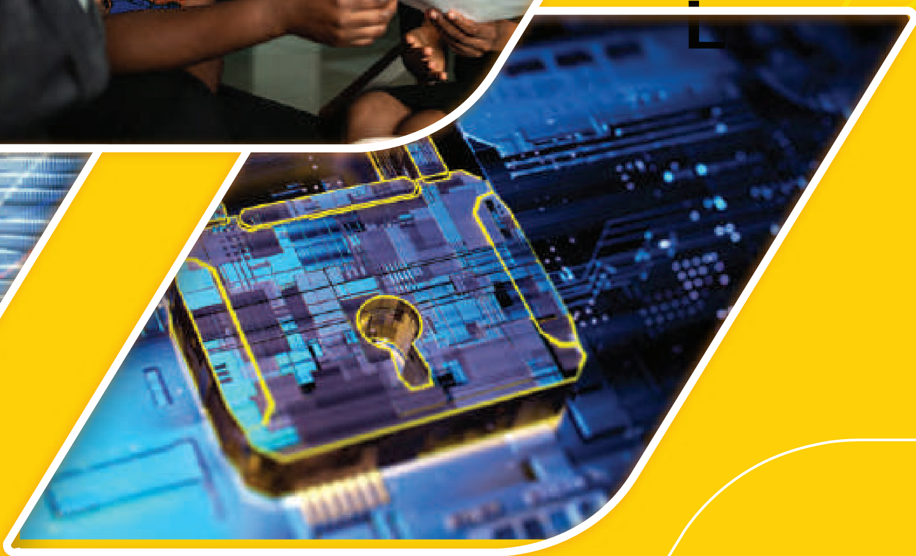
2020
Annual Report



Growth through
innovation and service

Forward Together

CalBank

VISION & MISSION

Our Vision

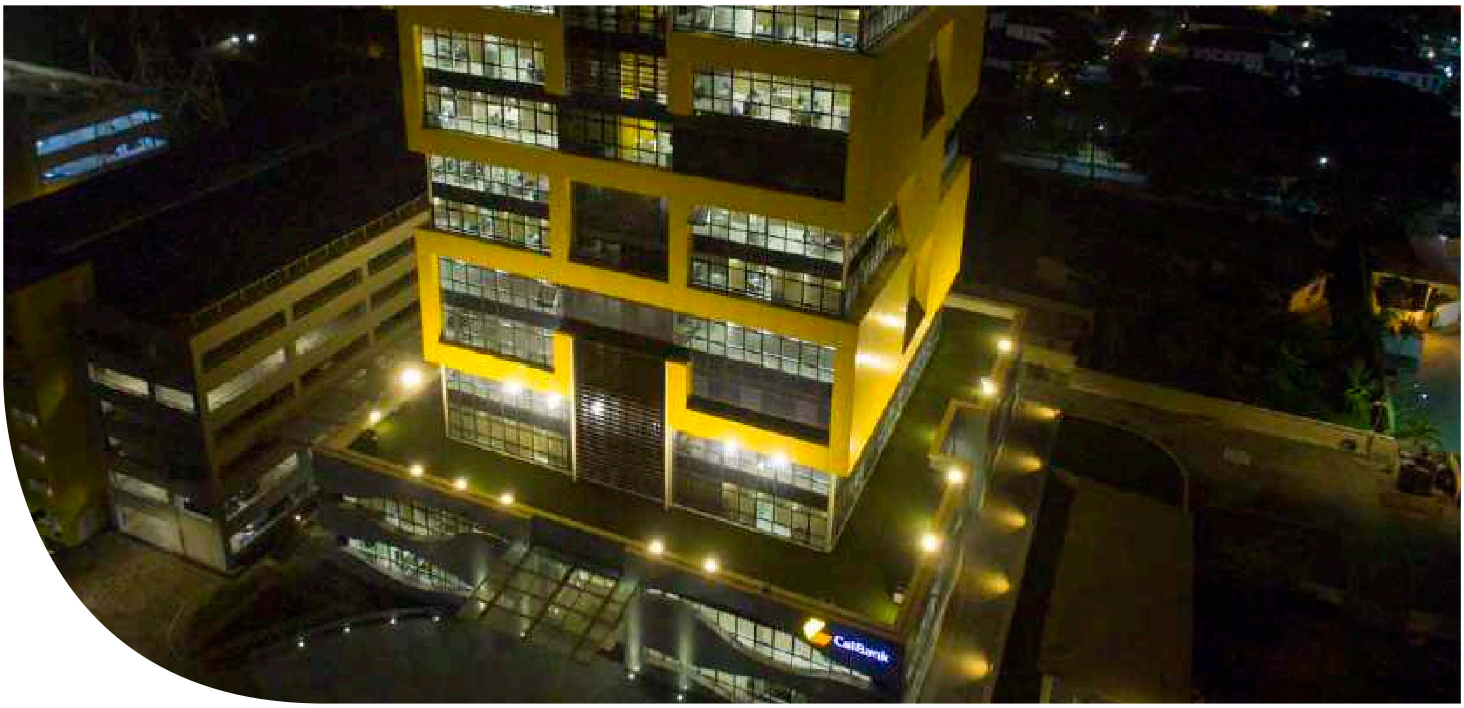
To be the preferred bank for customer experience and innovation

Our Mission

An innovative and customer focused bank, providing bespoke financial services and value to our stakeholders

Forward – represents both the future direction of the business and the progressive manner in which it will deliver its offering and proposition.

Together – represents the whole and covers the customers, investors and staff, including the wider community to which the bank is responsible.

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CalBank

Annual Report 2020

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NOTICE OF VIRTUAL ONLY ANNUAL GENERAL MEETING OF CALBANK PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CalBank PLC will be held VIRTUALLY at 10 a.m. on Thursday, 6th May 2021 and shall be streamed live to all shareholders of CalBank PLC to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and consider the accounts of the Bank for the year ended December 31st, 2020 together with the reports of the directors and the external auditor thereon

2. To re elect the following directors retiring by rotation from the Board of the Bank

a. Helen Nankani
b. Richard Arkutu
c. Ben Gustave Barth

3. To declare a dividend

4. To approve the remuneration of the directors

5. To authorise the directors to fix the fees of the external auditor; and

SPECIAL BUSINESS:

6. To pass the following special resolutions:
a. That Article 52 of the Company's Constitution be deleted.
b. That Article 53 of the Company's Constitution be amended as follows:

"53. Any dividend unclaimed for such period as may be prescribed under the Companies Act, 2019 (Act 992) or any applicable law shall be dealt with by the Company in accordance with the provisions of such laws relating to the treatment of unclaimed dividends."

Dated this 31st day of March, 2021

BY ORDER OF THE BOARD

VERITAS ADVISORS LIMITED
COMPANY SECRETARY

Notice

NOTICE OF VIRTUAL-ONLY ANNUAL GENERAL MEETING OF CALBANK PLC

Notes

1. In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all members and/or their proxies in this year's annual general meeting of the Bank shall be strictly virtual (i.e. by online participation only).

2. A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

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

4. A copy of the **PROXY FORM** can be downloaded from: **https://calbankagm.net** and may be filled and sent via email to: **info@csd.com.gh** or deposited at the registered office of the Registrar of the Company, Central Securities Depository (CSD) Ghana Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10.00 GMT on Monday, 3rd May, 2021.

5. **Accessing and Voting at the Virtual AGM**
   A **unique token number** will be sent to shareholders by email and/or SMS from April 15, 2021 to give them access to the meeting. Shareholders who do not receive this token can contact the CSD on: info@csd.com.gh or call 0302 906576 / 0303 972254 any time after April 15, 2021 but before the date of the AGM to be sent the unique token.

   To gain access to the Virtual AGM, shareholders must visit **https://calbankagm.net** and input their **unique token number** on Thursday May 6, 2021. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting, they may vote electronically during the Virtual AGM, again using their unique token number.

Further assistance on accessing the meeting and voting electronically can be found on **https://calbankagm.net**

For further information, please contact:

Central Securities Depository (CSD) Ghana Limited,
4th floor, Cedi House, Accra
Tel: (233) 0302 906576 / 0303 972254
Email: info@csd.com.gh

Financial Summary

FOUR-YEAR CONSOLIDATED FINANCIAL SUMMARY

in thousands of Ghana Cedis	2020	2019	2018	2017
Interest income using the effective interest method	927,350	912,409	773,270	668,128
Interest expense	(404,479)	(394,303)	(351,641)	(317,096)
Net interest income	**522,871**	**518,106**	**421,629**	**351,032**
Net fees and commission income	31,505	46,597	69,543	68,063
Other operating income	134,229	31,689	28,085	43,137
Total operating income	**688,605**	**596,392**	**519,257**	**462,232**
Operating expenses	(317,134)	(267,386)	(229,616)	(188,422)
Net impairment loss on financial assets	(86,843)	(86,066)	(66,735)	(54,947)
Profit before tax	**284,628**	**242,940**	**222,906**	**218,863**
Income tax expense	(70,825)	(69,527)	(69,690)	(65,965)
Profit after tax	**213,803**	**173,413**	**153,216**	**152,898**
Total assets	7,924,586	7,048,498	5,419,299	4,223,138
Total deposits	4,425,958	3,858,984	3,150,053	2,497,623
Loans and advances	2,400,950	2,920,026	2,422,952	1,853,674
Total shareholders' equity	1,132,772	974,787	779,445	672,070
Earnings per share (Ghana Cedis per share)	0.3419	0.2772	0.2449	0.2793
Dividends per share (Ghana Cedis per share)	0.0890	0.0480	-	-
Number of shares ('000)	626,585	626,585	626,585	548,262
Return on assets	2.7%	2.5%	2.8%	3.6%
Return on equity	18.9%	17.8%	19.7%	22.8%
Capital adequacy ratio	22.3%	22.7%	16.7%	21.9%
Cost-to-income ratio	46.1%	44.8%	44.2%	40.8%

Corporate Information

BOARD OF DIRECTORS	Joe Rexford Mensah **(Chairman)** Philip Owiredu **(Managing Director)** Helen Nankani Nana Otuo Acheampong Rosalind Nana Emela Kainyah Mr. Kofi Osafo-Maafo Kweku Baa Korsah Ben Gustave Barth Solomon Asamoah Richard Arkutu Dr. Cynthia Ayodele Forson (appointed 16 Sept 2020) Paarock Asuman VanPercy (retired 2 June 2020)
COMPANY SECRETARY	Veritas Advisors Limited Acquah Place 68 Mahogany Crescent Akufo-Addo Residential Area P.O. Box CT 9376, Cantonments. Accra Ghana
SOLICITOR	Reindorf Chambers 61 Jones Nelson Road Adabraka P. O. Box 821 Accra Ghana
AUDITOR	KPMG Marlin House 13 Yiyiwa Drive Abelenkpe P.O. Box GP 242 Accra - Ghana
REGISTRAR	Central Securities Depository (GH) Limited 4th Floor Cedi House Liberia Road PMB CT 465, Cantonments Accra Ghana
REGISTERED OFFICE	23 Independence Avenue P. O. Box 14596 Accra Ghana

Board of Directors' Profile

Joe Rexford Mensah
(Chairman)

Mr. Joe Rexford Mensah, age 66, is a corporate banker with extensive banking experience spanning over 35 years in Europe and in Ghana. He was the Chief Executive Officer of Ghana International Bank (GHIB) PLC, UK for 14 years where he was responsible for providing leadership and strategic direction and driving a performance-based culture. Under his leadership, GHIB was set on a growth trajectory to become a leading sub-Saharan bank in the City of London. Prior to being appointed CEO, he was the General Manager at GHIB for over 4 years. Mr. Mensah worked as Head of International Banking at the then-Trust Bank Ghana and at the Agricultural Development Bank, where he introduced the Western Union Service to Ghana for the first time. As Chairman, Mr. Mensah brings to the CalBank Board his in-depth knowledge of the Ghanaian economy, the Ghanaian banking sector and private and public sector institutions. He holds a Masters' degree in Banking and Finance and a Bachelors' degree in Business Administration. He is a Fellow of the Institute of Directors (UK).

Mr. Philip Owiredu
(Managing Director)

Mr. Philip Owiredu, age 54, joined CalBank in 2004 and rose to assume the position of Managing Director in January 2020. He has overall responsibility for prosecuting the bank's strategic goals and objectives. Over his 16 years at CalBank, he has held various senior roles including Chief Financial Officer/Executive Director for 9 years. As Executive Director, Philip had oversight responsibility for many of the key functions of the Bank, including business strategy, financial and management accounting and compliance with legal and regulatory requirements. Prior to this, he served as General Manager and also as Financial Controller of the Bank. Philip joined the Bank in 2004 from KPMG, where he was responsible for managing various audit assignments. He left KPMG as a Senior Manager after 8 years. As CEO of CalBank, he brings his wealth of valuable experience and expertise in driving forward the Bank's strategy. He is a fellow of the Association of Chartered Certified Accountants (UK).

Mrs. Helen Nankani
(Non-Executive Director)

Mrs. Helen Nankani, age 74, is a Senior Economist who retired from the World Bank after 22 years. She was one of the pioneers of the World Bank's work on Privatization of Public Enterprises and Private Sector Development. At the World Bank, she managed projects aimed at determining the economic and financial feasibility of private participation in the water sector in South Asia, the Caribbean and Brazil, where she lived for 4 years. Prior to joining the World Bank, she was a consultant at Arthur D. Little Inc., Cambridge, Massachusetts, USA and she also served at The United Nations, New York, USA. Helen was a partner at Financial Development Services, a consulting firm in Arlington, Virginia, USA. She holds a Bachelors' degree from the University of Ghana, Legon and a postgraduate degree from Harvard University, Cambridge, Massachusetts, USA.

Nana Otuo Acheampong
(Non-Executive Director)

Nana Otuo Acheampong, age 71, is an experienced Ghanaian banking consultant who joined the Board in 2017. Prior to this, he was a Senior Lecturer in Finance at the University of Portsmouth, UK for over 15 years before returning to Ghana in 2004. He headed the Faculty of Financial Reporting & Investment Banking at the Ghana National Banking College. He is currently lead facilitator for the Bank of Ghana's Corporate Governance Certification programme for Boards of Directors of Banks, Savings and Loans Companies, Finance Houses and Financial Holding Companies under the auspices of the National Banking College. Nana also served as the Executive Head of the Osei Tutu II Centre for Executive Education & Research in Ghana. He chairs the Board of the Ghana Health Facilities Regulatory Agency. He brings to the CalBank Board his extensive theoretical and practical knowledge and experience in banking, finance, and management. He holds an MSc in Accounting & Management Science from the University of Southampton, UK, a postgraduate diploma in Management and an Accounting degree from University of Northumbria at Newcastle, UK.

Board of Directors' Profile

Ms. Rosalind Kainyah MBE
(Non-Executive Director)

Ms. Rosalind Kainyah, MBE, age 63, is the Founder and Managing Director of Kina Advisory Limited, UK. She is a trusted advisor to global companies on responsible business investment and partnerships in Africa, with decades of experience in corporate and environmental law, government relations, political risk management and sustainability. Rosalind was a corporate lawyer at the international law firm, Linklaters and went on to hold executive positions at De Beers and Tullow Oil PLC. She is Vice Chairperson of the Africa Gifted Foundation; Founding President of the Ghana chapter of International Women's Forum; and on the Advisory Boards of The Boardroom Africa and Invest in Africa. Rosalind has been a Non-Executive Director of the Norwegian oil company, Aker Energy, and of GEMS Africa. She holds a BA from the University of Ghana and an LLM from University College, University of London, UK. She was called to the Bar of England and Wales (Gray's Inn) in 1988 and is a member of the Chartered Institute of Arbitrators. In 2014, Rosalind was awarded an MBE for services to CSR for the benefit of youth in Africa.

Mr. Kofi Osafo-Maafo
(Non-Executive Director)

Mr. Kofi Osafo-Maafo, age 51, is the Deputy Director General, Investments & Development at the Social Security & National Insurance Trust (SSNIT), Ghana's national pension fund. Kofi is a seasoned senior investment professional with over 22 years' experience in the UK investment management and investment banking Industry. He has held senior positions at Pictet Asset Management, UniCredit Bank and HSBC Global Asset Management in the UK. He brings to the CalBank Board over two decades of investment banking experience across a wide range of sectors including Oil & Gas, Mining, Building & Construction and Agriculture and Chemicals, covering transactions across Europe, North America, and Global Emerging Markets including Africa. He holds an MA (International Business & Finance) from University of Reading, UK and a BSc (Economics) from Queen Mary's College, University of London, UK.

Mr. Kweku Baa Korsah
(Non-Executive Director)

Mr. Kweku Baa Korsah, age 60, is a strategy and technology consultant with rich experience in the payment systems industry across East and West Africa. He is the Managing Director of BC Payments Ltd, a fintech company in the payments industry. Prior to this, he has held a variety of leading roles in the payments and fintech space in Ghana. Notably, Mr. Korsah was the Chief Operating Officer at the Ghana Interbank Payment & Settlement Systems (GhiPSS), a wholly-owned subsidiary of the Central Bank of Ghana with a mandate to implement interoperable payment system infrastructure for banks in Ghana. He has served as Chief Executive Officer of JMR Infotech Ghana. Mr. Korsah was also Managing Director for Bluechain Africa Ltd, developers of payment technology being rolled out by BC Payments Ltd in Ghana. He also worked as an Internet Marketing Consultant with WSI Applied Technology. Prior to this, Kweku was a Partner with KPMG Ghana. He is a fellow of the Chartered Institute of Management Accountants, (FCMA), and is a Chartered Global Management Accountant (CGMA). He holds an MSc. in Business Systems Analysis and Design from City University, London, UK.

Mr. Ben Gustave Barth
(Non-Executive Director)

Mr. Ben Gustave Barth, age 46, is a seasoned, multidisciplinary finance and consulting executive with 18 years proven track record in analysing and assessing risk investment portfolios and structured finance. He is currently Managing Director for Axcero Advisors, an investment banking consultancy. Prior to this, he was a senior partner with The Highland Group in Ghana and Nigeria. Ben also served as Chief Operating Officer and Vice President for Finance with Chester Engineers Africa Inc. in Ghana, Nigeria and the USA. He was the Director of Business Development at Jonah Capital Limited, a pan African investment company. He also worked with Stanbic Bank Ghana Limited as the Regional Operations Head. Prior to this, he worked with Ecobank Ghana and Citibank N.A., New York, USA. He holds a Masters' degree from Harvard Business School, Boston, MA, USA and a first degree in Business Administration from the University of Ghana, Legon.

Board of Directors' Profile

Mr. Solomon Asamoah
(Non-Executive Director)

Mr. Solomon Asamoah, age 57, has over 25 years of experience in financial transactions and has led over US$4 billion in transactions across the African continent. In his current role as Chief Executive Officer of the Ghana Infrastructure Investment Fund, he oversees origination, structuring and investment into infrastructure related projects across Ghana. Prior to this, he has held leadership positions at a number of international financial institutions including Vice President for Infrastructure, Private Sector and Regional Integration at the African Development Bank; Deputy Chief Executive and Chief Investment Officer of the Africa Finance Corporation ; Vice President for Private Sector and International Investments at the Development Bank of Southern Africa , and Special Assistant to the CEO of the International Finance Corporation and Managing Director of the World Bank. Mr. Asamoah started his career as an investment banker in the City of London with HSBC Markets. He has a Masters' degree in Chemical Engineering from Imperial College in London

Mr. Richard Arkutu
(Non-Executive Director)

Mr. Richard Arkutu, age 48, is a finance professional who worked in Infrastructure development at the International Finance Corporation (IFC), a member of the World Bank Group for 14 years. Prior to this, Mr. Arkutu was the Vice President of Citibank, Sub Saharan Africa Corporate Finance and Investment Banking Department, based in Nairobi, Kenya and Lagos, Nigeria over a 4 year period. Mr. Arkutu worked as a Senior Financial Analyst for Ashanti Goldfields Company Limited in their Corporate Finance & Treasury Department for two and a half years, focused on project financing of new mines. He has a Masters' degree from McGill University, Montreal, Canada and a first degree in Business Economics from Vesalius College, Vrije Universiteit, Brussels, Belgium.

Dr. Cynthia Ayodele Forson
(Non-Executive Director)

Dr. Cynthia Ayodele Forson, age 59, is currently an Associate Professor in Human Resource Management (HRM) and Organizational Behavior and Deputy Provost at the Lancaster University, Ghana. Prior to this, she was the Head of Department, Management Leadership and Organisation at Hertfordshire Business School in the UK. She was the Principal Lecturer in HRM, Associate Head of Department and Head of HRM subject group at the same university. Dr. Forson was also a Senior Lecturer in HRM and programme tutor for the BA (Hons) Business Studies programme at Queen Mary's College, University of London, UK. She was also a Teaching and Research Fellow, School of Management at University of Hertfordshire, UK. She worked as a Junior Associate, Corporate Law at Maxwell and Maxwell Law office in Monrovia, Liberia for 4 years. She holds a Bachelor of Laws from the University of Ghana and a Master of Law (LLM) from the University of Pennsylvania, Philadelphia, USA. Dr. Forson has an MBA from University of Hertfordshire, UK as well as a Doctor of Philosophy (PhD) from Queen Mary's College, University of London, UK.

Mr. Jojo Acquah

Company Secretary
Veritas Advisors Limited

Chairman's Report

Joe Rexford Mensah
(Chairman)

Introduction

Dear Shareholders,

On behalf of the Board of Directors, it is my honour to welcome you to the Annual General Meeting of CalBank PLC for the year ended 31st December 2020, for which I am chairing for the first time.

Globally, the year 2020 was characterised by significant socio-economic, and geopolitical challenges brought on by the Covid-19 pandemic, which forced economies around the world into lockdowns, disrupted livelihoods, and tested the limits of health systems. The Group's strong capital and liquidity positions going into this crisis has meant that the Group has proved resilient through this challenging time, providing the needed support to its customers, staff and in the communities where we operate. Industry regulators responded with appropriate regulatory actions including interest rates reductions, easing of capital requirements, and working with the banking sector to waive some transaction fees to support people and businesses decimated by reduced cashflows from lockdowns. Although, we do not know when the uncertainty and disruption will end, we are confident that, with the recent roll out of vaccines, the global economic recovery will return towards the end of 2021.

Though the year 2020 was turbulent, your Bank recognised new opportunities, notably the opportunity to quicken the pace of our digitisation agenda and sharpen our efficiency. We invested in systems to ensure that our services were available to our customers through lockdowns, providing essential financial advice and reliefs to support businesses in distress.

Following the review of our 2020 strategy which was focused on strengthening the core of the Bank, we have put in place a comprehensive strategic plan for the next three years for the period 2021 to 2023, which seeks to accelerate the growth of the Bank through technology, enhanced customer experience, and the deepening of our retail offering. With the able support of management and staff of the Bank, the Board is confident that our collective efforts will enable us deliver on the set goals.

Economic Review

Ghana's economy in the year 2020 was not spared the adverse impact of the Covid-19 pandemic. The challenges of ballooning public debt arose out of government's need to finance unplanned Covid-19 related expenditure without adequate matching revenues. The slow-down in economic activity and the drop in global oil prices ultimately contributed to revenue shortfalls.

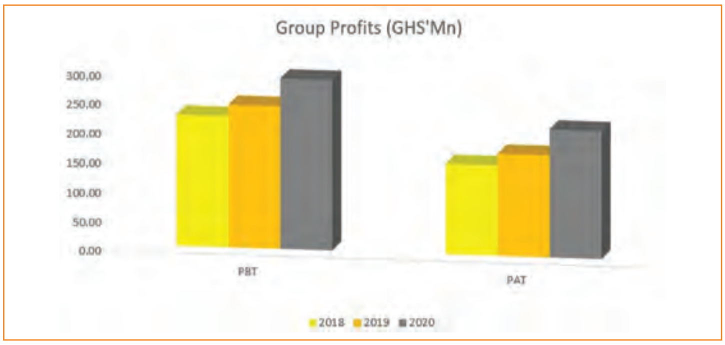
The economy was projected to grow by 1.8% in 2020 compared to the prior year's growth of 6.5%. Inflation was relatively subdued throughout the year 2020, increasing from 7.9% in early 2020 to 10.4% in December 2020. The Central Bank reduced the Monetary Policy Rate by 1.5% in March 2020 from 16% in 2019 as part of its Covid-19 alleviation initiatives, the rate remained unchanged at 14.5% throughout the year 2020.

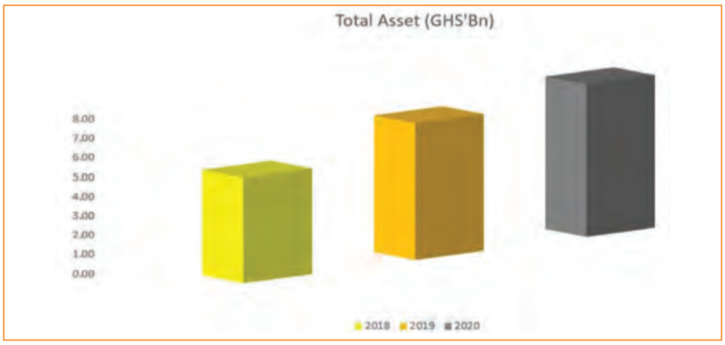
On the back of a steady decline in interest rates, the benchmark 91-day Treasury bill reduced by 14 basis point to 14.09% at the end of 2020. The local currency depreciated by 3.9% against the United States dollar, 7.1% against the British Pound and, 2.1% against the Euro, realising its best performance in recent times

Financial Review

Ladies and Gentlemen, in spite of the daunting operating environment enumerated above, our performance for the year 2020 remained robust.

Group reported profit after tax increased by 23.3% to GHS213.8 million compared with GHS173.4 million in 2019. Similarly, the Group's total asset grew by 12.4% from GHS7.0 billion in the year 2019 to GHS7.9 billion at the end of the year 2020.





Share Price Performance

Banking stocks on the Ghana Stock Exchange tumbled in the year 2020 causing the Financial Stocks Index to lose 236.89 points or 11.73 percent year-on-year. At the beginning of the year 2020, the Bank's share price was GHS0.89, dropping to GHS0.63 mid-year 2020. Your approval of the share-buyback in 2020, served shareholders well by moderating the downward pressure and we closed the year 2020 at GHS0.69 per share.

Below is the performance of Bank's share price

We are confident that, as we continue to create value for the Bank, shareholders will be rewarded with significant favorable movement in the share price on the local bourse in the years ahead.

Capitalisation

At the end of year 2020, the Group maintained a strong capital position with a minimum paid-up capital of GHS400 million which is within the regulatory threshold. The Group's capital adequacy ratio of 22.3% was above the revised statutory limit of 11.5 %.

Dividend

In line with regulations of the Bank, the Board is pleased to recommend a dividend per share of GHS0.11 amounting to a total pay-out of GHS68.92 million subject to approval by the Bank of Ghana. This is a clear demonstration of our commitment to delivering superior returns to our valued shareholders.

Corporate Governance

Sound and effective corporate governance is essential for the long-term success of the Group. The Board therefore remains committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the Group and its shareholders. The CalBank Board Charter establishes the framework through which our responsibilities are executed and serves as the basis for evaluating our performance.

In the year 2020, members of the Board were taken through various training modules of Corporate Governance by both internal and external resource persons. The Board also ensured it carried out both internal and external evaluations in line with best practice and regulatory requirements. The Board shall always ensure the Group is compliant with any corporate governance directives issued by our regulators and shall be guided by these in the attainment of the Group's corporate mission.

Changes in the Board of Directors

During the year, our former Chairman, Mr. Paarock VanPercy, and the former MD Mr. Frank Adu retired as Directors of the Bank. We would like to thank them for their immense contribution to the development of our Bank during their tenure.

Distinguished Ladies and Gentlemen, I am delighted to inform you that the appointment of Dr. Cynthia Forson, an independent non-executive director which was approved by shareholders at the Extraordinary General Meeting on 5th December 2019 was approved by the Bank of Ghana during the year. We warmly welcome Director Dr. Cynthia Forson to the Board of CalBank.

In accordance with statutory requirements and the Bank's regulations, the following Directors, Helen Nankani, Richard Arkutu and Ben Barth retire by rotation and are eligible for re-election. They have consented to being re-elected and your Board fully support this.

The Board at its meeting held on 4th February 2021, approved the renewal of the contract of the Managing Director, Philip Owiredu, for a further three-year term upon the expiration of his current contract on December 31, 2021.

Outlook

Looking ahead, there remains considerable uncertainty in 2021 about the ultimate toll of the Covid-19 pandemic on our economy, your Bank, and the customers we support. However the advent of various vaccines to mitigate the symptomatic effect and significantly minimise transmission, gives us hope for a return to a sense of normalcy in the very near future. As your Board, we are optimistic that your Bank will emerge from these unusual circumstances stronger, our immediate goals are to ensure the safety of our employees and customers, build an organisation which is resilient and sustainable in the long-term and thereby generate sustainable returns.

Conclusion

On behalf of the Board, I would like to recognise CalBank's entire leadership team, guided by the Board and all employees, who worked tirelessly to ensure that our customers and communities are better served throughout the year. Finally, I would like to thank you our shareholders and the larger stakeholder community for your continued confidence in the Group as we navigate into an exciting future.

I am confident we will continue to deliver strong and consistent financial results in the years ahead.

Joe Mensah
Chairman

Managing Director's Report

Mr. Philip Owiredu
(Managing Director)

Introduction

Distinguished shareholders, I am pleased to present to you my report on the performance of your Bank for the year 2020.

The Group's performance in 2020 reflects a resilient business which delivered strong topline earnings growth but negatively impacted by an extraordinarily challenging operating environment.

Operating environment

Globally, the year 2020 was dominated by the adverse impact of the Covid-19 pandemic on countries, businesses, and households. Economies around the world were plunged into recession following complete shutdowns, partial lockdowns and disruptions in global supply chains resulting in major challenges to financial and capital markets. The approval of the Astra Zeneca, Pfizer and Moderna vaccines in the US and Europe in December 2020 heralded great relief and renewed optimism going forward. However, in the wake of the discovery of new variants of the Covid-19 virus, it has become imperative for countries to rally and commit to tough restrictions and ensure that their citizens adhere to the strict Covid-19 protocols such as mask wearing and social – distancing.

In Ghana, the impact of the global economic crisis has been acute, the nationwide lockdown, travel ban and closure of all major ports for six months from April 2020 heavily impacted most economic sectors negatively. Of Ghana's three major export commodities, gold was the top performer as the investor's choice of "flight-to-safety "asset with cocoa exhibiting mixed performance. The oil and gas sector was hard hit as oversupply and reduced demand from shutdown economies drove a massive decline in oil price, resulting in significant revenue shortfalls. The Ghanaian economy contracted in the second and third quarters of 2020, recording the first negative growth rate since the year 2016. As of November 2020, Ghana's fiscal deficit stood at 10.80%, surpassing the 4.80% deficit recorded at the end of 2019. Although revenues for the year to September 2020 did exceed the revised target, unplanned Covid-19 related expenditure, aimed at protecting lives and preserving livelihoods, further increased expenditure beyond target.

To ease the impact of the recession, the Bank of Ghana responded with a series of Covid-19 fiscal and monetary regulatory actions, including interest rate cuts, easing of capital and liquidity requirements and championed various fee waivers

Headline inflation was relatively contained within the target bands of 8±2% throughout the year 2020 despite the fluctuations during the first quarter of 2020, inflation trended upwards from 7.9% in December 2019 to close the year at 10.4%. The Monetary Policy Committee (MPC) of the Bank of Ghana as part of its response to the expected adverse impact of the Covid-19 pandemic on the economy, lowered the policy rate by 1.5% to 14.5% in March 2020, subsequently, the policy rate remained unchanged through to the year-end 2020.

Interest rates across all tenors along the yield curve recorded a steady decline for most part of the year in line with government's medium-to-long term debt management strategy. The pace of Ghanaian Cedi depreciation was moderated throughout the year with the cedi recording a cumulative decline of 3.93% against the United States dollar, 7.1% against the British Pound and 2.1% against the Euro.

The impact of Covid-19 in Ghana was not all doom and gloom as some sectors of the economy thrived during the pandemic in Ghana. For example, the entire Ghanaian health sector value chain was revitalised in 2020 from the production of protective personal equipment, construction of new hospital facilities to production and distribution of hand sanitizers, the sector recorded significant investment from both the private and public sectors.

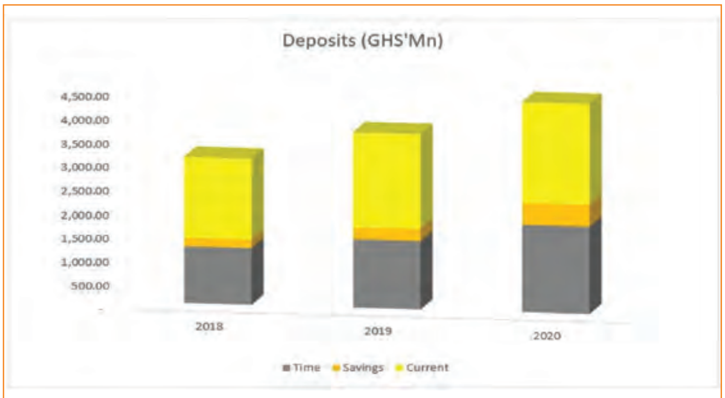
Financial Performance

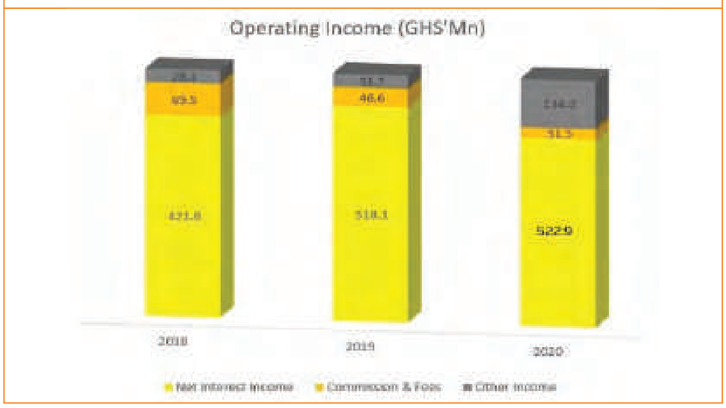
In 2020, the Group demonstrated financial and operational resilience during a period of intense economic uncertainty. Our strong capital and liquidity positions going into the crisis enabled us to continue on our strategic pathway to strengthen the core of the Group, accelerate our digitisation drive, reduce risk and be well-positioned to mitigate future challenges. Our financial results for the year 2020 demonstrate the strength of our diversified business model even in a challenging environment.

The Group's balance sheet size increased by 12.5% during the period from GHS7.0 billion to GHS7.9 billion. This was driven by an increase in total deposits from GHS3.9 billion to GHS4.4 billion at the end of 2020.

The Group's profit before tax of GHS284.6 million was 17.2% above prior year, similarly, the group's profit after tax increased by 23.3% to GHS213.8 million from GHS173.4 million on the back of increased non-funded income and disciplined cost management.

In 2020, we pursued our retail strategy to increase deposits which is a priority and an important



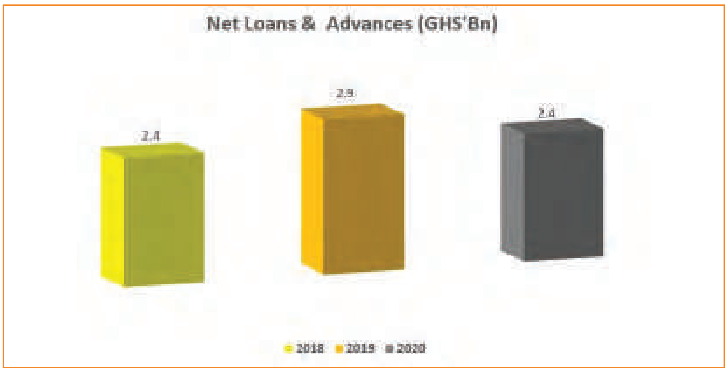


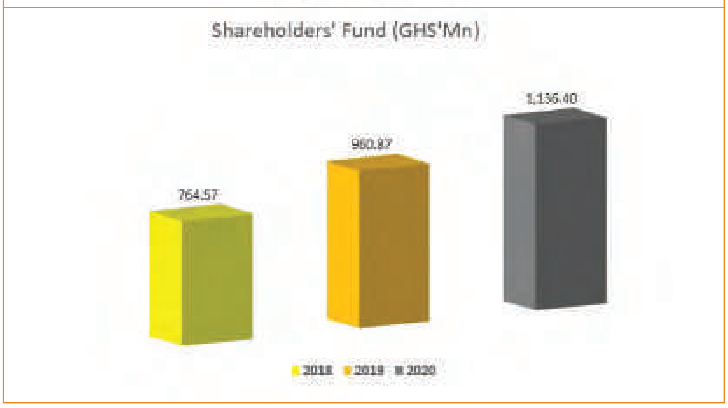
indicator in our performance metrics. Total deposits increased by 14.5% year-on-year to increase the proportion of deposits in our funding mix from 65.6% in 2019 to 67.8% in 2020.

The Bank continues to leverage on partnerships with Development Finance Institutions (DFIs) in the international financial markets to raise long-term funding to finance long-term projects. During the course of the year, we signed agreements with three financing partners African Trade Finance, Standard Chartered Bank and Ghana International Bank, raising a total of USD165 million to finance targeted long-term projects thus attesting to the confidence placed in the Bank by the financial markets.

Ladies and Gentlemen, we have been resolute in supporting our customers through difficult times by providing temporary debt-service relief and interest rate reductions for those whose cashflows were genuinely constrained as a result of the Covid-19 pandemic. Although we did originate and granted new loan facilities during the year, there were also retirement of some significant facilities, consequently, our gross advances decreased by 15.4% to GHS2.6 billion, down from the year 2019 value of GHS3.1 billion. This resulted in a 17.8% decrease in our net advances from GHS2.9 billion at the end of 2019 to GHS2.4 billion at the end of 2020.

The unfavourable macroeconomic outlook driven by the Covid-19 pandemic and its estimated impact on loan facilities in the hospitality, tourism, and other sectors most impacted by Covid-19 accounted for the high level provision for credit losses of GHS86.8 million reflecting in an increased non-performing loan ratio of 13.5%, an increase of 350 basis points from the 10% recorded in the year 2019. Notwithstanding the current situation, we continue to improve on our credit value chain to ensure we protect our asset quality.





In response to Covid-19, the Bank of Ghana introduced measures aimed at keeping the financial system resilient and well-capitalised against the adverse impact of the Covid-19 pandemic. The Group continues to maintain strong, high quality capital levels, with a capital adequacy ratio of 22.3% at end of year 2020 well above the revised regulatory minimum of 11.5%.

Operational Performance

Through the year 2020, the Group remained steadfastly committed to its long-term strategic direction, however, it became imperative to quickly adjust to the 'new normal' ways of operating during the pandemic to ensure that we continued to successfully meet the needs of our stakeholders.

The challenges of service delivery during the lockdown and restriction on movement mandated by the Covid-19 pandemic presented the Bank with an imperative to accelerate the deployment of several digital offerings. Working with the support of our technology partners, we enhanced our digital capabilities to ensure all customers, staff, regulators, and other key stakeholders could connect with the Bank electronically. Mobile applications and on-line banking solutions were all upgraded to offer our products and services to customers via digital platforms. Physical branches operations were however maintained to ensure the continued provision of important financial services to customers who preferred to use our branch network while ensuring all Covid-19 protocols are observed.

As we enhance and deepen the use of various digital service channels and adopt the practice of remote working for staff, we in turn recognised the need to secure the Bank and protect it against an increasingly complex and hostile cyber environment. In 2020, we conducted a full review of our cybersecurity policies and controls on data security, fraud, and privacy conducted vulnerability and penetration test tailored to the new remote working environment. We continue to invest heavily in technology and systems to improve on the security environment of the Bank.

We have enhanced our cybersecurity capabilities by implementing recommendations pertaining to Payment Card Industry Data Security Standard (PCI-DSS) and ISO 27001 following our annual recertification, an important part of our defense strategy is ensuring that our people remain knowledgeable of cybersecurity issues and know how to report suspicious incidents. We have also made substantial investments in our back-up and systems recovery infrastructure to ensure an improvement in our recovery time objective and business continuity, continuous improvements in these areas remain a critical part of our strategy going forward.

We have kept customers and staff safe by instituting specific Bank-wide Covid-19 protocols in all our branches and at the Head Office (social distancing, temperature monitoring, compulsory mask mandates and sanitising). We have further supported our staff with the provision of PPE's, flexible/remote working arrangements and provided frequent Covid-19 updates to keep them and their families safe. Throughout the year 2020, we kept our customers and communities connected, organised thought-leadership seminars to respond to emerging trends in the country, such as Ghana's Grey-listing for money laundering by the European Union, Green Financing, and workshops for our women banking clients to educate them on basic bookkeeping, succession planning, and tax compliance as part of our sustainable banking practices.

Regulation

On 8th May 2020, a new and improved Borrowers and Lenders Bill was gazetted after parliamentary consideration, once passed into law, this will repeal and replace the current Borrowers and Lenders Act, 2008 (Act 773), and amongst others establish an order of priority of security interest and elaborate the rules of enforcement of collateral realisation. We look forward to the Bill being assented to as it will improve on our efforts at recovering delinquent facilities.

In July 2020, the Bank of Ghana issued guidelines on the licencing requirements for electronic money issuers and payment service providers. The regulation requires that all Payment and Financial Technology Service Providers (PFTSP) within the financial services industry are brought under the regulatory scope and supervision of Bank of Ghana.

In response to the possible adverse impact of the Covid-19 pandemic on credit and businesses, the Bank of Ghana on 21st August 2020 announced several policy and regulatory directives for compliance by all industry participants including the following.

- Guidelines on prudential treatment of credit repayment relief and loan restructuring measures for banks and specialised deposit-taking institutions (SDIs),
- Guidance notes for the application of IFRS 9 expected credit loss (ECL), and
- Rules on credit data submission to the credit reference bureau in accordance with Covid-19 related reliefs to borrowers.

These directives were accompanied by specific guidance on general application by all banks and specialised deposit-taking institutions licensed by the Bank of Ghana.

Corporate Social Responsibility

Your Bank during the year made significant contributions to support the communities in which we operate, in the areas of education, healthcare, sports development and culture as grounded in our belief that the road to prosperity is paved with shared success, these included:

- Donations of PPE's to four major hospitals in the Greater Accra, Northern, Western and Ashanti Regions, through donations by members of the Board, management and staff amounting to GHS230,000.
- Donation of GHS200,000 to the National Covid-19 Trust Fund and an additional GHS416,000 through the Ghana Association of Bankers of Ghana

The Bank furthered its support for a number of brilliant but needy students in tertiary institutions in 2020, supporting them with full scholarships to cover tuition, accommodation, and other educational needs.

The Ghana Registered Nurses and Midwives Association, University of Ghana and the Ghana Army were beneficiaries of CalBank's awards schemes during the year in line with our stated objectives above.

Subsidiaries

Our subsidiaries continue to deliver impressive financial results and contribute significantly to the overall group performance.

CalAsset Management Limited contributed a total of GHS6.31 million to the Group's profitability, representing 2.9% of the group's profit after tax in 2020. Funds under management by the group increased to GHS1.5 billion from GHS1.1 million in 2019, an increase of 36.4%.

CalNominees Limited which manages the Bank's custody offering, increased its assets under custody by 35.45% to GHS2.6 billion from GHS1.9 billion at the end of 2019 attributable to increased volumes of business from existing and new clients.

The regulatory processes initiated in 2019 to complete the exit of CalBrokers from the capital market has progressed steadily, we expect the process to be completed by mid-year 2021.

Prospects

In the latter part of 2020, we saw the green shoots of recovery as business activity levels started to rebound across all of our channels, this trend we expect will continue and support our growth in the coming years. However, with new variants of Covid-19 emerging, there remains some uncertainty about the economic toll on all future business activity. As we work together to build a strong organisation, we are committed to working with our individual and corporate clients to find best-fit banking solutions to sustain our growth as we recover from the pandemic. We are thankful to all our customers for supporting us wholeheartedly in what is undoubtedly our most trying year.

We recognise the devastation that Covid-19 has caused households, families, and businesses, however we also look forward to exploiting the new opportunities that have arisen out of the "new normal", especially the opportunities to accelerate the pace of our digital transformation and drive efficiency. Your Bank has embarked on a strategic transformational journey to be a technology-driven Bank, management and staff with the board's support have pledged to pursue this strategic agenda through innovation, customer centricity, and a complete digital transformation in the next three years.

Managing Director's Report (Continued)

As we look ahead, we are optimistic that your Bank will continue on its path of healthy and sustained profitability growth as demonstrated by the commitment of staff in supporting our customers and driving our growth. Please join me in thanking them for going the extra mile to deliver an impressive financial performance in this challenging period.

On behalf of management, I would like to extend my thanks to our highly engaged and supportive Board of Directors for their experience and wise counsel during this difficult time. Above all, thank you our cherished customers and shareholders.

May God bless us all.

Phillip Owiredu
Managing Director

Directors Report

Report of the Directors to the Members of CalBank PLC

The Board of Directors has the pleasure to submit this report of the Bank and Group for the year ended 31 December 2020.

Statement of Directors Responsibilities

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of CalBank PLC, comprising the statements of financial position as at 31 December 2020, the statements of comprehensive income, the statements of changes in equity and the 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 and in the manner required by the Companies Act, 2019 (Act 992) and the Bank Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of the directors.

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

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

Financial statements/Business review

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

in thousands of Ghana Cedis	2020		2019	
	Bank	Group	Bank	Group
Financial Statement				
Profit for the year ended 31 December	275,141	284,628	241,951	242,940
From which is deducted taxation of	(68,172)	(70,825)	(67,666)	(69,527)
giving a profit for the year after taxation of	**206,969**	**213,803**	**174,285**	**173,413**
to which is added balance on retained earnings brought forward (excluding amounts transferred to Regulatory Reserves) of	174,819	189,473	58,140	73,666
leaving a balance of	**381,788**	**403,276**	**232,425**	**247,079**
Transfer (to)/from credit risk reserve	(40,066)	(40,066)	16,042	16,042
Transfer of employee benefit reserve	(6,941)	(7,091)	-	-
Transfer to regulatory statutory reserve	(51,742)	(51,742)	(43,571)	(43,571)
giving a cumulative amount available for distribution of	**283,039**	**304,377**	**204,896**	**219,550**
less dividend	(55,766)	(55,682)	(30,077)	(30,077)
leaving a balance on retained earnings carried forward of	**227,273**	**248,695**	**174,819**	**189,473**

The Directors consider the state of the Group and Bank's affairs to be satisfactory.

Directors Report

Nature of Business

The nature of business of the Group is as follows:

- To carry on the business of banking;
- To carry on the business of underwriters of securities, finance house and issuing house;
- To undertake corporate finance operations, loan syndications and securities portfolio management;
- To engage in counseling and negotiation in acquisitions and mergers of companies and undertakings;
- To engage in the business of acceptance of bills of exchange, dealing in bullion, export trade development and financing;
- To carry on the business of hire-purchase financing and the business of financing the operations of leasing companies; and
- To engage in the counseling and financing of industrial, agricultural, mining, service and commercial ventures, subject to the relevant rules and regulations for the time being in force on that behalf.

Substantial Shareholders

Details of the Bank's twenty largest shareholders are disclosed in note 39 of the Annual Report.

Retirement and Re-Election of Directors

The following directors of the company, Helen Nankani, Richard Arkutu and Ben Gustave Barth will retire in accordance with section 325(a) of the Companies Act, 2019 (Act 992) and Regulation 78(b) of the Regulations of the company.

Helen Nankani, Richard Arkutu and Ben Gustave Barth, who are eligible for re-election, have offered themselves to be re-elected as directors of the company. The Board will recommend that they be so re-elected.

Subsidiaries

- CalAsset Management Company Limited (CAMCOL), a company incorporated in Ghana and licensed to manage assets by the Securities and Exchange Commission.
- CalBank Nominees Limited (CBNL), incorporated in Ghana to hold and administer securities and other assets as a custodian (registered owner) on behalf of beneficial owners.
- CalTrustee Company Limited (CTCL) incorporated in Ghana to manage pension funds on behalf of beneficial owners as per guidelines set out by National Pension Regulatory Authority (NPRA).
- CalBrokers Limited (CBL), a company incorporated in Ghana as a securities broker and a licensed dealing member of the Ghana Stock Exchange. CalBrokers Limited resigned from the Ghana Stock Exchange on 13th December 2019.

Associated Undertakings

Ghana Leasing Company Limited (a non-banking financial institution) and Transaction Management Services Limited (in liquidation) both incorporated in Ghana are associated undertakings of the Group. These investments have been fully impaired from the Group's book.

Particulars of entries in the Interests Register during the financial year

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

Report Of The Directors (Continued)

Corporate social responsibility and code of ethics

A total of GHS1.08 million (2019: GHS0.71 million) was spent under the Group's social responsibility programme with key focus on education, health, financial inclusion, and others.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal, and tailored programmes of induction, to enable them gain indepth knowledge about the Bank's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Bank operates. Programmes of strategic and other reviews, together with the other training programmes, ensure that Directors continually update their skills, knowledge, and familiarity with the Company's businesses. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board. During the year the Directors engaged in programmes covering, Corporate Governance in Perspective, Regulatory Response to Corporate Governance Challenges in Banks and Financial Institutions and the Balance Sheet Framework for Board of Directors.

Auditors and Audit fees

In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), KPMG will remain in office as auditors for the group. As at 31 December 2020, the amount payable in respect of audit fees was GHS470,000.

Going Concern

The Board of Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future except for CalBrokers Limited that resigned from the Ghana Stock Exchange on 13 December 2019. The Group is seeking the necessary regulatory approvals in order to wind up CalBrokers Limited.. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Dividend

The Directors recommend the payment of a dividend of GHS0.11 (2019: GHS0.089) per share to be paid to members subject to approval by the Bank of Ghana.

Acknowledgement

The Board of Directors hereby expresses its sincere appreciation for the support, loyalty and dedicated service of the staff, management, and all stakeholders of the Group over the past year.

Approval of the report of the directors

The report of the directors of CalBank PLC, was approved by the board of directors on 31 March 2021 and signed on their behalf by:

Signed	Signed
Philip Owiredu	**Joe Rexford Mensah**
Director	Director

Corporate Governance Statement

Introduction

The CalBank Group is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of all stakeholders by ensuring that its policies and practices reflect high standards of corporate governance practices based on fairness, transparency, and accountability. We remain committed to the continual strengthening of governance within the Group, reflecting our efforts toward building a sustainable business in accordance with our long-term strategic objectives.

CalBank PLC (the "Bank"), which is the parent company of the Group, has CalAsset Management Limited, CalBank Nominee Limited, CalTrustee Company Limited, and CalBrokers Limited (Resigned from the GSE) as subsidiaries, each subsidiary company having an independent Board of Directors.

Compliance and Regulations

Compliance with applicable legislation, regulations, standards, and codes remains an essential characteristic of the Group's culture. The Board of Directors of the Bank monitors compliance with these by means of management reports. Information on the outcomes of any significant interaction with key stakeholders such as the Bank's regulators is also provided to the Board.

The Group complies with all applicable legislation, regulations, standards, and codes in Ghana. In compliance, the Board of Directors ensures that key regulatory disclosures such as Capital Adequacy, Non-Performing Loan and Liquid ratios are duly disclosed in the year-end final statements of the Group.

The Board

The Board of Directors of the Bank (the "Board") is the ultimate decision-making body for the Group. It has overall responsibility for management of the business and affairs of the Group, the establishment of Group strategy, the allocation and raising of resources, and is accountable to shareholders for financial and operational performance.

The Board provides effective leadership, considers strategic issues, ensures the Group manages risk effectively through approving and monitoring the Group's risk appetite and exercises judgement in guiding management to achieve growth and deliver long-term, sustainable shareholder value.

The Board of Directors is currently made up of ten non-executive directors and one executive director. The Group is committed to ensuring that the composition of the Board continues to include Directors who bring an appropriate mix of skills, experience, and diversity to Board decision-making in both current and emerging issues.

The roles of the Board Chairman and Managing Director are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all executive and non-executive directors. The Managing Director has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. Responsibility for the development of policy and strategy and operational management is delegated to the Managing Director.

All directors participate in discussing strategy, performance, financial and risk management issues of the Group, and meetings of the Board are structured to allow sufficient time for the consideration of all agenda items through constructive deliberations.

In addition to its statutory responsibilities, as enshrined under the Companies Act, 2019 (Act 992), the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930) and the Constitution of the Bank, the Board is also guided by a voluntary Board Charter adopted by the Bank, which sets out in further detail the individual duties and responsibilities of the Chairman and members of the Board, the Company Secretary and the Board as a whole.

In 2020, attendance by Directors at the meetings of the Board and its committees were as stated below:

Board Members	Board Sitting	Audit Com	Risk Com	IT Governance, Cyber & Information Security Com	Credit	Compensation & Governance
Joseph Mensah	7/7	N/A	2/4	N/A	N/A	N/A
Philip Owiredu	7/7	N/A	4/4	4/4	N/A	2/2
Rosalind Nana Emela Kainyah	7/7	N/A	4/4	N/A	N/A	2/2
Nana Otuo Acheampong	7/7	4/4	1/4	N/A	4/4	2/2
Helen Nanakani	7/7	4/4	4/4	N/A	N/A	1/2
Richard Arkutu	7/7	N/A	3/4	4/4	4/4	N/A
Kofi Osafo-Maafo	7/7	4/4	4/4	N/A	N/A	1/2
Kweku Baa Korsah	7/7	3/4	N/A	4/4	N/A	N/A
Ben Gustave Barth	7/7	N/A	4/4	N/A	4/4	2/2
Solomon Asamoah	6/7	3/4	N/A	4/4	3/4	N/A
Cynthia Ayodele Forson (appointed 16/9/2020)	1/7	N/A	N/A	N/A	N/A	N/A
Paarock Vanpercy (retired 30/06/2020)	5/7	N/A	1/4	N/A	N/A	N/A

The Board holds scheduled meetings in closed sessions and employees are invited, as required, to make presentations to the Board on material issues under consideration. Directors are also provided with access to management and company information, as well as resources required to carry out their responsibilities.

Meetings of the Board are held quarterly, with an additional meeting to consider Group strategy, additional meetings are convened if necessary. All Directors are provided with comprehensive Board meeting documentation with adequate notice prior to each scheduled meeting.

The Board approved the renewal of the contract of the Managing Director, Philip Owiredu, for a further three-year term upon the expiration of his current contract on December 31, 2021.

Board effectiveness review

The Board conducts a periodic self-evaluation to assess itself against its objectives. The aim of the evaluation is to assist the Board in improving its effectiveness. The evaluation process affords individual Board members the opportunity to evaluate the Board as a whole, as well as their own performance, and to make recommendations for areas of improvement.

As outlined in the Board Charter and in accordance with good corporate governance principles, the Board has constituted committees in the areas of Audit, Risk Management, Credit, Cyber and Information Security and Governance and Compensation, to assist with the execution of the various responsibilities of the Board.

Internal control systems

The directors have overall responsibility for the Group's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Group as at the reporting date and no significant failings or weaknesses were identified during this review.

Changes in the constitution of the Board

In accordance with the provisions on term limits for executive and non-executive directors under the Corporate Governance Directive (2018) issued by Bank of Ghana, two non-executive directors (Mr. Malcolmn Pryor and Dr. Kobina Quansah) and the former Managing Director

(Mr. Frank Adu Jnr.) formally retired from the Board on December 31, 2019, as did the former Board Chairman (Mr. Paarock VanPercy) effective June 30, 2020.

Effective January 1, 2020, four new independent, non-executive directors (Messrs. Joe Mensah, Richard Arkutu, Ben Gustave Barth, and Solomon Asamoah) were appointed to the Board and Mr. Philip Owiredu was appointed as the Managing Director.

Mr. Joe Mensah was appointed as the Board Chairman with effect from July 1, 2020 to replace the former Chairman. In September 2020, Dr. Cynthia Forson, whose appointment as an independent, non-executive director had been previously approved by the shareholders, joined the Board following the approval of her appointment by Bank of Ghana.

Evaluations

In accordance with the requirements of the Corporate Governance Directive (2018), the Board during the year went through externally facilitated and internal governance evaluations, as well as half-yearly AML/CFT evaluations.

Changes to the Board Committees

Following the changes in the membership of the Board, the memberships of the Board Committees were duly reconstituted.

Audit Committee

The Audit Committee which is made up of five non-executive directors is chaired by Nana Otuo Acheampong. Members include Mrs. Helen Nankani, Mr. Kofi Osafo-Marfo, Mr. Yoku Korsah and Mr. Solomon Asamoah.

The Audit Committee provides reasonable assurance that the Bank is compliant with relevant laws and regulations, is conducting its affairs ethically and is maintaining effective control over employee conflicts of interest and fraud. The Committee is also responsible for providing assurance that financial disclosures made by management reasonably reflect the Bank's financial position, operating results, plans and long-term commitments. The Committee, which meets quarterly, provides a formal report to the Board at each quarterly meeting of the Board.

The Internal Auditor of the Bank reports directly to the Audit Committee and sits in all meetings of the Committee. During the review period, the Audit Committee considered and discussed reports on control environment weaknesses, their root causes, management responses and remediation actions.

External Auditor

The Audit Committee exercised oversight over the work undertaken by the external auditor, KPMG. During the year, the Committee met with the external audit team, including the lead audit partner, to enable Committee members gain greater insight into the challenges faced in the Group's markets from an external audit perspective. The Committee discussed with KPMG the business and financial risks and sought assurances that these risks had been properly addressed in the audit strategy and plan that had been reviewed by the Committee. The Committee is satisfied that KPMG has allocated sufficient experienced resources to address identified risks.

The Committee also scrutinised the audit process, the quality and experience of the audit partner, and the audit plan which provided details of the number of years KPMG partners and senior team members have been involved in similar audits. KPMG's lead audit partner for CalBank has experience in auditing banks and understands the markets in which the Group operates.

During the review period, KPMG was engaged to assist the Bank to undertake an Enterprise Risk Management assessment as part of the process to enhance the Bank's existing risk culture. As part of the assignment, KPMG assisted with revising the Bank's Risk Appetite Framework which is designed to set the Bank's risk profile and forms part of implementing the Bank's strategy in relation to the Bank's risk capacity. The engagement is continuing to ensure the Bank attains the requisite maturity level as per acceptable industry standards.

Internal Auditor

The Group has an independent Key Management Personnel as an Internal Auditor who is not involved in the audited activities and business line responsibilities of the Group. The Internal Auditor reports directly to the Audit Committee and sits in all meetings of the Committee.

Risk Management Committee

The Risk Management Committee which is made up of six non-executive directors and one executive director is chaired by Mr. Ben Barth with the following as members, Mr. Kofi Osafo - Maafo, Ms. Rosalind Kainyah, Mr. Richard

Arkutu, Mrs. Helen Nankani, and Mr. Philip Owiredu as an ex-officio member.

The Committee, which meets and reports to the Board quarterly, has oversight responsibility for various risks associated with the business of the Bank including credit, market, and operational risks.

The Committee's core functions are:
- monitor the execution of the Board's risk strategy for different business and geographic markets of operation,
- monitor the effectiveness of the risk management organisational structure,
- advise management on the adoption and implementation of an appropriate risk management policy,
- keep under review the status and application of risk management responsibilities and accountabilities and,
- review and monitor any requirement for reporting on risk management to the Board.

Details of the risk management framework is presented in note 5 of this annual report.

The Committee, as part of the governance structure, has delegated the day-to-day risk management function of the Bank to the Assets and Liability Management Committee (ALMC).

The ALMC is chaired by the Managing Director with Group Heads and some Heads of Departments as members. Its purpose is to recommend policies and guidelines to the Board including management of balance sheet growth; deposits, advances, and investments; foreign exchange activities and positions; and risks associated with exchange rates and liquidity.

IT Governance, Cyber and Information Security Committee

The primary objectives of the IT Governance, Cyber and Information Security Committee is to act on behalf of the Board in fulfilling the Board's oversight responsibility with respect to the Bank's Cyber and Information Security risks and programs.

The Committee's core functions are:

- Approve the annual and other work plans for Cyber and Information Security, and Information Technology (IT) strategy,
- Annually review, IT governance strategies to align with the Corporate strategy of the Bank,
- Oversee and advise the Board on the current cyber risk exposure and future risk strategy,
- Hold an annual discussion about the adequacy of the IT Governance, Cyber and Information Security policies,
- Review and discuss the Bank's IT business continuity and disaster recovery capabilities and contingency plans and,
- Review and discuss (i) technologies, policies, processes, and practices for managing and mitigating cybersecurity risks and (ii) the Bank's cyber-attack incident response and recovery plan.

The Committee is chaired by Mr. Kweku B. Yoku Korsah and has Mr. Solomon Asamoah, Mr. Richard Arkutu, Dr. Cynthia Forson and Mr. Philip Owiredu as members.

Credit Committee

The overall authority for approving credit facilities rests with the Board. The Board has delegated the credit review function, above the threshold delegated to the management credit committee, to the sub-committee due to their proven knowledge and experience in credit risk management. The sub Credit Committee then recommends credits to the Board for approval.

The Committee is chaired by Mr. Richard Arkutu and has Nana Otuo Acheampong, Mr. Ben Barth and Mr. Solomon Asamoah as members.

The objective of the Board Credit Committee is to provide an independent credit risk management review including but not limited to:

a) Review credit proposals requiring the Board of Directors approval and ratifications,

b) Ensure that the Bank grants loans and provide other credit products for legitimate and constructive purposes consistent with the best interests of the Bank, its customers, its shareholders, and the community within which it operates,

c) Perform any other assignments relating to the management of credit risk in the Bank as may be delegated by the Board.

Corporate Governance Statement

Governance and Compensation Committee

The objectives of the Governance and Compensation Committee is to review the appointments and compensation of the executive and senior management and make recommendations to the Board for their consideration and approval. During the year the Committee met twice and discussed the remuneration structure and recommended it for the Board's approval.

The Committee is chaired by Ms. Rosalind Kainyah and has Nana Otuo Acheampong, Mr. Ben Barth, Dr. Cynthia Forson, Mr. Joe Mensah as members and Mr. Philip Owiredu as an ex-officio member.

The charter of Governance and Compensation Committee vest the Committee the following responsibility in the Appointment and Reappointment of Directors:

- Coordinating the process of identifying individuals qualified to become Board members and recommending such individuals to the Board for nomination for election to the Board,
- Determine criteria, objectives and procedures for selecting Board members, including factors such as independence, diversity, age, future succession planning, integrity, skills, expertise, breadth of experience, knowledge about the Company's business and industry, and willingness to devote adequate time and effort to Board responsibilities in the context of the existing composition and needs of the Board and its committees and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- Shall ensure that on appointment to the board non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- At the annual general meeting (AGM) of the bank each year, one-third (or the number nearest one-third) of the directors (excluding the Managing Director) shall retire from the Board and shall be eligible for re-election by the shareholders if they have not exhausted their tenure under the Corporate Governance Directive (2018) and have not been disqualified from holding the office of director for any other reason. The directors eligible to retire at each AGM shall be the directors who have served longest in office since their appointment or last election.
- Formal motions for the reappointment of eligible directors shall be individually tabled at the annual general meeting and voted on by the shareholders. A motion for the re-election of a retiring director shall be passed by an ordinary resolution of the shareholders.

Remuneration philosophy

The Group's remuneration philosophy aligns with its core values, including growing our people and delivering value to our shareholders. The philosophy continues to emphases the fundamental value of our people and their role in ensuring sustainable growth. This approach is crucial in an environment where skills remain scarce.

The Board of Directors sets the remuneration philosophy in line with approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests. A key success factor for the Bank is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives.

The following key factors have informed the implementation of reward policies and procedures that support the achievement of business goals:

- the provision of rewards that enable the attraction, retention and motivation of employees and the development of a highperformance culture,
- maintaining competitive remuneration in line with our markets, trends and required statutory obligations,
- moving to a cost-to-company remuneration structure,
- rewarding people according to their performance; and
- educating employees on the full employee value proposition.

Remuneration Structure

Non-executive directors

Non-executive directors receive fixed fees for service on the Board and sub-committees, this includes a retainer that has been determined in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Board member's remuneration is reviewed by the Governance and Compensation Committee and approved by the full Board and shareholders.

Executive directors

The executive director's receive a remuneration package and qualifies for long-term incentives on the same basis as other employees.

The components of their package are as follows:

- guaranteed remuneration - based on their market value and the role they play,
- annual performance-based bonus used to incentivise the achievement of group objectives; and
- pension which provides a competitive post-retirement benefit in accordance with group policy applicable to all employees.

The remuneration of executive management is reviewed by the Governance and Compensation Committee and approved by the Board and shareholders.

Management

The terms and conditions of employment of managers are guided by the labour laws in Ghana and are aligned to best practice. Managerial remuneration is based on a total cost-to-company structure comprising of a fixed cash portion, compulsory benefits including medical aid and long service award and optional benefits. Market data is used to benchmark salary levels and benefits which are reviewed annually. For all employees, performance-related payments have formed a significant proportion of total remuneration. All employees (executives, managers, and general staff) are individually rated on the basis of performance and potential and this is used to influence actual performance-related remuneration.

Long-term incentives

It is essential for the Group to retain key skills over the longer term which is done particularly through employee long service awards. The purpose of these is to align the interests of the Bank, its subsidiaries to that of the employees, as well as to attract and retain skilled, competent people.

Appointment, induction of new Directors and ongoing development

All non-executive directors are provided with a letter of appointment setting out the terms of their engagement. A third of the directors 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). 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 limit the maximum period for non-executive director to nine years.

The Group policy on the appointment of Directors remains in strict adherence to the Bank of Ghana's fit and proper person directives and, under Section 72(1) of the Company's Regulations and section 88(1) of the Company's Regulations who being eligible, offers herself for re-election.

On its part, the Board is authorised under the Companies Act, 2019 (Act 992) to either:

a) Appoint a recommended director to fill a casual vacancy on the Board (where such a vacancy exists); or
b) Submit a recommended candidate for appointment by an ordinary resolution of the shareholders at either the annual general meeting (or other general meeting of the shareholders convened for that purpose).

Following the appointment, a comprehensive induction program covering the Group's financial, strategic, operational and risk management overviews. Appointees are provided with an information pack including governance policies and business information, and presentations are made on the Group's business functions and activities by key members of the executive and senior management teams.

During the year, as part of regulatory requirements for director certification, modular training sessions were held for the Board as well as periodic bulletin on various corporate governance and other relevant topics including:

- IT Governance & Cyber Security for Corporate Board, Prudential Reporting Gaps, and Issues in the Banks
- Sustainable Banking Practices: Role of the Board Corporate Governance Reporting and Disclosures.
- AML/CFT Synopsis on Emerging Trends in Ghana.

More broadly, the directors are supported by management and have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as directors. Processes are also in place to ensure the timely provision of information to directors.

Ethics and Organisational Integrity

The Group's revised code of ethics is designed to empower employees and enable faster decision making at all levels of our business according to defined ethical principles. It also aims to ensure that, as a significant organisation in the financial services industry, we adhere to the highest standards of responsible business practice. The code interprets and defines CalBank's values in greater detail and provides values-based decision-making principles to guide our conduct. It is aligned with other policies and procedures and supports the relevant industry regulations and laws of Ghana. The code of ethics is made available to all staff annually and also published on the Group intranet.

Related Parties Transactions

The Group has in place policies and procedures to ensure that all related party transactions are carried out at arm's length 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 or continuing connected transactions in the ordinary and usual course of business, and on normal commercial terms with a related party or its associate, we ensure all the necessary approvals are obtained prior to the execution of the transaction.

Plan for succession

The Group has placed a board-approved succession plan which been duly submitted to the Bank of Ghana. The succession plan focuses on developing and retaining the best qualified and competitive personnel ready to take up key positions in the Bank when they become vacant to ensure effective continuity of the Bank.

Conflict of Interest

Directors have a 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.

The Bank receives from each of the independent non-executive directors an annual confirmation of independence pursuant to the Board code of ethics and still considers majority of the non-executive directors to be independent. The Bank has granted indemnities to all its directors on terms consistent with the applicable statutory provisions.

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 subsidiary undertakings. The Group is not party to any significant agreements that would automatically take effect, alter, or terminate following a change of control of the Bank. The Bank has established a robust process requiring directors to disclose proposed outside business interests before any are entered into. This enables prior assessment of any conflict or potential conflict of interest and any impact on time commitment. The Board reviews actual or potential conflicts of interest annually.

Authorisations are reviewed annually by the Board to consider if they continue to be appropriate, and to revisit the terms upon which they were provided. The Board is satisfied that our processes continue to operate effectively.

Subject to the Companies Act 2019 (Act 992), the regulation of the Group and the authority granted to directors in general meetings, the directors may exercise all the powers of the Group and may delegate authorities to Committees. The Company's regulations contain provisions relating to the appointment and removal of directors which is also in accordance with the Companies Act 2019 (Act 992) and best practices.

Subject to the provision of the Corporate Governance Directive (2018), the Group does not place a limitation on the number of Board positions any Director can hold. However, any position taken up by a director would have to be disclosed to the Board to ensure there are no conflict of interest issues. Executive directors are required to inform the Board of any intention to take up any directorship role for their consent prior to taking up the formal appointment.

Rosalind Kainyah a director of the CalBank board has offered to assist the Group review and restructure the Groups' Corporate Social Investment (CSI) strategy. This service is being offered pro-bono and will include integrating responsible environmental, social and governance best practices into the overall business of the Group to achieve industry leadership in sustainability. The strategy will seek to drive the Groups' CSI and support the Sustainable Development Goals and Bank of Ghana sustainability agenda.

Material issues facing the Bank

The Bank conducts assessments on it's key material issues and applies the necessary governance and budgetary provisions to address them.

Sustainability Report

Our approach to sustainability

At CalBank we recognise that environmental sustainability and social development are fundamental aspects of sound business management. Although we remain committed in our resolve to apply our services, products, engagements, and operations to achieve a positive transformation of the society we serve, some of the projects we finance could adversely impact the environment and society at large. This can come about by financing activities that can lead to depletion of production resources, destruction of natural resources and their sources, environmental pollution, and the undesirable effects of relocation of people and communities.

CalBank also recognises that the physical risks of climate change are powerful and pervasive, and that global warming caused by greenhouse gases could undermine food systems, physical assets, infrastructure, and natural habitats. We acknowledge that disruptive physical impacts will give rise to transition risks and opportunities in the economy, including shifts in demand, the development of new energy resources, and innovations arising from the need to tackle emissions and manage carbon, as well as necessary reforms in food systems.

We therefore infer that our long-term success as a business depends on the long-term prosperity of the society we serve. We are resolved to continuously adapt our products, services, and activities to make a positive impact on our clients, in the communities in which we serve and on our environment. In this way we shall be contributing our quota to accelerate the transformations necessary to achieve the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. Our approach is to apply these principles to our internal operations as a business as well as to our external portfolios.

Sustainability governance and management is led at the level of the Board of Directors through the Risk Management Committee and is implemented at the executive and management levels using dedicated policies, strategic plans, and operational procedures. In 2009 we established CalBank's environmental and social management system (ESMS) and policy which have since been integrated into our business activities including credit management. Our ESMS policy includes sound objectivities and documented processes, procedures, and responsibilities to ensure optimal benefit. The sustainable management of our bank's own operational footprints are guided by our Operational Risk Policy and Incident Management Framework and supported by a Business Continuity Plan (BCP). Occupational Health and safety aspects such as fire safety, employee illness and safety, vehicle and transport safety, emergency response and disaster management are also assessed and addressed.

We have been continuously improving upon our systems by providing the needed training to our staff and reviewing our policies and procedures. We also communicate with our clients and provide the needed guidelines to ensure a healthy environment and social development. Our benchmarks are local legislation as well as the Environmental and Social Policies and Guidelines of the World Bank Group, the Conventions of the International Labour Organisation, and the Bank of Ghana principles on sustainable banking.

Sustainability Report

Partnerships, standards, and principles

In 2019 CalBank joined 23 other banks in Ghana to sign up to IFC-supported, locally-developed principles that promote environmental and social sustainability. The Ghana Sustainable Banking Principles and Sector Notes is a guide to banks as we mainstream the fundamental tenets of sustainability in our business and operations. By this initiative CalBank commits to take account of environmental considerations, social inclusion, and good governance in the lending decision-making. With guidance and support from the Bank of Ghana, CalBank is actively integrating all seven principles and guidance notes into our existing environmental and social management system so as to respond to the desired banking industry contribution to the economic, social, and environmental development nexus issues in Ghana.

PRINCIPLES 1	PRINCIPLES 2	PRINCIPLES 3	PRINCIPLES 4	PRINCIPLES 5	PRINCIPLES 6	PRINCIPLES 7
Identify, measure, mitigate and monitor environmental and social risks and opportunities in banks' business activities	Promote good environmental and social governance practice in banks' internal business operations	Promote good corporate governance and ethical standards	Promote Gender equality	Promote financial inclusion	Promote resource efficiency and sustainable consumption and production	Report on compliance

Our core objective of making a positive impact on people and the environment via sustainable product and service delivery is guided by our obligations towards regulatory and non-regulatory partners. The requirements, standards and principles involved in these relationships serve as important guideposts for the development, implementation and maintenance of our sustainability policies, procedures, and compliance performance outcomes. In our home country Ghana, we rely on a number of national and local environmental, social and governance requirements to guide our operations and business.

As part of the roll-out of the sustainable banking principles CalBank has benefited from trainings and consultations that has given us additional access to best practices from the globally recognised Environmental, Social and Governance (ESG) frameworks, such as the IFC Performance Standards, the United Nations Global Compact, United Nations Environment Programme Finance Initiative (UNEPFI) and the Equator Principles among others.

Sustainability governance

At the top of the CalBank organisational hierarchy for sustainability is the Board of Directors which has the ultimate accountability and oversight role in monitoring the implementation of the ESMS including reporting on environmental and social (E&S) risk management. The Board determines the Bank's overall internal risk appetite and tolerance and is the final authority that approves the ESMS for implementation. The Board performs this function with the assistance of the Risk Management Committee.

The Chief Risk Officer has the responsibility of ensuring the implementation of the ESMS and related compliance, and delegates the day to day management of the risk management to the Credit Department. The Credit Committee approves credit and is required by policy to consider E&S risk issues as well as the proposed mitigation measures in a credit memorandum before arriving at a decision on a credit application. Decisions taken are to reflect in specific Contract Clauses.

The Risk Committee of the Board meets each quarter to review the quarterly risk report of the Bank and this includes environmental and social risks and action plans. The Risk Committee reviews and monitors the risk levels associated with the environmental and social impacts of activities financed by the Bank, reviews the quality and effectiveness of management and mitigation systems put in place to address the said impacts, and makes recommendations to Senior Management on measures that require improvement.

Systems for sustainability risk management

We are building on our eleven year running environmental and social management system (ESMS) by continually integrating topical and material environmental, social and climate aspects to address related sustainability risks in our business and especially in our lending portfolios. We are assisting our customers to identify and reduce their environmental footprints through preliminary engagements and reviews, mutually agreed action plans and regular monitoring of their scoped sustainability performance. As we work with compliance related risks and engaging them on how they can stay ahead of emerging regulatory developments to avoid penalties and business interruptions. Our environmental officers and credit teams pay scheduled periodic visits to our clients to physically observe how they are addressing their sustainability issues and improving their performance on action plans.

CalBank's environmental and social management system includes a policy commitment to environmental and social risk management, roles, and responsibilities for managing the risks, procedures for documentation and record keeping. It also includes procedures for identifying, assessing, and managing environmental and social risks associated with financial transactions including transaction screening and categorisation, due diligence, and the monitoring and review of borrower's environmental and social performance. Our ESMS makes commitment to sustainable management of occupational health and safety issues and risk, losses and reputational damage, human rights practice, climate change abatement, and projection of the bank as a sustainable financial institution.

In the past eleven years we have continued to leverage our partnership with our development financial institutions (DFIs) such as the IFC to continually improve our sustainability performance outcomes. For example, we have applied the IFC's Performance as guidance on how to identify, quantify, mitigate, and manage environmental and social risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities.

Environmental responsibility

The bank in conducting its internal operations employs use of equipment such as air-conditioners, generators, UPS, AVRs, water treatment systems, water harvesting systems, fragrance management systems devoid of CFCs, thus saving the environment as well as a waste management system aimed at promoting the agenda of waste recycling in our environment.

Through visible actions CalBank continues to pursue its objectives of achieving the Sustainability Development Goals (SDGs) by reducing its carbon footprint, we do this because of our commitments to the SDGs and in compliance with sustainability goal requirements from our foreign institutional investors and DFIs.

We have started collecting data and information across the CalBank Group to quantitively monitor our environmental, energy and resource consumption footprint to set short- medium and long term targets. Quality assurance procedures are also being developed to ensure reliability and accuracy of information.

Sustainability Report

CalBank's eco-friendly green building

The Bank has made significant specific investments towards achieving some sustainability goals by introducing several green features in the design of the bank's recently constructed 15,200-square meter head office facility. The eco-friendly 12 storey CalBank Tower features eleven floors of offices, a state-of-the-art gymnasium, a 180 meter long running track, a food court, towards the promotion of a healthy lifestyle and work environment for our staff, as well as a 400-seater amphitheatre and a 500KW Solar Farm. The Bank has been awarded an IFC EDGE Certification (LP7-GHA-187091710042494) after subjecting the head-office building's green credentials to an international green building assessment, verification, and certification process.

The key environmental features of the head office building are summarised below:

Building Features	Objectives And Benefits
LED lighting throughout the facility.	Eliminate exposure to some carcinogenic components; enhance longevity of lighting provisions and consume less power.
Motion sensors for lighting and water control.	Reduce power utilisation especially when the various spaces are not in use and empty; conserve and prevent waste of water.
Water harvesting and conservation.	Reduce dependence on the national supply with total water savings of 56% according to our EDGE certification.
Heat Gain Reduction Facade.	Prevents heat gained in the building and therefore reduces the need for cooling which would have required additional power.
Energy Use efficiency with zoned cooling (variable refrigerant volume (VRV) system).	Brings about a savings in power consumption by approximately 30% – 40%.
Renewable energy by the installation of a 500KW Solar Farm.	Energy savings at full capacity is currently approximately 30% without the provision of battery storage.

ECOFRIDGES GO Initiative

In 2020 CalBank launched its participation in the ECOWAS Refrigerators and Air Conditioners Initiative (ECOFRIDGES GO). ECOFRIDGES GO recognises the need to provide affordable eco-friendly cooling systems to consumers and the public to support the on-going global climate action. Together with other partner local financial institutions, CalBank aims to unlock USD5 million in financing to support the purchase of over 10,000 energy-efficient and climate-friendly cooling products to replace old existing equipment by 2022. The mechanism also includes proper collection and disposal of used appliances, product testing, policy considerations, and promotion and awareness campaigns.

ECOFRIDGES GO is a joint program by the United Nations Environment Programme's United for Efficiency (U4E) initiative and the Governments of Ghana and Senegal, through the Energy Commission in collaboration with regional and local partners to accelerate adoption of energy-efficient and climate-friendly domestic refrigerators and room air conditioners in the residential sector. A key feature of ECOFRIDGES GO is that the cooling products in the scheme will be affordable. The development of the financial mechanism is led by BASE, a Swiss non-profit that is pursuing innovative financial mechanisms around the world with U4E and other partners.

CalBank offers a credit product through the ECOFRIDGES GO mechanism to finance the up-front cost of a qualifying appliance purchased by eligible customers from participating vendors. The vendors will deliver the new domestic refrigerator or room air conditioner and facilitate the collection and disposal of old products that are being replaced. Customers are incentivised to turn-in used but operational cooling equipment through a voucher valid for use at vendor stores. ECOFRIDGES GO offers a triple win by benefitting consumers, reducing strain on Ghana's electrical grid, and mitigating key environmental impacts. The bank believes that as individuals procure domestic items to make life comfortable, they need to do so recognising the effects those items have on the environment. Our RESPONSIBILITY value requires that we do right by our actions even as we do business profitably. CalBank is a socially responsible organisation and will continue to contribute to technology that improves society and the environment.

CalBank hosts 3rd ghana green building summit 2020

In July 2020 CalBank hosted the 3rd Ghana Green Building Summit organised by Yecham Property Consult in conjunction with the IFC-EDGE Program and supported by the Embassy of Denmark. The virtual edition of the Ghana Green Building Summit was held at the CalBank head office located in the bank's iconic green building in Accra. The very first virtual edition, is an adaptation in response to Covid-19 limitations on in-person gatherings, it witnessed worldwide patronage of over 500 attendees.

Digitalisation and new products

Going paperless and digitising branch operations remain an important strategic objective of CalBank with an aim to digitalise and automate branch banking by removing and/or reducing paperwork as well as readjusting processes and procedures in an efficient manner. For these purposes the bank has trained its staff to educate and encourage customers to use the Bank's distribution channels including Mobile Banking, Internet Banking, ATM Banking, Agent Banking, CalPay, CalApp, and others. These initiatives do not only reduce human traffic in our banking halls but also reduces emissions by vehicular transport and eventually eliminate excessive use of paper. which is the main aim of this initiatives.

Despite interruptions and socio-economic challenges posed by Covid-19 CalBank experienced an impressive uptake of digital services in the first half of the year after the bank reintroduced the CalApp to the market. As at December 2020 the application had been downloaded over 100,000 times with 73,054 app accounts being active and the number keeps growing. The Bank's mobile banking platform users rose from 160,000 at the beginning of the year to 222,400 by the end of the year. The Bank has had a digital agenda in the past five years, but in recent times, the bank reinforced that digital agenda and as such, has invested quite significantly in ensuring that the platforms are stable, having the right infrastructure in place which will support the various digital products that were available to clients before the pandemic set in.

In the course of the year CalBank introduced new products and/or services to encourage good environmental and social performance by customers. The products include:

- Green Finance Product for Energy efficiency and Renewable Energy projects
- Women's Banking Product for women-owned and women-managed businesses

Financial Inclusion

CalBank is convinced and believes that extending banking services to the unbanked and underbanked communities in a developing country such as Ghana is a necessary responsibility which the bank must adhere to. The bank acknowledges that although the statistics has significantly improved in the last decade, a substantial portion of the population in Ghana still remains completely excluded from the financial services sector, this exclusion disproportionately impacts women, young people, and the rural poor. Many small businesses also struggle to obtain loans and access to other financial services because they are not sufficiently financially literate to demonstrate their financial credibility. This is an important socio-economic challenge for the bank and remains a strategic objective which will continue to receive attention from CalBank. Financial inclusion can help people in poverty to become more financially stable and to gain access to a greater scope of opportunities CalBank has been an active player on the Ghanaian market in the provision of mobile money services, opening branches in sub-urban areas, creating new digital banking platforms and has received good patronage from these products:

Type of Service/ Product	Name of Product
Bank accounts opened through electronic platforms	• Snap Accounts • Agent Banking • CalBank App
Transactions conducted over electronic platforms	• ATM • Pre-paid Cards • Internet Banking, • Mobile Banking (USSD). • POS, • CalBank App
Financial products and/or services introduced and targeted to the financially underserved	• Agent Banking, • USSD mobile Banking, • CalBank App, • Prepaid cards

People, talent and diversity

CalBank believes that, as a service company, its workforce constitutes its greatest asset and takes every opportunity to invest in employee personal and professional development company. The bank recognises that diversity in skills when driven by a common purpose and value system will create valuable human achievements at the workplace.

CalBank is an equal opportunity employer and therefore adheres strictly to the principle of fairness and equity in all its decisionmaking process regardless of sex, marital status, pregnancy, disability, religion, or tribe. All decisions related to recruitment and selection, career advancement, compensation, transfer benefits, and training are based solely on the individual's qualifications, merit, and business needs and in accordance with the provisions of the bank's human resources policies.

The bank commits to provide to all employees a serene and conducive working environment that identifies, encourages, and rewards excellence, innovation, and excellent customer service. Other documented commitments to staff include continuous development of skills and competencies and fair and competitive compensation and benefits, among others.

Talent acquisition

The Bank is committed to hiring and retaining qualified and competent staff who have actual and future potential to perform their duties and responsibilities effectively and efficiently in accordance with its mission and overall strategic objectives. The overall objective of the Bank's recruitment policy is to support the various business units to meet their strategic objectives by getting the right person into the right job, at the right time. To achieve the above, the Bank will be guided by the following recruitment principles:

Recruitment Quality

The Bank seeks to fill its vacancies with the best available people both from within and outside, based on business requirements. The Bank advertises these positions internally and externally, where appropriate, to select the most qualified person for the job.

Ownership

Each recruitment assignment is "owned" by the business function which initiates the request. However, all such recruitments should take place within a reasonable framework and in partnership with the Human Resource Department.

Recruitment Team

Interviews in most cases may be conducted by a panel of interviewers comprising the line manager who initiated the recruitment request, and Head Human Resources and other persons to be selected by Head, Human Resources. Appointment of key management staff is approved by the Board of Directors.

Good Corporate Image

The conduct of all recruitment activities is to enhance the Bank's reputation as an employer, the Bank ensures equitable and courteous treatment of both successful and unsuccessful candidates.

Career Management	Job Levels
CalBank is committed to the smooth progression of its employees to meet current and future needs of the Bank and career aspirations of employees. The Bank has two career tracks to ensure that progression of appropriately skilled and experienced employees meet current and future needs of the bank and its employees. The two tracks are: **Specialist career track** The specialist career track provides for career progression for employees whose roles will be focused mainly on a specific area requiring deep specialist skills. Such shall have very clearly defined responsibilities and performance expectations within the defined specialist skill area/function in the Bank. **Management Career track** The Management career track provides for career progression for the Bank's employees with broad management responsibilities including allocation and management of the Bank's resources including people.	**Non-Clerical** Junior level staff who perform non-administrative functions such as drivers, gardeners, guesthouse stewards, messengers etc. **Clerical** Junior level staff who perform more administrative tasks such as clerks, storekeepers, receptionists, etc. **Officers** Staff who perform various operational and business support functions across branches and the departments. **Middle Managers** Senior officers who perform supervisory roles across the various branches and departments. **Senior Managers** Management staff who head the various departments. **Executive** Senior management staff who head groups and/or the Bank as a whole.

Employees diversity by job level

Non-Clerical		Clerical		Officers		Middle Level Managers		Senior Managers		Executive		Total	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
82	-	36	4	302	311	40	37	18	13	4	2	482	367

Career development in the Bank is achieved through job rotation, cross-functional movement, and lateral movement. Decisions in these areas are based on both institutional business needs and individual considerations such as overall performance assessments

Gender pay gap

CalBank operates the equal-pay-for-equal-work-done policy, there are no pay differentials between men and women.

Employee Programmes

Health and Wellness

Medical Screening – Periodic medical screening exercises are conducted for all staff by accredited health institutions to help detect possible health problems in a timely manner.

Health Talks and Forums – Various health talks and forums are organised periodically for staff to sensitise them on various health defects to encourage early detection and treatment.

Health Walks – Yearly health walks are organised for all staff to encourage healthy lifestyles and also foster bonding.

Quarterly Health Newsletter – Health newsletters are published on a quarterly basis to educate staff on various health topics.

CalBank Jungle Warfare – Different groups of staff members are selected yearly to undergo a bonding exercise for a couple of days at a military training grounds at Achiase in the Eastern Region of Ghana. This exercise is designed to foster teamwork, networking, and other bonding attributes.

Covid-19 Protocols and Support – The Bank has a well-documented guideline in handling Covid-19 cases and measures put in place to minimise the effect on the Bank's Operations. Reference the Bank's protocols and in line with the national guidelines, a suspected case of Covid-19 on the premises is handled carefully by ensuring that staff members who show symptoms of the viral infection are referred to Medical Centers for review and a possible test for the Covid-19. Affected persons after testing positive are made to isolate and medically treated for 2 weeks until a second test is done to prove them fit for work again.

The Bank has provided the needed support to its staff since the inception of the Covid-19 pandemic through the following measures to reduce the impact of the infection on our operations.

- Mandatory use of face coverings (masks and other approved face coverings)
- High risk employees have been granted leave to work from home
- Physical space between employees & customers
- Implementation of split, shift and flexible work hours to reduce the number of staff in the offices,
- Use of tele and web conferencing facilities for meetings and engagements
- Punitive measures for noncompliance with the protocols
- Logistical support for staff who work from.
- Periodic sensitisation to staff on Covid-19
- Arrangements with laboratories to test staff for Covid-19 and obtain results in less than 24 hours.
- Psychological counseling and support have also been put in place for staff who require help in dealing with the emotional challenge as a result of testing positive.

Employee training and development

At CalBank, we recognise that we cannot win at the marketplace, without first winning at the workplace. This recognition informs our believe in the capabilities of our human capital as the bedrock to delivering superior customer experience and satisfaction.

The overall people's strategy for 2020 was to continue to create an environment where our employees felt inspired by our shared vision; empowered to 'step-up to the plate' at all times; and feel safe amid the Covid-19 global pandemic.

Employee learning and development was one of key people focus areas for 2020. Conversations on leveraging on technology to deploy learning and development interventions across the Bank started in the prior year. The Covid

pandemic however, accelerated the shift process from in-person and classroom training to E-learning. We invested in external e-learning platforms and improved our in-house e-learning portal to deploy technical, functional, soft and management skills programmes. This intervention empowered employees to own their learning and development and ensured they built capacities in their specific functional and technical areas.
Key among the interventions implemented included programmes to meet various regulatory requirements on anti-money laundering, cyber security, and general fraud awareness sessions.

To inspire employees to strive for greater heights in their career development and leadership, the Bank introduced the Emerging Leadership Programme, a cohort programme designed to identify a pipeline of talents to meet our future business growth needs. Participants are exposed to five competency areas based on the Bank's Competency Framework:

- Personal Competencies
- Interpersonal Competencies
- Technical Competence
- Business Acumen and Organisational Performance
- Managerial and Leadership Competencies

The Bank continued to implement its other career development and mobility programmes which have played critical roles in retaining our best talent through the provision of career opportunities, thereby improving our operational stability.

To complement the approach of providing formal skills based technical and functional training, we revamped our coaching and mentoring programmes and expanded the scope to increase the number of employees under formal coaching and mentoring. The total number of staff under coverage is expected to increase from 140 to 360 in the next year.

Employee benefits

- **Staff loans –** The Bank runs various loan schemes, available for staff to be able to access, provided they meet all accessibility criteria in place. The loans currently available are personal, vehicle and mortgage facilities. These loans are run at subsidised rates for staff as opposed to the commercial loan rate. All staff are eligible to apply for personal and vehicle loans, mortgage loans however are accessible to staff on officers grade and above.

- **Health Insurance –** All staff are covered under a health insurance policy during the entirety of employment with the Bank.

Sustainability Report

Impacting our communities positively

In 2020 CalBank donated GHS1.02 million to communities and social groups. The funds were spent to equip hospitals, to support national Covid-19 programs, as direct cash to support the under-privileged in the society, and to promote sports among the youth. Other donations were made to promote women and gender-related programs. This social investment spend is three times more than our previous year spend of GHS 379,153.

Over the years CalBank has undertaken series of CSR investments categorised under four pillars, i.e. Health, Education, Sports, and in Arts and Culture. Our CSR investments include but not limited to, support to over twenty needy homes across the country, provision of scholarships to brilliant but needy tertiary students, support to the University of Ghana Academy awards, refurbishment of educational institutions, procurement of new-born care equipment for the Neonatal Intensive Care Units of the New Tafo Government Hospital and St. Martins de Pores Hospital at the Eastern and Western region respectively, Support to the UPAC Basketball Championship, National Para-Athletes, Beach Soccer (National Team and Local Championship), Donation to various mosques during Ramadan, Support to various Traditional Councils, Communal Tree planting exercise and Beach Clean-up campaigns, donations of PPEs to key medical facilities across the country, and support to improvised and vulnerable groups during the Covic-19 pandemic.

Cash donation to the national Covid-19 trust fund

CalBank donated an amount of GHS 200,000 to the Covid-19 National Trust Fund at the office of the Presidency in the Jubilee House, Accra, on Monday 20th April 2020. The Covid-19 Trust Fund was established by President Nana Akufo-Addo to solicit financial support in the fight against the coronavirus pandemic. In response to the clarion call by the President, CalBank, led by the Managing Director, Mr. Philip Owiredu, made the presentation. Mr. Philip Owiredu said at a brief ceremony at the Jubilee House that "at CalBank, it is our belief, as rooted in our tagline Forward Together, that no one entity can move unless we do so together. Today, we join hands with the Government of Ghana to support the procurement of the required medical supplies to aid in combating this pandemic." The Chairperson of the Covid-19 Trust Fund, Madam Sophia Akuffo, expressed profound appreciations to CalBank and assured management of the Bank that funds the will be used judiciously in the fight against the coronavirus pandemic.

Sustainability Report (Continued)

Donation of Covid-19 equipment to corona virus frontline workers

CalBank donated a set of Personal Protective Equipment (PPEs) valued at GHS 230,000 to four Hospitals in Ghana on 1st June 2020, realising that these hospitals play a cardinal role as referral healthcare facilities in the management of Covid-19 cases. The beneficiary hospitals were the University of Ghana Medical Centre, the Komfo Anokye Teaching Hospital, the Effia Nkwanta Regional Hospital, and the Tamale Teaching Hospital. The donation funded by contributions by the Board of Directors and staff of the Bank was made to provide support with inadequate protective gears, boost their response rate to the ongoing fight against the coronavirus and protect these frontline workers who are faced daily with the harsh realities of dealing with these cases. The items included gloves, face shields, surgical masks, hand sanitizers, disinfectant bleach, disposable gowns, nurse caps, anti-bacterial liquid soaps, alcohol-based surface disinfectants, rubbing alcohol, infra-red thermometer guns, goggles and rubber boots.. The Chief Risk Officer, Mrs. Barbara Banson stated that it is imperative for CalBank to support the society in which the Bank operate.

Donation to the less privileged

In December 2020, CalBank donated an amount of GHS10,000 to the Street Academy in Accra, Ghana. The donation was in support of the organisation's annual Street Academy Christmas party, which was held on its premises. The Events and Sponsorship Officer at CalBank, who made the donation on behalf of the bank, assured the Street Academy of the bank's support whenever they are called upon. Street Academy is a nonprofit sports and cultural institution, which has been in existence for the past 25 years, seeing to the well-being of the less privileged in society. The academy uses education, culture, and sports to showcase the hidden talents of the less fortunate children living on the streets of Accra.

Sustainability Report

Donation to promote beach soccer

CalBank, in September 2020, re-affirmed its commitment to continue with their long-standing relationship with the Ghana Football Association (GFA) in the development and promotion of Beach Soccer in Ghana. CalBank has single-handedly supported consecutive league seasons of the Ghana Beach Soccer Association, the CalBank Super League, and sponsored the national team, the Black Sharks, to three Beach Soccer AFCON appearances in Morocco 2013, Seychelles 2015, and Nigeria 2017. CalBank has also supported the Black Sharks in home qualification matches against Uganda and Kenya as well as numerous environmental, sanitation and community hygiene workshops.

Social investment in programmes that support women

CalBank gave support to the Association of Women Entrepreneurs and the CalBank Luv-FM Women and Business Fair which brought together women in business to share experiences and network for enhanced empowerment. The bank also provided educational and financial support to the Wigs and Hair Extension Dealers Association of Ghana (WHEDAG) through the Women Banking arm of the bank.


Dia
GREAT PRICE
CalBank

Independent Auditor's Report
To the Members of CalBank PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of CalBank PLC ("the Group and Bank"), which comprise the statements of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 145.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Bank as at 31 December 2020, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code),* together with the ethical requirements that are relevant to our audit of consolidated and separate financial statements in Ghana and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment allowance on loans and advances to customers (GH¢239.66 million)
Refer to Note 22 to the consolidated and separate financial statements

The key audit matter

The expected credit losses ('ECL') calculation involves significant judgement and estimates. There is increased risk of material misstatement of ECL in the current year due to the increased judgment and estimation uncertainty as a result of COVID-19.

During the year impairment allowances increased from GHS 201.81 million as at 31 December 2019 to GHS239.66 million as at 31 December 2020. The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus in the Bank's implementation of IFRS 9 are:

How the matter was addressed in our audit

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

Our procedures included:

- Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers including impairment allowance process.

- Economic scenarios – IFRS 9 requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied to determining the economic scenarios used, particularly in the context of COVID-19, and the probability weightings applied.

- Significant Increase in Credit Risk ('SICR') –the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime provision is recorded. Increased judgement exists in the current year relating to the treatment of those customers who were granted one or more COVID-19 payment reliefs.

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

- Adjustments to the model driven ECL results are raised by management to address known impairment model limitations, model responsiveness or emerging trends relating to COVID-19. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

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

Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on loans and advances to customers to be a key audit matter.

- Using financial risk management specialists to independently assess and substantively validate the impairment models by re-performing calculations and agreeing sample of data inputs to source documentation.

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

- Assessing the ongoing effectiveness of the SICR criteria through loan file reviews and independently determining the staging of the Bank's loans and advances portfolio, including determining the reasonableness of the Bank's treatment of COVID-19 payment relief to customers from a SICR perspective.

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

- Assessing the appropriateness of overlays (qualitative adjustments) to model driven ECL by taking into account the judgements and estimates the Bank has made through the ECL calculation process.

- Considering the adequacy of the Bank's disclosures in relation to impairment about changes in estimates occurring during the period and its sensitivity to key assumptions. In addition, we assessed whether the disclosure of the key judgements and assumptions made, including COVID 19 related disclosures, was reasonable.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), the Corporate Information, the Profile of Board of Directors, the Chairman's Report, the Managing Director's Report, the Corporate Governance Statement and the Sustainability Report but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.
The consolidated and separate statements of financial position and comprehensive income are in agreement with the accounting records and returns.

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

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

The Group and Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749) and all relevant Amendment and Regulations until it was replaced with the Anti-Money Laundering Act, 2020 (Act 1044) issued on 29 December 2020. The Group and Bank have also generally complied with the provisions of the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendment and Regulations governing the Acts.

The engagement partner on the audit resulting in this independent auditor's report is Labaran Amidu (ICAG/P/1472).

KPMG

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FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2021/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

31 March 2021

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis		2020		2019	
	Note	Bank	Group	Bank	Group
Interest income calculated using effective interest rate method	9	924,643	927,350	911,283	912,409
Interest expense	9	(404,959)	(404,479)	(394,955)	(394,303)
Net interest income		**519,684**	**522,871**	**516,328**	**518,106**
Fees and commissions income	10	42,007	51,167	57,565	64,625
Fees and commissions expense	10	(19,662)	(19,662)	(18,028)	(18,028)
Net fees and commissions		**22,345**	**31,505**	**39,537**	**46,597**
Net trading income	11	130,898	130,898	27,168	27,168
Net gains on derivative assets	20	731	731	4,115	4,115
Revenue		**673,658**	**686,005**	**587,148**	**595,986**
Other income	12	2,149	2,600	674	406
Operating income		**675,807**	**688,605**	**587,822**	**596,392**
Net impairment loss on financial assets	22(c)	(86,843)	(86,843)	(83,367)	(86,066)
Personnel expenses	13	(140,344)	(142,735)	(131,074)	(134,579)
Depreciation and amortisation	26(b)	(34,435)	(34,596)	(27,854)	(27,996)
Finance cost on lease liabilities	32(b)	(4,298)	(4,298)	(4,585)	(4,585)
Other expenses	14	(134,746)	(135,505)	(98,991)	(100,226)
Total operating expenses		**(400,666)**	**(403,977)**	**(345,871)**	**(353,452)**
Profit before tax		**275,141**	**284,628**	**241,951**	**242,940**
Income tax expense	15	(68,172)	(70,825)	(67,666)	(69,527)
Profit after tax		**206,969**	**213,803**	**174,285**	**173,413**
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value changes in financial assets at FVOCI	34(e)	-	-	9,027	9,027
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus on property and equipment	34(c)	-	-	41,110	41,110
Remeasurement of employee benefit	34(e)	-	-	1,950	1,869
Other comprehensive income, net of tax		**-**	**-**	**52,087**	**52,006**
Total comprehensive income		**206,969**	**213,803**	**226,372**	**225,419**
Earnings per share (Ghana Cedis per share)	16				
- Basic earnings per share		0.3304	0.3419	0.2782	0.2772
- Diluted earnings per share		0.3304	0.3419	0.2782	0.2772

The notes on pages 57 - 145 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

in thousands of Ghana Cedis

	Note	2020		2019	
		Bank	Group	Bank	Group
Assets					
Cash and cash equivalents	18	1,211,761	1,211,766	854,886	854,891
Non-pledged trading assets	21	834,131	834,131	125,772	125,772
Derivative assets held for risk management	20	731	731	4,115	4,115
Investment Securities	19	2,681,487	2,700,761	2,447,188	2,453,584
Loans and advances to customers	22	2,400,950	2,400,950	2,920,026	2,920,026
Investment in subsidiaries	23	2,038	-	2,038	-
Current tax asset	15(c)	31,245	31,851	13,495	13,971
Property and equipment	26	418,451	418,525	504,166	504,242
Intangible assets	27	44,813	45,960	27,533	28,789
Assets held for sale	28	104,493	104,493	-	-
Right-of-use assets	32	84,917	84,917	87,236	87,236
Deferred tax assets	25	36,377	36,404	5,705	5,788
Other assets	24	52,021	54,097	47,620	50,084
Total assets		**7,903,415**	**7,924,586**	**7,039,780**	**7,048,498**
Liabilities					
Deposit from banks and other financial institutions	29	263,803	261,657	172,654	164,471
Deposits from customers	30	4,164,301	4,164,301	3,694,513	3,694,513
Borrowings	31	2,098,225	2,098,225	2,028,126	2,028,126
Lease liabilities	32	85,886	85,886	77,212	77,212
Other liabilities	33	179,266	181,745	106,408	109,389
Total liabilities		**6,791,481**	**6,791,814**	**6,078,913**	**6,073,711**
Shareholders' equity					
Stated capital	34(a)	400,000	400,000	400,000	400,000
Retained earnings	34(f)	227,273	248,695	174,819	189,473
Revaluation reserve	34(c)	104,636	104,636	104,636	104,636
Statutory reserve	34(b)	340,095	340,095	288,353	288,353
Credit risk reserve	34(d)	40,066	40,066	-	-
Other reserves	34(e)	(136)	(720)	(6,941)	(7,675)
Total shareholders' equity		**1,111,934**	**1,132,772**	**960,867**	**974,787**
Total equity and liabilities		**7,903,415**	**7,924,586**	**7,039,780**	**7,048,498**

The financial statements were approved by the Board of Directors on 31 March 2021 and signed on their behalf by:

Signed
Philip Owiredu
Director

Signed
Joe Rexford Mensah
Director

The notes on pages 57 - 145 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis

2020 Bank	Stated Capital	Retained Earnings	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Other Reserves	Total
Balance as at 1 January	400,000	174,819	104,636	288,353	–	(6,941)	960,867
Total comprehensive income							
Profit for the year	–	206,969	–	–	–	–	206,969
Transactions with equity holders of the Bank							
Shares repurchased	–	–	–	–	–	(136)	(136)
Dividends to equity holders	–	(55,766)	–	–	–	–	(55,766)
Other transfers							
Transfer to statutory reserve	–	(51,742)	–	51,742	–	–	–
Transfer of employee benefit reserve	–	(6,941)	–	–	–	6,941	–
Transfer to credit risk reserve	–	(40,066)	–	–	40,066	–	–
Balance at 31 December	**400,000**	**227,273**	**104,636**	**340,095**	**40,066**	**(136)**	**1,111,934**

2020 Group	Stated Capital	Retained Earnings	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Other Reserves	Total
Balance at 1 January	400,000	189,473	104,636	288,353	–	(7,675)	974,787
Total comprehensive income							
Profit for the year	–	213,803	–	–	–	–	213,803
Transactions with equity holders of the Bank							
Shares repurchased	–	–	–	–	–	(136)	(136)
Dividends to equity holders	–	(55,682)	–	–	–	–	(55,682)
Other transfers							
Transfer to statutory reserve	–	(51,742)	–	51,742	–	–	–
Transfer of employee benefit reserve	–	(7,091)	–	–	–	7,091	–
Transfer to credit risk reserve	–	(40,066)	–	–	40,066	–	–
Balance at 31 December	**400,000**	**248,695**	**104,636**	**340,095**	**40,066**	**(720)**	**1,132,772**

The notes on pages 57 – 145 are an integral part of these financial statements.

in thousands of Ghana Cedis

2019 The Bank	Stated Capital	Retained Earnings	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Other Reserves	Total
Balance as at 1 January	400,000	58,140	63,526	244,782	16,042	(17,918)	764,572
Total comprehensive income							
Profit for the year	–	174,285	–	–	–	–	174,285
Other comprehensive income, net of tax							
Revaluation surplus on property and equipment	–	–	41,110	–	–	–	41,110
Changes in fair value on financial assets at FVOCI	–	–	–	–	–	9,027	9,027
Remeasurement of employee benefit	–	–	–	–	–	1,950	1,950
Transactions with equity holders of the Bank							
Dividends to equity holders	–	(30,077)	–	–	–	–	(30,077)
Other transfers							
Transfer to statutory reserve	–	(43,571)	–	43,571	–	–	–
Transfer from credit risk reserve	–	16,042	–	–	(16,042)	–	–
Balance at 31 December	**400,000**	**174,819**	**104,636**	**288,353**	**–**	**(6,941)**	**960,867**

2019 The Group	Stated Capital	Retained Earnings	Revaluation Reserve	Statutory Reserve	Credit Risk Reserve	Other Reserves	Total
Balance at 1 January	400,000	73,666	63,526	244,782	16,042	(18,571)	779,445
Total comprehensive income							
Profit for the year	–	173,413	–	–	–	–	173,413
Other comprehensive income							
Revaluation surplus on property and equipment	–	–	41,110	–	–	–	41,110
Changes in fair value on financial assets at FVOCI	–	–	–	–	–	9,027	9,027
Remeasurement of employee benefit	–	–	–	–	–	1,869	1,869
Transactions with equity holders of the Bank							
Dividends to equity holders	–	(30,077)	–	–	–	–	(30,077)
Other transfers							
Transfer to statutory reserve	–	(43,571)	–	43,571	–	–	–
Transfer from credit risk reserve	–	16,042	–	–	(16,042)	–	–
Balance at 31 December	**400,000**	**189,473**	**104,636**	**288,353**	**–**	**(7,675)**	**974,787**

The notes on pages 57 – 145 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

in thousands of Ghana Cedis		2020		2019	
	Note	Bank	Group	Bank	Group
Cash from operating activities					
Profit for the Year		**206,969**	**213,803**	**174,285**	**173,413**
Adjustments for:					
Depreciation and amortisation	26(b)	34,435	34,596	27,854	27,996
Net impairment loss on financial assets	22(c)	86,843	86,843	83,367	86,066
Net interest income	9	(519,684)	(522,871)	(516,328)	(518,106)
Net gains on derivative assets	20	(731)	(731)	(4,115)	(4,115)
Income tax expense	15	68,172	70,825	67,666	69,527
Unrealised exchange loss		78,699	78,699	137,182	137,182
Profit from disposal of property and equipment	26(c)	–	–	(298)	(298)
Finance cost on lease liabilities	32(b)	4,298	4,298	4,585	4,585
		(40,999)	**(34,538)**	**(25,802)**	**(23,750)**
Changes in:					
Loans and advances to customers		438,701	438,701	(571,354)	(571,354)
Other assets		(4,401)	(4,016)	9,221	9,221
Derivative assets		4,115	4,115	–	–
Deposit from banks and other financial institution		93,714	99,751	98,898	97,505
Deposits from customers		481,043	481,043	616,521	616,521
Other liabilities		72,807	72,467	(49,217)	(51,562)
Interest received		919,787	921,500	906,228	907,297
Interest paid		(427,791)	(427,474)	(391,715)	(391,063)
Finance charges on lease liability paid	32(d)	(4,585)	(4,585)	–	–
Income taxes paid	15	(116,594)	(119,321)	(91,594)	(93,462)
Net cash flows from operating activities		**1,415,797**	**1,427,643**	**501,186**	**499,353**
Cash flows from investing activities					
Acquisition of trading assets		(708,359)	(708,359)	(125,772)	(125,772)
Acquisition of investment securities		(60,782)	(72,662)	(595,318)	(593,004)
Acquisition of property and equipment	26	(42,223)	(42,246)	(32,162)	(32,118)
Proceeds from disposal of property and equipment	26	243	243	304	304
Expenditure on asset held for sale		(160)	(160)	–	–
Acquisition of intangible assets	27	(21,323)	(21,350)	(10,142)	(10,667)
Net cash flows used in investing activities		**(832,604)**	**(844,534)**	**(763,090)**	**(761,257)**
Cash flows from financing activities					
Dividends paid	34(g)	(55,766)	(55,682)	(30,077)	(30,077)
Proceeds from borrowings	31	3,113,570	3,113,570	5,414,307	5,414,307
Repayment of borrowings	31	(3,107,315)	(3,107,315)	(4,869,869)	(4,869,869)
Payment of lease liabilities	32(d)	(11,257)	(11,257)	(9,971)	(9,971)
Repurchase of issued shares	34(e)	(136)	(136)	–	–
Net cash flows (used in)/from financing activities		**(60,904)**	**(60,820)**	**504,390**	**504,390**
Net increase in cash and cash equivalents		**522,289**	**522,289**	**242,486**	**242,486**
Cash and cash equivalents at 1 January		898,290	898,295	637,565	637,570
Effect of exchange rate fluctuations on cash and cash equivalents held		9,664	9,664	18,239	18,239
Cash and cash equivalents at 31 December	**18**	**1,430,243**	**1,430,248**	**898,290**	**898,295**

The notes on pages 57 – 145 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(All currency amounts in the notes are in thousands of Ghana Cedis unless otherwise stated)

1. REPORTING ENTITY

CalBank PLC, (the "Bank") is a Bank incorporated in Ghana. The address and registered office of the Bank can be found on page 6 of the annual report. The Bank operates with a Universal Banking license that allows it to undertake Banking and related activities. These consolidated financial statements as at and for the year ended 31 December 2020 comprise the Bank and its subsidiaries, (together referred to as the 'Group'). The separate financial statements as at and for the year ended 31 December 2020 comprise the financial statements of the Bank.

The Bank is listed on the Ghana Stock Exchange (GSE).

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

2.2. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following financial assets and financial liabilities that have been stated at their fair value:

- financial instruments at fair value through profit or loss
- leasehold land and buildings carried at their revalued amounts
- derivative assets held for risk management measured at fair value
- defined benefit obligations and other long term benefits are measured at the present value of the future benefit to employees.

2.3. Functional and presentation currency

The financial statements are presented in Ghana Cedis, which is the currency of the primary economic environment in which the Bank operates (functional currency). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgment, 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 other factors that are believed to be reasonable under the circumstances, the results of which form the basis of 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.5. Information about significant estimation, uncertainty and critical judgements

Accounting policies, estimates and judgements that have the most significant effect on the amounts recognised in the financial statement are described in note 4 and 6.

2.6. Presentation of financial statements

The Group and Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group and Bank.

3. CHANGES IN ACCOUNTING POLICIES

The following standards which became effective from 1 January 2020 do not have a material effect on the Bank's financial statements;

3.1 Amendments to References to Conceptual Framework in IFRS Standards

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

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

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

3.2 Definition of material (Amendments to IAS 1 and IAS 8)

The Bank does not intend to use the Framework as a reference for selecting its accounting policies in the absence of specific IFRS requirements and therefore does not expect this to impact the Bank significantly. The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

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

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

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

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change –the refinements are not intended to alter the concept of materiality. It is not expected that this will impact the Bank significantly.

3.3 Interest rate benchmark Reform (Amendments to IFRS 9, IAS 39 and AFRS 7

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

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments are effective from 1 January 2020. Early application is permitted. It is not expected that this will impact the Bank significantly.

3.4 Definition of a Business (Amendments to IFRS 3)

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose dates of acquisition are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The amendments do not have a material effect on the Group's financial statements because the Group has not acquired any subsidiaries during the year. However, the Group has amended its accounting policies for acquisitions on or after 1 January 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except if mentioned otherwise.

4.1. Basis of Consolidation

4.1.1. Subsidiaries

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

From 1 January 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

4.1.2. Funds Management

The Group manages and administers assets held in unit trust or other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated and separate financial statements. Information about the group's fund management activities are set out in note 35(d).

Notes To The Financial Statements (Continued)

4.2. Foreign Currency

Foreign currency transactions and end of day balances are translated into the functional currency using the published average interbank exchange rates by the Bank of Ghana prevailing at the dates of the respective transactions. Group entities foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in foreign currency are translated using spot rate at the date of translation. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date.

4.3. Recognition of interest income

4.3.1. The effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

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

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

4.3.2. Interest and similar income

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

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer creditimpaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the creditadjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in net trading income.

4.4. Fees and commissions

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

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement and arrangement fees and syndication fees are recognised as the related services are performed.

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

4.5. Net trading income

Income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in profit or loss, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

4.6. Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income. Dividend payable is recognised as a liability in the period in which they are declared.

4.7. Other Operating Income

Other operating income comprises other income including dividends, profit on disposal of property and equipment, and other sundry income.

4.8. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income (OCI) or equity, in which case it is recognised in OCI or equity.

4.8.1. Current Taxation

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

4.8.2. Deferred Taxation

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes To The Financial Statements (Continued)

4.8.3. Levies and similar charges

The Group recognises the liability arising from levies and similar charges when it becomes legally enforceable.

4.9. Financial Assets and Liabilities

4.9.1. Date of recognition

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

4.9.2. Initial measurement of financial instruments

Financial asset or liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

4.9.3. Day 1 profit or loss

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

4.9.4. Classification and Measurement categories of financial assets and liabilities

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

- Amortised cost.
- Fair value through other comprehensive income (FVOCI).
- Fair Value through Profit or Loss (FVPL).

The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 4.9.9.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in note 4.9.10

4.9.5. Loans and advances to customers, Financial investments at amortised cost

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

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

(a) Business model assessment
The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and; in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

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

(b) The SPPI test
As a second step of its classification process the Bank assesses the contractual terms of financial instrument to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

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

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

4.9.7. Equity instruments at profit or loss

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

4.9.8. Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Bank issues financial instruments with equity conversion rights, write-down and call options. When establishing the accounting treatment for these non-derivative instruments, the Bank first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Bank has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for.

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

Financial assets and financial liabilities in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis or;
- The liabilities and assets have their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy or;
- The liabilities and assets contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the fair value reserve through OCI and do not get recycled to the profit or loss. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using EIR as explained in note 4.3.1.

4.9.10. Financial guarantees, letters of credit and undrawn loan commitments

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

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

The Bank issues financial guarantees, letters of credit and loan commitments which are initially recognised in the financial statements (within provisions) at fair value, being the premium received. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised.

The premium received is recognised in profit or loss in net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements of IFRS 9.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, are not recorded in the statement of financial position. The ECLs of these instruments are recorded in the financial statements and nominal values of these instruments together with the corresponding ECLs are disclosed in the notes to the financial statements.

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognised less, when appropriate, the cumulative amount of income recognised as outlined in the financial statements.

4.10. Reclassification of financial assets and liabilities

The Bank may reclassify its financial assets subsequent to their initial recognition subject to a business model assessment. Financial liabilities are never reclassified by the Bank.

4.11. Derecognition of financial assets and liabilities

4.11.1. Derecognition due to substantial modification of terms and conditions

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

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

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

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

4.11.2. Derecognition other than for substantial modification

(a) Financial assets

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

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

- The Bank has transferred its contractual rights to receive cash flows from the financial asset or;
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

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

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

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

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

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

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

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase.

(b) Financial liabilities

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

(c) Offsetting

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

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

4.11.3 Modifications of financial assets and financial liabilities

(a) Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see note 4.11) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see write-off policy - note 5.2.12). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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

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

(b) Financial liabilities

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

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

4.11.4 Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

4.12. Impairment of financial assets

4.12.1. Overview of the ECL principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset, the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined in note 4.12.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in note 5.

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

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12m ECLs. Loans that have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired are also included in stage 1. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance

for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 after a curing period of 6 months.
- Stage 3: Loans considered credit-impaired. The bank records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a creditadjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset or the irrecoverable portion is written off.

4.12.2. The calculation of ECLS

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

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

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

When estimating the ECLs, the Bank considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2'). Each of these is associated with different PDs, EADs and LGDs, as set out in note 4.12.5. When relevant, the assessment of multiple scenarios also incorporate how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, for which the treatment is separately set out in note 4.12.5, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns PDs to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial

assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the financial statement months after the reporting date. The Bank calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12- month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR
- **Stage 3:** For loans considered credit-impaired the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at the effective interest rate or an approximation, thereof, that will be applied to the financial asset resulting from the loan commitment. ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within provisions.
- **Financial guarantee contracts:** The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the profit or loss, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probabilityweighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

4.12.3. Forward looking information

In the Bank's ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Exchange rates
- Central Bank policy rates
- Consumer price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

4.13. Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Collateral valuations are performed at inception of the credit facility and revaluation of the collateral is performed every three years.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued by licensed professional property valuers.

4.14. Collateral repossessed

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

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

4.15. Write-off policy

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

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in profit or loss.

Financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

All credit facility write-offs shall require endorsement by the Board of Directors and the Central Bank.

4.16. Cash and cash equivalents

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

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

4.17. Investment Securities

This comprises investments in short-term, medium term, and long term investments in Government and other securities such as open market operations (OMO) instruments, treasury bills and bonds. Investments in securities are categorised as FVTPL or Amortised cost.

4.18. Property and Equipment

4.18.1. Recognition and measurement

Items of Property and Equipment are measured at cost or revalued amount less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for 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.

The Bank owns landed properties that are revalued every three years. Increases in the carrying amount arising on revaluation are credited to revaluation reserves. Decreases that offset previous increases of the same asset are charged against the revaluation reserves.

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

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

4.18.2. 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.

4.18.3. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives when it is reasonable certain the lessee will take ownership of the asset at the end of the lease term.

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

Leasehold Buildings	-	over the remaining life of the lease
Motor Vehicles	-	5 to 7 years
Equipment	-	5 to 10 years
Furniture and fittings	-	5 to 7 years

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

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

4.18.4 Derecognition

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

4.19. Intangible assets

4.19.1. Computer Software

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

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is ten years.

4.20. Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to, financial assets, deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

4.21. Deposits, amounts due to Banks and borrowings

This is mainly made up of customer deposit accounts, overnight placements by banks and other financial institutions and mediumterm borrowings. They are categorised as other financial liabilities measured in the statement of financial position at amortised cost.

4.22. Provisions/Contingent Liabilities

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 rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

4.23. Employee benefits

4.23.1 Defined contribution plans

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

Social Security and National Insurance Trust

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

For defined contribution schemes, the Group recognises contributions due in respect of the accounting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

4.23.2 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.

4.23.3 Short-term benefits

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

All expenses related to employee benefits are recognised in profit or loss as part of personnel expenses.

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

4.23.4 Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs. The discount rate is the yield at the reporting date on a long-dated instrument on the Ghana market. The calculation is performed using the projected unit credit method. Changes in the fair value of the plan liabilities are recognised in profit or loss.

4.23.5 Defined benefit plan

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement is due.

4.24 Impairment on non-financial assets

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

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

4.25 Share capital

4.25.1 Share issue costs

Proceeds from issue of ordinary shares are classified as equity. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

4.25.2 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

4.25.3 Treasury shares

Where the Company or any member of the Group purchases the Company's shares, the consideration paid is deducted from shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is credited to shareholders equity.

4.26 Segment Reporting

Segment results that are reported to the Group's CEO include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's headquarters), head office expenses and tax assets and liabilities.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's senior management to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

4.27 Earnings per share

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

4.28 Leases

4.28.1 The Group as a Lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

4.28.2 Initial Recognition and Measurement

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use asset is initially measured at cost, comprising the initial amount of lease liability adjusted for any lease payment made at or prior to commencement date, plus any initial direct cost plus estimate of the cost to dismantle and remove any improvement made to branches or office premise less any lease incentives received. However, the lease liability is measured as the present value of outstanding lease payments (both fixed and variable payments), residual value guarantees, exercise price of purchase options and termination benefits if any. The discount rate used is the interest rate implicit in the lease. Where this cannot be readily determined the Group's incremental borrowing rate is used. The Group determines its incremental borrowing rate by analysing its borrowing from various external sources and makes certain adjustments to reflect the nature of the lease and type of asset leased.

4.28.3 Subsequent Measurement

The right of use asset is subsequently depreciated on a straight line basis from the commencement date to the end of the lease term unless the initial recognition considers the exercise of a purchase option or the lease transfers the ownership of the underlying to the group by the end of the lease term. In which case, the right of use asset is amortised over the useful life of the underlying asset. Additionally, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in the original assessment of the lease term, a change in the estimate of residual guarantee or a change in index or rate affecting payments or a change in the fixed lease payment. When the lease liability is re-measured in this way the carrying amount of the right of use asset is adjusted by the same amount or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The group determines its incremental borrowing rate by analysing its borrowings from various external sources with relevant adjustments to reflect the terms of the lease.

The group presents the right-of-use assets separately on the face of statement of financial position and lease liability under 'Liabilities'.

4.28.4 Short term Leases and Low value leases

The group has elected not to recognise right-of-use asset and lease liability for leases of low value assets and short term leases. Lease payments in respective of these lease are recognised as expenses in the profit or loss.

4.29 Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivatives assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

4.29.1 Other non-trading derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net trading income from other financial instruments at fair value through profit or loss.

4.30 Events after the reporting date

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

4.30.1 Changes in Anti-Money Laundering Act

On 29 December 2020, Anti-Money Laundering Act, 2008 (Act 749) was replaced by the Anti- Money Laundering Act, 2020 (Act 1044). The new Act consolidates the laws relating to the prohibition of money laundering, providing for the establishment of the Financial Intelligence Centre and other related matters. The Bank is yet to assess the impact of this event on its operations and financial reporting.

4.30.2 Unclaimed Balances and Dormant Accounts Directive, 2021

The Bank of Ghana issued a new directive on unclaimed and dormant accounts in February 2021. This directive was issued pursuant to Section 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank is assessing the impact of the directive on its business.

There were no other subsequent events at the reporting date and at 31 December 2019.

4.31 The entity's ability to continue as a going concern – Covid-19

The Covid-19 pandemic developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus negatively affected the group's results in the reporting period albeit mildly. The impact was especially pronounced in the second quarter of the year. Among other things, the government and Bank of Ghana instituted the following measures in the second quarter to contain the spread of the virus and minimise the economic impact of the virus on the populace.

4.31.1 Government measures

- A USD 100 million fund was set up to mitigate the economic impact of the pandemic.
- All public gatherings, including conferences, funerals, festivals, political rallies, sporting events and religious activities, such as services in churches and mosques were suspended.
- All levels of educational institutions were closed temporarily.
- The Ministry of Local Government and Rural Development coordinated with the Metropolitan, Municipal and District Assemblies, to enhance conditions of hygiene in markets across the country.
- The Ministry of Transport worked with the transport unions and operators to enhance hygienic conditions in all vehicles/terminals with hand sanitizers, running water and soap for washing of hands.
- Businesses and other workplaces are required to observe prescribed Covid-19 protocols.
- All national borders i.e. land, sea and air were closed.
- All people who arrive at airports were to be placed under compulsory quarantine for a period of 14 days

Notes To The Financial Statements (Continued)

4.31.2 Bank of Ghana Measures

- The Bank of Ghana lowered the policy rate from 16% to 14.5% to encourage banks to lend to relevant sectors of the economy to support growth during this period.
- The Monetary Policy Committee (MPC) also reduced the primary reserve ratio from 10% to 8% to provide banks with more liquidity to support critical sectors of the economy.
- Capital conservation buffer for banks was also reduced from 3% to 1.5%.
- Consequently, capital adequacy ratio was effectively reduced from 13% to 11.5%
- Provisioning for loans in the OLEM category was reduced from 10% to 5%.
- Additionally, loan repayments that are past due up to 30 days for Microfinance institutions were considered current.
- To encourage more use of digital platforms transaction fees for mobile money was waived for transactions up to a value GHS100.

It must, however, be mentioned that a significant number of the above measures have since been rolled back. Restrictions on movement and transportation have been removed, airports have been re-opened, all businesses and religious organisations are now allowed to operate with strict Covid-19 protocols.

4.31.3 Management Response

In the height of the pandemic in Ghana, management of the bank put in place the following measures to protect its customers and employees in order to maintain effective and efficient operations.

- Work-from-home arrangements have been initiated to reduce the number of staff on bank's premises in a bid to fully comply with social distancing measures.
- Masks, sanitizers, water and soap and other essential PPE's were provided to all departments and branches.
- Arrangements have been initiated to disinfect the bank's premises regularly.
- Customers were encouraged to use the electronic channels of the bank during this period.
- Some staff deemed high risk based on known health conditions were made to either fully work from home or proceed on their annual leave.
- Continuous education of all staff on the pandemic and appropriate safety precautions to be undertaken.
- Waiver of fees and charges on customer transaction via our mobile and electronic platforms.
- Creating a list of borrowing customers that were heavily impacted by the Covid-19 and providing assistance on a case by case basis. Loan principal and interest payment commitments were deferred for customers that required such assistance.

4.31.4 Impact of Covid-19 on the banks business and liquidity

The effect of the pandemic was a general slowdown in the economy, this resulted in fall in new business development, reduced fee and commission income. Covid-19 has accelerated the bank's push to use digital channels and platforms in its business. While the outlook remains uncertain, we enter this period from a position of strength, with healthy liquidity and resilient capital positions. We have rapidly adapted our operations, products and services, positioning us to support our customers and staff through the crisis.

4.31.5 Conclusion

Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The Bank's capital adequacy and liquidity ratios were not significantly impacted in 2020, impairment charges increased by 0.9% between 2019 and 2020.

Currently, the impact of Covid-19 on our business and results has not been significant, based on our experience to date, we expect this to continue. While we delivered a resilient performance and continue to make good progress on our strategy, our primary objective now is safeguarding the health and well-being of our staff, customers and communities while also protecting the Bank.

4.32 Standards issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these Standards.

4.32.1 Covid-19-Related Rent Concessions (Amendments to IFRS 16)

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of Covid-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

The Group is yet to determine the impact of this standard on its financial statements.

4.32.2 Onerous Contracts: Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The Group is yet to determine the impact of this standard on its financial statements.

4.32.3 Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees 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.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. The Group is yet to determine the impact of these amendments on its financial statements.

4.32.4 IFRS 17 Insurance contracts

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). 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. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. This standard is not applicable to the Group.

4.32.5 Amendments to IFRS 3: Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Group is yet to determine the impact of this standard on its financial statements.

4.32.6 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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 Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

4.32.7 Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

4.32.8 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 Group 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 Group.

5. FINANCIAL RISK MANAGEMENT

5.1. Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

• credit risk • liquidity risk • market risk • operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

5.1.1. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Risk Management Committee of the Board assists the Board in carrying out this responsibility. To enable it achieve its purpose, the Committee:

- Reviews and monitors aggregate risk levels in the business and the quality of risk mitigation and controls for all areas of risk to the business
- Makes recommendations to management on areas of improvement
- Informs the Board of progress in implementing improvements.

The Board has also established the Asset and Liability Management Committee (ALCO) and Risk Management Department which are responsible for developing and monitoring risk management policies in their specified areas.

The 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.

The Audit Committee of the Board is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in these functions by Internal Audit and Internal Control Departments. Internal Audit and Internal Control undertake both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

All Board committees are made up of non-executive members, with executives in attendance. The committees report regularly to the Board of Directors on their activities.

5.2. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk).

5.2.1. Management of credit risk

The Board of Directors has delegated responsibility for the day-to-day management of credit risk to the Credit Department and the overall management of credit risk to the Risk Management Department. These departments report to the Board on a quarterly basis.

These departments responsibilities includes:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to approving authorities of the group. Larger facilities require approval by the Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing all credit exposures prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties and industries (for loans and advances), and by issuer, credit rating band and market liquidity.
- Developing and maintaining risk grading in order to categorise exposures according to the degree of risk of financial

loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework reflects the varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving authority. Risk grades are subject to regular reviews by the Credit department.

- Reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types. Regular reports are provided to loan review committee on the credit quality of loan portfolio and appropriate corrective action is taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures. Each business unit reports on all credit related matters to management. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios.

The Risk Management Department monitors and manages the Group's global credit risk within the risk appetite approved by the Board and sets limits and controls within the Bank's Risk Management Policy statement. It also promotes and supports the development of good credit risk management practices.

Regular audits of business units and credit processes are undertaken by Internal Audit.

5.2.2. Impaired loans and securities

Impaired loans and securities are loans and securities for which it has been determined that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s).

5.2.3. Past due but not impaired

Loans and securities where contractual interest or principal payments are past due but it is believed that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed.

5.2.4. Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12 months ECL.

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

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

5.2.5 Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered

as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or

- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

5.2.6. Internal credit risk rating

In order to minimise credit risk, the Group has tasked its credit department to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises eight categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement.

The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty.

All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Bank's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;
- For retail exposures: internally generated data of customer behaviour, affordability metrics etc.; and
- For corporate exposures: information obtained by periodic review of customer files including audited financial statements review, market data such as prices of credit default swaps (CDS) or quoted bonds where available, changes in the financial sector the customer operates etc.

The Group uses credit risk grades as a primary input into the determination of the term structure of the Probability of Default (PD) for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices.

The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Bank then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as changes in qualitative factors.

The internal risk grading scale is as follows:

Group's rating	Description of the grade	Average number of days outstanding
Grade A	Current	less than 30 days
Grade B	Other Loans Especially Mentioned (OLEM)	30 to but less than 90 days
Grade C	Sub-standard	90 days less than 180 days
Grade D	Doubtful	180 days less than 360 days
Grade E	Loss	360 days and above

Loan commitments are assessed along with the category of loan the Bank is committed to provide, i.e. commitments to provide mortgages are assessed using similar criteria to mortgage loans, while commitments to provide a corporate loan are assessed using similar criteria to corporate loans.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due unless the Bank has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 90 days past due.

The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

5.2.7. Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Bank for strategic planning and budgeting.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Bank has not made changes in the estimation techniques or significant assumptions made during the reporting period.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past years.

5.2.8 Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations.

5.2.9. Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information. PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time.

The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realisation of collateral, cross-collateralisation and seniority of claim, cost of realisation of collateral and cure rates (i.e. exit from nonperforming status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims.

The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

The Group uses EAD models that reflect the characteristics of the portfolios. The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period.

For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments are managed on a collective basis and are cancelled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

5.2.10. Credit quality analysis

The Group monitors credit risk per class of financial instrument. The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments FVTPL financial assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Group and Bank	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers				
Grade A	2,015,544	188,176	–	2,203,720
Grade B	–	9,344	71,092	80,436
Grade C	–	10,090	36,675	46,765
Grade D	–	1,952	151,395	153,347
Grade E	–	–	156,344	156,344
	2,015,544	**209,562**	**415,506**	**2,640,612**
Loss allowance	(14,131)	(13,985)	(211,546)	(239,662)
Carrying amount	**2,001,413**	**195,577**	**203,960**	**2,400,950**
Loan Commitments				
Grade A	91,631	–	–	91,631
Loss allowance	(282)	–	–	(282)
Carrying amount	**91,349**	**–**	**–**	**91,349**
Guarantees & Indemnities				
Grade A	156,470	–	–	156,470
Loss allowance	(68)	–	–	(68)
Carrying amount	**156,402**	**–**	**–**	**156,402**
Letters of credit				
Grade A	26,144	–	–	26,144
Loss allowance	(45)	–	–	(45)
Carrying amount	**26,099**	**–**	**–**	**26,099**
Investment Securities (FVTPL)				
Grade A	3,242,480	–	–	3,242,480
Loss allowance	(1,561)	–	–	(1,561)
Carrying amount	**3,240,919**	**–**	**–**	**3,240,919**

Group and Bank	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers				
Grade A	2,770,866	-	-	2,770,866
Grade B	-	3,801	36,378	40,179
Grade C	-	2,967	148,194	151,161
Grade D	-	7,201	68,147	75,348
Grade E	-	-	84,282	84,282
	2,770,866	**13,969**	**337,001**	**3,121,836**
Loss allowance	(21,098)	(3,793)	(176,919)	(201,810)
Carrying amount	**2,749,768**	**10,176**	**160,082**	**2,920,026**
Loan Commitments				
Grade A	123,418	-	-	123,418
Loss allowance	(181)	-	-	(181)
Carrying amount	**123,237**	**-**	**-**	**123,237**
Guarantees & Indemnities				
Grade A	53,462	-	-	53,462
Loss allowance	(28)	-	-	(28)
Carrying amount	**53,434**	**-**	**-**	**53,434**
Letters of credit				
Grade A	103,665	-	-	103,665
Loss allowance	(135)	-	-	(135)
Carrying amount	**103,530**	**-**	**-**	**103,530**
Investment Securities (FVTPL)				
Grade A	2,704,144	-	-	2,704,144
Carrying amount	**2,704,144**	**-**	**-**	**2,704,144**

5.2.11 Amounts arising from expected credit losses (ECL)

The following tables show reconciliations from the opening to the closing balance of the loss allowance for loans and advances. The basis for determining transfers due to changes in credit risk is set out in our accounting policy;

Notes To The Financial Statements (Continued)

Group and Bank
Loans and advances to customers at amortised cost

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	21,098	3,793	176,919	201,810
Transfer to stage 2	(1,862)	1,862	-	-
Transfer to stage 3	(681)	(1,579)	2,260	-
Net remeasurement of loss allowance	(1,314)	9,731	117,168	125,585
New financial assets originated or purchased	1,320	179	241	1,740
Loans that have been derecognised	(4,432)	-	-	(4,432)
Write-offs	-	-	(85,041)	(85,041)
Balance at 31 December	**14,129**	**13,986**	**211,547**	**239,662**

Group and Bank
Loans and advances to customers at amortised cost

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	17,767	3,190	153,291	174,248
Transfer to stage 2	(599)	599	-	-
Transfer to stage 3	(821)	(157)	978	-
Net remeasurement of loss allowance	2,920	86	132,583	135,589
New financial assets originated or purchased	2,963	75	-	-
Loans that have been derecognised	(1,132)	-	-	(1,132)
Write-offs	-	-	(109,933)	-
Balance at 31 December	**21,098**	**3,793**	**176,919**	**201,810**

5.2.12. Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

5.2.13 Allowances for impairment

An allowance is established for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

5.2.14 Write-offs

The Group writes off a loan / security balance (and any related allowances for impairment losses) when loan review committee determines that the loans / securities are uncollectible. This determination is reached after the loan or security has been classified as "loss" for two consecutive years or to the extent a loan or security is considered irrecoverable and it is decided that there is no realistic probability of recovery. All write-offs must be approved by the Board of Directors and Bank of Ghana.

Set out below is an analysis of the gross amounts of loans written-off.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Balance at the beginning	336,661	336,661	279,838	279,838
Write-offs during the year	85,041	85,041	109,933	109,933
Recovery during the year	(37,662)	(37,662)	(53,110)	(53,110)
Balance at the end	**384,040**	**384,040**	**336,661**	**336,661**

5.2.15 Maximum Credit Exposure

At the financial position date, the maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligations is detailed below. No account has been taken of any collateral held and the maximum exposure to loss is considered to be the instruments' financial position carrying amount, or for non-derivative off financial position transactions their contractual nominal amounts.

Credit risk exposures of financial assets on the statement of financial position are as follows:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Cash and cash equivalents	1,136,556	1,136,555	805,826	805,826
Non-pledged trading assets	834,131	834,131	125,772	125,772
Derivative assets held for risk management	731	731	4,115	4,115
Investment Securities	2,681,487	2,700,761	2,447,188	2,453,584
Loans and advances to customers	2,400,950	2,400,950	2,920,026	2,920,026
Other assets	52,021	54,247	47,620	50,084
	7,105,876	**7,127,375**	**6,350,547**	**6,359,407**

5.2.16 Credit collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, cash, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are updated every three years. Collateral generally is not held over loans and advances to banks, except where the counterparty bank assigns securities in the form of treasury bills or government bonds. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2020.

The main types of collateral obtained includes mortgages over commercial and residential properties, inventory, trade receivables, and cash collateral.

Management monitors the market values of collaterals and will request additional collaterals in accordance with the underlying agreement where necessary.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Against impaired assets	591,495	591,495	303,013	303,013

5.2.17 Collateral repossessed

During the year no collateral was repossessed by the bank (2019: Nil)

Notes To The Financial Statements (Continued)

5.2.18 Credit risk concentration

The Group monitors concentrations of credit risk by business industry and by type of customer. An analysis of concentrations of credit risk by business industry at the reporting date is shown below:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Carrying amount of loans and advances	**2,400,950**	**2,400,950**	**2,920,026**	**2,920,026**
Concentration by industry				
Agriculture, forestry & fishing	957	957	182	182
Mining and quarrying	59,130	59,130	63,316	63,316
Manufacturing	108,785	108,785	167,165	167,165
Construction	742,606	742,606	1,037,888	1,037,888
Electricity, gas and water	167,082	167,082	149,168	149,168
Commerce and finance	487,485	487,485	534,139	534,139
Transport, storage and communications	332,856	332,856	380,106	380,106
Services	604,704	604,704	659,276	659,276
Miscellaneous	137,007	137,007	130,596	130,596
	2,640,612	**2,640,612**	**3,121,836**	**3,121,836**
Allowance for impairment	(239,662)	(239,662)	(201,810)	(201,810)
Carrying amount	**2,400,950**	**2,400,950**	**2,920,026**	**2,920,026**
Concentration by type of customer				
Private enterprises	2,195,388	2,195,388	2,500,096	2,500,096
Joint private & state enterprises	335,350	335,350	512,244	512,244
Individuals	109,874	109,874	109,496	109,496
	2,640,612	**2,640,612**	**3,121,836**	**3,121,836**
Allowance for impairment	(239,662)	(239,662)	(201,810)	(201,810)
Carrying amount	**2,400,950**	**2,400,950**	**2,920,026**	**2,920,026**

Investments securities

Investment securities amounting to GHS2.45 billion (2019: GHS2.45 billion) are held in Government of Ghana Treasury Bills and bonds.

Non-pledged trading securities

Trading securities amounting to GHS834.13 million (2019: GHS125.77 million) are held in Government of Ghana Treasury Bills and bonds.

Due from banks and other financial institutions

Amount due from local banks of GHS190 million (2019: GHS257 million) and foreign banks of GHS70 million (2019: GH100 million) are held with correspondent banks and financial institutions and therefore impairments on these are not considered significant. These amounts are with regulated reputable institutions. The balances with banks set out in Note 18 represent the maximum credit risk exposure of the Group by holding these placements.

5.2.19 Settlement risk

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

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier.

5.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

5.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains information regarding the liquidity profile of its financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury department then maintains a portfolio of short term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of the businesses are met through various deposit mobilisation strategies, short-term loans from the inter-bank market to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

5.3.2 Exposure to liquidity risk

The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank and the group. It is unusual for banks to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position may potentially enhance profitability, but may also increase the risk of losses.

An analysis of various maturities of the Group's financial assets and liabilities is provided below.

2020	**Bank**							
Assets	**Carrying Amount**	**Less Than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 - 5 years**	**More than 5 years**
Cash and cash equivalents	1,211,761	1,213,016	-	-	-	-	-	-
Non-pledged trading assets	834,131	23,648	9,365	1,313,288	-	-	-	-
Derivative assets held for risk Management	731	-	731	-	-	-	-	-
Invesment securities	2,681,487	90,860	444,923	881,088	618,708	507,628	521,635	923,240
Loans and advances to customers	2,400,950	511,745	463,051	274,620	350,255	1,007,064	580,598	281,812
Other assets	11,822	-	4,729	7,093	-	-	-	-
Total assets	**7,140,882**	**1,839,269**	**922,799**	**2,476,089**	**968,963**	**1,514,692**	**1,102,233**	**1,205,052**
Liabilities								
Deposits from banks and other Financial institutions	263,803	98,751	40,734	105,156	19,773	-	-	-
Deposits from customers	4,164,301	2,891,017	675,907	426,708	173,575	1,448	-	-
Borrowings	2,098,225	17,291	902,763	231,150	166,406	393,871	148,277	360,727
Lease liabilities	85,886	4,821	-	214	3,348	16,560	18,805	87,229
Other liabilities	179,266	35,976	39,887	20,569	78,305	-	4,529	-
Total liabilities	**6,791,481**	**3,047,856**	**1,659,291**	**783,797**	**441,407**	**411,879**	**171,611**	**447,956**
Period liquidity gap	**-**	**(1,208,587)**	**(736,492)**	**1,692,292**	**527,556**	**1,102,813**	**930,622**	**757,096**
Cummulative liquidity gap	**-**	**(1,208,587)**	**(1,945,079)**	**(252,787)**	**274,769**	**1,377,582**	**2,308,204**	**3,065,300**
Contingent liabilities	**182,614**	**-**	**173,942**	**3,061**	**3,061**	**2,551**	**-**	**-**

2020	Group							
Assets	**Carrying Amount**	**Less Than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 - 5 years**	**More than 5 years**
Cash and cash equivalents	1,211,766	1,213,021	-	-	-	-	-	-
Non-pledged trading assets	834,131	23,648	9,365	1,313,288	-	-	-	-
Derivative assets held for risk Management	731	-	731	-	-	-	-	-
Invesment securities	2,700,761	90,860	444,923	881,088	618,708	526,902	521,635	923,240
Loans and advances to customers	2,400,950	511,745	463,051	274,620	350,255	1,007,064	580,598	281,812
Other assets	13,854	-	5,542	8,312	-	-	-	-
Total assets	**7,162,193**	**1,839,274**	**923,612**	**2,477,308**	**968,963**	**1,533,966**	**1,102,233**	**1,205,052**
Liabilities								
Deposits from banks and other Financial institutions	261,657	98,751	40,734	105,156	19,773	-	-	-
Deposits from customers	4,164,301	2,891,017	675,907	426,708	173,575	1,448	-	-
Borrowings	2,098,225	17,291	902,763	231,150	166,406	393,871	148,277	360,727
Lease liabilities	85,886	4,821	-	214	3,348	16,560	18,805	87,229
Other liabilities	181,745	35,976	39,887	20,569	80,782	-	4,529	-
Total liabilities	**6,791,814**	**3,047,856**	**1,659,291**	**783,797**	**443,884**	**411,879**	**171,611**	**447,956**
Period liquidity gap	**-**	**(1,208,582)**	**(735,679)**	**1,693,511**	**525,079**	**1,122,087**	**930,622**	**757,096**
Cummulative liquidity gap	**-**	**(1,208,582)**	**(1,944,261)**	**(250,750)**	**274,329**	**1,396,416**	**2,327,038**	**3,084,134**
Contingent liabilities	**182,614**	**-**	**173,942**	**3,061**	**3,061**	**2,551**	**-**	**-**

Notes To The Financial Statements (Continued)

2019	Bank							
	Carrying Amount	Less Than 1 month	1 - 3 months	3 - 6 months	6 months to 1 year	1 to 3 years	3 - 5 years	More than 5 years
Assets								
Cash and Cash Equivalents	854,886	854,994	-	-	-	-	-	-
Non-Pledged Trading Assets	125,772	1,856	6,729	157,017	-	-	-	-
Derivative Assets Held for Risk Management	4,115	-	4,115	-	-	-	-	-
Invesment Securities	2,447,188	136,199	291,360	474,243	508,074	945,618	364,984	110,994
Loans and Advances to Customers	2,920,026	662,653	560,912	441,580	421,742	941,436	595,867	501,400
Other Assets	47,620	-	1,398	2,096	-	-	-	-
Total Assets	**6,399,607**	**1,655,702**	**864,514**	**1,074,936**	**929,816**	**1,887,054**	**960,851**	**612,394**
Liabilities								
Deposits From Banks and Other Financial Institutions	172,654	81,989	51,981	35,033	3,892	-	-	-
Deposits From Customers	3,694,513	2,503,122	539,494	461,335	182,029	9,196	-	-
Borrowings	2,028,126	47,579	613,587	196,387	143,614	248,085	253,215	585,659
Lease Liabilities	77,212	3,861	7,721	9,265	11,582	13,126	15,442	16,215
Other Liabilities	106,408	38,238	42,827	25,343	-	-	-	-
Total Liabilities	**6,078,913**	**2,674,789**	**1,255,610**	**727,363**	**341,117**	**270,407**	**268,657**	**601,874**
Period liquidity gap	**-**	**(1,019,087)**	**(391,096)**	**347,573**	**588,699**	**1,616,647**	**692,194**	**10,520**
Cummulative liquidity gap	**-**	**(1,019,087)**	**(1,410,183)**	**(1,062,610)**	**(473,911)**	**1,142,736**	**1,834,930**	**1,845,450**
Contingent Liabilities	**157,127**	**-**	**133,746**	**8,252**	**8,252**	**6,877**	**-**	**-**

2019	Group							
Assets	**Carrying Amount**	**Less Than 1 month**	**1 - 3 months**	**3 - 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 - 5 years**	**More than 5 years**
Cash and Cash Equivalents	854,891	854,994	-	-	-	-	-	-
Non-Pledged Trading Assets	125,772	1,856	6,729	157,017	-	-	-	-
Derivative Assets Held for Risk Management	4,115	-	4,115	-	-	-	-	-
Invesment Securities	2,453,584	136,199	291,360	474,243	508,074	945,618	371,380	110,994
Loans and Advances to Customers	2,920,026	662,653	560,912	441,580	421,742	941,436	595,867	501,400
Other Assets	50,084	-	1,563	2,344	-	-	-	-
Total Assets	**6,408,472**	**1,655,702**	**864,679**	**1,075,184**	**929,816**	**1,887,054**	**967,247**	**612,394**
Liabilities								
Deposits From Banks and Other Financial Institutions	164,471	81,989	51,981	35,033	3,892	-	-	-
Deposits From Customers	3,694,513	2,503,122	539,494	461,335	182,029	9,196	-	-
Borrowings	2,028,126	47,579	613,587	196,387	143,614	248,085	253,215	585,659
Lease Liabilities	77,212	3,861	7,721	9,265	11,582	13,126	15,442	16,215
Other Liabilities	109,389	38,238	42,827	28,324	-	-	-	-
Total Liabilities	**6,073,711**	**2,674,789**	**1,255,610**	**730,344**	**341,117**	**270,407**	**268,657**	**601,874**
Period liquidity gap	**-**	**(1,019,087)**	**(390,931)**	**344,840**	**588,699**	**1,616,647**	**698,590**	**10,520**
Cummulative liquidity gap	**-**	**(1,019,087)**	**(1,410,018)**	**(1,065,178)**	**(476,479)**	**1,140,168**	**1,838,758**	**1,849,278**
Contingent Liabilities	**157,127**	**-**	**133,746**	**8,252**	**8,252**	**6,877**	**-**	**-**

The Group's financial liabilities are valued on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance.

The table above analyses assets and liabilities of the group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The matching and control of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank.

Notes To The Financial Statements (Continued)

5.3.3. Available Counterparty Liquidity

The Group has available lines of credit from its counterparties to finance its business. The table below summarises the Group's available lines of credit at year-end and the amounts stated in the table are the cedi equivalent of the foreign currencies.

	2020		2019	
Description	Bank	Group	Bank	Group
Lines for letters of credit establishment	1,653,177	1,653,177	1,487,889	1,487,889
Lines for letters of credit refinancing/ payment	1,296,045	1,296,045	1,245,083	1,245,083

5.4. Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

5.4.1. Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the brokerage subsidiary, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

Overall authority for market risk is vested in ALCO. The Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board) and for the day-to-day review of their implementation.

5.4.2. Exposure to interest rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management department in its day-to-day monitoring activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the 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 point (bp) parallel fall or rise in all yield curves and a 50 bp parallel fall or rise in all yield curves. An analysis of the Group and company's sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant balance sheet position) is as follows:

Sensitivity of projected net interest income	100 bp parallel increase	100 bp parallel decrease	50 bp parallel increase	50 bp parallel decrease
At 31 December 2020	(20,588)	20,588	(10,294)	10,294
At 31 December 2019	(8,879)	8,879	(4,440)	4,440

5.4.3. Concentration of assets, liabilities and off balance sheet items

Banks take on foreign currency exchange rate exposure on their financial position and cash flows.

The table below summarises the group and bank's exposure to foreign currency exchange rate risks at year-end.

The amounts stated in the table are the Ghana Cedi equivalent of the foreign currencies.

Group and Bank

2020 Assets	US Dollars	British Pounds	Euro	Others	Total
Cash and Cash Equivalents	90,661	23,614	28,274	2,381	144,930
Loans and Advances to Customers	1,303,648	-	102	-	1,303,750
Other Assets	594	-	-	-	594
Total Assets	**1,394,903**	**23,614**	**28,376**	**2,381**	**1,449,274**
Liabilities					
Deposits From Customers	539,941	17,566	22,897	-	580,404
Borrowings	2,064,594	6,435	-	-	2,071,029
Other Liabilities	28,382	51	86	-	28,519
Total Liabilities	**2,632,917**	**24,052**	**22,983**	**-**	**2,679,952**
Net On-Balance Sheet Position	(1,238,014)	(438)	5,393	2,381	(1,230,678)
Off-Balance Sheet Credit Commitments	64,337	-	156	-	64,493
Total Exposure	**(1,173,677)**	**(438)**	**5,549**	**2,381**	**(1,166,185)**

Notes To The Financial Statements (Continued)

Group and Bank					
2019	**US Dollars**	**British Pounds**	**Euro**	**Others**	**Total**
Assets					
Cash and cash equivalents	115,124	16,377	32,429	2,383	166,313
Loans and advances to customers	1,309,199	-	84	-	1,309,283
Other assets	307	29	-	-	336
Total assets	**1,424,630**	**16,406**	**32,513**	**2,383**	**1,475,932**
Liabilities					
Deposits from customers	542,861	18,397	35,404	-	596,662
Borrowings	1,972,722	-	-	-	1,972,722
Other liabilities	17,038	54	112	-	17,204
Total liabilities	**2,532,621**	**18,451**	**35,516**	**-**	**2,586,588**
Net on-balance sheet position	(1,107,991)	(2,045)	(3,003)	2,383	(1,110,656)
Off-balance sheet credit commitments	238,014	-	10,196	-	248,210
Total exposure	**(869,977)**	**(2,045)**	**7,193**	**2,383**	**(862,446)**

5.4.4. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on positions by currency. In accordance with the Bank's policy, positions are monitored on a daily basis.

The table below indicates the currencies to which the Group had significant exposure at 31 December 2020 and 2019 on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the cedis (all other variables being held constant) on profit or loss and equity (due to the fair value of currency sensitive non-trading monetary assets and liabilities).

Negative amount in the table reflects a potential net reduction in statement of profit or loss or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the cedis would have resulted in an equivalent but opposite impact.

	2020				**2019**			
	Exchange Rate at 31 Dec	**Change in currency rate**	**Effect on profit before tax**	**Impact on equity**	**Exchange Rate at 31 Dec**	**Change in currency rate**	**Effect on profit before tax**	**Impact on equity**
US Dollars	5.7602	4%	(50,673)	(38,005)	5.5337	15%	(164,061)	(123,046)
British Pounds	7.8742	8%	(33)	(25)	7.3164	19%	(380)	(285)
Euro	7.0643	14%	741	556	6.2114	13%	(380)	(285)

5.5. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit, Internal Control, Risk and Compliance Departments. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Senior Management Committee, Audit Committee, Risk Management Committee and the Board.

5.6. Capital management – Regulatory Capital

The Group's lead regulator, the Bank of Ghana, monitors capital requirements for the Group. In implementing current capital requirements the Bank of Ghana requires the Group to maintain a minimum prescribed ratio of total capital to total risk-weighted assets of 11.5% (2019: 13%). The Bank of Ghana also requires banks to hold a minimum regulatory capital of GHS400 million.

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

Tier 1 capital, which includes ordinary share capital, retained earnings and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital, which includes qualifying subordinated liabilities and the element of the fair value reserve relating to unrealised gains on equity instruments classified as available-for-sale.

The carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation and investments in the capital of banks and certain other regulatory items are deducted from capital.

The Group's operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

There have been no material changes in the Group's management of capital during the period.

The regulatory capital position at 31 December was as follows:

	Notes	2020 Bank	2020 Group	2019 Bank	2019 Group
Paid up capital		400,000	400,000	400,000	400,000
Retained earnings		227,273	248,695	174,819	189,473
Statutory reserves		340,095	340,095	288,353	288,353
Other qualifying reserves		(136)	(720)	(6,941)	(7,675)
Tier 1 capital before deductions		**967,232**	**988,070**	**856,231**	**870,151**
Software		44,813	45,960	27,533	28,789
Deferred tax		36,377	36,404	5,705	5,788
Losses not provided for		40,066	40,066	-	-
Others		40,199	40,243	44,126	46,177
Total regulatory adjustments		**161,455**	**162,673**	**77,364**	**80,754**
Total tier 1 capital		**805,777**	**825,397**	**778,867**	**789,397**
Subordinated term debt		121,799	121,799	147,023	147,023
Property revaluation reserve (@50%)		52,318	52,318	52,318	104,636
Tier 2 capital (limited to 2% of risk weighted assets)		**80,956**	**81,402**	**75,848**	**76,214**
Total regulatory capital		**886,733**	**906,799**	**854,715**	**865,611**
Risk-weighted assets					
Credit risk		3,065,613	3,066,085	2,981,914	2,979,204
Operational risk		924,093	935,550	793,964	806,170
Market risk		58,118	68,479	16,500	25,313
Total risk weighted assets		**4,047,824**	**4,070,114**	**3,792,378**	**3,810,687**
Capital adequacy ratio		**21.9%**	**22.3%**	**22.5%**	**22.7%**
Summary of key ratios					
Tier 1 capital ratio		19.9%	20.3%	20.5%	20.7%
Tier 2 capital ratio		2.0%	2.0%	2.0%	2.0%
Capital adequacy ratio		21.9%	22.3%	22.5%	22.7%
Leverage ratio*		10.0%	10.3%	10.8%	11.0%
***In computing leverage ratio, total assets (off and on-balance sheet) amounted to**		**8,026,766**	**8,046,719**	**7,196,907**	**7,205,625**

5.6.1. Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. "Although maximisation of the return on riskadjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors."

Regulatory Quantitative Disclosures	2020		2019	
	Bank	Group	Bank	Group
Capital Adequacy Ratio	21.9%	22.3%	22.5%	22.7%
Non-Performing Loans Ratio	13.5%	13.5%	9.9%	9.9%
Liquid Ratio	216.7%	217.6%	142.0%	143.0%
Compliance with statutory liquidity requirement				
(i) Default in Statutory Liquidity	Nil	Nil	Nil	Nil
(ii) Default in Statutory Liquidity Sanction (GHS'000)	Nil	Nil	Nil	Nil
(iii) Other Regulatory Penalties (GHS'000)	84	84	24	24

6. USE OF ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 5).

6.1 Key sources of estimation uncertainty

6.1.1 Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy note 4.

The specific counter party component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items can not yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions.

6.1.2 Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 8. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets or liabilities as amortised cost or at fair value through profit or loss, the Group has determined that the criteria set out in accounting policy note 4.9.4 have been met.

7. OPERATING SEGMENTS

The group has five reportable segments. Information regarding each reportable segment is presented below. For management purposes the group is organised into five reportable segments based on products and services as follows;

- Corporate Banking: is responsible for providing loans and other credit facilities, as well as deposits and other transactions and balances to corporate clients, institutional clients and public sector entities. It also provides corporate finance services, mergers and acquisitions advice, specialised financial advice and custody services.
- Retail & Business Banking: provide loans and overdrafts as well as handles the deposits and other transactions of small and medium enterprises (SMES), individuals customers such as funds transfer, standing orders and ATM's Card services.
- Treasury: undertakes the Bank's funding and centralised risk management activities through borrowings, and investing in liquid assets such as short-term placements and government debt securities. It also trade in foreign currencies.
- Brokerage: subscribe for, underwrite, buy, hold, manage, and sell securities either on or off a stock exchange either as principals or agents. It also provides issuing house underwriting services and sponsorship to corporate clients.
- Asset Management: provide asset management, investment portfolio management, cash management, money management and other investment advisory services to institutional investors, businesses and high net worth individuals and manage mutual funds.

Management monitors the operating results of its 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. Interest income is reported net, as management primarily relies on net interest revenue as a performance measure, not the gross income and expense.

For the purpose of segmental reporting, surplus funds or deficit per business unit is either sold to or purchased from the Bank pool based on a pool rate determined by Treasury using the Bank's cost of funds plus a margin for both local and foreign currencies.

The assets that are not allocated to any reportable segment are made up of other assets, current tax assets, deferred tax assets, property and equipment, intangible assets and cash balances held at head office. The liabilities are also made up of current tax liabilities, deferred tax liabilities, accruals and other liabilities that are not allocated to any business.

No single customer revenue is 10% or more of the total external revenue.

The tables below shows an analysis of the performance of the business units of the Group.

7.0. Operating segments (Continued)

The Group has five reportable segments. Information regarding each reportable segment is presented below.

	Corporate Banking & Project Finance	Consumer & Retail Business Banking	Treasury	CalBrokers Limited	CalAsset Management	Unallocated	Consolidated
31 December 2020							
External revenues							
Net interest income	201,482	126,883	191,318	3	3,185	-	522,871
Net fees and commissions	17,610	21,955	(17,576)	-	9,516	-	31,505
Net trading income	7,105	2,083	121,710	-	-	-	130,898
Other operating income	2,407	292	178	394	57	-	3,331
Intersegment revenue	480	-	-	(3)	(477)	-	-
Total segment revenues	**229,084**	**151,213**	**295,630**	**397**	**12,281**	**-**	**688,605**
Operating costs	(93,438)	(78,755)	(8,235)	(82)	(3,220)	(220,247)	(403,977)
Segment results	**135,646**	**72,458**	**287,395**	**315**	**9,061**	**(220,247)**	**284,628**
Income tax expense	-	-	-	(68)	(2,750)	(68,007)	(70,825)
Profit for the period	**135,646**	**72,458**	**287,395**	**247**	**6,311**	**(288,254)**	**213,803**
Segment assets	2,342,618	305,336	4,732,426	3,556	22,498	518,152	7,924,586
Total assets	**2,342,618**	**305,336**	**4,732,426**	**3,556**	**22,498**	**518,152**	**7,924,586**
Segment liabilities	1,717,798	1,747,176	3,023,771	1,671 831	300,567	6,791,814	
Total liabilities	**1,717,798**	**1,747,176**	**3,023,771**	**1,671**	**831**	**300,567**	**6,791,814**
Impairment loss on financial assets	**(68,461)**	**(18,308)**	**-**	**-**	**-**	**(74)**	**(86,843)**
Depreciation and amortisation	**(306)**	**(5,274)**	**(229)**	**(5)**	**(156)**	**(28,626)**	**(34,596)**
Expenditure on non-current assets	**-**	**-**	**-**	**-**	**60**	**63,543**	**63,603**

7.0. Operating segments (Continued)

The Group has five reportable segments. Information regarding each reportable segment is presented below.

	Corporate Banking & Project Finance	Consumer & Retail Business Banking	Treasury	CalBrokers Limited	CalAsset Management	Unallocated	Consolidated
31 December 2019							
External revenues							
Net interest income	187,684	163,464	165,473	265	1,220	-	518,106
Net fees and commissions	19,205	19,488	806	-	7,098	-	46,597
Net trading income	-	-	27,168	-	-	-	27,168
Other operating income	11	648	4,302	(426)	(14)	-	4,521
Intersegment revenue	(393)	-	-	(58)	451	-	-
Total segment revenues	**206,507**	**183,600**	**197,749**	**(219)**	**8,755**	**-**	**596,392**
Operating costs	(25,321)	(128,678)	(8,021)	(4,702)	(2,800)	(183,930)	(353,452)
Segment results	**181,186**	**54,922**	**189,728**	**(4,921)**	**5,955**	**(183,930)**	**242,940**
Income tax expense	-	-	-	(16)	(1,886)	(67,625)	(69,527)
Profit/(loss) for the period	**181,186**	**54,922**	**189,728**	**(4,937)**	**4,069**	**(251,555)**	**173,413**
Segment assets	2,245,545	678,273	3,419,799	4,006	16,171	684,704	7,048,498
Total assets	**2,245,545**	**678,273**	**3,419,799**	**4,006**	**16,171**	**684,704**	**7,048,498**
Segment liabilities	1,582,013	1,407,421	2,900,321	2,367	671	180,918	6,073,711
Total liabilities	**1,582,013**	**1,407,421**	**2,900,321**	**2,367**	**671**	**180,918**	**6,073,711**
Impairment loss on financial assets	**(14,672)**	**(68,695)**	**-**	**(2,699)**	**-**	**-**	**(86,066)**
Depreciation and amortisation	**(189)**	**(5,210)**	**(141)**	**(15)**	**(126)**	**(22,315)**	**(27,996)**
Expenditure on non-current assets	**-**	**4,140**	**-**	**312**	**78**	**20,919**	**25,449**

7. Operating segments (Continued)

The Group operated in four geographical markets in Ghana. The following tables show the distribution of operating profit and assets allocated based on the location of the customers and assets respectively for the years ended 2020 and 2019.

2020	Northern	Ashanti	Western	Greater Accra	Consolidated
Interest income	4,798	36,650	38,116	847,786	927,350
Interest expense	(2,066)	(14,724)	(12,859)	(374,830)	(404,479)
Net interest income	**2,732**	**21,926**	**25,257**	**472,956**	**522,871**
Net fees and commissions	400	5,950	3,255	21,900	31,505
Net trading income	17	490	3,515	126,876	130,898
Recognised gains on derivative assets	–	–	–	731	731
Other operating income	–	7	91	2,502	2,600
Operating income	**3,149**	**28,373**	**32,118**	**624,965**	**688,605**
Net impairement loss on financial assets	(74)	(6,255)	(42,901)	(37,613)	(86,843)
Personel expenses	(918)	(8,036)	(5,371)	(128,410)	(142,735)
Depreciation and amortisation	(297)	(896)	(1,001)	(32,402)	(34,596)
Finance cost on lease liabilities	(574)	(1,201)	(748)	(1,775)	(4,298)
Other expenses	(644)	(4,222)	(2,924)	(127,715)	(135,505)
Total operating expenses	**(2,507)**	**(20,610)**	**(52,945)**	**(327,915)**	**(403,977)**
Profit before income tax	**642**	**7,763**	**(20,827)**	**297,050**	**284,628**
Income tax expense	–	–	–	–	(70,825)
Profit for the period	**642**	**7,763**	**(20,827)**	**297,050**	**213,803**
Segment assets	3,332	157,699	106,115	7,657,440	7,924,586
Total assets	**3,332**	**157,699**	**106,115**	**7,657,440**	**7,924,586**
Segment liabilities	22,042	455,318	330,598	5,983,856	6,791,814
Total liabilities	**22,042**	**455,318**	**330,598**	**5,983,856**	**6,791,814**

Notes To The Financial Statements (Continued)

7. Operating segments (Continued)

2019	Northern	Ashanti	Western	Greater Accra	Consolidated
Interest income	8,271	32,688	38,354	833,096	912,409
Interest expense	(3,656)	(6,428)	(10,809)	(373,410)	(394,303)
Net interest income	**4,615**	**26,260**	**27,545**	**459,686**	**518,106**
Net fees and commissions	523	5,132	4,888	36,054	46,597
Net trading income	-	-	-	27,168	27,168
Recognised gains on derivative assets	-	-	-	4,115	4,115
Other operating income	1	8	1	396	406
Operating income	**5,139**	**31,400**	**32,434**	**527,419**	**596,392**
Net impairement loss on financial assets	(129)	(26,282)	(11,178)	(48,477)	(86,066)
Personel expenses	(986)	(7,034)	(5,139)	(121,420)	(134,579)
Depreciation and amortisation	(244)	(1,053)	(957)	(18,694)	(20,948)
Lease expenses	(591)	(1,229)	(888)	(8,925)	(11,633)
Other expenses	(610)	(3,931)	(2,748)	(92,937)	(100,226)
Total operating expenses	**(2,560)**	**(39,529)**	**(20,910)**	**(290,453)**	**(353,452)**
Profit before income tax	**2,579**	**(8,129)**	**11,524**	**236,966**	**242,940**
Income tax expense	-	-	-	-	(69,527)
Profit for the period	**2,579**	**(8,129)**	**11,524**	**236,966**	**173,413**
Segment assets	1,778	155,950	147,467	6,743,303	7,048,498
Total assets	**1,778**	**155,950**	**147,467**	**6,743,303**	**7,048,498**
Segment liabilities	58,242	315,164	169,200	5,531,105	6,073,711
Total liabilities	**58,242**	**315,164**	**169,200**	**5,531,105**	**6,073,711**

8. FINANCIAL ASSETS AND LIABILITIES

8.1 Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

2020 **Bank**	Fair Value OCI	Fair Value Through Profit or Loss	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,211,761	**1,211,761**	1,212,974
Non-pledged trading assets	-	834,131	-	**834,131**	834,131
Derivative assets held for risk management	-	731	-	**731**	731
Investment securities	-	171	2,681,316	**2,681,487**	2,676,710
Loans and advances to customers	-	-	2,400,950	**2,400,950**	2,651,556
Other assets	-	-	11,822	**11,822**	11,822
	-	**835,033**	**6,305,849**	**7,140,882**	**7,387,924**
Deposit from banks and other financial institution	-	-	263,803	**263,803**	255,119
Deposits from customers	-	-	4,164,301	**4,164,301**	4,112,892
Borrowings	-	-	2,098,225	**2,098,225**	2,063,794
Lease liabilities	-	-	85,886	**85,886**	85,886
Other liabilities	-	-	179,266	**179,266**	179,266
	-	-	6,791,481	**6,791,481**	6,696,957

2020 **Group**	Fair Value OCI	Fair Value Through Profit or Loss	Amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	1,211,766	**1,211,766**	1,212,974
Non-pledged trading assets	-	834,131	-	**834,131**	834,131
Derivative assets held for risk management	-	731	-	**731**	**731**
Investment securities	-	609	2,700,152	**2,700,761**	2,695,984
Loans and advances to customers	-	-	2,400,950	**2,400,950**	2,651,556
Other assets	-	-	13,854	**13,854**	13,854
	-	**835,471**	**6,326,722**	**7,162,193**	**7,409,230**
Deposit from banks and other financial institution	-	-	261,657	**261,657**	255,119
Deposits from customers	-	-	4,164,301	**4,164,301**	4,112,892
Borrowings	-	-	2,098,225	**2,098,225**	2,063,794
Lease liabilities	-	-	85,886	**85,886**	85,886
Other liabilities	-	-	181,745	**181,745**	181,745
	-	-	6,791,814	**6,791,814**	6,699,436

8. Financial assets and liabilities (Continued)

2019	Fair Value OCI	Fair Value Through Profit or Loss	Amortised cost	Total carrying amount	Fair value
Bank					
Cash and cash equivalents	-	-	854,886	**854,886**	854,993
Non-pledged trading assets	-	125,772	-	**125,772**	125,772
Derivative assets held for risk management	-	4,115	-	**4,115**	4,115
Investment Securities	-	151	2,447,037	**2,447,188**	2,484,690
Loans and advances to customers	-	-	2,920,026	**2,920,026**	3,016,281
	-	**130,038**	**6,221,949**	**6,351,987**	**6,485,851**
Deposit from banks and other financial institution	-	-	172,654	**172,654**	172,654
Deposits from customers	-	-	3,694,513	**3,694,513**	3,690,543
Borrowings	-	-	2,028,126	**2,028,126**	2,001,812
Lease liabilities	-	-	77,212	**77,212**	77,212
Other liabilities	-	-	106,408	**106,408**	106,408
	-	**-**	**6,078,913**	**6,078,913**	**6,048,629**

2019	Fair Value OCI	Fair Value Through Profit or Loss	Amortised cost	Total carrying amount	Fair value
Group					
Cash and cash equivalents	-	-	854,891	**854,891**	854,993
Non-pledged trading assets	-	125,772	-	**125,772**	125,772
Derivative assets held for risk management	-	4,115	-	**4,115**	4,115
Investment Securities	-	733	2,452,851	**2,453,584**	2,490,660
Loans and advances to customers	-	-	2,920,026	**2,920,026**	3,016,281
	-	**130,620**	**6,227,768**	**6,358,388**	**6,491,821**
Deposit from banks and other financial institution	-	-	164,471	**164,471**	172,654
Deposits from customers	-	-	3,694,513	**3,694,513**	3,690,543
Borrowings	-	-	2,028,126	**2,028,126**	2,001,812
Lease liabilities	-	-	77,212	**77,212**	77,212
Other liabilities	-	-	109,389	**109,389**	109,389
	-	**-**	**6,073,711**	**6,073,711**	**6,051,610**

8. Financial assets and liabilities (Continued)

8.2 Fair value techniques

Fair value approximates carrying value due to the minimal credit losses and short-term nature of the financial assets and liabilities.

Financial instruments at fair value are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial-markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

The fair value for loans and advances, and other lending is estimated using discounted cash flows, applying either market rates where practicable or, where the counterparty is a bank, rates currently offered by other financial institutions for placings with similar characteristics. In certain cases the fair value approximates carrying value because the instruments are short term in nature or reprice frequently.

Fair values of deposit liabilities payable on demand (interest free, interest bearing and savings deposits) approximate to their carrying value. The fair value of all other deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the Group for deposits of similar remaining maturities.

Fair values of short-term debt securities in issue are approximately equal to their carrying amount. Fair values of other debt securities in issue are based on quoted prices where available, or where these are unavailable, are estimated using other valuation techniques.

Fair value of derivative assets are approximately equal to the amount of the mark to market adjustment at the reporting date of forward exchange contracts.

8.3 Fair value hierarchy

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

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

The determination of fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices or dealer price quotations. If the market for a financial asset or financial liability is not actively traded, the Bank establishes fair value by using valuation techniques. These techniques include the use of arms' length transactions, discounted cash flow analysis, and valuation models and techniques commonly used by market participants.

Notes To The Financial Statements (Continued)

8. Financial assets and liabilities (Continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in fair value hierarchy, into which the fair value measurement is categorised.

The Level 1 was valued using the Bank of Ghana quoted bid prices, and quoted prices on the Ghana stock exchange.

The Level 2 was valued using Government of Ghana quoted market prices for similar instruments, and quoted prices on the Ghana stock exchange.

Level 3 valuation techniques are based on significant observable inputs.

	2020				2019			
Bank	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-pledged trading assets	834,131	-	-	834,131	125,772	-	-	125,772
Derivative assets held for risk management	-	-	731	731	-	-	4,115	4,115
Investment Securities	171	-	-	171	151	-	-	151
	834,302	**-**	**731**	**835,033**	**125,923**	**-**	**4,115**	**130,038**
Group								
Non-pledged trading assets	834,131	-	-	834,131	125,772	-	-	125,772
Derivative assets held for risk management	-	-	731	731	-	-	4,115	4,115
Investment Securities	609	-	-	609	733	-	-	733
	834,740	**-**	**731**	**835,471**	**126,505**	**-**	**4,115**	**130,620**

9. NET INTEREST INCOME

See accounting policy in Note: 4.3.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
INTEREST INCOME				
Cash and cash equivalents	29,546	29,546	46,926	46,926
Loans and advances to customers	476,997	476,997	483,239	483,028
Investment securities at amortised cost	418,100	420,807	381,118	382,455
Total interest income calculated using effective interest method	**924,643**	**927,350**	**911,283**	**912,409**
INTEREST EXPENSE				
Deposit from banks	5,475	4,995	7,379	6,727
Deposit from customers	310,912	310,912	281,935	281,935
Debt securities issued	88,572	88,572	105,641	105,641
Total interest expense	404,959	404,479	394,955	394,303
NET INTEREST INCOME	**519,684**	**522,871**	**516,328**	**518,106**

There were no interest income on loans and advances to customers (2019: 19.01 million) in respect of impaired financial assets.

The net interest reported include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities.

9. NET INTEREST INCOME (Continued)

	2020		2019	
	Bank	Group	Bank	Group
Financial assets measured at amortised cost	6,305,849	6,326,722	6,221,949	6,227,768
Total	**6,305,849**	**6,326,722**	**6,221,949**	**6,227,768**
Financial liabilities measured at amortised cost	6,526,329	6,524,183	5,895,293	5,887,110
Total	**6,526,329**	**6,524,183**	**5,895,293**	**5,887,110**

10. NET FEE AND COMMISSION INCOME

See accounting policy in Note: 4.4.

	2020		2019	
	Bank	Group	Bank	Group
Fees and commission income				
Customer fees	9,359	9,356	9,605	9,605
Credit related fees	20,334	20,334	24,447	24,447
Corporate financing and advisory fees	2,087	11,250	10,221	17,281
Others*	10,227	10,227	13,292	13,292
Total fee and commission income	**42,007**	**51,167**	**57,565**	**64,625**
Fee and Commission Expense				
Interbank transaction fees	18,319	18,319	15,409	15,409
Other fees and commission expense	1,343	1,343	2,619	2,619
Total fee and commission expense	**19,662**	**19,662**	**18,028**	**18,028**
Net fees and commission income	**22,345**	**31,505**	**39,537**	**46,597**

* The 'Other fees and commission income' comprise largely of remittance fees, swift fees, foreign transfer fees and fees on foreign currency withdrawals among others

11. NET TRADING INCOME

See accounting policy in Note: 4.5.

	2020		2019	
	Bank	Group	Bank	Group
Fixed income	171,404	171,404	29,551	29,551
Foreign exchange (loss)/gain	(40,506)	(40,506)	(2,383)	(2,383)
Net trading income	**130,898**	**130,898**	**27,168**	**27,168**

12. OTHER OPERATING INCOME

See accounting policy in Note 4.7.

	2020		2019	
	Bank	Group	Bank	Group
Profit from disposal of property and equipment	-	-	298	298
Sundry income	2,149	2,510	376	22
Dividend income	-	90	-	86
Other operating income	**2,149**	**2,600**	**674**	**406**

13. PERSONNEL EXPENSES

See accounting policy in Note: 4.23.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Salaries and allowances	71,839	73,178	67,268	69,200
Social security costs	3,862	3,941	3,793	4,033
Expenses related to post-employment defined benefit plans	4,529	4,529	10,262	10,262
Expenses related to long-service award scheme	1,618	1,628	1,151	1,174
Other personnel expenses	58,496	59,459	48,600	49,910
	140,344	**142,735**	**131,074**	**134,579**
Average number of employees at 31 December	838	849	816	827

Other personnel expenses includes payments for employee medical costs, temporary staff costs and other staff related costs.

Included within personal expenses for the year is a total of GHS7.8 million (2019: GHS17.3 million) relating to executive directors.

14. OTHER EXPENSES

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Software licensing and other IT cost	23,850	23,974	21,797	22,111
Auditors remuneration	420	470	340	397
Directors fees and alowances	3,079	3,305	5,142	5,298
Other expenses	107,397	107,756	71,712	72,420
Total	**134,746**	**135,505**	**98,991**	**100,226**

Other expenses includes communications, insurance, computer cost, printing & stationery, fuel & lubricants, and outsource costs.

15. INCOME TAX

See accounting policy in Note: 4.8.

(a) Amounts recognised in profit or loss

		2020		2019	
	Note	**Bank**	**Group**	**Bank**	**Group**
Current tax expense					
Current year income tax expense		98,844	101,441	70,826	72,586
Deferred tax - See Note: 25		(30,672)	(30,616)	(3,160)	(3,059)
Total income tax expense		**68,172**	**70,825**	**67,666**	**69,527**

(b) Reconciliation of effective tax rate

		2020		2019	
	Note	**Bank**	**Group**	**Bank**	**Group**
Profit before tax		**275,141**	**284,628**	**241,951**	**242,940**
Corporate income tax at applicable tax rate of 25%		68,785	71,157	60,488	60,735
Non-deductible expenses		6,897	6,704	22,625	24,190
Tax exempt income		(21,260)	(21,260)	(27,483)	(27,483)
Tax incentive		(7)	(7)	(62)	(62)
National fiscal and stabilisation levy at 5%		13,757	14,231	12,098	12,147
Current year income tax expense		**68,172**	**70,825**	**67,666**	**69,527**
Effective tax rate		24.8%	24.9%	28.0%	28.6%

Notes To The Financial Statements (Continued)

(c) Current tax assets/liabilities

Bank **2020**	**Balance at 1 Jan**	**Charge for the year**	**Payments during the year**	**Balance at 31 Dec**
Income tax				
2019	(1,853)	-	(918)	(2,771)
2020	(10,532)	85,087	(98,956)	(24,401)
	(12,385)	**85,087**	**(99,874)**	**(27,172)**
National fiscal stabilisation levy				
2019	621	-	(621)	-
2020	(1,731)	13,757	(16,099)	(4,073)
	(1,110)	**13,757**	**(16,720)**	**(4,073)**
Total	**(13,495)**	**98,844**	**(116,594)**	**(31,245)**
2019				
Income tax				
2009 - 2018	6,242	1,056	(7,298)	-
2019	-	57,672	(70,057)	(12,385)
	6,242	**58,728**	**(77,355)**	**(12,385)**
National fiscal stabilisation levy				
2009 - 2018	1,031	-	(1,031)	-
2019	-	12,098	(13,208)	(1,110)
	1,031	**12,098**	**(14,239)**	**(1,110)**
Total	**7,273**	**70,826**	**(91,594)**	**(13,495)**

Group **2020**	**Balance at 1 Jan**	**Charge for the year**	**Payments during the year**	**Balance at 31 Dec**
Income tax				
2009 - 2018	(1,093)	-	-	(1,093)
2019	(3,577)	(251)	(939)	(4,767)
2020	(10,532)	87,466	(101,216)	(24,282)
	(15,202)	**87,215**	**(102,155)**	**(30,142)**
National fiscal stabilisation levy				
2009 - 2018	610	-	-	610
2019	2,352	-	(624)	1,728
2020	(1,731)	14,226	(16,542)	(4,047)
	1,231	**14,226**	**(17,166)**	**(1,709)**
Total	**(13,971)**	**101,441**	**(119,321)**	**(31,851)**
2019				
Corporate income tax				
2009 - 2018	5,149	1,056	(7,298)	(1,093)
2019	-	59,432	(73,541)	(14,109)
	5,149	**60,488**	**(80,839)**	**(15,202)**
National fiscal stabilisation levy				
2009 - 2018	1,641	-	(1,031)	610
2019	-	12,098	(11,477)	621
	1,641	**12,098**	**(12,508)**	**1,231**
Total	**6,790**	**72,586**	**(93,347)**	**(13,971)**

Liabilities up to and including 2018 for the Bank have been agreed with the tax authorities, liabilities up to and including 2009 for the subsidiaries have also been agreed. All liabilities are subject to agreement with the Ghana Revenue Authority.

16. EARNINGS PER SHARE

See accounting policy in Note: 4.27.

(a) Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Profit for the year attributable to equity holders of the Bank	206,969	213,803	174,285	173,413
Weighted average number of ordinary shares				
Issued ordinary shares at 1 January	626,585	626,585	626,585	626,585
Effect of treasury shares held by subsidiaries	–	(997)	–	(997)
Bank's own shares purchased during the year	(205)	(205)	–	–
Weighted average number of ordinary shares	**626,380**	**625,383**	**626,585**	**625,588**
Basic earnings per share (GHS)	**0.3304**	**0.3419**	**0.2782**	**0.2772**

The bank did not issue additional shares during the year.

(b) Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Profit for the year attributable to equity holders of the Bank	206,969	213,803	174,285	173,413
Weighted average number of ordinary shares (diluted)				
Issued ordinary shares at 1 January	626,585	626,585	626,585	626,585
Effect of treasury shares held by subsidiaries	–	(997)	–	(997)
Bank's own shares purchased during the year	(205)	(205)	–	–
Weighted average number of ordinary shares (diluted)	**626,380**	**625,383**	**626,585**	**625,588**
Basic earnings per share (GHS)	**0.3304**	**0.3419**	**0.2782**	**0.2772**

17. DIVIDEND PER SHARE

See accounting policy in Note: 4.25.2.

The directors recommend the payment of a dividend of GHS0.11 per share (2019: GHS0.089) subject to approval by the Bank of Ghana.

18. CASH AND CASH EQUIVALENTS

See accounting policy in Note: 4.16.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Cash and balances with banks	145,243	145,248	149,327	149,332
Balances with Bank of Ghana	159,977	159,977	52,934	52,934
Mandatory reserve deposit with Bank of Ghana	354,248	354,248	386,376	386,376
Items in course of collection	11,526	11,526	9,142	9,142
Money market placement	540,767	540,767	257,107	257,107
Cash and cash equivalent per statement of financial position	**1,211,761**	**1,211,766**	**854,886**	**854,891**
Treasury bills with contractual maturities of 90 days and less	218,482	218,482	43,404	43,404
Cash and cash equivalent per statement of cash flows	**1,430,243**	**1,430,248**	**898,290**	**898,295**

19. INVESTMENT SECURITIES

See accounting policy in Note 4.17.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Securities at amortised cost	2,681,316	2,700,152	2,447,037	2,452,851
Securities at FVTPL	171	609	151	733
Total	**2,681,487**	**2,700,761**	**2,447,188**	**2,453,584**

	2020		2019	
a) Securities at amortised cost	**Bank**	**Group**	**Bank**	**Group**
Treasury bills	238,433	238,433	590,179	590,179
Government notes	472,365	472,365	869,442	869,442
Government bonds	1,721,116	1,739,952	987,416	993,230
Corporate bonds	249,402	249,402	-	-
	2,681,316	**2,700,152**	**2,447,037**	**2,452,851**

	2020		2019	
b). Securities at FVTPL	**Bank**	**Group**	**Bank**	**Group**
Equities	171	609	151	733
	171	**609**	**151**	**733**

Current	136,749	136,749	1,225,764	1,234,837
Non-current	2,544,738	2,564,012	1,221,424	1,218,747

A total of GHS257.1 million (2019: GHS21.8 million) of Investment Securities have been used as security for interbank and short term borrowing.

In the event that, the Bank fails to make good the payment as and when it falls due, the collateral will not be released back to the Bank. The pledged assets cannot be used for any other trading purpose until the payment is done and the pledged assets are released by Central Securities Depository.

20. NET GAINS ON DERIVATIVE ASSETS

See accounting policy in Note: 4.29.

The Bank holds derivative financial instruments for risk management and trading purposes. The bank entered into forward exchange contracts during the year. The fair value of forward exchange contracts is the amount of the mark to market adjustment at the reporting date.

	2020		2019	
	Bank	Group	Bank	Group
Instrument Type:				
Foreign Exchange forward and spot contracts	731	731	4,115	4,115
	731	**731**	**4,115**	**4,115**
Recognised gains on derivative assets	731	731	4,115	4,115
	731	**731**	**4,115**	**4,115**

21. Non-pledged trading assets

	2020		2019	
	Bank	Group	Bank	Group
Fixed income trading portfolio	834,131	834,131	125,772	125,772
	834,131	**834,131**	**125,772**	**125,772**

22. LOANS AND ADVANCES TO CUSTOMERS

See accounting policy in Note: 4.9.

(a) Analysis by portfolio

	2020		2019	
	Bank	Group	Bank	Group
Retail:				
Mortgage	49,705	49,705	41,472	41,472
Personal	49,820	49,820	54,774	54,774
SME	124,025	124,025	289,558	289,558
Retail gross loans and advances	**223,550**	**223,550**	**385,804**	**385,804**
Corporate:				
Financial institutions	262,508	262,508	302,238	302,238
Other secured	2,154,554	2,154,554	2,433,794	2,433,794
Corporate gross loans and advances	**2,417,062**	**2,417,062**	**2,736,032**	**2,736,032**
Gross loans and advances	**2,640,612**	**2,640,612**	**3,121,836**	**3,121,836**
Less:				
Stage 1 and 2 impairment - retail	(12,212)	(12,212)	(7,246)	(7,246)
Stage 3 impairment - retail	(16,448)	(16,448)	(26,194)	(26,194)
Stage 1 and 2 impairment - corporate	(15,904)	(15,904)	(17,646)	(17,646)
Stage 3 impairment - corporate	(195,098)	(195,098)	(150,724)	(150,724)
Total accumulated impairment	**(239,662)**	**(239,662)**	**(201,810)**	**(201,810)**
Carrying amount	**2,400,950**	**2,400,950**	**2,920,026**	**2,920,026**

22. LOANS AND ADVANCES TO CUSTOMERS (continued)

See accounting policy in Note: 4.9.

	2020		2019	
	Bank	Group	Bank	Group
(b) Analysis by type				
Overdrafts	2,236,676	2,236,676	709,542	709,542
Term loans	403,936	403,936	2,412,294	2,412,294
Gross loans and advances	**2,640,612**	**2,640,612**	**3,121,836**	**3,121,836**
Less:				
Stage 1 and 2 impairment	(28,116)	(28,116)	(24,892)	(24,892)
Stage 3 impairment	(211,546)	(211,546)	(176,918)	(176,918)
Carrying amount	**2,400,950**	**2,400,950**	**2,920,026**	**2,920,026**
Current	630,184	630,184	1,352,619	1,352,619
Non-current	1,770,766	1,770,766	1,567,407	1,567,407
(C) allowances for impairment				
Movement in impairment loss allowance on loans and advances				
Balance at 1 january	201,810	201,810	174,248	174,248
Impairment losses recognised on loans and advances	122,893	122,893	137,495	137,495
Amounts written off during the year	(85,041)	(85,041)	(109,933)	(109,933)
Balance at 31 december	**239,662**	**239,662**	**201,810**	**201,810**
Credit loss expense				
Impairment losses recognised on loans and advances	122,893	122,893	137,495	137,495
Impairment charge on off-balance sheet exposures	51	51	(1,018)	(1,018)
Other investments written-off	-	-	-	2,699
Impairment charge on corporate bonds	1,561	1,561	-	-
Amounts recovered previously written-off	(37,662)	(37,662)	(53,110)	(53,110)
Net charge to the income statement	**86,843**	**86,843**	**83,367**	**86,066**
Loan ratios				
Impairment charge to gross loans	3.3%	3.3%	2.7%	2.8%
Loan loss provision ratio	9.1%	9.1%	6.5%	6.5%
Gross non-performing loan ratio	13.5%	13.5%	9.9%	9.9%
50 largest exposures to total exposure	86.0%	86.0%	70.0%	70.0%

Total non-performing loans amounted to GHS356.5 million (2019: GHS309.1 million)

Notes To The Financial Statements (Continued)

23. INVESTMENTS IN SUBSIDIARIES

(a) The Principal Subsidiaries are:

Name 2020	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
CalBrokers Limited (CBL)	Security Brokerage	Ghana	1,500	100
CalAsset Management Company Limited (CAMCOL)	Fund Management	Ghana	518	100
CalTrustee Company Limited (CTCL)	Trustee	Ghana	10	100
CalBank Nominees Limited (CBNL)	Custodial Service	Ghana	10	100
			2,038	

Name 2019	Nature of Business	Country of Incorporation	Amounts Invested	Percentage Interest
CalBrokers Limited (CBL)	Security Brokerage	Ghana	1,500	100
CalAsset Management Company Limited (CAMCOL)	Fund Management	Ghana	518	100
CalTrustee Company Limited (CTCL)	Trustee	Ghana	10	100
CalBank Nominees Limited (CBNL)	Custodial Service	Ghana	10	100
			2,038	

	2020		2019	
	Bank	Group	Bank	Group
Investments in subsidiaries are measured at cost and comprise:				
Investments in Subsidiaries	2,038	-	2,038	-

23. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Summary of Subsidiary Accounts

	2020			
	CBL	CAML	CBNL	CTCL
Operating income	397	12,281	-	-
Operating expenses	(82)	(3,220)	-	-
Income Tax and National Fiscal Stabilisation Levy	(68)	(2,750)	-	-
Profit /(Loss) for the year	**247**	**6,311**	**-**	**-**
Total Assets	3,556	22,498	10	10
Total Liabilities	1,671	831	-	-
Total Shareholder's Equity	**1,885**	**21,667**	**10**	**10**
Total Cash Inflows	693	414,828	-	-
Total Cash Outflows	(760)	(408,741)	-	-
Net Cash Inflow	**(67)**	**6,087**	**-**	**-**

	2019			
	CBL	CAML	CBNL	CTCL
Operating income	(219)	8,755	-	-
Operating expenses	(4,702)	(2,800)	-	-
Income Tax and National Fiscal Stabilisation Levy	(16)	(1,886)	-	-
Profit /(Loss) for the year	**(4,937)**	**4,069**	**-**	**-**
Total Assets	4,006	16,171	10	10
Total Liabilities	2,367	671	-	-
Total Shareholder's Equity	**1,639**	**15,500**	**10**	**10**
Total Cash Inflows	32,056	353,976	-	-
Total Cash Outflows	(28,899)	(351,414)	-	-
Net Cash Inflow	**3,157**	**2,562**	**-**	**-**

24. OTHER ASSETS

	2020		2019	
	Bank	Group	Bank	Group
Prepayments	40,199	40,243	44,126	46,177
Sundry Debtors	11,822	13,854	3,494	3,907
	52,021	**54,097**	**47,620**	**50,084**
Current	52,021	54,097	47,620	50,084
Non-current	-	-	-	-

Notes To The Financial Statements (Continued)

25. DEFERRED TAX ASSETS/LIABILITIES

Movements in deferred income tax during the year is as follows:

Bank 2020	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December	Deferred tax assets	Deferred tax liabilities
Property and equipment	17,303	(11,107)	-	6,196	-	6,196
Other employee benefit liabilities	(2,760)	(1,074)	-	(3,834)	(3,834)	-
Leave provision	(28)	28	-	-	-	-
Impairment allowance	(50,538)	(9,378)	-	(59,916)	(59,916)	-
Leases	(416)	(4,383)	-	(4,799)	(4,799)	-
Gain on derivative asset	1,029	(1,029)	-	-	-	-
Fair value gain/loss on other employee benefit liabilities	148	(148)	-	-	-	-
Revaluation reserve on property and equipment	29,557	-	-	29,557	-	29,557
Provision for claims and litigation	-	(3,581)	-	(3,581)	(3,581)	-
	(5,705)	**(30,672)**	**-**	**(36,377)**	**(72,130)**	**35,753**

Group 2020	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December	Deferred tax assets	Deferred tax liabilities
Property and equipment	17,220	(11,051)	-	6,169	-	6,169
Other employee benefit liabilities	(2,760)	(1,074)	-	(3,834)	(3,834)	-
Leave provision	(28)	28	-	-	-	-
Impairment allowance	(50,538)	(9,378)	-	(59,916)	(59,916)	-
Leases	(416)	(4,383)	-	(4,799)	(4,799)	-
Gain on derivative asset	1,029	(1,029)	-	-	-	-
Fair value gain/loss on other employee benefit liabilities	148	(148)	-	-	-	-
Revaluation reserve on property and equipment	29,557	-	-	29,557	-	29,557
Provision for claims and litigation	-	(3,581)	-	(3,581)	(3,581)	-
	(5,788)	**(30,616)**	**-**	**(36,404)**	**(72,130)**	**35,726**

Bank 2019	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Balance at 31 December**	**Deferred tax assets**	**Deferred tax liabilities**
Property and equipment	11,653	5,650	–	17,303	–	17,303
Other employee benefit liabilities	–	(2,759)	–	(2,760)	(2,760)	–
Leave provision	–	(28)	–	(28)	(28)	–
Impairment allowance	(43,902)	(6,636)	–	(50,538)	(50,538)	–
Leases	–	(416)	–	(416)	(416)	–
Gain on derivative asset	–	1,029	–	1,029	–	1,029
Fair value gain/loss on other employee benefit liabilities	1,505	–	(1,358)	148	–	148
Revaluation reserve on property and equipment	15,853	–	13,704	29,557	–	29,557
Provision for claims and litigation	–	–	–	–	–	–
	(14,891)	**(3,160)**	**12,346**	**(5,705)**	**(53,742)**	**48,037**

Group 2019	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Balance at 31 December**	**Deferred tax assets**	**Deferred tax liabilities**
Property and equipment	11,469	5,751	–	17,220	–	17,220
Other employee benefit liabilities	–	(2,759)	–	(2,760)	(2,760)	–
Leave provision	–	(28)	–	(28)	(28)	–
Impairment allowance	(43,902)	(6,636)	–	(50,538)	(50,538)	–
Leases	–	(416)	–	(416)	(416)	–
Gain on derivative asset	–	1,029	–	1,029	–	1,029
Fair value gain/loss on other employee benefit liabilities	1,505	–	(1,358)	148	–	148
Revaluation reserve on property and equipment	15,853	–	13,704	29,557	–	29,557
Provision for claims and litigation	–	–	–	–	–	–
	(15,075)	**(3,059)**	**12,346**	**(5,788)**	**(53,742)**	**47,954**

Notes To The Financial Statements (Continued)

26. PROPERTY AND EQUIPMENT

See accounting policy in Note: 4.18

(a) Reconciliation of carrying amount

	Bank				
2020	**Bank Premises**	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
Cost					
Balance at 1 January	298,982	99,350	9,374	149,549	557,255
Additions	8,356	27,793	1,428	4,646	42,223
Disposals	-	-	(454)	-	(454)
Transfers	-	-	-	(104,333)	(104,333)
Balance at 31 December	**307,338**	**127,143**	**10,348**	**49,862**	**494,691**
Accumulated Depreciation					
Balance at 1 January	6,047	42,113	4,929	-	53,089
Depreciation for the year	5,902	16,171	1,289	-	23,362
Disposals	-	-	(211)	-	(211)
Balance at 31 December	**11,949**	**58,284**	**6,007**	**-**	**76,240**
Carrying amounts					
Balance at 31 December	**295,389**	**68,859**	**4,341**	**49,862**	**418,451**

	Group				
2020	**Bank Premises**	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
Cost					
Balance at 1 January	298,982	100,268	9,374	149,549	558,173
Additions	8,356	27,816	1,428	4,646	42,246
Disposals	-	-	(454)	-	(454)
Transfers	-	-	-	(104,333)	(104,333)
Balance at 31 December	**307,338**	**128,084**	**10,348**	**49,862**	**495,632**
Accumulated Depreciation					
Balance at 1 January	6,047	42,954	4,930	-	53,931
Depreciation for the year	5,902	16,196	1,289	-	23,387
Disposals	-	-	(211)	-	(211)
Balance at 31 December	**11,949**	**59,150**	**6,008**	**-**	**77,107**
Carrying amounts					
Balance at 31 December	**295,389**	**68,934**	**4,340**	**49,862**	**418,525**

26. PROPERTY AND EQUIPMENT (Continued)

	Bank				
2019	**Bank Premises**	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
Cost					
Balance at 1 January	248,467	90,640	7,508	128,708	475,323
Additions	331	7,617	2,280	21,934	32,162
Disposals	-	-	(414)	-	(414)
Surplus on revaluation	50,184	-	-	-	50,184
Transfers	-	1,093	-	(1,093)	-
Balance at 31 December	**298,982**	**99,350**	**9,374**	**149,549**	**557,255**
Accumulated Depreciation					
Balance at 1 January	6,507	29,206	4,117	-	39,830
Depreciation for the year	4,169	12,907	1,220	-	18,296
Disposals	-	-	(408)	-	(408)
Release on revaluation	(4,629)	-	-	-	(4,629)
Balance at 31 December	**6,047**	**42,113**	**4,929**	**-**	**53,089**
Carrying amounts					
Balance at 31 December	**292,935**	**57,237**	**4,445**	**149,549**	**504,166**

	Group				
2019	**Bank Premises**	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
Cost					
Balance at 1 January	248,467	91,532	7,508	128,708	476,215
Additions	331	7,643	2,280	21,934	32,188
Disposals	-	-	(414)	-	(414)
Surplus on revaluation	50,184	-	-	-	50,184
Transfers	-	1,093	-	(1,093)	-
Balance at 31 December	**298,982**	**100,268**	**9,374**	**149,549**	**558,173**
Accumulated Depreciation					
Balance at 1 January	6,507	30,007	4,118	-	40,632
Depreciation for the year	4,169	12,947	1,220	-	18,336
Disposals	-	-	(408)	-	(408)
Release on revaluation	(4,629)	-	-	-	(4,629)
Balance at 31 December	**6,047**	**42,954**	**4,930**	**-**	**53,931**
Carrying amounts					
Balance at 31 December	**292,935**	**57,314**	**4,444**	**149,549**	**504,242**

Notes To The Financial Statements (Continued)

26. PROPERTY AND EQUIPMENT (Continued)

There was no indication of impairment of property and equipment held by the Bank at 31 December 2020 (2019: Nil). None of the property, plant and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2019: Nil)

Fair value hierarchy

The Group's leasehold Land and Buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's leasehold land and buildings as at 31 December 2019 was performed by Apex Property Surveying Consult Limited who are external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair values of the Group's leasehold land and buildings every three years.

The fair value measurements for all of the leasehold land and buildings have been categorised as Level 2 fair value measurements.

Valuation techniques

The fair value of the leasehold land and buildings was determined using the depreciated replacement cost method which determines the construction cost of the building on the basis that the subject property is a unique building and therefore does not have similar properties in the area for comparison. The comparative method was also used to gather information on the prevailing land values in the area and making room for adjustments, taking into consideration the subject properties and their access to road network and amenities such as electricity and water.

26. PROPERTY AND EQUIPMENT (Continued)

	Bank				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2020								
Bank Premises	-	295,389	-	295,389	-	295,389	-	295,389
	-	**295,389**	**-**	**295,389**	**-**	**295,389**	**-**	**295,389**
2019								
Bank Premises	-	292,935	-	292,935	-	292,935	-	292,935
	-	**292,935**	**-**	**292,935**	**-**	**292,935**	**-**	**292,935**

There was no transfer between different levels of hierarchy during the year.

The historic cost of the revalued leasehold land and buildings amounts to GHS190.8 million (2019: GHS188.3 million)

(b) Depreciation and amortisation

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Property and equipment See Note: 26	23,362	23,387	18,296	18,336
Depreciation on right-of-use assets See Note: 32(a)	7,030	7,030	7,048	7,048
Intangible assets (Note 27)	4,043	4,179	2,510	2,612
	34,435	**34,596**	**27,854**	**27,996**

(c) Profit on disposal of property and equipment

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Cost	454	454	414	414
Accumulated depreciation	(211)	(211)	(408)	(408)
Carrying amount	**243**	**243**	**6**	**6**
Proceeds from disposal	243	243	304	304
Profit on disposal	**-**	**-**	**298**	**298**

27. INTANGIBLE ASSETS

See accounting policy in Note: 4.19.

	Bank			Group		
2020	**Software Cost**	**Work In Progress**	**Total**	**Software Cost**	**Work In Progress**	**Total**
Cost						
Balance at 1 January	32,888	4,528	37,416	34,246	4,528	38,774
Additions	14,447	6,876	21,323	14,474	6,876	21,350
Balance at 31 December	**47,335**	**11,404**	**58,739**	**48,720**	**11,404**	**60,124**
Accumulated amortisation						
Balance at 1 January	9,883	-	9,883	9,985	-	9,985
Amortisation for the year	4,043	-	4,043	4,179	-	4,179
Balance at 31 December	**13,926**	**-**	**13,926**	**14,164**	**-**	**14,164**
Carrying amount						
Balance at 31 December	**33,409**	**11,404**	**44,813**	**34,556**	**11,404**	**45,960**

2019	Bank			Group		
Cost	**Software Cost**	**Work In Progress**	**Total**	**Software Cost**	**Work In Progress**	**Total**
Balance at 1 January	25,136	2,138	27,274	25,136	2,869	28,005
Additions	7,752	2,390	10,142	8,379	2,390	10,769
Transfers	-	-	-	731	(731)	-
Balance at 31 December	**32,888**	**4,528**	**37,416**	**34,246**	**4,528**	**38,774**
Accumulated Depreciation						
Balance at 1 January	7,373	-	7,373	7,373	-	7,373
Charge for the year	2,510	-	2,510	2,612	-	2,612
Balance at 31 December	**9,883**	**-**	**9,883**	**9,985**	**-**	**9,985**
Net Book Value	**23,005**	**4,528**	**27,533**	**24,261**	**4,528**	**28,789**

Intangible assets represent licenses for computer software. There was no indication of impairment of intangible assets held by the Bank at reporting date and at the end of the previous year. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2019: Nil).

28 ASSETS HELD FOR SALE

See accounting policy in Note: 4.20.

In December 2020, management committed to a proposal to sell an asset previously classified as property and equipment. Accordingly, the asset is presented as an asset held for sale. Efforts to sell the asset have started and a sale is expected within 2021. The asset is presented at its fair value less cost to sell.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Assets held for sale	104,493	104,493	-	-
	104,493	**104,493**	**-**	**-**

Fair value hierarchy and valuation techniques

Assets held for sale are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The process used to determine the fair value hierarchy and valuation techniques used to determine the fair value of assets held for sale are the same as those used for the Group's leasehold land and buildings stated in note 26.

	Bank				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2020								
Assets held for sale	-	104,493	-	104,493	-	104,493	-	104,493
	-	104,493	-	104,493	-	104,493	-	104,493
2019								
Assets held for sale	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

See accounting policy in Note: 4.21.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Time deposit	208,969	208,949	115,401	109,549
Current account	54,834	52,708	57,253	54,922
	263,803	**261,657**	**172,654**	**164,471**
Current	243,437	241,294	152,981	144,798
Non-current	20,366	20,363	19,673	19,673

30. DEPOSITS FROM CUSTOMERS

See accounting policy in Note: 4.21.

	2020		2019	
	Bank	Group	Bank	Group
Analysis by product				
Current account	2,069,254	2,069,254	1,989,792	1,989,792
Time deposit	1,696,931	1,696,931	1,449,298	1,449,298
Savings deposit	398,116	398,116	255,423	255,423
	4,164,301	**4,164,301**	**3,694,513**	**3,694,513**
Analysis by portfolio				
Retail				
Current account	406,635	406,635	605,009	605,009
Time deposit	699,208	699,208	810,364	810,364
Savings deposit	388,333	388,333	254,190	254,190
	1,494,176	**1,494,176**	**1,669,563**	**1,669,563**
Corporate				
Current account	1,662,619	1,662,619	1,384,783	1,384,783
Time deposit	997,723	997,723	638,934	638,934
Savings deposit	9,783	9,783	1,233	1,233
	2,670,125	**2,670,125**	**2,024,950**	**2,024,950**
Total deposits	**4,164,301**	**4,164,301**	**3,694,513**	**3,694,513**
Analysis by type				
Individuals and other private enterprises	4,016,471	4,016,471	2,971,713	2,971,713
Public enterprises	147,830	147,830	722,800	722,800
	4,164,301	**4,164,301**	**3,694,513**	**3,694,513**
Current	3,769,162	3,769,162	3,370,003	3,370,003
Non-current	395,139	395,139	324,510	324,510

Twenty largest depositors to total deposit ratio is 39% (2019: 38%).

31. BORROWINGS

See accounting policy in Note: 4.21.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Long-term borrowings				
Agence Francaise De Development	40,321	40,321	38,853	38,853
CitiBank New York	31,966	31,966	46,099	46,099
Finnfund	-	-	33,202	33,202
Ghana Export - Import Bank	27,197	27,197	32,331	32,331
International Finance Corporation	72,003	72,003	159,094	159,094
Norfund	-	-	22,135	22,135
Overseas Private Investment Company (OPIC)	549,227	549,227	554,418	554,418
PROPACO	13,308	13,308	83,006	83,006
The OPEC Fund for International Development (OFID)	-	-	4,257	4,257
Total	**734,022**	**734,022**	**973,395**	**973,395**
Short-term borrowings				
Africa Trade Finance	609,363	609,363	563,222	563,222
CitiBank New York	15,961	15,961	-	-
Finnfund	35,212	35,212	34,874	34,874
Ghana Export - Import Bank	-	-	1,622	1,622
GIB London	115,938	115,938	121,135	121,135
International Finance Corporation	93,654	93,654	90,552	90,552
Norfund	23,656	23,656	23,890	23,890
PROPACO	75,691	75,691	42,200	42,200
SSNIT	9,700	9,700	21,451	21,451
Standard Chartered Bank Mauritius	232,006	232,006	-	-
Overseas Private Investment Company (OPIC)	26,792	26,792	-	-
The OPEC Fund for International Development (OFID)	4,431	4,431	8,762	8,762
Total	**1,242,404**	**1,242,404**	**907,708**	**907,708**
Surbordinated term borrowings				
PROPACO	121,799	121,799	147,023	147,023
Total	**121,799**	**121,799**	**147,023**	**147,023**
Carrying amount	**2,098,225**	**2,098,225**	**2,028,126**	**2,028,126**
Current	911,558	911,558	941,167	941,167
Non-current	1,186,667	1,186,667	1,086,959	1,086,959

No collateral was provided for the borrowings.

Reconciliation of borrowing per statement of cash flows

	2020 Bank	2020 Group	2019 Bank	2019 Group
At 1 January	2,028,126	2,028,126	1,319,932	1,319,932
Proceeds from borrorwings	3,113,570	3,113,570	5,414,307	5,414,307
Interest expense	88,572	88,572	105,641	105,641
Principal repayment	(3,107,315)	(3,107,315)	(4,869,869)	(4,869,869)
Interest payment	(97,584)	(97,584)	(97,306)	(97,306)
Foreign exchange loss	72,856	72,856	155,421	155,421
At 31 December	**2,098,225**	**2,098,225**	**2,028,126**	**2,028,126**

Notes To The Financial Statements (Continued)

31. BORROWINGS (continued)

Africa Trade Finance – This is a facility granted by Africa Trade Finance for trade finance activities. Interest is at a rate of 6 months Libor plus 3% margin per annum and matures in 2021

Agence Francaise De Development – This is a facility granted by Agence Francaise De Development to support the Sustainable Use of Natural Resources and Energy Financing (SUNREF) project. Interest is at a rate of 6 months Libor plus 2.05% per annum and matures in 2022.

CitiBank New York – This is a trade finance line of credit granted in 2019 to be exclusively used to finance eligible SME transactions. Interest is set at 3 months Libor, plus 2.8% per annum maturing in 2022.

Finnfund – This is a facility granted by Finfund for on-lending to SME's, interest is at a rate of 6 months Libor plus 5.0% per annum and matures in 2021.

Ghana Export – Import Bank – These are various facilities granted by the Ghana Export and Import Bank to be extended to customers in the export sector. Interest is at a rate of 2.5% per annum.

GIB London – This is a facility granted for on-lending to the private sector and general corporate purposes. Interest is at a rate of 3 months US Libor plus 2.7% per annum maturing in 2021.

International Finance Corporation – These facilities were granted in 2017 and 2018 to be used to finance SME transactions. Interest rate is 6 months Libor plus up to 4.0% and 4.75% per annum maturing in 2021 and 2022 respectively.

Norfund – This is a facility granted by Norfund for on-lending to SME's, interest is at a rate of 6 months Libor plus 5.0% per annum and matures in 2021.

Overseas Private Investment Company (OPIC) – This is a facility granted by OPIC for on-lending to SME's. Interest is at weekly US treasury bill rate plus 3.7% per annum and matures in 2031.

PROPACO (Subordinated Term Loan) – This is a Tier 2 facility granted by Proparco. Interest is at a rate of 6 months Libor plus 5.8% per annum maturing in 2024.

PROPACO – This is a facility granted for on-lending to the private sector expiring in 2022. Interest is at a rate of 6 months US Libor plus 4.58% per annum.

SSNIT – These are several short-term foreign facilities with maturity periods of up to one year. The weighted average interest rate on these facilities is 3.0% per annum.

The OPEC Fund for International Development (OFID) – This is a trade finance line of credit granted to be exclusively used to finance eligible trade transactions. Interest rate is set at 6 months BBA Libor plus 4.0% per annum maturing in 2021.

Standard Chartered Bank Mauritius – This facility is granted by Standard Chartered Bank Mauritius for trade financing activities. Interest rate is 6 months Libor plus a margin of 2.25% per annum maturing 2021.

32. LEASE LIABILITIES

See accounting policy in Note: 4.28.

Leases as lessee

The Bank leases a number of branch and office premises. These leases typically run for a period of five (5) years, usually with an option to renew the lease after that date. Payments are renogotiated as and when to reflect market rentals. The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term and/or leases of low-value items.

Previously, these leases were classified as operating leases under IAS 17.

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group exercised all extension option available in arriving at its lease liabilities.

Information about leases for which the Group is a lessee is presented below:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
(a) Right of Use Asset-Leases				
Balance at 1 January	87,236	87,236	-	-
Recognition of right-of-use asset on initial application of IFRS 16	-	-	87,841	87,841
Additional right-of-use asset recognised in current year	-	-	6,443	6,443
Remeasurement of right-of-use asset	4,711	4,711	-	-
Lease expense - depreciation on right-of-use asset	(7,030)	(7,030)	(7,048)	(7,048)
Balance at 31 December	**84,917**	**84,917**	**87,236**	**87,236**
(b) Lease Liability				
Balance at 1 January	77,212	77,212	-	-
Recognition of lease liability on initial application of IFRS 16	-	-	76,155	76,155
Additional lease liability recognised in current year	-	-	6,443	6,443
Remeasurement of lease liability	4,711	4,711	-	-
Finance cost on lease liability	4,298	4,298	4,585	4,585
Losses from currency translation	15,507	15,507	-	-
Total lease payments	(15,842)	(15,842)	(9,971)	(9,971)
Balance at 31 December	**85,886**	**85,886**	**77,212**	**77,212**
(c) Low value assets and short term leases				
Expenses relating to low-value assets charged to profit or loss as part of other expenses	3,062	3,062	2,318	2,318
(d) Amounts recognised in statement of cash flows				
Lease liability finance charges paid	4,585	4,585	-	-
lease liability principal repayments	11,257	11,257	9,971	9,971
Total cash outflow for leases	**15,842**	**15,842**	**9,971**	**9,971**

Notes To The Financial Statements (Continued)

33. OTHER LIABILITIES

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Creditors	86,185	87,378	55,341	57,063
Accruals	48,409	48,425	22,983	24,214
Recognised liability for employee benefits (note 33a)	15,337	15,376	10,446	10,474
Short term employee benefits	-	-	111	111
Other liabilities	29,335	30,566	17,527	17,527
	179,266	**181,745**	**106,408**	**109,389**
(a) Movement in the liability for employee benefits				
Liability for employee benefit at 1 January	10,446	10,474	32,399	32,453
Benefits paid	(1,256)	(1,256)	(32,774)	(32,774)
Expense charged to profit or loss (note 33b)	6,147	6,158	10,821	10,795
Liability for employee benefit at 31 December	**15,337**	**15,376**	**10,446**	**10,474**
(b) Expenses recognised in profit or loss				
Experience gains and losses	619	609	(593)	(627)
Net actuarial losses/profits recognised during the year	-	-	(35)	(36)
Current service costs	5,210	5,224	11,001	11,000
Interest on obligation	318	325	448	458
	6,147	**6,158**	**10,821**	**10,795**
Amounts related to executive directors included in liability for defined benefit obligations	**4,529**	**4,529**	**8,609**	**8,609**
Actuarial assumptions				
Principal assumptions at the reporting date (expressed in weighted averages)				
Discount rate at 31 December	20.0%	20.0%	20.5%	20.5%
Future salary increases	15.0%	15.0%	15.0%	15.0%
Mortality loading	10.0%	10.0%	10.0%	10.0%
Inflation rate	9.0%	9.0%	8.0%	8.0%

Assumptions regarding future mortality based on published statistics and mortality tables 1983 Unisex Group Annuity mortality

The sensitivity analysis as at the year end for the Bank and Group is as follows:

2020	Main Basis	Discount rate (2%)	Discount rate 2%	Salary scale (2%)	Salary scale 2%	Mortality (10%)
Actuarial Liability	15,376	15,976	16,008	14,773	16,008	15,384
Percentage Change	-	4%	4%	(4)%	4%	-%

2019	Main Basis	Discount rate (2%)	Discount rate 2%	Salary scale (2%)	Salary scale 2%	Mortality (10%)
Actuarial Liability	10,474	10,176	10,750	10,258	10,643	10,450
Percentage Change	-	(3)%	3%	(2)%	2%	-%

The Groups long term employee benefit is valued every year. The valuation of the Group's long term employee benefit as at the year end 2020 was performed by Messrs Stallion Consultants Limited and signed by its Executive Chairman Mr. Charles Osei-Akoto, (ASA,MAAA). Stallion Consultants Limited has the appropriate qualification and experience in the fair value measurement of defined benefit.

34. CAPITAL AND RESERVES

See accounting policy in Note: 4.25.

a. Stated Capital

	2020		2019	
	Number ('000)	Value	Number ('000)	Value
Authorised:				
Ordinary shares of no par value	2,000,000	-	2,000,000	-
Issued:				
For cash	414,871	93,305	414,871	93,305
Transfer from Retained Earnings	-	306,695	-	306,695
Bonus issue	211,714	-	211,714	-
	626,585	**400,000**	**626,585**	**400,000**

There is no call or instalment unpaid on any share.

At 31 December 2020 the authorised share capital comprised 2 billion ordinary shares (2019: 2 billion) of no par value. All issued shares are fully paid for.

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

A total of 204,700 shares were purchased from shareholders during the year. In 2020 shareholders aproved the purchase by the Bank of up to 5% of the issued shares of CalBank PLC.

b. Statutory Reserve

	2020		2019	
	Bank	Group	Bank	Group
Balance at 1 January	288,353	288,353	244,782	244,782
Transfer from Retained Earnings	51,742	51,742	43,571	43,571
Balance at 31 December	**340,095**	**340,095**	**288,353**	**288,353**

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

c. Revaluation reserve

	2020		2019	
	Bank	Group	Bank	Group
Balance at 1 January	104,636	104,636	63,526	63,526
Revaluatioin Gain	-	-	54,813	54,813
Deferred Tax on Revaluation	-	-	(13,703)	(13,703)
Balance at 31 December	**104,636**	**104,636**	**104,636**	**104,636**

This refers to the effects from the fair value measurement after deduction of deferred taxes on unrealised surplus/gains on Property, Plant and Equipment. These unrealised gains or losses are not recognised in profit or loss until the asset has been sold/matured or impaired. Deferred tax on revaluation of the Bank's leasehold land and buildings is recognised directly in Other Comprehensive Income (OCI). The revaluation reserve is not a distributable reserve.

d. Credit risk reserve

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Specific Provision on Loans and Advances	242,560	242,560	164,652	164,652
General Provision on Loans and Advances	21,421	21,421	29,280	29,280
Provision required by Bank of Ghana	**263,981**	**263,981**	**193,932**	**193,932**
Amount provided per IFRS	(239,662)	(239,662)	(201,810)	(201,810)
Changes due to currency translation	15,747	15,747	7,545	7,545
Credit Risk Reserve	**40,066**	**40,066**	**–**	**–**

The regulatory credit risk reserve is a non-distributable reserve prescribed by Bank of Ghana to account for differences between impairment loss on financial assets per IFRS and the specific and general impairment loss on loans and advances and contingent liabilities per the Central Bank's prudential guidelines.

e. Other reserves

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
1. Fair value reserve – FVOCI financial assets				
Balance 1 January	-	-	(9,027)	(9,027)
Changes in FVOCI financial assets	-	-	9,027	9,027
Balance at 31 December	**–**	**–**	**–**	**–**

The fair value reserve for FVOCI financial assets comprises the cumulative net change in the fair value of financial instruments measured at FVOCI.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
2. Fair value reserve				
Balance 1 January	(6,941)	(7,091)	(8,891)	(8,960)
Experience gains/losses	-	-	1,950	1,869
Remeasurement	6,941	7,091	-	-
Balance at 31 December	**–**	**–**	**(6,941)**	**(7,091)**

The fair value reserve for other long-term employee benefit comprises the cumulative net change in experience gains and losses arising from the valuation of other long-term employee benefit liabilities.

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
3. Share deals account				
Balance 1 January	-	-	-	-
Shares repurchased	(136)	(136)	-	-
Balance at 31 December	**(136)**	**(136)**	**–**	**–**

Share deals account is made up of a total of 204,700 shares purchased from shareholders during the year. In 2020 shareholders aproved the purchase by the Bank of up to 5% of the issued shares of CalBank PLC.

	2020		2019	
	Bank	Group	Bank	Group
4. Treasury Shares				
Balance 1 January	-	(584)	-	(584)
Balance at 31 December	-	(584)	-	(584)

Treasury shares are shares held by the subsidiaries of the Bank as part of their trading portfolio. The subsidiaries at the end of the period held as part of their trading stock 996,865 (2019: 996,865) CalBank PLC shares.

	2020		2019	
	Bank	Group	Bank	Group
Total Other Reserves	**(136)**	**(720)**	**(6,941)**	**(7,675)**

f. Retained earnings

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

g. Dividends

The amount below was recognised as distribution to equity holders of the Bank during the year ended 31 December.

	2020		2019	
	Bank	Group	Bank	Group
Balance at 1 January	-	-	-	-
Dividend declared	55,766	55,766	30,077	30,077
Dividend paid	(55,766)	(55,766)	(30,077)	(30,077)
Balance at 31 December	**-**	**-**	**-**	**-**

At the reporting date, the Directors recommend the payment of a dividend of GHS0.11 per share (2019: GHS0.089 per share) subject to approval by the Bank of Ghana. The dividends have not been recognised as liabilities.

35. CONTINGENCIES AND COMMITMENTS

See accounting policy in Note: 4.9.10.

(a) Letters of Credit, Guarantees and Indemnities

In common with banks, the group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. The group also holds certain securities in its own name on behalf of customers. The values of these securities are not recognised in the consolidated balance sheet.

Letters of credit commit the group to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The group will only be required to meet these obligations in the event of customer's default.

Contingencies and commitments not provided for in the financial statements as at 31 December 2020 in respect of the above amounted to GHS279.5 million (2019: GHS157.1 million) , as detailed below:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Undrawn loan and advances	96,897	96,897	-	-
Letters of credit	26,144	26,144	103,665	103,665
Guarantees and indemnities	156,470	156,470	53,462	53,462
	279,511	**279,511**	**157,127**	**157,127**

The amount of unsecured contingencies and commitments in respect of these at 31 December 2020 was nil (2019: nil).

(b) Commitments for capital expenditure

There were no commitments to capital expenditures in relation to property and equipment as at 31 December 2020(2019: nil).

(c) Claims and litigation

At the year end, there were some legal cases pending against the Group and the Bank. Should judgment go in favour of the plaintiffs, likely claims against the Group and the Bank have been estimated at GHS68.5 million (2019: GHS21.4 million).

(d) Assets under management and custody

The group provides custody, trustee, investment management and advisory services to third parties, which involves the group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Assets managed by the Group on behalf of clients amounted to GHS1.49 billion (2019: GHS1.16 billion).

Assets under custody amounted to GHS2.57 billion (2019:GHS1.89 billion).

36. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes members of the Board, key management personnel and the close members of their family.

(a) Subsidiaries

Details of principal subsidiaries are shown in Note 23.

Included in deposits is GHS2.1 million (2019: GHS8.2 million) due to our subsidiary companies. Interest paid on deposits from subsidiaries during the year amounted to GHS0.48 million (2019: GHS0.65 million).

(b) Transactions with directors and key management personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CalBank PLC (directly or indirectly) and comprise the Directors and Officers of CalBank PLC.

In the ordinary course of business, the Group makes loans to companies where a Director or other member of Key Management Personnel (or any connected person) is also a Director or other member Key Management Personnel (or any connected person) of CalBank PLC. These loans are made on substantially the same criteria and terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavourable features.

Details of transactions between directors and other key management personnel (and their connected persons) and the Bank are as follows:

Loans and Advances to Directors and their Associates	**2020**	**2019**
Balance at 1 January	**27**	**284**
Loans advanced during the year	815	-
Loan repayments during the year	(169)	(257)
Loans outstanding at 31 December	**673**	**27**
Loans and advances to employees		
Balance at 1 January	31,446	29,911
Loans advanced during the year	6,351	14,414
Loan repayments during the year	(4,976)	(12,879)
Loans outstanding at 31 December	**32,821**	**31,446**

There were no loans and advances granted to companies in which Directors have an interests at the end of the year. (2019: nil) No specific provisions have been recognised in respect of loans to Directors or other members of Key Management Personnel or any connected person.

Interest rates charged on loans to staff are at rates below that would be charged in an arm's length transaction. The loans are secured with the assets financed.

All the transactions with the related parties with the exception of key management personnel are priced on arm's length basis and have been entered into in the normal course of business.

Notes To The Financial Statements (Continued)

36. RELATED PARTY TRANSACTIONS (continued)

(c) Remuneration of Directors and other Key Management Personnel

The following information is presented in accordance with IAS 24 'Related Party Disclosure', which requires disclosure of the employee benefits of directors and other key management personnel. In line with section 132 of the Companies Act, 2019 (Act 992), the following are the individual and aggregate amounts of the directors' emoluments:

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Non-executive directors				
Annual fees	908	1,107	749	845
Sitting allowances	2,171	2,198	1,737	1,798
Other benefits	-	-	2,656	2,655
	3,079	**3,305**	**5,142**	**5,298**
Executive directors				
Basic salaries	2,117	2,289	4,791	4,997
Social security contributions	275	297	623	650
Defined benefit obligations	4,529	4,529	10,262	10,262
Others allowances	480	699	1,055	1,354
	7,401	**7,814**	**16,731**	**17,263**
Other key management personnel				
Basic salaries	1,655	1,655	1,476	1,631
Social security contributions	215	215	192	212
Others allowances	340	340	370	585
	2,210	**2,210**	**2,038**	**2,428**

(d) Employee termination benefits

The Bank has contract with key employees that entitles them to terminal benefits of three months salary for every year served.

37. DIRECTORS' SHAREHOLDINGS

The Directors named below held the following number of shares in the company at the year end.

No.	NAME	2020 No. of Shares	2020 Percentage shareholding	2019 No. of Shares	2019 Percentage shareholding
1.	Philip Owiredu	1,404,246	0.22	1,317,146	0.21
2.	Nana Otuo Acheampong	114	-	-	-
3.	Frank Brako Adu Jnr.	-	-	16,223,544	2.59
4.	Paarock Van Percy	-	-	807,318	0.13
5.	Kobina Quansah	-	-	15,419	0.002
		1,404,360	**0.22**	**18,363,427**	**2.93**

38. ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2020

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	16,375	71.30	8,529,669	1.36
1001 - 5,000	5,188	22.59	9,289,220	1.48
5001 - 10,000	566	2.46	3,756,619	0.60
10,001 - 20,000	342	1.49	4,628,756	0.74
20,001 - 30,000	139	0.61	3,387,814	0.54
30,001 - 40,000	66	0.29	2,343,496	0.37
40,001 - 50,000	33	0.14	1,475,701	0.24
Over 50,001	258	1.12	593,173,352	94.67
	22,967	**100.00**	**626,584,627**	**100.00**

ANALYSIS OF SHAREHOLDING AS AT THE YEAR END 2019

	No. of Shareholders	Holders %	No. of Shares	% of Holding
1 - 1,000	16,440	71.28	8,584,663	1.37
1001 - 5,000	5,222	22.64	9,333,243	1.49
5001 - 10,000	565	2.45	3,740,175	0.60
10,001 - 20,000	340	1.47	4,564,000	0.73
20,001 - 30,000	145	0.63	3,544,166	0.57
30,001 - 40,000	72	0.31	2,550,034	0.41
40,001 - 50,000	29	0.13	1,302,727	0.21
Over 50,001	252	1.09	592,965,619	94.62
	23,065	**100.00**	**626,584,627**	**100.00**

Notes To The Financial Statements (Continued)

39. TWENTY LARGEST SHAREHOLDERS

Shareholder	No. of Shares	% Holding
Social Security and National Insurance Trust	207,929,351	33.18
Arise B. V.	173,520,791	27.69
Scgn/Citibank New York Re Allan Gray Africa, Ex - Sa Equity Fund Limited	25,206,698	4.02
Adu Jnr, Frank Brako	16,423,544	2.62
Scgn/Citibank Kuwait Inv Authority	15,615,044	2.49
Mr Daniel Ofori	15,377,194	2.45
Ofori, Daniel	9,001,544	1.44
Scgn / Enterprise Life Ass. Co. Policy Holders	8,023,807	1.28
Scgn/Ntgs Se Lux Cl A/C Re Ludp Re: Aif Cl 8% Acc,	7,376,327	1.18
Std Noms/ Bnym Re Frontier Market Opport Mast Fun	7,155,171	1.14
Scgn/Enterprise Tier 2 Occupational Pension Scheme	7,016,872	1.12
Scgn/Jpmorgan Bk Lux Sa Re Robeco Afrika Fonds N.V, 056898600288	5,403,314	0.86
Std Noms/Bnym Sanv/Kapfrg Investin Pro , Afrikansk	5,245,530	0.84
Scgn/Ssb Eaton Vance Tax-, Managed Emerging Market Fund	5,036,062	0.80
Egh/Enterprise Underwriters Tier 3 P4	4,314,614	0.69
Ansah, Benjamin Fosu	4,038,915	0.64
Egh/Ecg Pension Scheme Tier 3 Port 1	4,015,839	0.64
Gentrust Sankofa Master Trust Scheme	3,085,714	0.49
Hfcn/ Edc Ghana Balanced Fund Limited	2,999,971	0.48
Hosi, Senyo Kwasi	2,695,714	0.43
Top 20 shareholders	**529,482,016**	**84.48**
Others	97,102,611	15.52
Grand Total	**626,584,627**	**100.00**

40. VALUE ADDED STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

	2020		2019	
	Bank	**Group**	**Bank**	**Group**
Interest earned and other operating income	1,100,428	1,112,746	1,000,805	1,008,723
Direct cost of services	(560,586)	(560,639)	(511,417)	(511,844)
Value added by banking services	**539,842**	**552,107**	**489,388**	**496,879**
Impairments	(86,843)	(86,843)	(83,367)	(86,066)
Value added	**452,999**	**465,264**	**406,021**	**410,813**
Distributed as follows:	**452,999**	**465,264**	**406,021**	**410,813**
To Employees				
Non Executive Directors	(3,079)	(3,305)	(5,142)	(5,298)
Executive directors	(7,401)	(7,814)	(16,731)	(17,263)
Other employees	(132,943)	(134,921)	(114,343)	(117,316)
To Government				
Income tax	(68,172)	(70,825)	(67,666)	(69,527)
To providers of capital				
Dividends to shareholders	(55,766)	(55,682)	(30,077)	(30,077)
To expansion and growth				
Depreciation	(23,362)	(23,387)	(18,296)	(18,336)
Amortisation	(11,073)	(11,209)	(9,558)	(9,660)
Retained earnings	**151,203**	**158,121**	**144,208**	**143,336**

41. Social responsibility

Amounts spent on fulfilling social responsibility obligations amounted to GHS1.08 million (2018: GHS0.71 million).

Resolutions

RESOLUTIONS TO BE PASSED AT THE 2020 ANNUAL GENERAL MEETING

The Board of Directors will propose the following ordinary and special resolutions, which will be put to the 2021 Annual General Meeting for consideration and approval:

ORDINARY RESOLUTIONS

1. **To receive and consider the accounts of the Bank, and the reports of the directors and the external auditor thereon, for the year ended December 31st, 2020**

   The Board will lay before the Annual General Meeting for consideration the audited accounts of the Bank for 2020, and the reports of the directors and auditor thereon, as a true and fair view of the state of affairs of the Bank for the year ended December 31st, 2020, and will propose the following resolution:

   - *That the accounts of the company for the year ended December 31st, 2020 and the reports of the Directors and Auditor thereon be and are hereby deemed duly considered.*

2. **To re-elect to the Board of the Bank directors retiring by rotation**

   The following directors of the Bank, Mrs. Helen Nankani, Mr. Richard Arkutu and Mr. Ben Gustave Barth, will retire in accordance with section 325 of the Companies Act, 2019 (Act 992) and article 78(b) of the Amended Constitution of the Bank. Mrs. Helen Nankani, Mr. Richard Arkutu and Mr. Ben Gustave Barth, who are all eligible for re-election, have offered themselves to be re-elected as directors of the Bank. The Board will recommend that they be so re-elected and will propose the following resolutions:

   (i) That Mrs. Helen Nankani, who is retiring by rotation and who, being eligible, has offered herself for re-election in accordance with article 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company.

   (ii) That Mr. Richard Arkutu, who is retiring by rotation and who, being eligible, has offered himself for re-election in accordance with article 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company.

   (iii) That Mr. Ben Gustave Barth, who is retiring by rotation and who, being eligible, has offered himself for re-election in accordance with article 78 of the company's Constitution and section 325 of the Companies Act, 2019, be and is hereby re-elected as a director of the company.

3. **To declare a dividend**

   The directors will recommend the declaration and payment of a dividend per share of GHS 0.11 for the year ended December 31st, 2020 to qualifying shareholders and will propose the following resolution:

   - *That the recommendation of the directors for the declaration and payment of a final dividend of GHS 0.11 per share for the year ended December 31st, 2020 be and is hereby approved.*

4. **To approve the remuneration of the directors**

   In accordance with section 185 of the Companies Act, 2019 (Act 992), the Board will request that shareholders approve the remuneration of the executive and non-executive directors as respectively disclosed in Notes 36 of the Annual Report of the Bank for 2020.

   The following resolutions will be proposed:

   - *That in accordance with section 185 of the Companies Act, 2019, approval be and is hereby given for the remuneration of the executive and non-executive directors of the Bank, as detailed in Notes 36 of the Financial Statements for the year ended December 31st, 2020 and for the payment of non-executive directors' fees for 2021 at the same rates as for the previous year.*

5. **Authorise the directors to fix the fees of the external auditor**

   In accordance with section 140 of the Companies Act, 2019, the Board will request that they be authorised to fix the fees of the external auditor, KPMG, for the year ended December 31st, 2021. The following resolution will be proposed:

   - *That the directors be and are hereby authorised to fix the remuneration of the auditor in respect of the year ended December 31st, 2021.*

SPECIAL RESOLUTIONS

6. To amend the Constitution of the Bank relating to the treatment of unclaimed dividends

Two special resolutions are proposed to enable the Company to comply with the provisions relating to unclaimed dividends under the Companies Act, 2019 (Act 992). The new provisions, which are found in sections 73 and 74 of Act 992, set out modalities for the Company to set up an interest-bearing account in which all unclaimed dividends shall be held, and make further provision for the said unclaimed dividends and interest accrued thereon to be subsequently transferred to an unclaimed dividend account under the management of the Registrar of Companies.

Accordingly, below are the specific current provisions in the Company's Constitution for which amendments are proposed:

1. Article 52: 'No dividend shall bear interest against the Company.'

Pursuant to the above requirements of Act 992, the directors will propose the passing of the following special resolution:

(i) *"That Article 52 of the Company's Constitution be deleted."*

2. Article 53: 'All dividends unclaimed for one year after having been declared and sent to the beneficiaries may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. And the Company shall not constitute a trustee in respect thereof.'

Pursuant to the provisions of Act 992 above-stated, the directors will propose the passing of the following special resolution:

(ii) That Article 53 of the Company's Constitution be amended as follows: "Any dividend unclaimed for such period as may be prescribed under the Companies Act, 2019 (Act 992) or any applicable law shall be dealt with by the Company in accordance with the provisions of such laws relating to the treatment of unclaimed dividends."

Proxy Form

ANNUAL GENERAL MEETING to be held VIRTUALLY at 10 a.m. on Thursday, 6th May 2021 and streamed live to all shareholders of CalBank PLC

I/We ....

being a member(s) of CalBank PLC

hereby appoint

*..

or failing him/her 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 company to be held on 6th May, 2021.

Signed this ....day of 2021

____

Shareholder's Signature

Resolutions from the Board	For	Against
1. To receive the 2020 Accounts.		
2. To re-elect Mrs. Helen Nankani as a director of the Bank.		
3. To re-elect Mr. Richard Arkutu as a director of the Bank.		
4. To re-elect Mr. Ben Gustave Barth as a director of the Bank.		
5. To declare a dividend		
6. To approve directors' remuneration.		
7. To authorise the Directors to fix the fees of the external auditor.		
8. To delete article 52 of the Bank's constitution		
9. To amend article 53 of the Bank's constitution		

Please indicate with an 'X' in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion. Additional information is provided behind this proxy form.

THIS PROXY FORM SHOULD NOT BE SENT TO THE REGISTRAR IF THE MEMBER WILL BE ATTENDING THE MEETING.

NOTES:

1. In compliance with the current restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent regulatory directives, attendance and participation by all members and/or their proxies in this year's annual general meeting of the Bank shall be strictly virtual (i.e. by online participation only).

2. A member entitled to attend and vote at the annual general meeting may appoint a proxy to attend (via online participation) and vote on his/her behalf. Such a proxy need not be a member of the Company.

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

4. A copy of the **PROXY FORM** can be downloaded from: **https://calbankagm.net** and may be filled and sent via email to: info@csd.com.gh or deposited at the registered office of the Registrar of the Company, Central Securities Depository (CSD) Ghana Limited, 4th floor, Cedi House, Accra or posted to the Registrar at PMB CT 465 Cantonments, Accra to arrive not later than 10.00 GMT on Monday, 3rd May , 2021.

5. **Accessing and Voting at the Virtual AGM**
   A unique token number will be sent to shareholders by email and/or SMS from April 15, 2021 to give them access to the meeting. Shareholders who do not receive this token can contact the CSD on: **info@csd.com.gh or call 0302 906576 / 0303 972254** any time after April 15, 2021 **but before the date of the AGM** to be sent the unique token.

To gain access to the Virtual AGM, shareholders must visit **https://calbankagm.ne**t and input their **unique token number** on Thursday May 6, 2021. For shareholders who do not submit proxy forms to the Registrar of the Company prior to the meeting, they may vote electronically during the Virtual AGM, again using their unique token number.

Further assistance on accessing the meeting and voting electronically can be found on https://calbankagm.net

Our Branches

Ashanti Region

Adum Branch
Asafo Branch
Kejetia Branch
KNUST Branch
Nhyiaeso Branch
Suame Branch

Greater Accra Region

Achimota Branch
Airport City Branch
Dansoman Branch
Derby Avenue Branch
East Legon Branch
Graphic Road Branch
Independence Avenue Branch
Kwame Nkrumah Avenue. Branch
Labone Branch
Legon Branch
Osu Branch
Ring Road Central Branch
Spintex Road Branch
Tema Community Branch
Tema Community 25 Branch
Tema Main Branch
Weija Branch

Northern Region

Tamale Branch

Western Region

Ainyinase Agency
Esiama Branch
Sekondi Branch
Takoradi Harbour Branch
Takoradi Market Circle Branch
Tarkwa Branch

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