(35,678)
Lease liability and ROU asset	2,981	90	3,071
Deferred tax (income)/expense through profit or loss	**(4,950)**	**(19,979)**	**(24,929)**
Deferred tax expense through equity (gains on FVOCI instruments)	**6,380**	**893**	**7,273**
Total	**1,430**	**(19,086)**	**(17,656)**

17a. CASH AND CASH EQUIVALENTS

	Group		Bank	
	2022	2021	**2022**	2021
Cash and balances with banks	**686,378**	855,631	**688,476**	851,201
Balances with the Central Bank	**2,534,644**	1,376,103	**2,534,644**	1,376,103
Money market placements	**198,856**	540,709	**198,856**	540,709
Allowance for expected credit losses on placements (Note 3.1.8)	**(79)**	(580)	**(79)**	(580)
Total	**3,419,799**	2,771,863	**3,421,897**	2,767,433

17b. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments

The table below shows the fair value of derivative financial instruments recorded as asset or liabilities together with their notional amounts. The notional amounts, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of the derivates are measured.

Group	**2022 Fair value of derivatives instrument-Asset**	**2022 Notional Amount**	2021 Fair value of derivatives instrument-Liability	2021 Notional Amount
Fair valuation on foreign exchange currency swap	**368,886**	**2,095,653**	52,171	2,756,800

Bank	**2022 Fair value of derivatives instrument-Asset**	**2022 Notional Amount**	2021 Fair value of derivatives instrument-Liability	2021 Notional Amount
Fair valuation on foreign exchange currency swap	**368,886**	**2,095,653**	52,171	2,756,800

(All amounts are in thousands of Ghana cedis)

18. INVESTMENT SECURITIES

	Group		Bank	
Analysis of investment securities by tenor	**2022**	2021	**2022**	2021
Maturing within 91 days of acquisition	**2,253,461**	426,727	**2,252,901**	426,727
Maturing after 91 days but within 182 days of acquisition	**92,572**	103,330	**92,572**	101,163
Maturing after 182 days of acquisition but within 1 year of acquisition	**368,351**	108,955	**363,467**	108,603
Maturing after 1 year of acquisition	**4,365,492**	7,074,386	**4,267,722**	7,060,761
Gross Total	**7,079,876**	7,713,398	**6,976,662**	7,697,254
Allowance for expected credit losses on investment securities (Note 3.1.8)	**(1,060,716)**	(5,296)	**(1,031,353)**	(5,031)
At 31 December	**6,019,160**	7,708,102	**5,945,309**	7,692,223
Classification of investment securities				
Debt instruments at FVOCI	**387,106**	5,293,518	**387,106**	5,293,518
Debt instruments at FVPL	**82,643**	351,800*	**81,286**	350,588*
	469,749	5,645,318	**468,392**	5,644,106
Amortised cost	**6,610,127**	2,068,080	**6,508,270**	2,053,148
Allowance for expected credit losses on investment securities	**(1,060,716)**	(5,296)	**(1,031,353)**	(5,031)
Total	**6,019,160**	7,708,102	**5,945,309**	7,692,223

*In prior years, the fair value gain was presented seperatly from the debt instruments at FVPL. In the current year the presentation has been adjusted to include the fair value gain as part of debt instruments at FVPL. The presentation has been adjusted to provide more useful information to users.

Classification of investment securities				
Non-Pledged Trading Assets	**5,207,960**	4,359,043	**5,134,109**	4,343,164
Pledged Trading Assets	**811,200**	3,349,059	**811,200**	3,349,059
Total	**6,019,160**	7,708,102	**5,945,309**	7,692,223

Debt instruments comprises various bills and bonds issued by the Government of Ghana and the Bank of Ghana. Prior period disclosures have been re-aligned to reflect the current period presentation format.

19. INVESTMENTS (OTHER THAN SECURITIES)

	Group		Bank	
	2022	2021	**2022**	2021
Fidelity Securities Limited	**-**	-	**101**	101
Fidelity Asia Bank Limited	**-**	-	**12,370**	12,370
Total	**-**	-	**12,471**	12,471

The Bank holds a 100% equity stake in both Fidelity Asia Bank and Fidelity Securities Limited.

20. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by product type:

	Group 2022	Group 2021	Bank 2022	Bank 2021
Term loans	**2,420,180**	2,124,459	**2,499,660**	2,124,459
Overdrafts	**409,900**	186,653	**409,900**	186,653
Staff	**103,333**	83,795	**103,333**	83,795
Gross loans and advances to customers	**2,933,413**	2,394,907	**3,012,893**	2,394,907
Allowance for expected credit losses (Note 14c)	**(197,145)**	(116,316)	**(197,145)**	(116,316)
Net loans and advances to customers	**2,736,268**	2,278,591	**2,815,748**	2,278,591
Current	**1,279,192**	830,175	**1,279,872**	830,175
Non-current	**1,457,076**	1,448,416	**1,535,876**	1,448,416
	2,736,268	2,278,591	**2,815,748**	2,278,591

(b) Analysis by type of customer:

	Group 2022	Group 2021	Bank 2022	Bank 2021
Individuals	**504,943**	466,457	**504,943**	466,457
Private enterprises	**2,051,429**	1,417,712	**2,130,909**	1,417,712
State enterprise and public institutions	**273,708**	426,943	**273,708**	426,943
Staff	**103,333**	83,795	**103,333**	83,795
	2,933,413	2,394,907	**3,012,893**	2,394,907
Allowance for expected credit losses (Note 14)	**(197,145)**	(116,316)	**(197,145)**	(116,316)
Net loans and advances to customers	**2,736,268**	2,278,591	**2,815,748**	2,278,591

(c) Analysis by industry:

	Group 2022	Group 2021	Bank 2022	Bank 2021
Agriculture, forestry & fishing	**84,237**	70,124	**84,237**	70,124
Commerce & finance	**428,177**	335,637	**507,657**	335,637
Electricity, gas & water, construction	**656,380**	679,031	**656,380**	679,031
Manufacturing	**283,616**	79,945	**283,616**	79,945
Mining & quarrying	**55,882**	21,091	**55,882**	21,091
Services	**1,209,265**	991,761	**1,209,265**	991,761
Transport, storage & communication	**215,856**	217,318	**215,856**	217,318
Gross loans and advances	**2,933,413**	2,394,907	**3,012,893**	2,394,907
Impairment Allowance	**(197,145)**	(116,316)	**(197,145)**	(116,316)
Net loans and advances	**2,736,268**	2,278,591	**2,815,748**	2,278,591

(All amounts are in thousands of Ghana cedis)

20. LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Key ratios on loans and advances	Group		Bank	
	2022	2021	**2022**	2021
Loan loss provision ratio	**6.70%**	4.86%	**6.52%**	4.86%
50 largest exposures to total exposures	**68.45%**	62.45%	**66.64%**	62.45%

21. OTHER ASSETS

	Group		Bank	
	2022	2021	**2022**	2021
Prepayments	**119,900**	39,779	**119,900**	39,773
Sundry assets	**492,331**	276,803	**489,343**	275,288
Net other assets	**612,231**	316,582	**609,243**	315,061

Sundry assets include balances on MTO settlement platforms, online vendor accounts, other payment platform balances and other account receivables. Prepayments mainly consists of other services paid for in advance.

There are no material items within other assets that requires impairment allowance.

22. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

Group - 2022	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Building	Land	Capital work-in-progress	Total
Cost										
Balance at 1 January 2022	22,307	45,687	56,238	13,518	86,625	101,151	2,127	12,454	3,260	343,367
Additions	7,301	5,055	14,218	1,233	630	9,901	-	-	11,495	49,833
Transfers	2,746	-	2,109	556	4,151	-	-	-	(9,562)	-
Balance at 31 December 2022	**32,354**	**50,742**	**72,565**	**15,307**	**91,406**	**111,052**	**2,127**	**12,454**	**5,193**	**393,200**
Depreciation										
Balance at 1 January 2022	10,079	38,411	37,035	10,168	25,994	45,884	16	-	-	167,587
Charge for the year	4,990	4,116	8,580	1,598	4,791	16,368	-	-	-	40,443
Balance at 31 December 2022	**15,069**	**42,527**	**45,615**	**11,766**	**30,785**	**62,252**	**16**	**-**	**-**	**208,030**
Net Book Value	**17,285**	**8,215**	**26,950**	**3,541**	**60,621**	**48,800**	**2,111**	**12,454**	**5,193**	**185,170**

Right of use assets relate to branches and locations leased by the bank.

Bank - 2022	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Land	Capital work-in-progress	Total
Cost									
Balance at 1 January 2022	22,228	45,187	56,164	13,445	86,431	101,151	14,565	3,260	342,431
Additions	7,301	5,016	14,218	1,201	630	9,901	-	11,495	49,762
Transfers	2,746	-	2,109	556	4,151	-	-	(9,562)	-
Balance at 31 December 2022	**32,275**	**50,203**	**72,491**	**15,202**	**91,212**	**111,052**	**14,565**	**5,193**	**392,193**
Depreciation									
Balance at 1 January 2022	10,016	38,046	36,973	10,096	25,801	45,884	-	-	166,816
Charge for the year	4,985	4,012	8,570	1,593	4,791	16,368	-	-	40,319
Balance at 31 December 2022	**15,001**	**42,058**	**45,543**	**11,689**	**30,592**	**62,252**	**-**	**-**	**207,135**
Net Book Value	**17,274**	**8,145**	**26,948**	**3,513**	**60,620**	**48,800**	**14,565**	**5,193**	**185,058**

Right of use assets relate to branches and locations leased by the bank

(All amounts are in thousands of Ghana cedis)

22. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Group - 2021	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Building	Land	Capital work-in-progress	Total
Cost										
Balance at 1 January 2021	14,521	43,001	44,420	12,551	82,781	85,742	2,127	12,454	5,376	**302,973**
Additions	10,366	2,706	4,477	916	740	15,409	-	-	8,480	**43,094**
Transfers	-	-	7,466	-	3,151	-	-	-	(10,617)	**-**
Disposal	(2,416)	-	-	-	-	-	-	-	-	**(2,416)**
Balance at 31 December 2021	**22,471**	**45,707**	**56,363**	**13,467**	**86,672**	**101,151**	**2,127**	**12,454**	**3,239**	**343,651**
Depreciation										
Balance at 1 January 2021	9,434	33,383	29,128	8,403	21,398	30,840	16	-	-	**132,602**
Charge for the year	3,166	5,042	8,044	1,711	4,645	15,044	-	-	-	**37,652**
Disposal	(2,416)	-	-	-	-	-	-	-	-	**(2,416)**
Balance at 31 December 2021	**10,184**	**38,425**	**37,172**	**10,114**	**26,043**	**45,884**	**16**	**-**	**-**	**167,838**
Net Book Value	**12,287**	**7,282**	**19,191**	**3,353**	**60,629**	**55,267**	**2,111**	**12,454**	**3,239**	**175,813**

Right of use assets relate to branches and locations leased by the bank.

Bank - 2021	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Land	Capital work-in-progress	Total
Cost									
Balance at 1 January 2021	14,272	42,531	44,221	12,529	82,540	85,742	14,565	5,390	**301,790**
Additions	10,348	2,656	4,477	916	740	15,409	-	8,487	**43,033**
Transfers	-	-	7,466	-	3,151	-	-	(10,617)	**-**
Disposal	(2,392)	-	-	-	-	-	-	-	**(2,392)**
Balance at 31 December 2021	**22,228**	**45,187**	**56,164**	**13,445**	**86,431**	**101,151**	**14,565**	**3,260**	**342,431**
Depreciation									
Balance at 1 January 2021	9,244	33,073	28,937	8,390	21,156	30,840	-	-	**131,640**
Charge for the year	3,164	4,973	8,036	1,706	4,645	15,044	-	-	**37,568**
Disposal	(2,392)	-	-	-	-	-	-	-	**(2,392)**
Balance at 31 December 2021	**10,016**	**38,046**	**36,973**	**10,096**	**25,801**	**45,884**	**-**	**-**	**166,816**
Net Book Value	**12,212**	**7,141**	**19,191**	**3,349**	**60,630**	**55,267**	**14,565**	**3,260**	**175,615**

Right of use assets relate to branches and locations leased by the bank.

23. INTANGIBLE ASSETS

2022	Computer software	Capital work-in-progress	Total
Group			
Cost			
Balance at 1 January 2022	97,351	8,552	**105,904**
Additions	11,442	20,074	**31,516**
Transfers	14,877	(14,877)	**-**
Balance at 31 December 2022	**123,669**	**13,750**	**137,420**
Amortisation			
Balance at 1 January 2022	62,635	-	**62,635**
Charge for the year	16,461	-	**16,461**
Balance at 31 December 2022	**79,096**	-	**79,096**
Net Book Value	**44,573**	**13,750**	**58,324**

	Computer software	Capital work-in-progress	Total
Bank			
Cost			
Balance at 1 January 2022	94,158	8,260	**102,418**
Additions	11,442	20,072	**31,514**
Transfers	14,877	(14,877)	**-**
Balance at 31 December 2022	**120,477**	**13,455**	**133,932**
Amortisation			
Balance at 1 January 2022	59,516	-	**59,516**
Charge for the year	16,428	-	**16,428**
Balance at 31 December 2022	**75,944**	**-**	**75,944**
Net Book Value	**44,533**	**13,455**	**57,988**

There are no internally generated intangibles.

(All amounts are in thousands of Ghana cedis)

23. INTANGIBLE ASSETS (continued)

2021	**Computer software**	**Capital work-in-progress**	**Total**
Group			
Cost			
Balance at 1 January 2021	78,785	3,725	**82,510**
Additions	5,041	18,320	**23,361**
Transfers	13,525	(13,525)	**-**
Balance at 31 December 2021	**97,351**	**8,520**	**105,871**
Amortisation			
Balance at 1 January 2021	47,411	-	**47,411**
Charge for the year	15,224	-	**15,224**
Balance at 31 December 2021	**62,635**	-	**62,635**
Net Book Value	**34,716**	**8,520**	**43,236**

	Computer software	**Capital work-in-progress**	**Total**
Bank			
Cost			
Balance at 1 January 2021	75,627	3,465	**79,092**
Additions	5,006	18,320	**23,326**
Transfers	13,525	(13,525)	**-**
Balance at 31 December 2021	**94,158**	**8,260**	**102,418**
Amortisation			
Balance at 1 January 2021	44,406	-	**44,406**
Charge for the year	15,110	-	**15,110**
Balance at 31 December 2021	**59,516**	-	**59,516**
Net Book Value	**34,642**	**8,260**	**42,902**

There are no internally generated intangibles.

24. NON-CURRENT ASSETS HELD FOR SALE

These relates to assets repossessed from loan defaulting customers which has been classified as held for sale in the Group's financial statement for the year ended 31 December 2022. Where the proceeds of disposal are expected to be lower than the gross carrying amount of the assets, an impairment provision has been made for the expected shortfall.

	Collaterals repossessed	
	2022	2021
Land and buildings	**31,938**	63,563
Less: allowance for impairment	**-**	(15,675)
Total non-current assets classified as held for sale	**31,938**	47,888

25. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2022	2021	**2022**	2021
Current accounts	**4,977,649**	3,621,953	**4,910,276**	3,536,314
Call accounts	**1,416,353**	1,924,809	**1,416,353**	1,924,809
Savings accounts	**2,406,711**	2,034,988	**2,406,711**	2,034,988
Time deposits	**782,331**	499,089	**660,020**	411,686
Total	**9,583,044**	8,080,839	**9,393,360**	7,907,797
Current	**2,264,746**	2,123,314	**2,075,062**	2,058,811
Non -current	**7,318,298**	5,957,525	**7,318,298**	5,848,986
Total	**9,583,044**	8,080,839	**9,393,360**	7,907,797
20 largest depositors to total deposit ratio	**26.42%**	34.64%	**26.42%**	34.48%

26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2022	2021	**2022**	2021
Other deposits	**478,198**	145,208	**481,449**	356,632

Deposits from banks and other financial institutions consist of short-term deposits from various banks and financial institutions.

(All amounts are in thousands of Ghana cedis)

27. BORROWINGS (GROUP AND BANK)

(a) Borrowings

At the end of the year, the Bank had short term and long term obligations as detailed below:

	Group		Bank	
	2022	2021	**2022**	2021
Short term borrowings	**2,406,015**	3,443,194	**2,658,117**	3,443,194
Long term borrowings	**200,465**	105,415	**200,465**	105,415
	2,606,480	3,548,609	**2,858,582**	3,548,609

Short term borrowings are overnight placements by banks and other financial institutions.

(b) Long term borrowings

The movement in long term borrowings during the year is as follows:

2022	At 1 January	Draw down	Interest	Repayments	Exchange differences	At 31 December
PROPARCO	18,450	-	1,558	(17,007)	10,229	13,230
DEG, FMO and SWEDFUND (TIER II CAPITAL)	30,450	-	370	(35,997)	5,177	-
EUROPEAN INVESTMENT BANK	56,515	-	3,339	(26,825)	25,151	58,180
FINANCE IN MOTION	-	120,002	2,741	(2,328)	8,640	129,055
Total	**105,415**	**120,002**	**8,008**	**(82,157)**	**49,197**	**200,465**
Current						66,065
Non -current						134,400
Total						**200,465**

27. BORROWINGS (GROUP AND BANK) (continued)

The movement in long term borrowings during the year is as follows:

2021	At 1 January	Interest	Repayments	Exchange differences	At 31 December
PROPARCO	26,541	1,126	(10,079)	862	18,450
DEG, FMO AND SWEDFUND (TIER II CAPITAL)	134,764	4,414	(110,354)	1,626	30,450
DEV. BANK OF AUSTRIA	14,458	433	(15,069)	178	-
FMO	77,946	2,781	(81,831)	1,104	-
EUROPEAN INVESTMENT BANK	69,722	1,874	(17,509)	2,428	56,515
Total	**323,431**	**10,628**	**(234,842)**	**6,198**	**105,415**
Current					56,092
Non -current					49,323
Total					**105,415**

(a) Societe de Promotion et de Participation Pour la Cooperation Economique (PROPARCO)

A loan of US$ 13 million was granted to the Bank on 5 December 2013 for the purposes of on-lending to its customers. The facility is for a period of ten (10) years at an interest rate of the sum of 6 months LIBOR USD rate, the basis swap rate on the determination date and the applicable margin of 4.475% p.a.

(b) DEG, FMO & Swedfund International Aktiebolag ("SWEDFUND")

On 1 August 2014, at the Bank's request, DEG, FMO and SWEDFUND INTERNATIONAL AKTIEBOLAG ("SWEDFUND"), provided a seven-year subordinated term loan facility of US$60 million for the purpose of increasing the Bank's Tier II Capital and supporting the growth strategy of the Bank.

On 15 March 2019, part payment of the principal was made, reducing the outstanding loan balance to US$50 million. Subsequently US$30 million of this amount was restructured into a senior credit facility. Repayment of the senior credit facility is made semi-annually with an interest rate pegged to the 6-month LIBOR USD rate plus a margin of 4.50%. The remainder of US$20 million continued to run as Tier II Capital, this was however fully paid off in 2021.

(c) European Investment Bank

On 14 October 2016, a EUR 15 million loan agreement was signed between European Investment Bank and Fidelity Bank for the purpose of on-lending. Repayment is agreed to be on a half yearly basis at an interest rate of the sum of 6 months LIBOR USD rate plus an all-in-spread of 2.638% p.a. over a period of nine (9) years and is expected to be fully paid off in April, 2025.

(All amounts are in thousands of Ghana cedis)

27. BORROWINGS (GROUP AND BANK) (continued)

(d) NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO)

NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO) together with the Belgian Investment Company for Developing Countries NV/SA lent to the bank under a syndicated loan agreement dated 20th December, 2016 a facility amounting to US$54 million. The purpose of the facility is for on-lending to the Bank's customers. The facility run for 5 years at an aggregate interest rate of the 6 months USD LIBOR plus 4.75% p.a. and was fully paid off in 2021.

(e) Development Bank of Austria

On 30 December 2016, Fidelity Bank Ghana Ltd obtained a US$10 million loan facility from the Development Bank of Austria to be used purposely for on- lending to private small and medium sized companies. The facility was obtained at a rate of 6 months USD LIBOR and a margin of 4.25% p.a. The facility run for 5 years and was fully paid off in 2021.

(f) Finance in Motion

The eco.business Fund, an impact investment fund advised by Finance in Motion, extended USD 15 million to Fidelity Bank in 2022. The senior loan will be on-lent to a wide range of agribusinesses that cover the entire value chain - from food production to logistics and supply chains across domestic staples and export crops – while promoting production and consumption practices that contribute to the sustainable use of natural resources and biodiversity conservation. The facility was secured at a rate of the sum of Secured Overnight Financing Rate (SOFR) and a margin of 2.57% p. a. The agreed tenure is 5 years with a 1 year moratorium on principal payment and final repayment is expected to be made in June 2027.

28. OTHER LIABILITIES

	Group		Bank	
	2022	2021	**2022**	2021
Lease liabilities	**33,986**	42,983	**33,986**	42,983
Expected credit loss on off balance sheet items	**23,922**	5,109*	**23,922**	5,109*
Other creditors	**341,402**	189,869*	**338,221**	187,583*
	399,310	237,961	**396,129**	235,675

Other creditors includes accruals, balances on transit accounts and other sundry payables.

* Expected credit loss on off balance sheet items and other creditors have been restated. The subtotals are not affected by these restatements.

28. OTHER LIABILITIES (continued)

Set out below are the carrying amounts of lease liabilities and the movement during the period:

	Group and Bank	
	2022	2021
As at 1 January	**42,983**	42,977
Additions	**8,075**	8,632
Accretion of interest	**2,564**	3,562
Payments	**(19,636)**	(12,188)
As at 31 December	**33,986**	42,983
Principal portion of lease liabilities payment	**17,073**	8,626

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. At 31 December 2022 the Group was committed to short term leases and the total commitment at that date was GH¢ 2.93million (2021: GH¢ 0.54 million). The expense related to short term lease was GH¢ 1.18 million (2021: GH¢ 0.80 million).

29. EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2022 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding of 25.25 million (2021: 25.25 million), calculated as follows:

	Group		Bank	
	2022	2021	**2022**	2021
(Loss)/Profit attributable to ordinary shareholders				
(Loss)/Net profit for the year	**(399,085)**	351,383	**(388,585)**	341,520
Weighted average number of ordinary shares (000' of shares)				
Issued ordinary shares at 1 January	**25,250**	25,250	**25,250**	25,250
Effect of additional issue of shares	**-**	-	**-**	-
Weighted average number of ordinary shares at year end	**25,250**	25,250	**25,250**	25,250
Basic earnings per share (GH¢)	**(15.81)**	13.92	**(15.39)**	13.53
Diluted earnings per share (GH¢)	**(15.81)**	13.92	**(15.39)**	13.53

(All amounts are in thousands of Ghana cedis)

30. STATED CAPITAL

Group and Bank

a. Summary	2022 Gh¢	2021 Gh¢
Ordinary shares		
At 1 January	**285,551**	285,551
At year end	**285,551**	285,551
Preference shares		
At 1 January	**137,289**	137,289
At year end	**137,289**	137,289
Total stated capital	**422,840**	422,840

b. Ordinary shares		
Authorised		
Ordinary shares of no par value (‘000)	**1,000,000**	1,000,000
Issued and fully paid (‘000):		
At 1 January	**25,250**	25,250
Issued during the year	**-**	-
At 31 December	**25,250**	25,250

There is no unpaid liability on any ordinary shares and there are no calls or instalments unpaid. There are no treasury shares.

c. Preference shares		
Authorised		
Preference shares (‘000)	**50,000**	50,000
Issued and fully paid (‘000):		
At 1 January	**9,200**	9,200
At 31 December	**9,200**	9,200

31. DIVIDEND

Group and Bank

Ordinary shares
Dividend in respect of ordinary shares for the year ended 31 December 2021 of GH¢5.45 (2020: GH¢ 3.24) per share amounting to GH¢137.61 million (2021: Gh¢81.63 million) was paid in the year ended 31 December 2022.

Preference shares
Dividend in respect of preference shares amounting to GH¢ 33.77 million (2021: GH¢ 26.60 million) was paid in the year ended 31 December, 2022 in accordance with the underlying agreements.

32. STATUTORY RESERVE

This is a non-distributable reserve representing transfers from profit after tax in accordance with Section 34 of the Banks and Specialised Deposit -Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity.

33. OTHER RESERVES

Group

Year ended 31 December 2022	FVOCI reserve	Translation reserve	Total
At 1 January 2022	**28,199**	**17,267**	**45,466**
Change in investment securities measured at FVOCI- gross	(32,865)	-	(32,865)
Change in investment securities measured at FVOCI- tax	7,273	-	7,273
Foreign currency translation differences of foreign subsidiary	-	17,936	17,936
Net change in investment securities measured at FVOCI	**(25,592)**	**17,936**	**(7,656)**
At 31 December 2022	**2,607**	**35,203**	**37,810**
Year ended 31 December, 2021			
At 1 January 2021	**19,969**	**15,639**	**35,608**
Change in investment securities measured at FVOCI- gross	9,123	-	9,123
Change in investment securities measured at FVOCI- tax	(893)	-	(893)
Foreign currency translation differences of foreign subsidiary	-	1,628	1,628
Net change in investment securities measured at FVOCI	**8,230**	**1,628**	**9,858**
At 31 December 2021	**28,199**	**17,267**	**45,466**

(All amounts are in thousands of Ghana cedis)

33. OTHER RESERVES (continued)

Bank

Year ended 31 December 2022	FVOCI Reserve	Total
At 1 January 2022	**28,199**	**28,199**
Change in investment securities measured at FVOCI- gross	(32,865)	(32,865)
Change in investment securities measured at FVOCI- tax	7,273	7,273
Net change in investment securities measured at FVOCI	**(25,592)**	**(25,592)**
At 31 December 2022	**2,607**	**2,607**
Year ended 31 December 2021		
At 1 January 2021	**19,969**	**19,969**
Change in investment securities measured at FVOCI- gross	9,123	9,123
Change in investment securities measured at FVOCI- tax	(893)	(893)
Net change in investment securities measured at FVOCI	**8,230**	**8,230**
At 31 December 2021	**28,199**	**28,199**

34. CREDIT RISK RESERVE

This is an accumulation of transfers from the retained earnings account to meet the minimum regulatory requirements in respect of allowance for credit losses for non-performing loans and advances. The movement is included in the statement of changes in equity.

The movement in the Bank's credit risk reserve is as follows:

	2022	2021
Balance as at 1 January	**3,783**	35,527
Movement from/(to) retained earnings	**(3,783)**	(31,744)
Balance as at year end	**-**	3,783

The table below compares the impairment allowances per IFRS 9 to that required by the Bank of Ghana guideline:

	2022	2021
At year end		
Bank of Ghana Provisioning	**118,000**	120,099
IFRS 9 allowance for expected credit losses	**(197,145)**	(116,316)
Excess of Bank of Ghana Provisioning over IFRS 9 allowance for expected credit losses	**-**	3,783

35. RETAINED EARNINGS

This represents the accumulated profits over the years after appropriations. The balance is available for distribution to shareholders.

36. RELATED PARTY DISCLOSURES

Transactions with related parties have been entered into in the normal course of business.

Transactions with subsidiaries

(i) Transactions between Fidelity Bank Ghana Limited and its subsidiaries meet the definition of related party transactions.

The following transactions were carried out with subsidiaries:

	2022	2021
Interest income	**8,867**	1,180
Interest expense	**13,654**	10,848
Fee and commission income	**19**	5
(ii) Year end balances resulting from transactions with subsidiaries		
Borrowing/Deposit from subsidiaries	**255,923**	211,843
Lending to subsidiaries	**79,411**	-
Amounts due from (to) subsidiaries	**(754)**	(147)

(All amounts are in thousands of Ghana cedis)

36. RELATED PARTY DISCLOSURES (continued)

(iii) Transactions with key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of Fidelity Bank Ghana Limited and comprise the Directors and officers of Fidelity Bank Ghana Limited.

Loan balances due from key management personnel are as follows:

	2022	2021
Executive directors	**2,346**	3,080
Non-executive directors	**629**	367
Total	**2,975**	3,447

The Bank or Group has entered into transactions with its directors as follows:

	2022	2021
As at 1 January	**3,447**	2,438
Interest charged	**135**	249
Loans disbursed	**1,324**	1,520
Pay-down	**(1,931)**	(760)
As at 31 December	**2,975**	3,447

Interest rates charged on balances outstanding on director loans are based on agreed terms and conditions. Secured loans granted are secured over property of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year with key management and therefore no specific allowances have been made for impairment losses on balances with key management.

(iv) Non-executive directors' emoluments

Remuneration paid to non-executive directors in the form of fees, allowances and related expenses are disclosed in Note 13.

(v) Key management personnel remuneration

	2022	2021
Salaries and short-term employee benefits	**8,729**	9,341
Social security fund contribution	**767**	820
Provident fund contribution	**590**	631
	10,086	10,792

(vi) Connected lending

Included in loans and advances is **GH¢ 96.77 million** (2021: GH¢ 65.62 million) being advances to companies where a relationship exists by virtue of shareholding. The advances are entered into in the ordinary course of business.

(vii) Related party deposits

Included in the Banks deposits is an amount of **GH¢ 3.82 million** (2021: GH¢ 211.84 million) due to subsidiary companies. Interest paid on these deposits during the year amounted to **GH¢ 13.65 million** (2021: GH¢ 10.81 million).

37. CONTINGENCIES AND COMMITMENTS

(a) Guarantees and indemnities

The Bank had outstanding guarantees, indemnities and endorsements at the year end of **GH¢ 255.64 million** (2021: GH¢ 372.60 million).

(b) Documentary credit

The Bank had established documentary credits at the year end of **GH¢385.30 million** (2021: GH¢ 309.76 million).

(c) Commitments

The Bank had loan commitments amounting to **GH¢161.27 million** at the year end (2021: GH¢ 124.08 million).

38. REGULATORY DISCLOSURES

(i) Non-performing loans ratio

Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) was **7.83 %** as the year end (2021: 8.25%). Non-performing loans amounted to **GH¢ 240.67 million** at year end.

(ii) Amount of loans written-off

The Bank wrote off a total amount of **GH¢ 210.67 million** during the year (2021: GH¢ 22.46 million) in principal and unpaid interest on loans and advances assessed and found to be uncollectible.

(iii) Breaches in statutory liquidity

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

(iv) Capital Adequacy Ratio

The Bank's capital adequacy ratio (CRD) at end of 2022 was **16.79%** (2021: 26.47%).

(All amounts are in thousands of Ghana cedis)

38. REGULATORY DISCLOSURES (continued)

(v) Liquid Ratio

	2022	2021
As at 31 December	**1.52**	1.81
Average for the year	**1.81**	1.98
Maximum for the year	**2.05**	2.39
Minimum for the year	**1.52**	1.73

(vi) Conflicts of interest

The Bank has established appropriate conflicts authorisation procedures, where actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year under review, no such conflicts arose and no such authorisations were sought.

39. SUBSEQUENT EVENTS

On 5th December 2022, the Government of Ghana launched Ghana's Domestic Debt Exchange programme (DDEP), which constituted a debt treatment arrangement through which institutional and individual bondholders of eligible Government bonds, including E.S.L.A and Daakye bonds were invited to participate in a voluntary exchange of their eligible (old) bonds for new bonds issued by the Republic.

The DDEP was a condition for Government of Ghana to reach an agreement with IMF to provide support to Ghana in implementing policies to restore macroeconomic stability on the back of Ghana's public debt reaching unsustainable levels. Ghana's public debt had increased significantly during the year. Concurrently, government's efforts to preserve the debt sustainability were not seen as sufficient by investors, leading to credit rating downgrades, exit of non-resident investors from the domestic bond market, and ultimately leading to loss of access to international capital markets. These adverse developments, further exacerbated by price and supply-chain shocks from the war in Ukraine, led to significant exchange rate depreciation, a surge in inflation and pressure on foreign exchange reserves. Against this backdrop, the government requested assistance from the IMF in July 2022 and a staff-level agreement was reached in December 2022. The Fund-supported Programme is expected to support Ghana in implementing policies that restore macroeconomic stability, ensure debt sustainability and help alleviate exchange rate pressures.

The IMF assistance, however, was conditional on Ghana restructuring its public debt (Domestic and External) which included bringing public debt down to more manageable levels from the estimated 105% of GDP to 55% in present value terms by 2028. The Group participated in the voluntary Government of Ghana's Domestic Debt Exchange Program which was concluded and settled in February 2023 before the financial statements were approved. The Group tendered in bonds with book value of Ghc 4.23 billion for New General Category Bonds.

The debt restructuring exercise is indicative of Government's impaired ability to service its debt and is indicative of a significant increase in credit risk. As a result, the eligible bonds under the DDE programme and all exposures to Government were assessed for impairment. The resulting expected credit loss on investment securities has been disclosed under note 3.1.5. Consequently, the Group booked an expected credit loss of Ghc 1.06 million (Bank : Ghc 1.03 million) on the investment securities, reducing the profit before tax of Ghc 522.28 million (Bank: Ghc 507.70 million) to a loss of Ghc 533.41 million (Bank: Ghc 518.62 million).

Management has fully assessed the DDEP and factored the impact into its financial performance outlook and forecasts. Based on the terms and conditions of the debt exchange programme, old bonds yielding an average of 18% will be yielding an average of 8.5% after the exchange. The full financial effect of this will be clearer by the second half of 2023.

Value Added Statement

Value Added Statement for the year ended

	Group		Bank	
	2022	2021	**2022**	2021
Interest earned and other operating Income	**1,455,925**	1,129,663	**1,430,506**	1,107,223
Direct cost of services	**(315,245)**	(240,534)	**(311,626)**	(236,930)
Value added by banking services	**1,140,680**	889,129	**1,118,880**	870,293
Non-banking income	**2,537**	402	**2,537**	402
Net impairment loss on financial assets	**(1,321,510)**	(57,194)	**(1,292,174)**	(56,940)
Value added	**(178,293)**	832,337	**(170,757)**	813,755
Distributed as follows :				
To Employees				
Directors	**(3,235)**	(2,101)	**(2,934)**	(1,712)
Executive Directors	**(6,693)**	(5,061)	**(6,693)**	(5,061)
Other employees	**(288,284)**	(255,324)	**(281,492)**	(249,760)
To Government				
Income tax	**134,324**	(165,592)	**130,038**	(163,024)
To expansion and growth				
Depreciation	**(40,443)**	(37,652)	**(40,319)**	(37,568)
Amortisation	**(16,461)**	(15,224)	**(16,428)**	(15,110)
To retained earnings	**(399,085)**	351,383	**(388,585)**	341,520

Shareholder Information

Top 20 Ordinary Shareholders as at 31 December 2022

	Name of shareholder	2022 Shareholding	
		No. of Shares	% Holding
1	Africa Capital LLC	9,345,687	37.01%
2	AfricInvest 4.5 LLC	4,277,500	16.94%
3	Social Security & National Insurance Trust	2,400,000	9.50%
4	Amethis Finance Netherlands B. V.	2,138,750	8.47%
5	ERES Invest Coöperatief U. A.	2,138,750	8.47%
6	SIC Life Insurance LTD	1,065,818	4.22%
7	ENO International LLC	765,000	3.03%
8	Mr. Edward Effah	395,000	1.56%
9	Mr. Bernard Lind	287,500	1.14%
10	PAL Trustees Limited/Kwamina Duker	282,313	1.12%
11	Ambassador (Mrs.) Johanna Svanikier	258,970	1.03%
12	Wingham Holding Limited	252,500	1.00%
13	Lifeforms Limited	190,000	0.75%
14	Mr. Philip Addison	150,000	0.59%
15	Mr. Jonathan Adjetey	125,000	0.50%
16	GCB Bank Limited	125,000	0.50%
17	Mr. Alex Dodoo	82,424	0.33%
18	Prof. John & Prof. (Mrs.) Margaret Gyapong	60,000	0.24%
19	Dr. William Panford Bray	52,424	0.21%
20	Research Development Financial Consultants	50,000	0.20%
	Total	**24,442,636**	**96.80%**
	Others	**807,364**	**3.20%**
	Grand Total	**25,250,000**	**100%**

Analysis of shareholding as at 31 December 2022

Category	Number of Shareholders	Number of Shares	% Holding
1 - 50,000	35	857,364	3.40%
50,001 - 500,000	12	2,261,131	8.95%
500,001 - 1,000,000	1	765,000	3.03%
Over 1,000,000	6	21,366,505	84.62%
Total	**54**	**25,250,000**	**100.00%**

Directors who held shares at any time during the year

Director	Number of Shares	% Holding
Edward Effah	395,000	1.56%
Total	**395,000**	**1.56%**

Preference Shareholder as at 31 December 2022

Shareholder	No. of Pref Shares	% Holding
Social Security & National Insurance Trust (SSNIT)	4,200,000	45.65%
AfricInvest 4.5 LLC	2,000,000	21.74%
SIC Life Insurance LTD	1,000,000	10.87%
Amethis Finance Netherlands B.V.	1,000,000	10.87%
ERES Invest Coöperatief U. A.	1,000,000	10.87%
Total	**9,200,000**	**100.00%**

Proxy Form

FIDELITY BANK

Believe with us.

Proxy Form for use at the Annual General Meeting to be held **Virtually on Friday 26th May 2023 at 11:00 am (GMT) via Microsoft Teams®**

I/We____of____

being a Member of the above-named Company hereby appoint____
or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Members to be held on **26th May 2023** and at any adjournment thereof. Please indicate with an **"X"** in the spaces below how you wish your votes to be cast.

	FOR	AGAINST
Ordinary Resolutions		
1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2022;		
2. To ratify the appointment of James Reynolds Baiden as Board Chairman;		
3. To re-elect Director, Harold Richardson, retiring by rotation;		
4. To re-elect Director, Lisa Mensah, retiring by rotation;		
5. To re-elect Director, Abubakar Sulemana retiring by rotation;		
6. To authorise the Directors to fix the remuneration of the Auditors;		

Dated this_____________day of_______________________2023

Shareholders Signature/Seal____

Notes: If executed by a Company the Proxy Form should bear its common seal or be signed on its behalf by a Director. Please download, sign and deliver Proxy Form via the **Shareholders' Portal** or send to **companysecretary@myfidelitybank.net** or by courier to the Company Secretary, Fidelity Bank Ghana Limited, 2nd Floor, Ridge Tower not later than 11:00am (GMT) on **24th May 2023**.

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