BANK OF GHANA

ANNUAL REPORT 2019

BANK OF GHANA

ANNUAL REPORT 2019

Prepared and Edited
By
The Editorial Committee
Bank of Ghana

P. O. Box GP 2674, Accra

Also available on the Bank's Website:
www.bog.gov.gh

ISSN: 0855-0972

Contents

Mandate

1. TO FORMULATE AND IMPLEMENT MONETARY POLICY TO ATTAIN PRICE STABILITY
2. TO CONTRIBUTE TO THE PROMOTION AND MAINTENANCE OF FINANCIAL STABILITY
3. TO ENSURE A SOUND PAYMENT SYSTEM

Abbreviations

AACB	Association of African Central Banks
ACH	Automated Clearing House
AERC	African Economic Research Consortium
AfDB	African Development Bank
AFRACA	African Rural and Agricultural Credit Association
AFREXIMBANK	African Export-Import Bank
AMCP	African Monetary Cooperation Programme
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AML/CFT&P	Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction
ATMs	Automated Teller Machines
AUC	African Union Commission
bpd	Barrels per day
bps	Basis points
BOP	Balance of Payments
BSSI	Banking Sector Soundness Index
CAR	Capital Adequacy Ratio
CCC	Cheque Codeline Clearing
CIEA	Composite Index of Economic Activity
CIR	Cost to Income Ratio
CISD	Cyber and Information Security Directive
CIT	Cash-in- Transit
CPI	Consumer Price Index
CRD	Capital Requirement Directive
CSR	Corporate Social Responsibility
CSWAMZ	College of Supervisors of the West African Monetary Zone
DMBs	Deposit Money Banks
eFASS	Electronic Financial Analysis and Surveillance System
ECF	Extended Credit Facility
ECM	Enterprise Cash Management
ECOWAS	Economic Community of West African States
EMDEs	Emerging Markets and Developing Economies
EME	Emerging Market Economies
EMV	Europay Mastercard and Visa
ERM	Enterprise Risk Management
EWP	Employee Wellbeing Programme
FATF	Financial Action Task Force
FHs	Finance Houses
FIC	Financial Intelligence Centre
FSC	Financial Stability Council
FSIs	Financial Soundness Indicators
GACH	Ghana Automated Clearing House
GDP	Gross Domestic Product
GHIPSS	Ghana Interbank Payment and Settlement Systems Limited
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIP	GHIPSS Instant Pay
GIR	Gross International Reserves
GIS	Ghana Interbank Settlement
GOG	Government of Ghana
GSE	Ghana Stock Exchange
GSE-CI	GSE Composite Index
ICCOS	International Commercial Cash Operations Seminar
ICRG	International Co-operation and Review Group
IFRS	International Financial Reporting Standards
IIF	Institute of International Finance
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
ISMS	Information Security Management System
ISO	International Organization for Standardization
LIIC	Legal and Institutional Issues Committee
MCCs	Microcredit Companies
M2+	Broad Money Supply
MFIs	Microfinance Institutions
MIC	Months of Import Cover
ML	Money Laundering
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
NBFIs	Non-Bank Financial Institutions
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NIB	National Investment Bank
NIM	Net Interest Margin
NIR	Net International Reserves
NIS	Net Interest spreads
NPLs	Non-Performing Loans
NPOs	Not-For-Profit Organisations
NRA	National Risk Assessment
OPEC	Organization of Petroleum Exporting Countries
ORASS	Online Regulatory Analytics Surveillance System
P&A	Purchase and Assumption
PMS	Performance Management System
POS	Point of Sale
PPE	Property, Plant and Equipment
PRMA	Petroleum Revenue Management Act
RCBs	Rural and Community Banks
ROA	Return on Assets
ROE	Return on Equity

ROEA	Return on Equity Assets
RTGS	Real Time Gross Settlement
SDGs	Sustainable Development Goals
SDIs	Specialised Deposit-Taking Institutions
SDRs	Special Drawing Rights
SMEs	Small- and Medium-Sized Enterprises
SOC	Security Operation Centre
SSA	Sub-Saharan Africa
SSNIT	Social Security and National Insurance Trust
TF	Terrorism Financing
VMS	Vault Management Systems
WAIFEM	West African Institute for Financial and Economic Management
WAMA	West African Monetary Agency
WAMI	West African Monetary Institute
WAMZ	West African Monetary Zone
WBG	World Bank Group
WEO	World Economic Outlook

Foreword

Dr. Ernest K. Y. Addison
GOVERNOR

In 2019, global growth momentum weakened and was underpinned by geopolitical tensions, including worsening of relations between the US and its trading partners, rising threats of protectionism, and the prolonged Brexit negotiations between the UK and the EU. Specific vulnerabilities in emerging markets and developing economies alongside the uncertain outlook in advanced countries also weighed down on economic activity.

Headline inflation in Advanced and Emerging Market Economies remained contained throughout 2019, reflecting moderated wage growth. In response to the low inflation environment, central banks in major advanced economies pursued accommodative monetary policies to support growth. These policy actions contributed significantly to favourable global financing conditions, with positive effects on capital flows to emerging and developing market economies as investors searched for higher yields.

On the domestic front, the economy continued to expand at a fast pace. The real GDP growth of 6.5 per cent was broad-based, driven partly by a vibrant and growing oil sector. Headline inflation, which had been generally trending downwards since June 2018, remained in single digits and was within the medium-term target band of 8±2 per cent throughout the year. Inflation ended the year at 7.9 per cent, on the back of tight monetary policy stance. The Bank's core inflation measure also trended downwards during the year. With well-anchored inflation expectations and inflation well-contained within the medium-term target band, the Monetary Policy Rate (MPR) was reduced by 100 basis points to 16.0 per cent in January 2019 and maintained throughout the year.

In the external sector, the Trade Account continued to register a surplus on the back of improved exports. The Balance of Payments recorded a surplus of US$1.34 billion on account of a narrowing of the current account deficit occasioned by the trade surplus, and increased net inflows in the Capital and Financial Account. Gross International Reserves was estimated at US$8.42 billion at the end of the year, enough to cover 4 months of imports. The domestic currency also performed strongly against the major trading currencies in the first quarter of the review year. However, by the end of the year, high demand for foreign currency, driven mostly by corporate, offshore and energy-related factors, had negatively affected the performance of the cedi.

To sustain the stability and soundness of the banking sector, the Bank revoked the licences of dormant, weak and insolvent Specialised Deposit-Taking Institutions and Bank of Ghana licensed Non Deposit-Taking Institutions including Finance Houses, issued new directives and also pursued a number of other policy initiatives.

The banking sector remained strong, safe and sound as the clean-up and recapitalisation of the sector continued to yield positive results. Growth in asset size improved significantly, mainly supported by an increase in deposits. The industry's Non-Performing Loans (NPLs) ratio was the lowest in five years. This was due to a decline in the stock of NPLs, strong pickup in credit growth, loan recoveries and write-offs. Broadly, the financial soundness of the industry improved significantly.

To ensure that gains made following the banking sector clean-up exercise were preserved, the Bank published a Fit and Proper Directive, enforced the Corporate Governance Directive issued in 2018 and continued its implementation of international regulatory and supervisory standards. The Bank also initiated efforts to enhance the effectiveness of consumer protection by conducting a maiden on-site examination on banks based mainly on Consumer Recourse Mechanism and Product Transparency Guidelines.

The Bank strengthened the prudential and regulatory environment for payment systems by facilitating the passage of the Payment Systems and Services Act 2019, (Act 987). To further enhance the payment ecosystem, the Bank also developed a National Payment Systems Strategic Plan (2019-2024). The Plan leverages on opportunities provided by digital technologies to promote competition, efficiency, innovation, and financial inclusion within the payment ecosystem.

To improve on its operational efficiency, the Bank continued to strengthen staff capacity, work ethics, information security, and management of staff health. During the year, the Bank implemented a Disability Policy to entrench the practice of equal opportunity for all, to facilitate the mainstreaming of the employment of persons with disability.

The Bank continued to highlight the importance of ethical behaviour, not only from a moral point of view, but also because of its importance for operational and economic efficiency. The Bank launched a Code of Ethics and Policies program, educated staff on the Code and initiated steps to develop a model that would ensure that ethical values became part of staff continuous professional development.

To achieve efficiency and cost effectiveness in currency management, the Bank issued two new high value bank notes — (GH¢100, GH¢200) — and a GH¢2 coin.

Let me conclude by expressing my profound gratitude to the Board of Directors, the Monetary Policy Committee, Management and Staff of the Bank for their hard work, support, and commitment. Together, I am hopeful that we will continue to safeguard and consolidate the gains made in 2019.

Thank you.

Dr. Ernest K.Y. Addison

Board of Directors

Dr. Maxwell Opoku-Afari
First Deputy Governor

Dr. Ernest K. Y. Addison
Governor/Chairman

Mrs. Elsie Addo Awadzi
Second Deputy Governor

Mr. Charles Adu Boahen
Non-Executive Director

Mr. Joseph Blignam Alhassan
Non-Executive Director

Dr. Samuel Nii-Noi Ashong
Non-Executive Director

Dr. Kwame Owusu-Nyantekyi
Non-Executive Director

Mr. Keli Gadzekpo
Non-Executive Director

Mrs. Comfort F. A. Ocran
Non-Executive Director

Dr. Maria Hagan
Non-Executive Director

Mr. Andrew Boye-Doe
Non-Executive Director

Mr. Jude Kofi Bucknor
Non-Executive Director

Prof. (Sr.) Eugenia Amporfu
Non-Executive Director

Ms. Sandra Thompson
Secretary to the Board

Management of the Bank

TOP MANAGEMENT

Dr. Ernest K.Y. Addison
Governor

Dr. Maxwell Opoku-Afari
First Deputy Governor

Mrs. Elsie Addo Awadzi
Second Deputy Governor

Dr. Benjamin Amoah
Advisor

Mrs. Grace Akrofi
Advisor

Ms. Sandra Thompson
The Secretary

HEADS OF DEPARTMENT

Mr. Eric Koranteng
Governors

Mr. Philip Abradu-Otoo
Research

Mr. Osei Gyasi
Banking Supervision

Mr. Stephen Amoh
Internal Audit

Dr. Settor Amediku
Payment Systems

Mr. Yaw Sapong *
Other Financial Institutions Supervision

Ms. Sandra Thompson
Secretary's

Mrs. Evelyn Kwatia
Risk Management

Dr. Joseph France
Financial Stability

Mr. Stephen Opata
Financial Markets

Mr. John Gyamfi
Currency Management

Mr. Kennedy Akonnor Adu
Banking

Mrs. Abla Mawulolo Masoperh *
Legal

Ms. Gloria Quartey
Human Resource & Capacity Development

Mr. Charles Elias Reindorf
Finance

Wg. Cdr. Kwame Asare-Boateng *
Security

Mr. George Adu-Sefa
Corporate Management & Services

Mrs. Frances Van-Hein Sackey
Collateral Registry

Mrs. Caroline Otoo
Office of Ethics and Internal Investigations

Mr. Michael Mensah
Information & Communication Technology

Dr. (Mrs.) Charlotte Osafo
Medical

Mr. John Fummey
Information Security Office

REGIONAL MANAGERS

Mr. Victor Kodjo Atta Akakpo
Hohoe, Volta Region

Mr. Emmanuel Adwini Boakye
Kumasi, Ashanti Region

Mr. Kwasi Arthur Donkor
Sefwi-Boako Currency Office
Western North Region

Mr. Alex Kwasi Donkor
Sunyani, Bono Region

Mr. Kofi Okwaben Assan
Takoradi, Western Region

Mr. Abdul-Aziz Mohammed
Tamale, Northern Region

* Appointed on November 1 as acting Head of Department

Organisational Structure

Board of Directors

Governor

Monetary Policy Committee

First Deputy Governor

- Research
- Payment Systems
- Risk Management
- Currency Management
- Human Resource & Capacity Development
- Corporate Management & Services
- Information & Communication Technology

Governor

- Governors
- Internal Audit
- Secretary's
- Financial Markets
- Legal
- Security
- Office of Ethics and Internal Investigations
- Information Security Office

Second Deputy Governor

- Banking Supervision
- Other Financial Institutions Supervision
- Financial Stability
- Banking
- Finance
- Collateral Registry
- Medical

*Regional Offices

* All under Banking Department

1 GOVERNANCE

1.1 The Board of Directors

The governing body of the Bank, as stipulated in the Bank of Ghana Act, 2002 (Act 612), and as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918), is the Board of Directors. The Board is composed of the Governor, who is also the Chairperson, the First and Second Deputy Governors, one representative of the Ministry of Finance not below the rank of a Director, and nine other Directors, including a chartered accountant. The President of the Republic of Ghana appoints the members of the Board in accordance with Article 70 of the Constitution.

A member of the Board, other than the Governor and the Deputy Governors, holds office for a period of four years and is eligible for re-appointment for another term only. The Governor and the two Deputy Governors are each appointed for a term of four years and are eligible for re-appointment.

1.1.1 Membership of the Board

Dr. Ernest K. Y. Addison	Governor and Chairman
Dr. Maxwell Opoku-Afari	First Deputy Governor
Mrs. Elsie Addo Awadzi	Second Deputy Governor
Mr. Joseph Blignam Alhassan[1]	Non-Executive Director
Prof. (Sr.) Eugenia Amporfu	Non-Executive Director
Dr. Samuel Nii-Noi Ashong	Non-Executive Director
Mr. Charles Adu Boahen[2]	Non-Executive Director
Mr. Andrew Boye-Doe	Non-Executive Director
Mr. Jude Kofi Bucknor	Non-Executive Director
Mr. Keli Gadzekpo	Non-Executive Director
Dr. Maria Hagan	Non-Executive Director
Mrs. Comfort F. A. Ocran	Non-Executive Director
Dr. Kwame Owusu-Nyantekyi	Non-Executive Director

Secretary to the Board
Ms. Sandra Thompson[3]

1.1.2 Mandate

The Board is responsible for formulating policies necessary for the achievement of the Bank's objectives.

1.1.3 Board Committees: Mandate and Membership

To carry out its functions, the Board has established the following Committees:

- Audit;
- Human Resource, Corporate Governance and Legal;
- Economy and Research;
- Strategic Planning and Budget; and
- Cyber and Information Security.

Audit Committee

The Committee has oversight responsibility for the establishment of the appropriate accounting procedures & controls, and the risk management framework for the Bank. It supervises and ensures compliance with statutory requirements, examines audit reports and makes appropriate recommendations for the consideration of the Board.

Membership

Mr. Joseph Blignam Alhassan	Chairman
Mrs. Comfort F. A. Ocran	Member
Dr. Maria Hagan	Member
Dr. Maxwell Opoku-Afari	Executive Attendee
Mrs. Elsie Addo Awadzi	Executive Attendee

Human Resource, Corporate Governance and Legal Committee

The Committee makes recommendations to the Board on policy matters relating to governance, human resource and legal issues, including regulations, supervision, processes and operations to ensure compliance with statutory requirements and international standards.

Membership

Mr. Andrew Boye-Doe	Chairman
Mr. Jude Kofi Bucknor	Member
Mrs. Comfort F. A. Ocran	Member
Dr. Maria Hagan	Member
Dr. Maxwell Opoku-Afari	Member

Economy and Research Committee

The Committee is responsible for assessing and making policy recommendations on economic, banking and financial issues.

Membership

Dr. Samuel Nii-Noi Ashong	Chairman
Mr. Keli Gadzekpo	Member
Prof. (Sr.) Eugenia Amporfu	Member
Mr. Andrew Boye-Doe	Member
Mr. Charles Adu Boahen	Member
Dr. Maxwell Opoku-Afari	Member
Mrs. Elsie Addo Awadzi	Member

Strategic Planning and Budget Committee

The Committee provides strategic policy direction and also has oversight responsibility for the Bank's budget.

Membership

Dr. Kwame Owusu-Nyantekyi	Chairman
Mr. Keli Gadzekpo	Member
Mr. Jude Kofi Bucknor	Member
Mr. Joseph Blignam Alhassan	Member
Dr. Samuel Nii-Noi Ashong	Member
Mrs. Elsie Addo Awadzi	Member

[1] Chartered Accountant [2] Representative of the Ministry of Finance
[3] Ms. Sandra Thompson replaced Mrs. Frances Van-Hein Sackey as the Secretary to the Board of Directors on November 1, 2019

Cyber and Information Security Committee[4]

The Committee has oversight responsibility for the Bank's cyber and information security policies in accordance with the requirements of ISO 27001:2013 Standards and also ensures compliance with the Bank of Ghana Cyber and Information Security Directive, and other relevant laws and regulations. The Committee considers reports on cyber and information security issues and makes the appropriate recommendation to the Board.

Membership

Mr. Andrew Boye-Doe	Chairman
Mrs. Comfort F. A. Ocran	Member
Dr. Samuel Nii-Noi Ashong	Member
Dr. Maxwell Opoku-Afari	Member

1.2 The Monetary Policy Committee

1.2.1 Mandate

The Monetary Policy Committee (MPC) derives its mandate from Section 27 of the Bank of Ghana Act, 2002 (Act 612), as amended, and is responsible for the formulation of the monetary policy of the Bank.

1.2.2 Membership

The Bank of Ghana Act, 2002 (Act 612), as amended, stipulates a seven-member MPC comprising the Governor, the two Deputy Governors, the heads of the departments responsible for Economic Research and Treasury Operations of the Bank, and two other persons appointed by the Board, who are not employees of the Bank and possess the knowledge and experience relevant to the functions of the MPC.

Members as at end-2019 were:

Dr. Ernest K. Y. Addison	Governor/Chairman
Dr. Maxwell Opoku-Afari	First Deputy Governor/ Member
Mrs. Elsie Addo Awadzi	Second Deputy Governor/ Member
Mr. Philip Abradu-Otoo	Head, Research Department/ Member
Mr. Stephen Opata	Head, Financial Markets[5] Department/Member
Prof. Joshua Abor	External Member
Dr. J. K. Kwakye	External Member

MEMBERS OF THE COMMITTEE


Dr. Ernest K. Y. Addison


Dr. Maxwell Opoku-Afari


Mrs. Elsie Addo Awadzi


Mr. Philip Abradu-Otoo


Mr. Stephen Opata


Dr. John Kwakye


Prof. Joshua Y. Abor

[4] The Board decided to establish the Cyber and Information Security Committee at its 657th Regular Meeting
[5] Responsible for Treasury Operations

2 DEVELOPMENTS IN THE GLOBAL ECONOMY

2.1 Overview

The year 2019 was characterised by heightened uncertainty due broadly to a number of geopolitical factors, including the planned withdrawal of the United Kingdom (UK) from the European Union (EU) and trade tensions between the United States (US) and China. The prolonged negotiations between the UK and EU on the exit arrangement, as well as the intensified tariff war between the US and China affected business confidence, investment and economic activity, especially in the manufacturing sector, leading to a decline in global growth.

The decline in global growth impacted negatively on global oil price, as the benchmark Brent Crude ended the year at an average price of US$60.0 per barrel from an average price of US$71.5 at end-December 2018.

2.2 World Output Growth

The International Monetary Fund (IMF) estimated global growth at 2.9 per cent in 2019, 0.7 percentage points lower than the growth in the previous year. A number of factors, including trade policy uncertainty, geopolitical tensions, weather-related disasters and country-specific vulnerabilities in emerging markets and developing economies, contributed to the significant drop in global growth.

2.2.1 United States

The US economy grew by 2.3 per cent in 2019, as against a growth of 2.9 per cent in 2018. The sluggish performance of the US economy was mainly driven by heightened uncertainties as a result of the trade disputes with China and other geopolitical tensions.

2.2.2 United Kingdom

During the review year, growth in the UK economy was estimated at 1.4 per cent, 0.1 percentage points higher than the previous year. The increase was supported by export growth, strong consumer spending, real wage growth and accommodative government policies. However, investment, weighed down by geopolitical factors such as Brexit and U.S/ China trade tensions, was a drag on growth.

2.2.3 Europe

In the Euro Area, growth declined by 0.7 percentage points to 1.2 per cent in the year under review. The growth was underpinned by an accommodative monetary policy stance, strong labour market performance, moderate pick-up in wages and supportive financial conditions. The effects of these positive developments were partially offset by softening global growth dynamics and weak international trade.

2.2.4 Emerging Market and Developing Economies

Economic activity in Emerging Market and Developing Economies (EMDEs) slowed down in 2019 with GDP growth estimated at 3.7 per cent, compared to 4.5 per cent in 2018. Factors that contributed to the drop in growth included trade policy uncertainty, geopolitical tensions and country-specific vulnerabilities in EMDEs.

2.2.5 Sub-Saharan Africa

In Sub-Saharan Africa (SSA), growth was estimated at 3.1 per cent, from 3.3 per cent the previous year. In Nigeria, growth was estimated at 2.2 per cent, a 0.3 percentage points increase over that recorded in 2018. Growth in South Africa was estimated at 0.2 per cent, down from 0.8 per cent the previous year.

Generally, challenging external conditions such as a slower-than-expected growth in China and the Euro area, slower-than-anticipated growth in South Africa, weak agricultural exports performance in some countries within the region, and low oil exports in Angola weighed down on growth in the year under review. Despite these challenges, four of the fastest growing economies in the world in 2019 were in Sub-Saharan Africa – Cote d'Ivoire, Ethiopia, Ghana, and Rwanda. GDP growth in Ghana was firm at 6.5 per cent. (See Table 2.1 in the Annexes)

2.3 Global Consumer Prices

Global inflation in 2019 was 3.6 per cent, the same as the figure in 2018. In advanced economies, inflation declined to 1.4 per cent in 2019, from 2.0 per cent in 2018. However, in Emerging Markets and Developing Economies, inflation picked up slightly to 5.0 per cent in 2019 from 4.8 per cent in 2018.

2.4 Commodity Markets

2.4.1 Crude Oil

Average crude oil price in 2019 was US$64.15 per barrel, down 10.3 per cent compared to the previous year. Prices, during the review year, ranged between US$59.47 and US$71.66 per barrel. The decline in crude oil price was as a result of protracted US-China trade tension, and increased US shale crude oil production which distorted demand and supply dynamics. However, deeper production cuts by the Organization of Petroleum Exporting Countries (OPEC) and its allies moderated the decline in crude oil price. (See Chart 2.1)

2.4.2 Gold

Spot gold price closed the year at an average price of US$1,405.61 per fine ounce, an increase of 10.7 per cent compared to the previous year. Prices for gold ranged between US$1,283.41 and US$1,508.42 during the year.

The surge in price was triggered by the U.S.-China trade tensions and the dovish monetary policy stance of most central banks which pushed investors to the safe-haven bullion. (See Chart 2.2)

2.4.3 Cocoa

Cocoa futures opened trading in 2019 with an average price of US$2,325.07 per tonne in January, up 3.1 per cent from end-December 2018 prices. Overall, prices averaged US$ 2,215.4 per tonne in 2019, an increase of 11.6 per cent on the previous year's average price. The price gain during the year was predominantly triggered by news of dry weather conditions in the two top producing countries, Ivory Coast and Ghana. (See Chart 2.3)

Chart 2.2: Trends in International Gold Prices

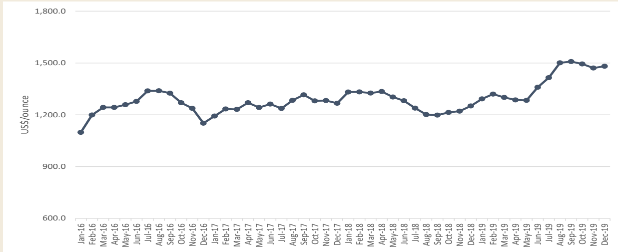


Chart 2.1: Trends in International Brent Crude Prices

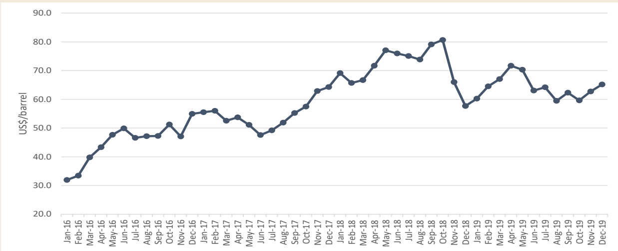
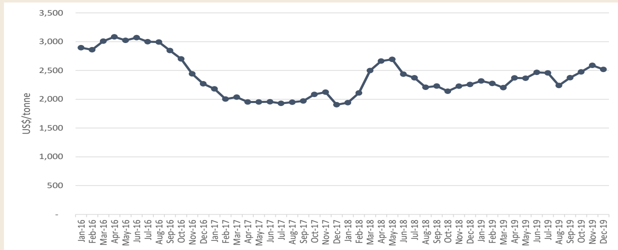


Chart 2.3: Trends in International Cocoa Prices



3 DEVELOPMENTS IN THE GHANAIAN ECONOMY

3.1 Overview

Real economic growth for 2019 was 6.5 per cent as against 6.3 per cent in 2018. Non-oil GDP grew at 5.8 per cent in 2019 as against 6.5 per cent in 2018. (See Table 3.1 in the Annexes)

Headline inflation eased to 7.9 per cent in December 2019 from 9.4 per cent at end-December 2018, on the back of lower food prices amidst stable non-food prices. The various measures of underlying inflation remained well-contained and the Bank's core inflation (defined to exclude energy and utility prices) declined in the year under review, supported by well-anchored inflation expectations.

Broad money supply (M2+) grew by 21.6 per cent in 2019 as against growth of 15.4 per cent in 2018. This was mainly driven by a significant growth of 46.7 per cent in Net Foreign Assets (NFA), from a contraction of 32.1 per cent in 2018. Net Domestic Assets (NDA) grew by 16.0 per cent in 2019, compared to 37.0 per cent in 2018.

The Ghana cedi depreciated against the major trading currencies during the review year, despite strong performance in the first quarter. At end-December 2019, the cedi depreciation was 12.9 per cent against the US dollar, 15.7 per cent against the pound and 11.2 per cent against the euro. Foreign currency demands on the domestic currency market, driven mostly by corporate offshore and energy-related factors, negatively affected the performance of the cedi.

Government budgetary operations for 2019 recorded a deficit of 4.8 per cent of GDP, from a deficit of 3.9 per cent in 2018. Total government receipts amounted to GH¢53.0 billion (15.2% of GDP) while expenditure for the year amounted to GH¢67.7 billion (19.4% of GDP). The deficit was financed from both domestic and foreign sources.

Deposit Money Banks' (DMBs) credit to the private and public sectors rebounded strongly during the review year. Private sector credit at end-December 2019 was GH¢44.5 billion, representing a year-on-year growth of 18.3 per cent, as against 10.6 per cent at end-December 2018. In real terms, private sector credit growth was 9.7 per cent. Distribution of the credit was broad-based and almost all the key economic sectors recorded higher credit growth in 2019 relative to 2018. The major sector beneficiaries were Services, with 24.1 per cent, Commerce and Finance 20.9 per cent, and Manufacturing 10.9 per cent.

The Monetary Policy Rate (MPR) was 16.0 per cent at end-December 2019, representing a year-on-year decline of 100 basis points from 17.0 per cent at end-December 2018. The weighted average interbank lending rate declined to 15.2 per cent at end-December 2019, from 16.1 per cent in 2018. In a similar trend, average lending rates of the banking sector marginally declined to 23.6 per cent at end-December 2019, from 23.9 per cent in December 2018. In contrast, rates on Government treasury securities went up slightly.

The Ghana Stock Exchange Composite Index (GSE-CI) declined by 12.3 per cent to 2,257.15 in 2019 compared to a decline of 0.3 per cent in 2018. Total market capitalisation declined by 7.1 per cent to GH¢56.8 billion.

The overall Balance of Payments (BOP) recorded a surplus of US$1.34 billion in 2019 compared to a deficit of US$0.67 billion in 2018. The turnaround from a deficit to a surplus was on account of increased net capital inflows in the capital and financial account, as well as improvement in the current account.

Gross International Reserves (GIR) increased by US$1.39 billion to US$8.42 billion at end-December 2019, sufficient to provide cover for 4.0 months of imports of goods and services, compared to 3.6 months of imports cover at end-December 2018.

3.2 Monetary Policy

3.2.1 Monetary Policy Committee Meetings

The Monetary Policy Committee (MPC) held meetings in January, March, May, July, September and November of 2019 to deliberate on global and domestic economic conditions, review macroeconomic projections and decide on the positioning of the Monetary Policy Rate (MPR).

At the January meeting, the MPR was reduced from 17.0 per cent to 16.0 per cent. The decision to lower the MPR was underscored by muted risks to the inflation outlook and well-anchored inflation expectations. At subsequent meetings, in spite of the easing inflation pressures, the committee decided to maintain the MPR at 16.0 per cent on the back of global uncertainties such as US monetary policy normalisation, heightened global trade tensions and prolonged Brexit negotiations.

Domestic factors, such as the pass through effect of currency depreciation, and increasing concerns about the fiscal stance arising mainly from revenue underperformance, reinforced the Committee's decisions to maintain the MPR. Inflation was within the medium term target band of 8±2 per cent throughout the year.

Table 3.2: Monetary Policy Decisions in 2019

MPC Date	Policy Decision	MPR (%)
23 – 25 January	Reduced by 100 basis points	16.0
26 – 29 March	Maintained	16.0
22 – 24 May	Maintained	16.0
17 – 19 July	Maintained	16.0
18 – 20 September	Maintained	16.0
20 – 22 November	Maintained	16.0

3.2.2 Summary of MPC Deliberations

January

At this meeting, the Committee noted a moderation in global growth. Trade tensions, concerns about the partial US government shutdown, and likely ramifications of the Brexit negotiations were some of the contributory factors to the moderation. The Committee further noted that global inflation remained relatively stable in 2018 and that in the advanced economies, headline inflation was largely contained around the 2.0 per cent target, while core inflation remained subdued. In addition, inflation in emerging market economies was fairly well-anchored, partly reflecting the decline in international crude oil prices.

The Committee observed that external financing conditions remained tight and uncertain, posing financing risks to the domestic economy with implications for the exchange rate. In particular, the strengthening of the US dollar and increased risk aversion adversely impacted the currency markets in emerging market and frontier economies, including Ghana.

On the domestic front, the Committee noted that, growth was fairly robust and in line with projections. It further observed that inflation had steadily declined from 11.8 per cent at end-December 2017 to 9.4 per cent at end-December 2018. There was a modest improvement in the current account due to a favourable trade balance although increased outflows through the services account offset the trade surplus. The overall balance of payments position was a deficit of US$0.67 billion in 2018.

The Bank's forecast showed that inflation was likely to remain within the target band of 8±2 per cent over the forecast horizon, barring unanticipated shocks. Growth prospects over the medium term were positive and would be supported by increased oil production and easing of credit stance.

The Committee's assessment was that immediate risks to the disinflation path remained well-contained and the prevailing conditions provided some scope to translate the macro stability gains to the rest of the economy. Under these circumstances, the Committee decided to lower the policy rate by 100 basis points (bps) to 16 per cent.

March

At the March MPC meeting, the Committee observed that global growth had moderated amid continued trade policy uncertainty, concerns about China's growth outlook, and prolonged Brexit negotiations. Global inflation appeared subdued and interest rates were expected to rise slowly, accentuated by the US Fed's forward guidance to pause its hiking cycle on concerns about global growth prospects. This dovish stance was favourable for global financial conditions with positive implications for emerging market and frontier economies in the near term as investors looked for higher yields.

The Committee observed that, medium-term growth outlook in the domestic economy remained strong, supported by the preparation of new oil wells, re-opening of the Obuasi gold mine, and the implementation of growth-oriented government initiatives.

The Committee further observed that consecutive trade surpluses had contributed to improvements in the current account. The Gross International Reserves (GIR) position also improved with the cedi making some considerable gains against all the major currencies, as negative sentiments in the first quarter waned. The sharp depreciation of the cedi against the dollar of 8.0 per cent (year-to-date) in the early part of March reduced to 5.2 per cent at the end of the month.

In its assessment, the Committee broadly noted that the pace of disinflation had slowed somewhat, although headline inflation remained within the medium-term target band. The forecasts showed some upside risks in the outlook but that was not enough to dislodge inflation expectations. Under these circumstances, the Committee voted to keep the policy rate unchanged at 16.0 per cent.

May

At this sitting, the Committee observed that global growth had moderated with downward revisions for both advanced and emerging market economies. The slower pace of growth was expected to continue over the half year underpinned by escalating trade and geo-political tensions. Although global inflation had picked up slightly on the back of higher oil prices, core inflation remained subdued. Forecasts showed that inflationary pressures were expected to remain contained, influenced by moderate wage growth and concerns about the health of the global economy. The Committee further observed that the accommodative monetary policy stance by most advanced economies had broadly offered some scope for favourable global financing conditions. This had positive implications for emerging market and frontier economies with strong macroeconomic fundamentals as investors searched for higher yields. These developments were expected to impact positively on the domestic economy through the trade and credit channels.

On the domestic front, the Committee noted that economic growth remained steady and was projected to gain additional momentum over the horizon, supported by increased crude oil production. Other factors such as improved business sentiments and credit growth were also indicative of growth in the outlook.

The Committee noted that the favourable external sector performance was underpinned by a strong trade surplus outturn and improved inflows into the capital and financial accounts on the back of the Eurobond issuance in March 2019. The current account balance was expected to improve, bolstered by a strong performance in the oil sector and a pickup in private transfers.

On the inflation outlook, the Committee observed that, the first quarter exchange rate depreciation pass-through effect had slowed the disinflation process, leading to a slightly elevated inflation profile. Core inflation, however, remained subdued and inflation expectations were fairly anchored. In concluding its assessment, the Committee decided to maintain the monetary policy rate at 16.0 per cent.

July

The Committee observed a slowdown in the global growth momentum which reflected trade policy uncertainty between the US and China, Brexit negotiations, and other geopolitical tensions. In emerging market and developing economies, growth broadly weakened, driven mainly by spill-over effects of the slowdown in economic activity in advanced economies.

The Committee noted that headline inflation in advanced economies remained relatively subdued as a result of low energy prices and sluggish wage growth despite the relatively tight labour market conditions. In emerging market and developing economies, the decline in oil prices led to subdued inflation pressures. Inflation forecasts in advanced economies showed stable price conditions, relatively anchored inflation expectations, and moderated wage growth. The accommodative monetary policy stance adopted by central banks in advanced economies was expected to keep interest rates low and supportive of growth.

On the domestic economy, the Committee observed that economic activity continued to be robust. The first quarter GDP growth released by the Ghana Statistical Service was estimated at 6.7 per cent, compared with 5.4 per cent in the same period of 2018. The Bank's Composite Index of Economic Activity (CIEA) also pointed to some pick-up in economic activity, with a 3.2 per cent year-on-year growth in May 2019, compared to 2.2 per cent growth in May 2018.

On the external sector, the Committee observed a surplus in the trade account which more than offset net outflows in the services and income accounts, leading to a marginal current account surplus of US$39 million (0.1% of GDP) in the first half of 2019, the first in recent history. The Committee further observed that, on the domestic currency market, the cedi cumulatively depreciated by 8.2 per cent against the US dollar in the year to July 18, 2019, compared with 5.8 per cent depreciation for the corresponding period in 2018.

The medium-term outlook for the real sector was observed to be positive based on improving consumer sentiments and continued recovery in private sector credit growth. The Bank's inflation forecast showed that inflation was likely to remain within the target band of 8±2 per cent over the forecast horizon, barring unanticipated shocks. However, the pace of fiscal consolidation had slowed, mainly reflecting gaps between revenue mobilization and spending. After careful consideration of the risks to the outlook, the MPC maintained the policy rate at 16.0 per cent.

September

At the September MPC meeting, the Committee observed that global growth was still subdued due to ongoing US-China trade tensions and uncertainty in the Brexit negotiations, as well as geopolitical tensions. These developments had softened business confidence and further weakened investments in advanced economies. The slow growth momentum had caused a dovish shift in central bank forward guidance in most advanced economies to keep interest rates low and boost growth over the medium term. Consequently, global financing conditions remained favourable due to the general accommodative monetary policy stance across most advanced and emerging market economies.

On the domestic front, the Committee observed that the strong growth momentum had been sustained with GDP growth estimated at 5.7 per cent for the second quarter of 2019, higher than the 5.4 per cent recorded during the same period of 2018. Non-oil GDP growth was, however, estimated at 4.3 per cent, lower than the 5.0 per cent recorded in the previous year.

The Committee noted that developments in the external sector remained favourable with a strong trade surplus outturn, reflecting a contraction in the import bill, while export earnings improved. GIR improved to 4.1 months of import cover at end-August 2019, from 3.6 months of import cover at end-December 2018. The foreign exchange market had also remained relatively stable after the volatility experienced during the first half of the year.

The Committee observed that, following the release of the new Consumer Price Index by the Ghana Statistical Service, headline inflation had declined to 7.8 per cent in August 2019, moving inflation below the central path of the Bank's medium-term target of 8±2 per cent. However, core inflation had inched up slightly, alongside some moderate pick-up in inflation expectations from businesses, consumers, and the financial sector. This signalled emerging pressures coming mainly from an upward adjustment of utility tariffs, ex-pump prices and transport fares.

In its assessment, the Committee noted that global conditions and inflation developments at home have created some policy space for monetary policy which however, could not be exploited due to the possible second-round effects of the increase in administrative prices and continued revenue underperformance. Under these circumstances, the MPC decided to maintain the MPR at 16.0 per cent.

November

At the final MPC meeting in 2019, the Committee noted weakened global growth conditions based on unresolved US-China trade tensions and other geopolitical factors. In addition, inflation had remained subdued across advanced and emerging market economies on account of sluggish wage growth and lower energy prices. In response to these conditions, central banks of advanced economies adopted accommodative monetary policies to boost growth. These policy actions helped ease global financing conditions with positive implications for emerging and developing economies.

On the domestic front, the Committee observed that growth momentum remained strong although at a relatively slower pace than the year before. The Bank's updated CIEA showed a steady pick-up in economic activity, while the business and consumer confidence surveys showed optimism based on improvement in macroeconomic fundamentals.

On price developments, the Committee noted that headline inflation had declined from 7.8 per cent in August 2019 to 7.6 per cent in September, and inched up to 7.7 per cent in October. Inflation expectations for businesses, consumers, and the financial sector, appeared to be well-anchored despite a slight pick-up in the Bank's measure of core inflation.

The Committee observed positive trends in the country's external position in the third quarter, emanating from a favourable outturn in the trade account coupled with improved inflows into the capital and financial accounts. These favourable developments translated into higher levels of GIR, providing cover for 4.2 months of imports.

In its assessment, the Committee noted that inflation would likely remain within the target band over the forecast horizon. The Committee concluded that risks to the inflation outlook was broadly balanced, and therefore, decided to maintain the policy rate at 16.0 per cent, while monitoring developments going forward.

3.3 Money Supply and Credit

3.3.1 Money Supply

Annual growth in broad money supply (M2+) was 21.6 per cent at end-December 2019, from 15.4 per cent at end-December 2018. This was mainly on account of a significant growth in Net Foreign Assets (NFA), driven largely by the Euro bond issuance. NFA grew by 46.7 per cent in 2019, from contraction of 32.1 per cent the previous year, while Net Domestic Assets (NDA) grew at a much slower pace of 16.0 per cent, from 37.0 per cent. The stock of M2+ was GH¢92.91 billion at end-December 2019.

Reserve money grew by 33.6 per cent to GH¢28.72 billion compared with 0.2 per cent growth in 2018. (See Table 3.3 in the Annexes)

3.3.2 Deposit Money Banks' Credit

During the review year, the annual growth in DMBs' outstanding credit showed a significant pick-up. The nominal annual growth rate was 22.4 per cent in 2019 compared to 12.9 per cent in 2018. In real terms, bank credit expanded by 13.4 per cent in 2019, compared to 3.2 per cent in 2018. The growth in total outstanding credit was largely on account of significant expansion in public sector credit. At the end of December 2019, total outstanding credit stood at GH¢52.28 billion.

Total outstanding credit to the private sector grew by 18.3 per cent in December 2019, compared with 10.6 per cent recorded in 2018. In real terms, the annual growth rate of outstanding credit to the private sector increased by 9.7 per cent at end-December 2019. Credit to the private sector stood at GH¢44.49 billion at end-December 2019. (See Table 3.4 in the Annexes) (See Chart 3.1)

3.4 Interest Rates

3.4.1 Interest rates

The MPR was reduced by 100 basis points to 16.0 per cent during the review year. Interest rate developments in the money market in 2019 showed mixed trends on a year-on-year basis. Rates on Bank of Ghana (BOG) bills, deposit rates and the average lending rates of the Deposit Money Banks (DMBs) decreased, whereas on the treasury market, interest rates continued to trend upwards reflecting increased government borrowing. (See Chart 3.2 & 3.3)

3.5 Capital Market

3.5.1 Equity Market

Poor performance of stocks in the Finance, Agriculture, Distribution, IT and Food & Brewery sectors contributed to a decline in the Ghana Stock Exchange Composite Index (GSE-CI). The GSE-CI declined by 12.3 per cent in 2019 compared to a decline of 0.3 per cent in 2018. Total market capitalisation at end-December 2019 was GH¢56.8 billion, a year-on-year decline of 7.1 per cent. (See Chart 3.4) (See Table 3.5 & 3.6 in the Annexes)

3.5.2 Bond Market

The total value of Government of Ghana Notes and Bonds listed on the exchange as at the end of December 2019 was GH¢65.2 billion, compared to GH¢54.1 billion in 2018. The total value of corporate bonds listed on the exchange stood at GH¢8.0 billion in December 2019 compared with

GH¢6.6 billion in the same period in 2018. On the Ghana Fixed Income Market (where Government and Corporate debts are traded) total value of trade was GH¢61.1 billion in the review year, while the number of trades totalled 120,732. In 2018, the number of trades totalled 83,933 with a value of GH¢41.5 billion.

3.6 Prices

During the year, headline inflation was within the medium-term target band of 8±2 per cent. Inflation, which had remained in single digits since July 2018, declined from 9.4 per cent at end-December 2018 to 7.9 per cent at end-December 2019, around the central path of 8.0 per cent. Food and non-food remained the drivers of inflation during the review year. Food inflation at end-December was 7.2 per cent, whereas non-food inflation was 8.5 per cent. Alongside these trends, the various measures of underlying inflation remained well-contained and the Bank's core inflation declined during the second half of the year, supported by well-anchored inflation expectations.

In August 2019, the Ghana Statistical Service rebased the Consumer Price Index (CPI). The new series has 2018 as the reference period and is based on an expanded basket over the previous one, which had 2012 as the reference period. (See Table 3.7 in the Annexes)

3.7 Fiscal Sector

3.7.1 Budgetary Outturn

The Government's budgetary operations for 2019 recorded a deficit of 4.8 per cent of GDP, slightly higher than the revised target of 4.7 per cent. The deficit was financed from both domestic and foreign sources.

Total government receipts amounted to GH¢53.0 billion (15.2% of GDP), marginally below the revised target of GH¢54.6 billion (15.6% of GDP). The major components were tax revenue of GH¢42.4 billion (80.0% of total receipts), non-tax revenue of GH¢7.6 billion (14.3% of total receipts) and grants of GH¢1.0 billion (1.9% of total receipts).

Total government payments for the year amounted to GH¢67.7 billion (19.4% of GDP) which was below the revised budget of GH¢70.2 billion (20.1% of GDP). Recurrent expenditure was 90.9 per cent of total payments, while capital expenditure constituted 9.1 per cent. (See Table 3.8a & 3.8b in the Annexes)

3.7.2 Domestic Debt

The stock of domestic debt was GH¢105.4 billion (30.2% of GDP) at end-December 2019, compared to GH¢86.8 billion (28.9% of GDP) at end-December 2018. The rise in the debt stock for the review period resulted from increases of GH¢5.3 billion, GH¢11.1 billion and GH¢2.2 billion in the short-, medium- and long-term securities, respectively. (See Table 3.9 in the Annexes)

Chart 3.1: Allocation of Annual Flow of Credit to the Private Sector

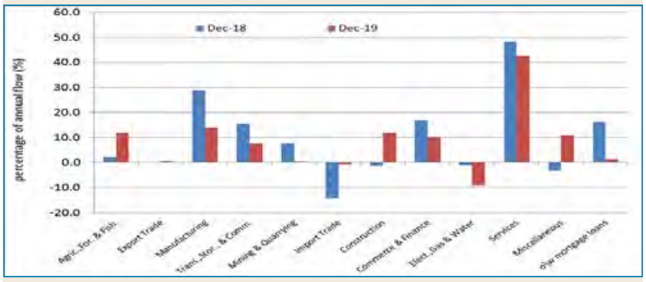


Chart 3.2: : Monetary Policy Rate

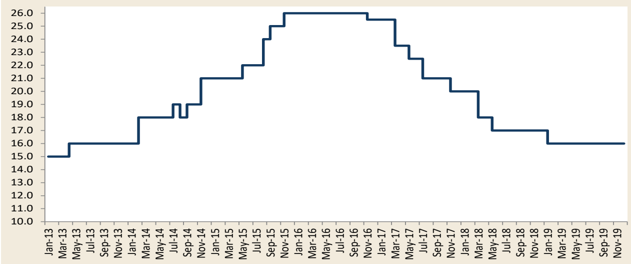


Chart 3.3: Nominal Savings and Lending Rates

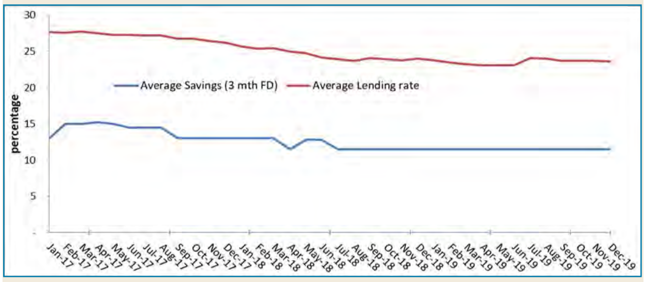
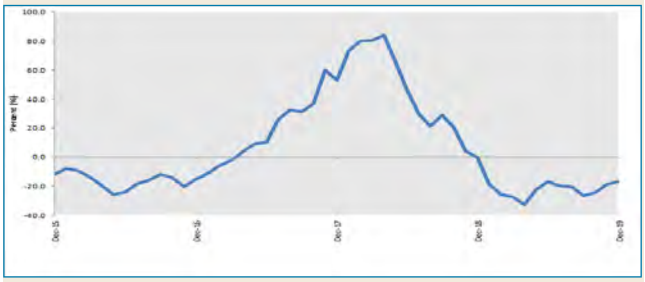


Chart 3.4: GSE Composite Index (Y-o-Y % changes)



3.7.3 Holdings of Domestic Debt

The share of the Bank of Ghana's holding of domestic debt decreased to 15.0 per cent at end-December 2019, from 19.7 per cent at end-December 2018. Deposit Money Banks' (DMBs) holdings went up to 29.5 per cent, from 24.9 per cent. Similarly, the non-bank sector's holdings increased to 30.6 per cent, from 25.3 per cent in 2018. The share of Non-Residents' holdings decreased to 25.0 per cent, from 30.1 per cent. (See Table 3.10a & 3.10b in the Annexes)

3.8 External Sector

The overall Balance of Payments (BOP) recorded a surplus of US$1.34 billion in 2019 compared to a deficit of US$0.67 billion in 2018. The improvement was on account of a further narrowing of the current account deficit and increased net inflows in the capital and financial accounts. (See Table 3.11 in the Annexes)

3.8.1 Current Account

The current account recorded a deficit of US$1.86 billion (2.8% of GDP) in 2019 compared to a deficit of US$2.04 billion (3.1% of GDP) in 2018. The narrowing of the deficit was as a result of gains in the trade balance and current transfers (largely from private inward remittances) which moderated the net outflows in the services and income accounts.

3.8.1.1 Merchandise Trade Balance

The trade balance recorded a surplus of US$2.26 billion, compared to a surplus of US$1.81 billion in 2018. This was at the back of continued growth in export receipts, especially gold and cocoa (beans and products). Exports grew by 4.9 per cent whereas imports grew by 2.1 per cent.

Merchandise Exports

The value of merchandise exports for the year was estimated at US$15.67 billion, an increase of 4.9 per cent over the value recorded in 2018.

Gold Exports

Earnings from gold exports in 2019 amounted to US$6.23 billion compared to US$5.44 billion recorded in 2018. The improvement was driven by increases in both volume and price. The volume of gold exported increased by 5.8 per cent to 4,490,399 fine ounces, while the average realised price increased by 8.3 per cent to US$1,387.33 per fine ounce.

Crude Oil Exports

The value of crude oil exports was US$4.49 billion in 2019 compared to US$4.57 billion in 2018. Volume exported improved by 9.7 per cent, year-on-year, to 70,054,551 barrels in 2019 on account of increased production from the Jubilee and Sankofa fields. The average realised price, however, decreased by 10.5 per cent to US$64.14 per barrel, leading to the marginal decline in export receipts.

Export of Cocoa Beans and Products

Exports of cocoa beans and products increased by 5.0 per cent to US$2.29 billion in 2019. Cocoa beans exported amounted to US$1.45 billion, an increase of 3.2 per cent compared to the value in 2018. The average realised price of cocoa beans increased by 8.8 per cent to US$2,366.94 per tonne, while export volume fell by 5.2 per cent to 613,184 tonnes. Earnings from cocoa products increased by 8.2 per cent to US$0.84 billion, on account of both price and volume effects.

Timber Exports

The value of timber exports fell by 23.7 per cent to US$0.17 billion. The average realised price decreased to US$562.47 per cubic metre in 2019, from US$671.04 per cubic metre in 2018. Volume exported declined to 300,455 cubic metres in 2019, from 330,042 cubic metres in 2018.

Other Exports

The value of "other exports" which is made up of non-traditional exports and other minerals (aluminium alloys, bauxite, diamond and manganese) was estimated at US$2.49 billion, US$0.05 billion lower than the outturn in 2018.

Merchandise Imports

The total value of imports for 2019 was estimated at US$13.41 billion, up by 2.1 per cent compared to the outturn in 2018.

Oil Imports and Non-Oil Imports

The value of oil imports (comprising crude, gas and finished products) decreased to US$2.42 billion in 2019, from US$2.58 billion in 2018, driven largely by lower oil prices on the international market. However, non-oil imports expanded in 2019 to US$10.99 billion, a 4.1 per cent increase compared to the position in 2018.

3.8.1.2 Services, Income and Current Transfers

The services, income and transfers accounts recorded a deficit of US$4.12 billion, a deterioration of US$0.27 billion from the preceding year. The services and income accounts recorded net outflows of US$7.53 billion in 2019 compared to US$6.44 billion in 2018. Net inflows into the current transfers account improved to US$3.40 billion in 2019, from US$2.58 billion in 2018.

3.8.2 Capital and Financial Account

The capital and financial account recorded a surplus of US$3.07 billion, compared to US$1.50 billion in 2018. The capital account recorded a surplus of US$257.08 million in 2019, a decrease of 0.3 per cent from the previous position. The financial account recorded a surplus of US$2.81 billion in 2019 compared to US$1.24 billion in 2018. The increase in the financial account was driven by net inflows of foreign direct investments, portfolio investments and a significant improvement in other investment account.

3.8.3 International Reserves

The stock of Net International Reserves (NIR) increased to US$5.19 billion at end-December 2019, from US$3.85 billion at end-December 2018, indicating a build-up of US$1.34 billion. Gross International Reserves (GIR) also increased by US$1.39 billion to US$8.42 billion at end-December 2019, sufficient to cover 4.0 months of imports compared to 3.6 months at end-December 2018. (See Chart 3.5)

3.9 Foreign Exchange Market

3.9.1 The Domestic Currency Market

The foreign exchange market in Ghana experienced some volatility in 2019 due to both internal and external factors. Build-up of demand pressures in the first-two months of the year led to a weakening of the cedi against the major trading currencies. Cumulatively, the cedi depreciated against the US dollar by 6.9 per cent, the pound by 8.2 per cent and the euro by 6.2 per cent. The situation, however, improved when supply was boosted on the back of the US$3.0 billion Euro bond issuance. Consequently, in March, the cedi appreciated against the US dollar by 1.8 per cent, and against the pound and the euro by 3.8 per cent and 3.0 per cent, respectively.

By the end of the first half of the year, however, the cedi had depreciated cumulatively by 8.4 per cent against the US dollar, 7.6 per cent against the pound and 7.9 per cent against the euro. This development was mainly the result of the ripple effect of threats of another bout of emerging market capital outflows and domestic currency market pressures which outweighed the early year boost from the Euro bond inflow. Consequently, by the end of the review year, the cedi had depreciated cumulatively by 12.9 per cent against the US dollar, 15.7 per cent against the pound and 11.2 per cent against the euro. (See Table 3.12 in the Annexes)

3.10 External Debt

At end-December 2019, the stock of external debt stood at US$20.31billion, a 13.6 per cent increase on the end-December 2018 position. The external debt stock represented 30.3 per cent of GDP.

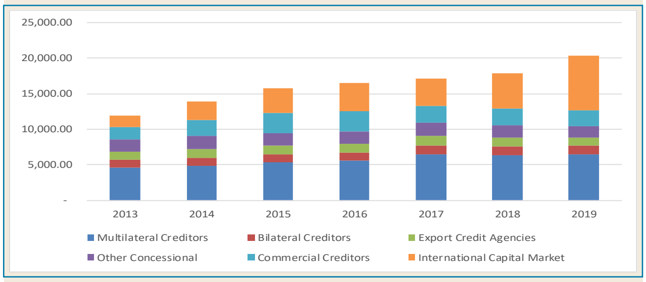
The holders of external debt by share at end-December 2019 were as follows: multilateral holders, 32.1 per cent; other concessional, 8.2 per cent; bilateral, 6.1 per cent; export creditors, 5.2 per cent; commercial creditors, 10.7 per cent; and international capital markets, 37.9 per cent. (See Chart 3.6 & 3.7) (See Table 3.13 in the Annexes)

Chart 3.5: GIR and Import Cover, December 2018 – December 2019

Chart 3.6: Total External Debt (in US Million Dollars)

** Provisional*

Chart 3.7: External Debt by Creditor Category (US$'M), 2019



04 DEVELOPMENTS IN BANKS AND OTHER BANK OF GHANA LICENSED FINANCIAL INSTITUTIONS

4.1 Overview

In 2019, the banking sector remained strong, safe and sound as the clean-up and recapitalisation of the sector continued to yield positive results. Growth in assets size improved significantly, mainly due to an increase in deposits. Credit growth at end-December 2019 was strong, despite declines during the course of the year. During the reporting period, the industry's Non-Performing Loans (NPLs) ratio was the lowest in five years. This was due to a decline in the stock of NPLs, strong pick-up in credit growth, loan recoveries and write-offs. Broadly, all the financial soundness indicators, measured in terms of earnings, liquidity, and capital adequacy remained strong. To sustain the safety, soundness and stability of the banking sector, the Bank revoked the licences of dormant, weak and insolvent institutions, issued new directives and pursued a number of policy initiatives.

As part of efforts to strengthen the Specialised Deposit-Taking Institutions (SDIs) and Non-Bank Financial Institutions (NBFIs) sectors, the Bank revoked the licences of 347 Microfinance Institutions (MFIs), 39 Microcredit Companies (MCCs), 23 Savings and Loans (S&Ls) and Finance Houses (FHs), and two other non-bank financial institutions.

The Bank continued its strong commitment to the implementation of international regulatory and supervisory standards, such as the Basel II and III, International Financial Reporting Standards (IFRS) with emphasis on IFRS 9, and Anti-Money Laundering and Counter Terrorism Financing (AML/CFT), among others.

To maintain cross-border relationships with other financial regulators on cooperation, mutual assistance and exchange of valuable information, the Bank participated in activities of the College of Supervisors of the West African Monetary Zone (CSWAMZ) and the Supervisory Colleges of banks with cross-border parents in Nigeria and South Africa during the year. These engagements provided a platform for the Bank and other regional supervisors to work towards a common objective of attaining harmonised supervisory practices, deepening of supervisory cooperation through the exchange of information and promotion of a sound financial system within the West African sub-region.

4.2 Restructuring of the SDIs and NBFIs Sectors

As part of efforts to build strong and resilient banking, SDIs and NBFIs sectors, the Bank in August 2017 began a clean-up process, starting with the banking sector. In accordance with the regulatory requirements prescribed by the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), a number of universal banks had their licences revoked.

In the year under review, the Bank revoked the licences of weak, dormant and insolvent Microfinance Institutions (347), Microcredit Companies (39), Savings and Loans Companies (16), Finance Houses (7), a leasing company, and a money remittance company, in accordance with provisions in Act 930 and the Non-Bank Financial Institutions Act, 2008 (Act 774). As at the end of 2019, there were a total of 180 licensed MFIs, 25 S&Ls and 14 FHs.

Broadly, the following vulnerabilities were identified as the cause of the problems of the institutions that had their licences revoked:

a. Poor corporate governance;
b. Poor risk management practices;
c. Weak credit administration;
d. Unsafe and unsound banking practices;
e. Diversion of customer deposits into unproductive ventures; and
f. General non-compliance with prudential norms.

Efforts by the Bank to get the identified weak and insolvent institutions to improve their capital positions through credible capital restoration plans did not yield the desired results as the problem of poor asset quality persisted. Given the substantial risks posed by these institutions to the entire financial sector, the Bank revoked their licences.

4.3 Regulatory Environment

To safeguard the gains made from the clean-up exercise, the Bank strengthened:

a. Regulation and Governance; and
b. Supervisory Structures.

4.3.1 Regulation and Governance

The Corporate Governance Directive

In 2019, the Bank continued to enforce the Corporate Governance Directive issued in 2018. The Bank organised a mandatory certification training programme for directors of banks to ensure compliance with the Directive. The implementation of the Directive led to several board chairs and CEOs of banks ending their tenure, while Board members who had served for a prolonged period were also replaced in accordance with provisions in the directive. A subsequent survey undertaken by the Bank showed full compliance with requirements of the corporate governance directive on the size, structure, composition and qualification of bank Boards; due diligence in the appointment of key management personnel; and separation of the positions of CEOs and Board Chairs.

Fit and Proper Persons Directive

The Bank published the Fit and Proper Persons Directive in July 2019. The Directive defined a framework to be used by regulated financial institutions and the Bank, in determining whether a person is fit to be a director, significant shareholder or manager within a financial institution registered under Act 930.

Implementation of Basel II/III Capital Standards

In the year under review, the Bank continued with the implementation of the Capital Requirement Directive (CRD) under the Basel Accord. The CRD requires banks to set aside adequate capital to cover unexpected losses and also to align the risk profile of banks to their capital to ensure a more resilient banking sector.

4.3.2 Supervisory Structures

To further strengthen the supervisory structures of the Bank for effective supervision of banks, non-banks and SDIs, and to consolidate the gains made from the clean-up, the following steps were taken:

a. **Re-organisation of the Banking Supervision Department**

   The Banking Supervision Department was re-organised to make it more effective, proactive and responsive to industry requirements. The key activities were:

   i. Creation of three new offices, namely, Resolution, IT & Cyber Risk Examination, and Supervisory Reporting & Data Analysis; and

   ii. Division of the Examination Office into two, namely, Bank Examination and SDI Examination.

b. **Implementation of a new Financial Surveillance System**

   During the year under review, the Bank implemented a new financial surveillance software, known as Online Regulatory Analytics Surveillance System (ORASS), to replace the Electronic Financial Analysis and Surveillance System (eFass) software, which had become ineffective due to the changing industry dynamics.

4.4 Banking Sector

4.4.1 Assets and Liabilities

Total assets of the banking sector increased to GH¢129.06 billion at end-December 2019, representing a 22.8 per cent year-on-year growth. The ratio of total earning assets (Loans & Advances and Investments) to total assets increased to 68.5 per cent in 2019, from 65.2 per cent in 2018. The funding sources of total assets were mainly from Deposits (64.7% of total assets) and 'borrowings and other liabilities' which increased by 26.7 per cent to GH¢28.02 billion. (See Table 4.1 in the Annexes)

4.4.2 Financial Soundness Indicators

Profitability

Profitability of the Deposit Money Banks (DMBs) increased at end-December 2019 over the previous year's position, as highlighted by the key profitability indicators. (See Table 4.2)

The improvement in profitability was largely attributed to the positive outcomes of the banking sector clean-up exercise.

Solvency

Solvency of the banking sector continued to improve during the year under review. The DMBs' Capital Adequacy Ratio, computed in accordance with the Capital Requirement Directive under the Basel II/III capital framework, was 17.5 per cent, above the prudential requirement of 13.0 per cent. The DMBs' equity position increased significantly to GH¢17.6 billion in 2019, from GH¢16.9 billion in 2018. Asset quality also improved significantly, with the non-performing loans (NPLs) ratio declining to 13.9 per cent, from 18.2 per cent over the same period last year. The decline in NPLs was due to a strong pick-up in credit growth, loan recoveries and write-offs. (See Table 4.3)

Liquidity

The DMBs remained broadly liquid with liquid assets to total deposits ratio of 92.1 per cent and liquid assets to volatile funds of 150.2 per cent at end-December 2019. (See Table 4.4)

Table 4.2: Profitability Indicators

Indicators (%)	2016	2017	2018	2019
Return on Equity*	17.3	18.7	18.5	19.9
Return on Assets**	3.8	3.6	3.4	4.1
Return on Earning Assets	5.1	4.7	4.6	5.6
Net Interest Spread	11.4	10.2	9.5	11.0
Cost to Income Ratio	57.4	59.0	58.3	54.8
Net Interest Margin	13.0	11.0	9.5	10.9

**Return on Equity is calculated after tax ** Return on Assets is calculated before tax*

Table 4.3: Solvency Indicators

Solvency Indicators (%)	2015	2016	2017	2018	2019
CAR (%)	18.31	17.64	15.62	21.90	17.50*
Net worth (GH¢ million)	9,209.00	10,984.00	12,271.00	16,928.00	18,947.13
NPL (%)	14.67	17.30	21.59	18.19	13.94

**Calculated using Basel II/III*

Table 4.4: Liquidity Indicators

Indicator	2015	2016	2017	2018	2019
Liquid Asset/Total Deposit (%)	74.33	84.83	85.30	91.46	92.08
Liquid Asset/Volatile Funds (%)	125.22	147.59	156.00	161.97	150.23

4.5 SDIs and Other Licensed Institutions

The sector comprises Savings and Loans Companies (S&Ls), Finance Houses (FHs), Mortgage Institutions (MIs), Leasing Companies (LCs), Rural and Community Banks (RCBs), and Microfinance Institutions (MFIs). The combined assets at end-December 2019 stood at GH¢12.32 billion, from the previous position of GH¢16.50 billion, and represented 8.7 per cent of the entire banking industry's assets. The decline was due to the revocation of the licences of identified weak, dormant and insolvent institutions in 2019.

The major source of funding for the sector was deposits, which declined by 22.7 per cent, year-on-year to GH¢7.9 billion, compared to 19.8 per cent growth in 2018.

4.5.1 Rural and Community Banks

The total number of licensed RCBs stood at 144 at end-December, 2019. The sector recorded total assets of GH¢4.69 billion as at end-December, 2019, reflecting an increase of GH¢550 million over the end-December 2018 position.

The Capital Adequacy Ratio (CAR) of RCBs improved to 12.7 per cent at end-December, 2019, from 10.5 per cent at end-December 2018, and above the prudential threshold of 10 per cent. NPLs improved marginally to 11.5 per cent at end-December 2019, from 12.7 per cent in 2018. (See Table 4.5 in the Annexes)

4.5.2 Microfinance Sector

The total number of licensed MFIs at end-December 2019 was 180, following the revocation of the licences of 386 institutions.

The Capital Adequacy Ratio (CAR) of the deposit-taking MFIs was 31.0 per cent at end-December 2019, compared to the CAR of 8.0 per cent at end-December 2018. The Microfinance sector recorded significant improvements in CAR, with the post-resolution ratio well above the prudential limit of 10.0 per cent.

4.5.3 Forex Bureaux

The total number of licensed forex bureaux as at end-December, 2019 was 426, compared to 420 at end-December, 2018. During the year under review, seven new forex bureaux licences were issued, with one exiting the market.

4.6 Collateral Registry

During the review year, a total of 96,148 security interests were registered, compared to 82,302 registered in 2018. Also, a total of 239,705 collaterals were registered in 2019, as against 224,583 in 2018. Searches conducted in 2019 were 48,086, representing an increase of 30.3 per cent over the 2018 figure. (See Table 4.6)

4.7 Financial Stability

In the review year, the Bank continued to undertake surveillance of the financial system to assess and monitor potential systemic risks, market conduct breaches and AML/CFT & P deficiencies for prompt remedial action.

4.7.1 Systemic Risks Surveillance

Developments in Core FSIs

In 2019, capital adequacy, asset quality, efficiency and earning profile of banks improved significantly, while liquidity measures remained broadly stable. The improvements observed during the year, were on the back of the banking sector clean-up. (See Table 4.7 in the Annexes)

The Banking Sector Soundness Index (BSSI[7]), the composite indicator which tracks the financial soundness of the banking sector, improved during the year under review. The increase in the BSSI was driven by improvements in capital, asset quality and earnings. (See Chart 4.1)

Stress Testing of the Banking Sector

In 2019, the Bank conducted mid-year and end-year stress tests of the banking sector to evaluate the resilience of the sector to extreme but plausible shocks (tail risks). The results of the stress test exercise revealed that the capacity of the banking sector to withstand tail risks had improved. Notably, the banking sector was robust to interest rate, credit, liquidity and exchange rate shocks. (See Chart 4.2)

Composition of Banks' Borrowing

In 2019, banks continued to borrow from both foreign and domestic sources. The share of total foreign borrowing at end-December 2019 was 50.5 per cent, compared to 48.4 per cent at end-December 2018, exposing the industry to exchange rate risk. (See Chart 4.3)

Table 4.6: Performance Indicators of the Collateral Registry

Indicators (%)	2017	2018	2019
Registered Security Interest	57,509	82,302	96,148
Searches Conducted	25,049	36,889	48,086
Collaterals	171,551	224,583	239,705

Chart 4.1: Banking Sector Soundness Index (BSSI) and Its Drivers – December 2019

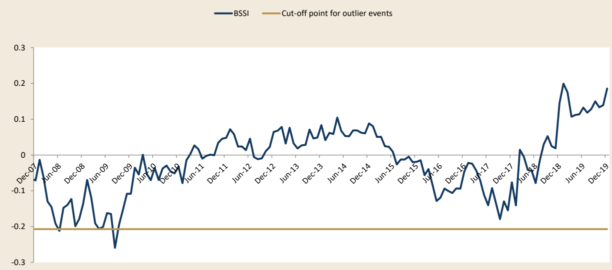
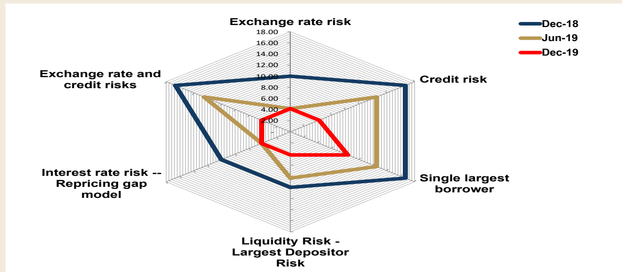
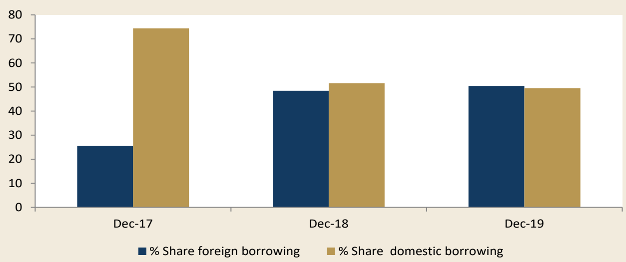


Chart 4.2: Risk Assessment Map



The Risk Assessment Map is derived from the result of the stress testing and constructed such that movements away from the origin pointed to increased vulnerability.

Chart 4.3: Banking Sector Borrowings



[7] The BSSI is developed from the financial soundness indicators. An upward trending BSSI connotes a general improvement in the performance of the banking system

4.7.2 Market Conduct

Consumer Protection

During the year, the Bank undertook a number of initiatives to enhance the effectiveness of the consumer protection system and recourse mechanism. Notably, the Bank created a Conduct Supervision Unit with the responsibility of conducting off-site monitoring and on-site examination of licensed institutions to ensure compliance with relevant market conduct requirements.

To increase awareness of market conduct requirements in the financial sector, the Bank conducted sensitisation workshops for rural and community banks, and microfinance institutions. The workshops were to expose participants to their obligations under the market conduct regulations and directives.

Complaints

During the year under review, 1,895 complaints were received from customers of banks, Specialised Deposit-Taking Institutions, and Non-Bank Financial Institutions, representing a reduction of 11.8 per cent from 2018. The decrease was due to the final resolution of weak and insolvent SDIs in September 2019.

Credit Reporting

The Bank continued with its supervision of the credit reporting system to ensure compliance with regulatory requirements by credit bureaus and financial institutions. In addition, to enhance understanding of the credit reference system, the Bank facilitated a series of training sessions for various stakeholders including rural banks and microfinance institutions.

The Bank continued to engage with the Ministry of Finance and the Attorney General's Department on the Draft Credit Reporting Regulations, 2019. The draft Regulations, in the review year, was submitted to Parliament for passage.

4.7.3 Financial Integrity

Mutual Evaluation

In the review year, the Bank was involved in a number of activities in line with an agreed Action Plan at the 29th Technical Commission/Plenary Meeting of the Inter-Governmental Action Group Against Money Laundering (GIABA) held in Somone, Senegal in 2018. The Plan was between Ghana and the International Co-operation and Review Group (ICRG) of the Financial Action Task Force (FATF) following the First Enhanced Report on the Second Round of Mutual Evaluation in 2018 to address deficiencies mainly in Anti Money Laundering/ Combatting Financing of Terrorism (AML/CFT) effectiveness. In 2019, the following key activities were undertaken:

A. Development of a comprehensive National AML/ CFT Policy. The Policy was based on identified risks in the National Risk Assessment and the mutual evaluation by GIABA. Upon satisfactory assessment, the document was published on the websites of relevant national institutions including Bank of Ghana and the Financial Intelligence Centre.
B. A Risk Assessment of Not-For-Profit Organisations (NPOs). The assessment examined NPOs' susceptibility to abuse for Money Laundering (ML), Terrorism Financing (TF) and predicate offences. The report revealed that the probability of NPOs being abused for ML/TF purposes was moderate.
C. A Risk Assessment of Legal Persons and Arrangements in Ghana. A number of emerging and potential risks were identified, including some deficiencies in key sectors, such as the real estate and extractive sectors. The report revealed that the risks were moderate.

4.7.4 Financial Stability Council

The Financial Stability Council was established on December 28, 2018 as an advisory body and was formally inaugurated on February 12, 2019 with the objective of:

- strengthening and reinforcing the stability of the financial system;
- coordinating regulation and supervision of the financial system; and
- evaluating and mitigating financial stability risks; and
- developing and enhancing resolution frameworks for crisis preparedness.

During the year under review, the Bank worked with other regulatory bodies to operationalise activities of the Financial Stability Council (FSC[8]). The FSC, with the Bank as the Secretariat, is composed of the following members:

i. Governor of the Bank of Ghana (Chairman);
ii. Deputy Governor of the Bank of Ghana in charge of financial stability;
iii. Deputy Minister of Finance in charge of the financial sector;
iv. Commissioner of the National Insurance Commission;
v. Director-General of the Securities and Exchange Commission;
vi. Chief Executive Officer of the National Pensions Regulatory Authority; and
vii. Chief Executive Officer of the Ghana Deposit Protection Corporation.

4.8 Payment Systems

During the review year, the key developments in the payment and settlement systems were the following:

- Strengthening of prudential and regulatory framework;
- Product Development and Innovation;
- Promotion of Financial Inclusion; and
- Enhancement of Non-Cash Payment Streams.

[8] The Council was established in December 2018 under an Executive Order.

4.8.1 Strengthening of Regulation

In 2019, the Bank strengthened the prudential and regulatory environment for payment systems by facilitating the passage of the Payment Systems and Services Act 2019, (Act 987). The Act consolidated existing laws and guidelines relating to payments systems and electronic money operations with the broad objective of expanding the category of payment participants and the scope of payment services.

To further enhance the payment ecosystem, the Bank developed a National Payment Systems Strategic Plan (2019-2024).

4.8.2 Product Development and Innovation

Financial institutions continued to collaborate with payment service providers to introduce innovative digital products and services.

In all, the Bank reviewed 117 applications from banks, specialised deposit-taking institutions and payment service providers seeking to roll out various payment products and services and approved 37, compared to 108 reviewed applications with 27 approvals in 2018.

The products and services approved included agency banking services, issuance of payment cards (prepaid, credit and debit cards), cheque clearing services, digital products (pension, credit and investments), termination of inward remittances (onto digital wallets and bank accounts), mobile banking, internet banking, USSD, QR channels, web acquiring services, card acquiring services and deployment of point of sale terminals.

Notable among the digital products introduced during the review year was the "Gh-Dual Card", launched by the Ghana Interbank Payments and Settlement Systems (GhIPSS). The card, which serves as a gh-link™ card and an e-zwich card, is to improve on user experience.

4.8.3 Financial Inclusion

The Bank continued to promote financial inclusion in Ghana by committing to the following set targets during the review year:

- Enhance Credit Information sharing system by 2022;
- Develop an Agent Registry by 2021;
- Launch and implement sustainable banking principles by 2022;
- Formulate a comprehensive policy framework to promote access to finance for Persons with Disability by 2021; and
- Develop guidelines for consumer protection in the digital finance space by 2021.

4.8.4 Non Cash Payment Streams

Ghana Interbank Settlement System

In 2019, the total volume of transactions on the Ghana Inter-bank Settlement (GIS) system increased by 12.6 per cent to 1,376,094. Similarly, the total value of transactions increased by 7.3 per cent to GH¢2,106.12 billion. (See Chart 4.4)

Cheque Codeline Clearing

The total volume and value of inter-bank cheques cleared declined by 5.8 per cent and 14.7 per cent to 6,831,417 and GH¢173.62 billion, respectively, during the review year. The decline in cheque clearing transactions was due to the adoption of other digital payment options. (See Chart 4.5)

Ghana Automated Clearing House

(a) Direct Credit

The total volume and value of transactions cleared through the Automated Clearing House (ACH) direct credit system increased to 7,404,059 and GH¢36.14 billion in 2019 from 6,645,126 and GH¢30.22 billion respectively, in 2018. The express ACH direct credit recorded a significant growth of 65.4 per cent and 52.7 per cent in both volume and value of transfers over the 2018 positions of 697,642 and GH¢7.55 billion respectively. (See Chart 4.6)

(b) Direct Debit

Total volume of direct debit transactions decreased to 722,337 in 2019 from 861,169 in 2018. Despite the decrease in transaction volume, the value of transactions increased by GH¢33.95 million to GH¢173.10 million during the review year. The average value per transaction increased to GH¢239.64 in 2019 from GH¢161.58 in 2018. (See Chart 4.7)

E-Zwich Transactions

The number of e-zwich card holders increased to 3,072,965 in 2019 from 2,774,799 in 2018. Consequently, in 2019, the total volume of e-zwich transactions increased by 39.1 per cent to 10,796,560, while total value of transactions increased by 11.6 per cent to GH¢6.31 billion. The rise in volume of transactions was partly attributed to increases in cash withdrawals, money transfers and distribution of emoluments by 30.0, 21.7 and 43.6 per cent respectively. (See Chart 4.8)

[9] The Maya Declaration platform is commitments by AFI member institutions to accelerate financial inclusion at country level through the provision of concrete and quantitative targets for financial inclusion policy implementation.

Gh-Link™ (National Switch)

The gh-link™ platform recorded 972,746 transactions in 2019 with a value of GH¢329.23 million as compared to 1,830,182 transactions with a value of GH¢543.74 million in 2018. The decline in gh-link™ transactions was attributed to the resolution of distressed banks that were major users of the scheme and the migration of gh-link™ cards to Europay Mastercard and Visa (EMV) standard. ATM transactions continued to dominate the gh-link™ platform and constituted more than 99.0 per cent of the total volume. (See Chart 4.9)

GhIPSS Instant Pay

In 2019, the volume of transactions captured on GhIPSS Instant Pay (GIP) increased to 1,905,267 from 143,879 in 2018, while the value of transactions increased to GH¢3.46 billion in 2019 from GH¢534.04 million in 2018. The rise in GIP transactions was primarily driven by the growth in account to wallet transfers. (See Chart 4.10)

Mobile Money Services

In 2019, mobile money transactions increased to GH¢309.35 billion from GH¢223.21 billion in 2018. Similarly, total float balance increased to GH¢3.63 billion in 2019, from GH¢2.63 billion in 2018.

Total registered mobile money accounts dropped marginally by 0.3 per cent to 32,470,793 in 2019, while the number of registered mobile money agents reduced by 22.8 per cent to 306,346. The declines resulted from the harmonisation of the Airtel Tigo Money Platform during the year under review.

Despite the decline in registered mobile money accounts and agents, the number of active registered mobile money accounts and agents increased by 10.7 and 25.3 per cent in the year under review, respectively. At end-December 2019, the number of active registered mobile money accounts stood at 14,459,352, while the number of active mobile money agents stood at 226,298. (See Chart 4.11 & 4.12)

Chart 4.4: Ghana Interbank Settlement Transactions

Chart 4.5: Cheque Codeline Clearing

Chart 4.6: GACH Direct Credit Transactions

Chart 4.7: GACH Direct Debit Transactions

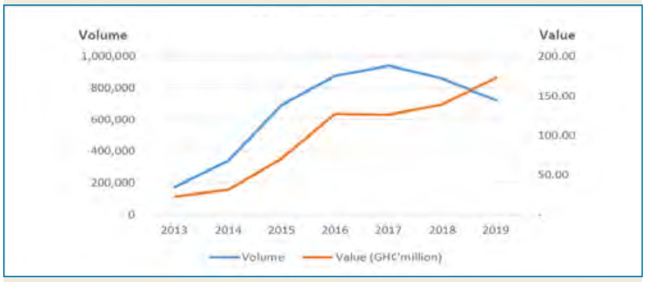


Chart 4.8: E-zwich Transactions

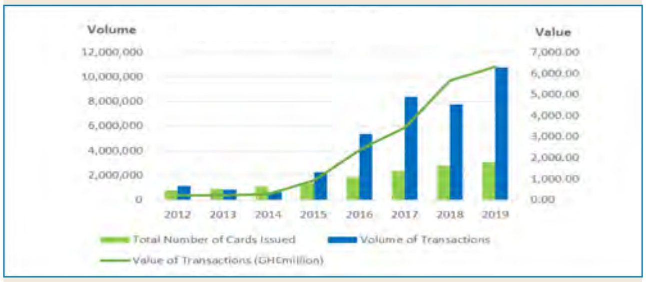


Chart 4.9: gh-link™ Transactions

Chart 4.10: GIP Transactions

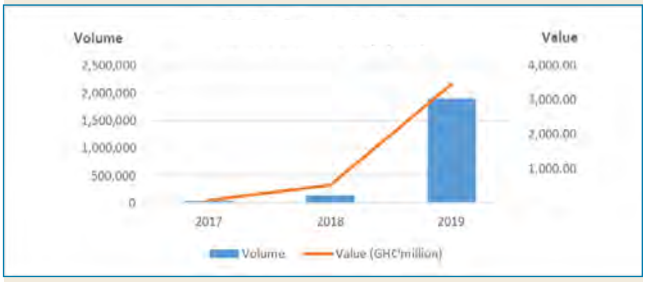
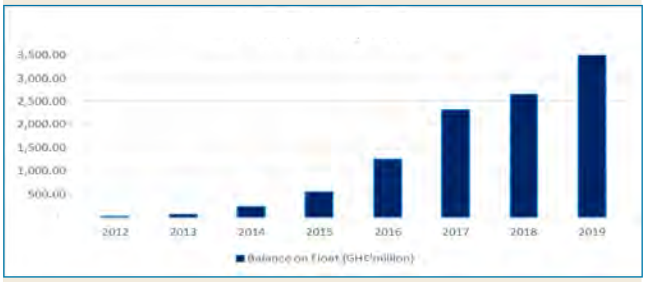


Chart 4.11: Mobile Money Transactions

Chart 4.12: Mobile Money Float Balance



05 INTERNAL DEVELOPMENTS

5.1 Overview

The Bank continued to improve on its operational efficiency by strengthening staff capacity and welfare, work ethics, information security, and management of staff health.

5.2 Human Resource Activities

5.2.1 Policies

The Bank, during the year, reviewed its Handbook on Human Resource Policies. Notable among the newly formulated policies was the Disability Policy to entrench the practice of equal opportunity for all staff, promote and support the employment of persons with disability.

5.2.2 New Performance Management System

During the year, the Bank implemented a new Performance Management System (PMS), as part of on-going efforts to achieve strategic objectives. The new PMS is a systematic approach in measuring the performance of employees.

5.2.3 Staff Strength

The total staff strength of the Bank was 2,053 at end-December, 2019, up from 2,016 at end-December 2018. The categorisation of staff by grade and gender is summarised as follows:

Table 5.1: Staff Position, 2019

	Male	Female	Total	% of Total
Management Staff	201	82	283	**13.8**
Middle Level Staff	644	501	1,145	**55.8**
Junior Staff	507	118	625	**30.4**
Total	**1,352**	**701**	**2,053**	**100**

The total number of staff recruited in 2019 was 95, comprising 10 contract staff and 85 permanent appointments, while a total of 58 exited the service of the Bank. This resulted in a net intake of 37.

5.3 Health Issues

The Bank continued to promote employee wellbeing to ensure effective work-life balance by undertaking the following activities:

- Public health inspection at the various offices of the Bank;
- Health walks;
- Compulsory staff annual medical examination;
- Kidney and breast cancer screening; and
- Basic Life Support and First Aid training for Health Promotion Champions and Drivers.

5.4 Capacity Development

In 2019, the Bank sponsored staff to participate in various local and foreign training programmes to enhance their competencies and skills. The breakdown was as follows:

Table 5.2: Staff Training, 2019

Programmes Attended	No. of Participants
Local Training	**2,722**
Organised by BOG	1,754
Organised by Others	968
Foreign Training	**349**
Total Training	**3,071**

5.5 Ethics and Professionalism

During the year under review, the Bank continued to highlight the importance of ethical behaviour, not only from a moral point of view, but also because of its importance for economic efficiency. The Bank launched a Code of Ethics and Policies, educated staff on the Code and initiated steps aimed at developing a model that would ensure that ethical values became part of staff continuous professional development process. The Bank continued to strengthen its internal processes, disciplined staff that had fallen out of line or lowered standards and strictly enforced expected ethical behaviour.

5.6 Corporate Social Responsibility

The Bank's Corporate Social Responsibility (CSR) Policy is guided by the principles of integrity, transparency and accountability. The three main sectors covered under the CSR Policy are:

1. Education;
2. Health; and
3. Humanitarian and Social Services

5.7 Currency Management

5.7.1 Co-hosting of I-CCOS Cash Conference

The Bank, in collaboration with Currency Research International, successfully hosted the International Commercial Cash Operations Seminar (ICCOS) in Accra, Ghana, from February 11 – 14, 2019. This global seminar, focused on commercial cash management, distribution and circulation. It attracted participants from twenty-six central banks from Africa and Middle East, commercial banks, Cash-in-Transit (CIT) companies, and industry suppliers. The educational programme was aimed at fostering efficient, secure and optimal cash production, handling and usage.

5.7.2 Enterprise Cash Management (ECM) Software

Following the successful implementation of the Bank's Enterprise Cash Management (ECM) software at the Kumasi Regional Office in 2018 to replace the Vault Management Systems (VMS) software, the rollout was extended to all other regional offices and agencies in 2019. ECM is a robust cash transactions processing software, and has significantly enhanced cash related activities in all regional offices and agencies of the Bank after its successful deployment.

5.7.3 Upgrade of Existing Banknotes

In line with evolving changes in technological innovations in banknote development, an upgrade of the existing banknotes was undertaken during the review year. The upgraded banknotes incorporated enhanced and more durable security features, with machine readable serial numbers.

KEY
1: SECURITY THREAD
2: WATERMARK
3: SEE THROUGH FEATURE
4: COLOUR CHANGING SPARK LIVE
5: *IRIDESCENT BAND (Visibile on all banknotes except GH¢1)

5.7.4 Introduction of High Value Banknotes and Coin

In line with the objective of efficiency and cost effectiveness in currency management, the Bank issued two new high value banknotes — (GH¢100, GH¢200) — and a GH¢2 coin into circulation to complement the existing series. This was to ensure customer convenience, improve efficiency in high value transactions in cash, reduce cost of printing, enhance currency management processing, and address the significant shift in the coin/note boundary after the redenomination exercise undertaken in 2007.

KEY
1: NEW MOTION SURFACE STRIPE (SECURITY THREAD)
2: MORE PROMINENT WATERMARK
3: OPTICALLY VARIABLE MAGNETIC THREAD - SPARK LIVE
4: ENHANCED IRIDESCENT BAND (Also visible on the GH¢200 note)

5.8 Risk Management

The Bank strengthened its Enterprise Risk Management (ERM) framework to align with its objectives, issuing a revised policy during the review period. The ERM framework assists business areas in identifying, assessing and monitoring risks, and develops the appropriate actions necessary to mitigate them.

During the period under review, the Bank operationalised the Security Operation Centre (SOC) which is responsible for monitoring the Bank's Information Systems and working with relevant stakeholders to ensure that appropriate steps are taken to promptly identify and remediate any potential risk.

The Bank passed two external ISO27001:2013 surveillance audits, in April and October 2019.These external audits were aimed at assessing the compliance of the Bank's Information Security Management System (ISMS) with the requirements of the ISO27001:2013 standard.

5.9 ICT – Innovation and Software Implementation

The Bank continued to promote and facilitate the effective integration of technology into its operational processes and adoption of the best quality technology-based services to achieve its mandate. Notable projects undertaken included:

- **Launch of the eRegistry System**
  To further improve document management and information security, work on the eRegistry System (memo management software), which began in 2018 was completed and launched during the year under review. The eRegistry system tracks and manages both financial and non-financial memos.
- **Redesign of the Bank's Website**
  To ensure that the Bank continued to be transparent and accountable to stakeholders, a new intuitive, interactive, and user-friendly website was developed during the review period.

5.10 Estate and Projects Management

The Bank, during the year under review, continued with the following key projects:

- **The Bank Hospital Project, Cantonments, Accra**
  The construction of The Bank Hospital, which began in 2014, was completed in 2019. The hospital has the capacity to undertake general and specialised health services.
- **Guest House at Butumagyebu, Takoradi**
  The Guest House Project, which commenced in September 2015, was 97.0 per cent complete in 2019. To improve access to the facility, construction of a new road commenced during the review year.

5.11 Legal Issues

To further enhance the talent pool, and effectively and efficiently deal with legal documentations and contracts, the Bank employed additional personnel with varied legal expertise and sound understanding of financial system operations during the review year. The recruitment was also to provide value-added advice to all sections of the Bank's operations.

As a result of the revocation of the licences of the weak, dormant and insolvent banks, specialised deposit-taking institutions and non-bank financial institutions, some affected institutions challenged the Bank's decision in courts, to which the Bank appropriately responded.

06 EXTERNAL RELATIONS

6.1 Overview

The Bank continued to strengthen its relations with sub-regional, regional and international financial institutions. The Bank participated in meetings and facilitated missions of multilateral institutions, such as the International Monetary Fund (IMF), World Bank, African Export-Import Bank (AFREXIMBANK), African Development Bank (AfDB) and the joint multilateral surveillance missions by the ECOWAS-WAMI-WAMA team.

6.2 Enhanced Credit Facility with the IMF

The IMF Executive Board completed its final Reviews (Seventh and Eighth) under the Extended Credit Facility Arrangement for Ghana on March 20, 2019. The Extended Credit Facility (ECF) was first approved by the Board on April 3, 2015 for three years, but was later extended by one year on August 30, 2017 to end on April 2, 2019. Broadly, the programme was aimed at restoring debt sustainability and macroeconomic stability in the country to foster a return to high growth and job creation, while protecting social spending.

The Executive Board in its Final Reviews noted that Ghana's macroeconomic performance had significantly improved and that growth was robust on the back of oil production. The Board also noted that inflation was within the medium-term target band, the fiscal position had improved, and that there was commitment to the banking sector clean-up. To sustain these gains, the Board recommended continued fiscal discipline, sustained commitment to price stability, a strong international reserves position to provide greater resilience to external shocks.

The IMF congratulated the authorities for successfully completing the ECF supported programme.

6.3 Spring and Annual Meetings of the IMF and World Bank

The Bank participated in the 2019 Spring Meetings (April 12 – 14) and the Annual Meetings (October 14 – 20), which were held in Washington D.C. to discuss issues concerning the world economic outlook, poverty eradication, economic development, aid effectiveness, among others. The Bank participated in the meetings of the International Monetary and Financial Committee (IMFC) and the Development Committee (DC).

During the Annual Meetings, Ghana, represented by the Governor, Dr. Ernest Addison, was selected as the Chairman of the Board of Governors of the IMF and the World Bank Group for 2020.

6.3.1 The International Monetary and Financial Committee

The 40th meeting of the IMFC was held on October 19, 2019 and was chaired by Lesetja Kganyago, Governor of the Reserve Bank of South Africa.

In a communique released after the meeting, the Committee noted that growth outlook was highly uncertain and subject to elevated downside risks from trade tensions, policy uncertainty, and geopolitical tensions, against a backdrop of limited policy space, high and rising debt levels, and heightened financial vulnerabilities.

In view of these challenges, the Committee pledged to employ all appropriate policy tools, individually and collectively, to mitigate risks, enhance resilience, and shore up growth to benefit all.

The Committee further encouraged the use of fiscal space to support demand when necessary and for fiscal policy to be growth-friendly and to safeguard social objectives. According to the Committee, monetary policy should remain focused on keeping inflation on track to anchor expectations.

6.3.2 The Development Committee

The Committee noted in its report that global growth had weakened and was likely to remain subdued as downside risks – including weak trade, soft investments, debt vulnerabilities and policy uncertainties – continued to persist. In view of this, the Committee called for joint efforts by the IMF and the World Bank Group (WBG) to work with countries to boost potential growth, increase resilience to shocks, raise domestic revenues and build policy buffers. The Committee also urged the two institutions to consolidate the multi-pronged approach with borrowers and creditors to address the increase in debt vulnerabilities in emerging and low-income countries, and to promote sustainable and transparent borrowing and lending practices.

The Committee, recognising the role that transformative technologies play in development, welcomed efforts to make technologies affordable and accessible in developing countries and encouraged the WBG to create the right opportunities for the poor, while mitigating the risks associated with these technologies.

Also, the Committee acknowledged the role of the private sector in investment mobilisation, job creation and its contribution to sustainable development, and therefore encouraged the WBG to foster an enabling business environment to maximize finance for development.

6.3.3 African Consultative Group Meeting

The African Consultative Group meeting was held at the IMF Headquarters in Washington D.C. on April 14, and was co-chaired by Kenneth Ofori-Atta, Minister for Finance, Ghana, and Chairman of the African Caucus, and Ms. Christine Lagarde, the Managing Director of the International Monetary Fund (IMF).

The Group observed that, given current policies and heightened global uncertainties, the medium-term growth for the African region would be lower than expected and unlikely to expand job opportunities. Growth-friendly fiscal consolidation, effective monetary policy, flexible markets, free trade, and a stop to illicit financing and base erosion were cited as requirements to generate the needed fiscal space, enhance resilience, and promote high and sustained inclusive growth on the continent.

The IMF pledged its continued commitment to member countries in Africa and affirmed that it would support efforts at addressing the current macroeconomic and structural challenges to achieve a stronger, durable and inclusive growth.

6.4 Association of African Central Banks

At its 42nd Ordinary meeting on August 1, 2019 in Kigali, Rwanda, the Assembly of Governors of the Association of African Central Banks (AACB) noted that the 52 signatories of the African Continental Free Trade Area (AfCFTA) would create the world's largest free trade area. The agreement would create an internal market of 1.2 billion people, combined GDP of US$2.5 trillion and could potentially increase intra-African trade by nearly 60 per cent by 2022.

The Assembly also accepted the draft Terms of Reference for the formation of Africa Payment Systems Framework and Mobile Payment Integration Strategy to promote inter-African trade.

The meeting was preceded by a Symposium on the theme: "Rising African Sovereign Debt: Implications for Monetary Policy and Financial Stability". It was noted that debt levels had increased rapidly for many African countries, doubling in two years, from an average of 5.9 per cent of government revenue in 2015, to 11.8 per cent. However, the total African debt was only about 2.0 per cent of the global debt, as compared to the US nominal sovereign debt (31.8 %), followed by Japan (18.8 %), China (7.9 %), Italy (3.9 %) and France (3.8 %). The Symposium recommended the adoption of medium-term debt strategies, which included transparency in government spending, fiscal discipline and debt management.

6.5 African Rural and Agricultural Credit Association

The African Rural and Agricultural Credit Association (AFRACA) held its 78th and 79th Executive Committee Meetings in February and July 2019 in Lome, Togo and Nairobi, Kenya, respectively. Also, the AFRACA Secretariat organised a "Training of Trainers" workshop on Agricultural Value Chain Finance in Accra in May, 2019.

A new Secretary-General, Mr. Thomas Thompson Essel, assumed duty at AFRACA in 2019.

6.6 Financial Stability Board Regional Consultative Group for Sub-Saharan Africa

During the review year, the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa met in Cape Town. At the meeting, the FSB discussed financial vulnerabilities emanating from macroeconomic and financial market developments, cyber risk and financial conglomerate supervision. The FSB RCG for Sub-Saharan Africa was co-chaired by Lesetja Kganyago, Governor, South African Reserve Bank and Ernest Addison, Governor, Bank of Ghana.

6.7 ECOWAS Single Currency Programme

During the reporting period, the ECOWAS Authority of Heads of State and Government adopted "ECO" as the name for the proposed ECOWAS single currency, with EC as the symbol. The Authority adopted "Central Bank of West Africa" as the name of the future common central bank. Member States further adopted the flexible exchange rate regime and inflation-targeting monetary policy framework for the common central bank and also agreed to adopt the Federal Model of Central Banking.

6.8 Sub-Regional Institutions

6.8.1 West African Monetary Agency

The West African Monetary Agency (WAMA) constituted a Legal Committee to draft the statute of the common central bank and prepared the Terms of Reference to determine the criteria for the selection of the host of the common central bank. WAMA also participated in two joint multilateral surveillance missions to Ghana during the review period. Ghana participated in all the activities of WAMA.

6.8.2 West African Monetary Institute

The West African Monetary Zone (WAMZ) held its statutory meetings in February and August in Ghana and Guinea, respectively. The West African Monetary Institute (WAMI) participated in two joint multilateral surveillance missions to Ghana during the review period and also inaugurated the College of Supervisors for Non-Bank Financial Institutions of the West African Monetary Zone. In addition, meetings of the Legal and Institutional Issues Committee (LIIC) of the WAMZ and the College of Supervisors of the West African Monetary Zone (CSWAMZ) were also held.

6.8.3 West African Institute of Financial and Economic Management

The West African Institute of Financial and Economic Management (WAIFEM) held two statutory meetings in January and August in Accra, Ghana and Conakry, Guinea, respectively. During the January meeting in Accra, Ghana,

the budget of the institute for 2019 was approved. A new Director-General, Dr. Baba Y. Musa, assumed duty at WAIFEM in January, 2019.
Preceding the mid-year statutory meeting, WAIFEM organised a three-day restructuring meeting in Conakry, Guinea. The Committee agreed that after 22 years of existence, WAIFEM needed to review its curricula to address emerging challenges in the region.

The meeting of the Board of Governors of WAIFEM was held on August 22, 2019 under the chairmanship of the Deputy Governor of the Central Bank of Nigeria, Dr. Okwu Nnanna. Accordingly, the Committee recommended and approved the re-organisation of the existing three programme departments of WAIFEM, and the creation of an additional training department. The old and the newly approved departments were as follows:

Table 6.1

S/N	Old Departments	New Departments
1.	Debt Management Department	Fiscal, Debt and Regional Integration Management Department
2.	Macroeconomic Management Department	Research and Macroeconomic Management Department
3.	Financial Sector Management Department	Financial Sector and Payment Systems Department
4.		Governance and Institutional Development Department

Annexes

Table 2.1: World Economic Indicators

	ESTIMATES (%, Year-on-Year)				
REAL GDP GROWTH (%)	**2015**	**2016**	**2017**	**2018**	**2019**
World	**3.5**	**3.4**	**3.9**	**3.6**	**2.9**
Advanced Economies	**2.3**	**1.7**	**2.5**	**2.2**	**1.7**
United States	2.9	1.6	2.4	2.9	2.3
Euro Area	2.1	1.9	2.5	1.9	1.2
Germany	1.7	2.2	2.5	1.5	0.6
France	1.1	1.1	2.3	1.7	1.3
Italy	0.8	1.3	1.7	0.8	0.3
Spain	3.8	3.0	2.9	2.4	2.0
Japan	1.2	0.5	2.2	0.3	0.7
United Kingdom	2.4	1.9	1.9	1.3	1.4
Emerging and Developing Economies	**4.3**	**4.6**	**4.8**	**4.5**	**3.7**
Russia	-2.0	0.3	1.8	2.5	1.3
China	6.9	6.8	6.9	6.7	6.1
India	8.0	8.3	7.0	6.1	4.2
Brazil	-3.6	-3.3	1.3	1.3	1.1
Sub-Saharan Africa	**3.2**	**1.4**	**3.0**	**3.3**	**3.1**
Ghana	2.2	3.4	8.1	6.3	6.5
Nigeria	2.7	-1.6	0.8	1.9	2.2
South Africa	1.2	0.4	1.4	0.8	0.2
Memorandum					
Commodity Price Inflation					
Oil	-47.2	-15.7	23.4	29.4	-10.1
Non-Fuel	-17.1	-0.4	6.4	1.3	0.8
Consumer Price Inflation					
Advanced Economies	0.3	0.8	1.7	2.0	1.4
Emerging Markets and Developing Economies	4.7	4.3	4.3	4.8	5.0

Table 3.1: Selected Economic Indicators

Indicators	**2014**	**2015**	**2016**	**2017**	**2018**	**2019***
(Annual percentage change; unless otherwise indicated)						
National Income and Prices						
Agriculture	0.9	2.3	2.9	6.1	4.8	4.6
Industry	0.1	0.9	8.4	5.5	12.4	4.2
Services	5.4	3.0	2.8	3.3	2.7	7.6
Real GDP Growth (incl. Oil)	2.9	2.2	3.4	8.1	6.3	6.5
Real GDP Growth (excl. Oil)	2.7	2.2	4.6	4.6	6.5	5.8
Nominal GDP (GH₵ Million)	155,432.5	180,399.0	215,077.0	256,671.4	300,596.1	349,480.0
Consumer price index (end period)						
Year-on-Year	17.0	17.7	15.4	11.8	9.4	7.9
Food	6.8	8.0	9.7	8.0	8.7	7.2
Non-food	23.9	23.3	18.2	13.6	9.8	8.5
Exchange Rates (End of period)						
GH₵/US$	3.2	3.8	4.2	4.4	4.8	5.5
GH₵/Pound Sterling	5.0	5.6	5.2	6.0	6.2	7.3
GH₵/Euro	3.9	4.2	4.4	5.3	5.5	6.2
Monetary Aggregates Annual Growth Rates (%)						
Reserve Money	30.2	24.2	29.6	13.2	0.2	33.6
Broad Money Supply (M2)	33.0	26.6	24.6	19.8	15.7	16.0
Broad Money Supply (M2+)	36.8	26.1	22.0	16.7	15.4	21.6
Private Sector Credit	42.6	24.5	14.4	13.4	10.6	18.3
Real Credit to the private sector	21.9	5.8	-0.8	0.9	1.1	9.7
Interest Rates (%)						
Monetary Policy rate	21.0	26.0	25.5	20.0	17.0	16.0
Interbank rate	23.9	25.3	25.2	19.3	16.1	15.2
91-Day treasury bill rate	23.9	23.1	16.8	13.3	14.6	14.7
182-day treasury bill rate	26.4	24.4	18.5	13.8	15.0	15.2
364-Day treasury bill rate						17.9

** Provisional*

Table 3.1: Selected Economic Indicators continued

Indicators	2014	2015	2016	2017	2018	2019*
(Annual percentage change; unless otherwise indicated)						
Interest Rates (%)						
1-year treasury note rate	22.5	22.8	21.5	15.0	15.0	na
2-year treasury note rate	23.0	23.3	22.5	17.5	19.5	21.0
Average lending rate	29.0	27.5	28.1	26.2	24.0	23.6
3-month average deposit rate	13.9	13.0	13.0	13.0	11.5	11.5
lending-deposit rate spread	15.1	14.5	18.2	16.3	15.4	12.1
External Sector (Cummulative)						
Exports (US$ m)	13,216.8	10,321.1	11,138.3	13,825.0	14,942.7	15,667.5
Imports (US$ m)	14,600.2	13,465.1	12,920.1	12,647.3	13,134.1	13,410.7
Trade balance (US$' m)	-1,383.4	-3,144.0	-1,781.8	1,187.7	1,808.7	2,256.8
Current Accout Balance (US$' m)	-3,694.5	-2,823.8	-2,840.5	-2,003.1	-2,043.9	-1,864.0
per cent of GDP	-9.2	-7.5	-6.5	-3.4	-3.1	-2.8
Overall Balance of Payments (US$' m)	-86.1	-15.9	247.4	1,091.4	-671.5	1,341.0
Gross International Reserves	5,461.0	5,884.7	6,161.8	7,554.8	7,024.8	8,418.1
months of imports cover	3.8	3.5	3.5	4.3	3.6	4.0
Gross International Reserves (excl Oil Funds, Encumbered Assets) (US$' m)	4,350.0	4,403.1	4,862.1	5,491.0	5,241.3	6,607.9
months of imports cover	2.5	2.6	2.8	3.1	2.7	3.2
Net International Reserves (US$' m)	3,199.0	3,094.0	3,431.0	4,522.5	3,851.0	5,192.0
External Debt (US$'m)	13,871.8	15,781.9	16,461.0	17,157.0	17,895.3	20,370.5
Government Budget (% of GDP)						
Domestic Revenue	15.4	16.3	15.1	15.6	15.5	14.9
Grants	1.0	0.5	0.6	0.6	0.4	0.3
Total Expenditure	20.6	20.7	23.8	20.3	19.4	19.4
Overall Balance (Including Divestiture)	-7.4	-5.2	-6.1	-4.8	-3.9	-4.8
Domestic Primary Balance	2.3	3.1	0.4	2.7	2.3	1.8

** Provisional*

Table 3.3: Monetary Indicators (GH¢' million)

	Levels (GH¢ Millions)			Variations (year-on-year)					
				As at end-Dec 2018		As at end-Dec 2018		As at end-Dec 2019	
Indicator	**Dec-17**	**Dec-18**	**Dec-19**	**abs**	**per cent**	**abs**	**per cent**	**abs**	**per cent**
Reserve Money	21,471.52	21,501.04	28,721.14	2,503.52	13.20	29.52	0.14	7,220.10	33.58
Narrow Money (M1)	29,847.05	34,645.61	43,430.47	3,770.65	14.46	4,798.57	16.08	8,784.85	25.36
Broad Money (M2)	52,066.44	60,254.83	69,907.85	8,613.96	19.82	8,188.39	15.73	9,653.02	16.02
Broad Money (M2+)	**66,172.02**	**76,380.39**	**92,910.22**	**9,479.92**	**16.72**	**10,208.37**	**15.43**	**16,529.83**	**21.64**
Currency with the Public	10,707.94	11,940.91	14,335.53	568.12	5.60	1,232.97	11.51	2,394.62	20.05
Demand Deposits	19,139.10	22,704.70	29,094.93	3,202.53	20.10	3,565.60	18.63	6,390.23	28.14
Savings & Time Deposits	22,219.39	25,609.22	26,477.38	4,843.30	27.87	3,389.83	15.26	868.16	3.39
Foreign Currency Deposits	14,105.58	16,125.56	23,002.37	865.96	6.54	2,019.98	14.32	6,876.82	42.65
Sources of M2+									
Net Foreign Assets (NFA)	**20,678.80**	**14,036.73**	**20,593.78**	**5,732.23**	**38.35**	**(6,642.07)**	**(32.12)**	**6,557.05**	**46.71**
BOG	17,240.52	12,762.76	19,923.32	5,360.42	45.12	(4,477.75)	(25.97)	7,160.56	56.11
DMBs	3,438.28	1,273.96	670.46	371.81	12.12	(2,164.32)	(62.95)	(603.51)	(47.37)
Net Domestic Assets	**45,493.22**	**62,343.66**	**72,316.44**	**3,747.69**	**8.98**	**16,850.44**	**37.04**	**9,972.78**	**16.00**
Claims on Government (net)	**12,615.90**	**27,551.51**	**34,214.54**	**(5,736.53)**	**(31.26)**	**14,935.61**	**118.39**	**6,663.03**	**24.18**
BOG	6,057.26	10,208.98	8,468.74	(2,805.14)	(31.65)	4,151.72	68.54	(1,740.24)	(17.05)
DMBs	6,558.63	17,342.53	25,745.80	(2,931.39)	(30.89)	10,783.90	164.42	8,403.27	48.45
Claims on Public Sector	**4,737.34**	**5,992.60**	**8,647.79**	**(2,383.13)**	**(33.47)**	**1,255.26**	**26.50**	**2,655.20**	**44.31**
BOG	1,382.00	1,709.51	974.82	(452.09)	(24.65)	327.52	23.70	(734.69)	(42.98)
DMBs	3,355.34	4,283.09	7,672.98	(1,931.03)	(36.53)	927.74	27.65	3,389.89	79.15
Claims on Private Sector	**34,451.82**	**37,916.49**	**45,278.95**	**3,964.43**	**13.00**	**3,464.67**	**10.06**	**7,362.46**	**19.42**
BOG	464.84	323.32	793.70	(39.07)	(7.75)	(141.52)	(30.45)	470.38	145.49
DMBs	33,986.98	37,593.17	44,485.25	4,003.50	13.35	3,606.19	10.61	6,892.08	18.33
Other Items (Net) (OIN) \2	**(6,311.83)**	**(9,116.93)**	**(15,824.84)**	**7,902.92**	**(55.60)**	**(2,805.09)**	**44.44**	**(6,707.91)**	**73.58**
o/w BOG OMO (Sterilisation)	-	(131.14)	(131.14)	898.03	(100.00)	(131.14)	-	-	-

Table 3.4: Sectoral Distribution of Banks' Outstanding Credit

	Levels (GH¢ Millions)			Year-on-Year-Variations			
				As at end-Dec 2018		As at end-Dec 2019	
Indicator	**Dec-17**	**Dec-18**	**Dec-19**	**abs**	**per cent**	**abs**	**per cent**
a Public Sector	3,842.54	5,131.19	7,791.56	1,288.65	33.54	2,660.38	51.85
b Private Sector	33,986.98	37,593.17	44,485.25	3,606.19	10.61	6,892.08	18.33
Agric.,For. & Fish.	1,343.65	1,428.21	2,231.22	84.56	6.29	803.01	56.22
Export Trade	311.92	319.13	355.03	7.22	2.31	35.89	11.25
Manufacturing	2,930.21	3,975.09	4,942.19	1,044.88	35.66	967.10	24.33
Trans.,Stor., & Comm.	2,272.80	2,831.45	3,365.19	558.65	24.58	533.74	18.85
Mining & Quarrying	1,098.42	1,375.73	1,399.42	277.32	25.25	23.69	1.72
Import Trade	1,877.11	1,358.66	1,320.85	(518.44)	(27.62)	(37.81)	(2.78)
Construction	3,763.27	3,719.95	4,524.98	(43.32)	(1.15)	805.03	21.64
Commerce & Finance	7,072.29	7,684.89	8,388.37	612.60	8.66	703.49	9.15
Elect.,Gas & Water	2,897.60	2,863.08	2,233.32	(34.52)	(1.19)	(629.76)	(22.00)
Services	6,238.17	7,978.91	10,913.46	1,740.75	27.90	2,934.55	36.78
Miscellaneous	4,181.56	4,058.05	4,811.22	(123.50)	(2.95)	753.16	18.56
c Grand Total	**37,829.52**	**42,724.36**	**52,276.82**	**4,894.84**	**12.94**	**9,552.46**	**22.36**

Table 3.5: Sectoral Contribution to the Growth of GSE-CI

	SECTOR											
MONTH	**F&B**	**MAN**	**FINANCE**	**DISTR**	**MINING**	**IT**	**AGRIC**	**OIL**	**ETFund**	**EDUC**	**AD. & PROD.**	**GSE-CI**
Dec-16	2156.86	924.08	1545.41	1603.21	133.95	31.90	416.00	86.71	123.57	100.00	-	1689.09
Dec-17	3197.89	1299.08	2310.58	3446.32	134.28	31.90	1224.00	55.32	123.57	100.00	-	2579.72
Dec-18	1928.48	1730.62	2153.74	3786.94	134.54	28.64	1018.00	38.52	171.97	100.00	100.00	2572.22
Dec-19	**1227.34**	**1600.71**	**2019.65**	**2375.45**	**134.54**	**25.38**	**572.00**	**38.52**	**171.97**	**100.00**	**100.00**	**2257.15**
2018 (y/y)												
Change	-1269.41	-201.79	-55.09	45.60	0.03	0.00	-2.00	-0.03	97.13	0.00	0.00	-45.26
(%)	-39.70	33.22	-6.79	9.88	0.19	-10.23	-16.83	-30.38	39.18	0.00	0.00	-0.29
2019 (y/y)												
Change	-701.14	-327.72	-141.39	-1495.93	0.03	-1.09	-406.00	-0.03	97.13	0.00	0.00	-267.15
(%)	-36.36	-7.51	-6.23	-37.27	0.00	-11.39	-43.81	0.00	0.00	0.00	0.00	-12.25

Table 3.6: Sectoral Contribution to Market Capitalisation

	SECTOR											
MONTH	**F&B**	**MAN**	**FINANCE**	**DISTR**	**MINING**	**IT**	**AGRIC**	**OIL**	**ETFund**	**EDUC**	**AD. & PROD.**	**MKT. CAP**
Dec-16	1,852.51	660.03	9,384.03	688.87	15,624.49	3.42	72.38	24,379.19	15.52	10.57	-	52,690.99
Dec-17	2,746.65	927.88	14,180.95	1,480.82	15,662.97	3.42	212.98	23,562.21	15.52	10.57	-	58,803.96
Dec-18	1,656.36	1,240.88	14,584.48	1,627.18	15,692.86	9,710.49	177.13	16,404.24	21.60	10.57	10.70	61,136.53
Dec-19	**1,054.16**	**1,149.55**	**12,555.51**	**1,020.69**	**15,860.36**	**8,604.35**	**99.53**	**16,404.24**	**21.60**	**10.57**	**10.70**	**56,791.25**
2018 (y/y)												
Change	(1,090.29)	313.00	403.53	146.36	29.89	9,707.07	(35.84)	(7,157.97)	6.08	-	10.70	2,332.57
(%)	(39.70)	33.73	2.85	9.88	0.19	283,832.59	(16.83)	(30.38)	39.18	-	-	3.97
2019 (y/y)												
Change	(602.20)	(91.33)	(2,028.98)	(606.49)	167.49	(1,106.14)	(77.60)	-	-	-	-	(4,345.28)
(%)	(36.36)	(7.36)	(13.91)	(37.27)	1.07	(11.39)	(43.81)	-	-	-	-	(7.11)

Table 3.7: Headline Inflation (Combined Food and Non-Food)

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
2016 Dec	**15.4**	**9.7**	**18.2**	**0.9**	**1.2**	**0.8**
2017 Dec	**11.8**	**8.0**	**13.6**	**1.0**	**1.3**	**0.9**
2018						
Jan	10.3	6.8	12.0	1.4	2.1	1.1
Feb	10.6	7.2	12.2	0.9	1.1	0.7
Mar	10.4	7.3	11.8	1.1	1.0	1.1
Apr	9.6	7.4	10.6	0.9	1.0	0.8
May	9.8	7.6	10.9	1.0	1.1	0.9
Jun	10.0	7.3	11.2	1.0	1.1	1.0
Jul	9.6	7.4	10.7	0.4	0.3	0.4
Aug	9.9	7.9	10.8	0.0	-0.7	0.3
Sep	9.8	8.7	10.3	0.0	-1.1	0.5
Oct	9.5	8.9	9.8	0.7	0.1	0.9
Nov	9.3	8.6	9.7	0.7	1.0	0.6
Dec	9.4	8.7	9.8	1.1	1.3	1.0
2019						
Jan	9.0	8.0	9.5	1.0	1.5	0.8
Feb	9.2	8.1	9.7	1.0	1.2	0.9
Mar	9.3	8.4	9.7	1.2	1.3	1.1
Apr	9.5	7.3	10.4	1.1	0.1	1.5
May	9.4	6.7	10.6	0.9	0.6	1.0
Jun	9.1	6.5	10.3	0.8	0.8	0.8
Jul	9.4	6.6	10.7	0.6	0.4	0.7
Aug*	7.8	8.2	7.4	0.5	1.0	0.1
Sep	7.6	8.5	7.0	-0.1	-0.3	0.2
Oct	7.7	7.0	8.2	0.3	-1.3	1.6
Nov	8.2	8.4	8.0	0.7	1.1	0.4
Dec	7.9	7.2	8.5	0.3	-0.6	1.0

Source: Ghana Statistical Service

Table 3.8A: Selected Fiscal Indicators 2015-2019 (GH¢ millions)

	2015 Prov.	2016 Prov.	2017 Prov.	2018 Prov.	2019 Prov.	2019 Prog
Taxes on income and property	8,706.50	9,106.90	13,398.09	18,776.43	22,597.82	22,162.70
Taxes on goods and services	9,935.62	12,231.32	13,344.84	15,030.38	16,881.88	17,599.54
Taxes on international trade	5,507.58	4,390.44	5,484.66	6,102.12	5,345.97	5,136.38
Tax revenue including oil	24,149.71	25,728.66	32,227.58	37,784.19	42,355.49	42,381.19
Tax revenue excluding oil	23,721.13	25,511.11	31,413.35	35,835.32	40,178.12	39,839.75
Nontax revenue	4,919.94	4,882.44	5,325.24	6,523.71	7,567.58	8,876.19
Domestic revenue including oil	29,358.97	32,537.45	39,963.04	46,501.93	51,988.01	53,731.88
Domestic revenue excluding oil	28,930.39	32,319.89	39,148.81	44,553.06	49,810.64	51,190.44
Grants	1,729.31	1,140.73	1,534.85	1,134.81	986.12	833.17
Total revenue and grants	31,088.28	33,678.17	41,497.89	47,636.73	52,974.14	54,565.04
Compensation of Employees	12,111.18	14,164.79	16,776.24	19,612.04	22,033.37	22,453.89
Goods and services	1,388.22	3,220.76	2,482.11	5,127.86	6,169.60	6,925.76
Interest payments	9,075.34	10,770.44	13,572.12	15,821.82	19,756.06	19,595.11
Subsidies	25.00	0.00	0.00	125.31	124.24	180.26
Non-Financial Assets (Capital Expenditure)	5,884.91	7,678.10	6,331.41	4,738.33	6,151.84	6,034.45
Total expenditure & net lending	37,344.58	51,125.04	51,985.95	58,196.96	67,670.90	70,189.83
Overall Budget Balance	-9,438.18	-13,144.93	-12,244.73	-11,672.75	-16,726.72	-16,354.78
Domestic Expenditure	23,793.37	31,693.23	33,102.02	39,573.67	45,591.46	46,777.48
Domestic Primary Balance	5,565.59	844.21	6,861.02	6,928.25	6,396.56	6,954.40
Stock of Domestic Debt	38,828.05	52,915.41	66,542.63	86,776.00	105,356.80	-
Nominal GDP (Including Oil)	180,399.00	215,077.00	256,671.37	300,596.10	349,480.41	349,480.41
Nominal GDP (Excluding oil)	175,707.00	214,050.00	248,226.00	289,988.00	334,632.00	332,228.56

Table 3.8B: Selected Fiscal Indicators 2015-2019 (Per cent of GDP)

	2015 Prov.	2016 Prov.	2017 Prov.	2018 Prov.	2019 Prov.	2019 Prog
Taxes on income and property	4.83	4.23	5.22	6.25	6.47	6.34
Taxes on goods and services	5.51	5.69	5.20	5.00	4.83	5.04
Taxes on international trade	3.05	2.04	2.14	2.03	1.53	1.47
Tax revenue including oil	13.39	11.96	12.56	12.57	12.12	12.13
Tax revenue excluding oil	13.50	11.92	12.66	12.53	11.50	11.40
Nontax revenue	2.73	2.27	2.07	2.17	2.17	2.54
Domestic revenue including oil	16.27	15.13	15.57	15.47	14.88	15.37
Domestic revenue excluding oil	16.47	15.10	15.77	15.58	14.25	14.65
Grants	0.96	0.53	0.60	0.38	0.28	0.24
Total revenue and grants	17.23	15.66	16.17	15.85	15.16	15.61
Compensation of Employees	6.71	6.59	6.54	6.52	6.30	6.42
Goods and services	0.77	1.50	0.97	1.71	1.77	1.98
Interest payments	5.03	5.01	5.29	5.26	5.65	5.61
Subsidies	0.01	0.00	0.00	0.04	0.04	0.05
Non-Financial Assets (Capital Expenditure)	3.26	3.57	2.47	1.58	1.76	1.73
Total expenditure & net lending	20.70	23.77	20.25	19.36	19.36	20.08
Overall Budget Balance	-5.23	-6.11	-4.77	-3.88	-4.79	-4.68
Domestic Expenditure	13.19	14.74	12.90	13.17	13.05	13.38
Domestic Primary Balance	3.09	0.39	2.67	2.30	1.83	1.99
Stock of Domestic Debt	21.52	24.60	25.93	28.87	30.15	-
Nominal GDP (Including Oil) (GH¢ millions)	180,399.00	215,077.00	256,671.37	300,596.10	349,480.41	349,480.41
Nominal GDP (Excluding oil) (GH¢ millions)	175,707.00	214,050.00	248,226.00	289,988.00	334,632.00	332,228.56

Table 3.9: Composition of Domestic Debt (GH¢ millions), 2015 – 2019

	2015	2016	2017	2018	2019
A. Short-Term Instruments	**18,244.10**	**20,105.20**	**11,996.80**	**11,031.90**	**16,341.00**
91-Day Treasury Bill	9,317.90	10,477.60	5,444.70	5,576.60	7,153.40
182-Day Treasury Bill	8,149.60	7,112.40	2,867.00	3,049.80	2,842.70
364-Day Treasury Bill	-	-	-	-	6,344.90
1-Year Treasury Note	776.60	2,515.30	3,685.20	2,405.50	-
B. Medium-Term Instruments	**11,933.10**	**19,699.30**	**36,698.30**	**48,429.80**	**59,519.00**
2-Year Fixed Treasury Note	2,086.30	4,227.00	6,400.60	13,049.80	13,526.10
2-year USD Domestic Bond	-	395.90	418.10	-	-
3-Year Fixed Treasury Note	5,062.80	6,658.60	7,255.50	10,930.30	12,929.60
3-year USD Domestic Bond	-	-	978.10	1,067.70	2,056.30
3-Year Stock(SSNIT)	1,073.60	1,137.00	881.80	502.90	172.50
5-Year GOG Bond	3,508.60	6,480.00	11,204.00	12,160.70	15,808.00
6-Year GOG Bond	-	-	-	-	1,780.70
7-Year GOG Bond	201.70	201.70	2,150.50	2,857.40	4,580.80
10-Year GOG Bond	-	599.00	7,409.60	7,861.20	8,665.10
C. Long-Term Instruments	**8,650.90**	**8,650.90**	**13,710.00**	**25,257.10**	**35,175.40**
15-Year GOG Bond	-	-	4,793.80	4,793.80	5,812.70
20-Year GOG Bond	-	-	-	-	162.10
Long Term Government Stocks	7,417.40	11,987.40	11,987.40	21,568.50	22,685.50
GOG Petroleum Finance Bond	80.00	80.00	80.00	80.00	80.00
Telekom Malaysia Stocks	109.50	109.50	109.50	109.50	109.50
Revaluation Stock	361.10	361.10	361.10	361.10	361.10
Others Government Stocks	0.00	0.00	0.00	0.00	0.00
TOTAL(A+B+C)	**38,146.10**	**52,343.40**	**66,542.60**	**86,775.00**	**105,356.80**

Table 3.10A: Holding Structure of Domestic Debt (GH¢ millions), 2015– 2019

	2015	2016	2017	2018	2019
A. Banking system	**18,598.30**	**27,262.40**	**23,319.20**	**38,778.40**	**46,815.70**
Bank of Ghana	8,851.20	13,056.20	13,002.70	17,132.40	15,782.70
Deposit Money Banks (DMBs)	9,747.10	14,206.20	10,316.50	21,646.00	31,033.00
B. Non-Bank Sector	**12,830.40**	**13,486.60**	**17,557.80**	**21,920.50**	**32,249.00**
SSNIT	1,502.60	1,463.40	1,403.40	796.40	314.00
Insurance Companies	80.90	179.00	340.50	462.40	581.90
Other Holders	11,246.90	11,844.20	15,813.90	20,661.70	31,353.10
Rural Banks	567.50	633.30	300.70	412.80	697.50
Firms & Institutions	6,602.30	7,864.10	10,807.80	14,577.00	21,976.60
Individuals	4,077.10	3,346.80	4,705.40	5,671.90	8,679.00
C. Foreign sector (Non-Residents)	**6,717.40**	**11,594.40**	**25,665.60**	**26,076.20**	**26,292.30**
TOTAL(A+B+C)	**38,146.10**	**52,343.40**	**66,542.60**	**86,775.10**	**105,357.00**

Table 3.10B: Holding Structure of Domestic Debt (%), 2015– 2019

	2015	2016	2017	2018	2019
A. Banking system	**48.8**	**52.1**	**35.0**	**44.7**	**44.4**
Bank of Ghana	23.2	24.9	19.5	19.7	15.0
Deposit Money Banks (DMBs)	25.6	27.1	15.5	24.9	29.5
B. Non-Bank Sector	**33.6**	**25.8**	**26.4**	**25.3**	**30.6**
SSNIT	3.9	2.8	2.1	0.9	0.3
Insurance Companies	0.2	0.3	0.5	0.5	0.6
Other Holders	29.5	22.6	23.8	23.8	29.8
Rural Banks	1.5	1.2	0.5	0.5	0.7
Firms & Institutions	17.3	15.0	16.2	16.8	20.9
Individuals	10.7	6.4	7.1	6.5	8.2
C. Foreign sector (Non-Residents)	**17.6**	**22.2**	**38.6**	**30.1**	**25.0**
TOTAL(A+B+C)	**100**	**100**	**100**	**100**	**100**

Table 3.11: Balance of Payments (In Millions of US Dollars)

	2015	2016	2017	2018**	2019*
A. Current Account	**-2,823.75**	**-2,840.49**	**-2,003.09**	**-2,043.90**	**-1,863.97**
Merchandise Trade balance	**-3,143.98**	**-1,781.77**	**1,187.67**	**1,808.65**	**2,256.83**
Exports (f.o.b)	**10,321.08**	**11,138.34**	**13,835.01**	**14,942.72**	**15,667.53**
Cocoa beans & products	2,720.79	2,572.17	2,661.37	2,179.99	2,288.41
Gold	3,212.59	4,919.46	5,786.16	5,435.71	6,229.69
Timber & timber products	208.75	255.72	214.97	221.47	169.00
Crude oil	1,931.28	1,345.21	3,115.10	4,573.41	4,493.07
Other exports	2,247.67	2,045.78	2,057.41	2,532.14	2,487.37
Imports (f.o.b)	**-13,465.06**	**-12,920.11**	**-12,647.35**	**-13,134.07**	**-13,410.70**
Non-oil	-11,418.34	-11,085.22	-10,655.20	-10,553.17	-10,990.44
Oil	-2,046.72	-1,834.89	-1,992.15	-2,580.90	-2,420.26
Balance on Services, Income and Transfers	**320.23**	**-1,058.72**	**-3,190.76**	**-3,852.55**	**-4,120.80**
Services (net)	**-1,166.60**	**-1,293.28**	**-2,874.08**	**-2,513.78**	**-3,572.75**
Credit	6,142.19	6,332.98	6,602.02	7,571.99	9,924.81
Debit	-7,308.79	-7,626.26	-9,476.10	-10,085.77	-13,497.56
Income (net)	**-1,110.90**	**-1,222.07**	**-2,740.89**	**-3,921.81**	**-3,952.13**
Credit	394.42	237.96	309.32	598.27	482.94
Debit	-1,505.32	-1,460.03	-3,050.21	-4,520.09	-4,435.07
Transfers (net)	**2,597.73**	**1,456.62**	**2,424.21**	**2,583.05**	**3,404.08**
Credit	2,375.34	1,431.02	2,424.21	2,564.34	3,386.43
Debit	222.39	25.60	0.00	18.70	17.65
C. Financial and Capital Account	**3,123.24**	**2,557.86**	**3,015.72**	**1,500.42**	**3,067.63**
Capital Transfers	473.88	274.31	242.20	257.76	257.08
Direct investments	2,970.89	3,470.67	3,239.09	2,908.18	3,292.07
Other investments	-321.53	-1,187.11	-465.56	-1,665.52	-481.52
D. Net Errors and Omissions	**-315.37**	**530.05**	**78.81**	**-128.04**	**137.34**

* *Provisional*
** *Revised*

Table 3.11: Balance of Payments (In Millions of US Dollars) continued

	2015	2016	2017	2018**	2019*
E. Reserves and Related Items	**15.89**	**-247.43**	**-1,091.44**	**671.52**	**-1,340.99**
Changes in International Reserves	15.89	-247.43	-1,091.44	671.52	-1,340.99
IMF Position (net)	0.00	0.00	0.00	0.00	0.00
Holdings of SDR	0.00	0.00	0.00	0.00	0.00
Foreign Exchange Position (net)	15.89	-247.43	-1,091.44	671.52	-1,340.99
Exceptional Financing	0.00	0.00	0.00	0.00	0.00

* Provisional
** Revised

Table 3.12: Interbank Exchange Rate Developments

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation
2017									
Jan	4.2711	-1.7	-1.66	5.3489	-2.8	-2.85	4.6073	-3.7	-3.70
Feb	4.4786	-4.6	-6.22	5.5745	-4.0	-6.78	4.7530	-3.1	-6.65
Mar	4.3173	3.7	-2.71	5.3964	3.3	-3.70	4.6164	3.0	-3.89
Apr	4.1867	3.1	0.32	5.4163	-0.4	-4.06	4.5611	1.2	-2.73
May	4.2857	-2.3	-2.00	5.5360	-2.2	-6.13	4.8221	-5.4	-7.99
June	4.3629	-1.8	-3.73	5.6651	-2.3	-8.27	4.9750	-3.1	-10.82
Jul	4.3743	-0.3	-3.98	5.7627	-1.7	-9.83	5.1573	-3.5	-13.97
Aug	4.3994	-0.6	-4.53	5.6629	1.8	-8.24	5.2215	-1.2	-15.03
Sep	4.3944	0.1	-4.42	5.8962	-4.0	-11.87	5.1940	0.5	-14.58
Oct	4.3765	0.4	-4.03	5.7984	1.7	-10.38	5.0940	2.0	-12.90
Nov	4.4122	-0.8	-4.80	5.9638	-2.8	-12.87	5.2572	-3.1	-15.61
Dec	4.4157	-0.1	-4.88	5.9669	-0.1	-12.91	5.2964	-0.7	-16.23
2018									
Jan	4.4240	-0.2	-0.19	6.2717	-4.9	-4.86	5.5131	-3.9	-3.93
Feb	4.4187	0.1	-0.07	6.0925	2.9	-2.06	5.3873	2.3	-1.69
Mar	4.4044	0.3	0.26	6.1816	-1.4	-3.47	5.4179	-0.6	-2.24
Apr	4.4078	-0.1	0.18	6.0678	1.9	-1.66	5.3308	1.6	-0.65
May	4.4226	-0.3	-0.16	5.8865	3.1	1.37	5.1634	3.2	2.58
June	4.5230	-2.2	-2.37	5.9681	-1.4	-0.02	5.2808	-2.2	0.30
July	4.6943	-3.6	-5.93	6.1569	-3.1	-3.09	5.4945	-3.9	-3.61
Aug	4.7241	-0.6	-6.53	6.1344	0.4	-2.73	5.4951	0.0	-3.62
Sep	4.7776	-1.1	-7.57	6.2145	-1.3	-3.98	5.5392	-0.8	-4.38
Oct	4.7899	-0.3	-7.81	6.1115	1.7	-2.37	5.4187	2.2	-2.26
Nov	4.8060	-0.3	-8.12	6.1248	-0.2	-2.58	5.4503	-0.6	-2.82
Dec	4.8200	-0.3	-8.39	6.1710	-0.7	-3.31	5.5131	-1.1	-3.93
2019									
Jan	4.9506	-2.6	-2.64	6.5121	-5.2	-5.24	5.6824	-3.0	-2.98
Feb	5.1752	-4.3	-6.86	6.8703	-5.2	-10.18	5.8799	-3.4	-6.24
Mar	5.0834	1.8	-5.18	6.6166	3.8	-6.73	5.7084	3.0	-3.42
Apr	5.0881	-0.1	-5.27	6.6318	-0.2	-6.95	5.7001	0.1	-3.28
May	5.2011	-2.2	-7.33	6.5640	1.0	-5.99	5.7973	-1.7	-4.90
June	5.2590	-1.1	-8.35	6.6787	-1.7	-7.60	5.9831	-3.1	-7.86
July	5.2570	0.0	-8.31	6.4267	3.9	-3.98	5.8528	2.2	-5.80
Aug	5.2814	-0.5	-8.74	6.4296	0.0	-4.02	5.8094	0.7	-5.10
Sep	5.3161	-0.7	-9.33	6.5412	-1.7	-5.66	5.7956	0.2	-4.87
Oct	5.3372	-0.4	-9.69	6.9010	-5.2	-10.58	5.9445	-2.5	-7.26
Nov	5.5254	-3.4	-12.77	7.1322	-3.2	-13.48	6.0785	-2.2	-9.30
Dec	5.5337	-0.1	-12.90	7.3164	-2.5	-15.66	6.2114	-2.1	-11.24

Depreciation (-)/ Appreciation (+)

Table 3.13: External Debt Stock by Creditor Category (in millions of US$)

Indicator	2013	2014	2015	2016	2017	2018	2019
Total External Debt	11,901.97	13,871.84	15,761.85	16,437.67	17,158.22	17,875.44	20,306.36
Multilateral Creditors	4,557.92	4,900.73	5,379.45	5,547.96	6,387.70	6,390.46	6,512.46
Bilateral Creditors	1,114.91	1,127.81	1,096.32	1,136.47	1,210.28	1,204.79	1,227.90
Export Credit Agencies	1,119.38	1,158.43	1,176.29	1,315.22	1,461.23	1,235.56	1,048.99
Other Concessional	1,750.48	1,883.56	1,791.28	1,706.81	1,782.85	1,701.17	1,657.03
Commercial Creditors	1,828.76	2,270.80	2,788.00	2,782.20	2,437.04	2,365.37	2,165.25
International Capital Market	1,530.51	2,530.51	3,530.51	3,949.01	3,879.12	4,978.09	7,694.73

Table 4.1: Assets and Liabilities of Banks and SDIs

	Banks	NBFIs		RCB	MFIs	
		Deposit Taking	Non-Deposit Taking		Deposit Taking	Non-Deposit Taking
TOTAL ASSETS	129,064.65	6,764.10	85.53	4,688.32	584.00	199.39
Cash and Bank Balances	30,907.43	440.26	(0.85)	683.21	47.344	27.24
Investments	48,473.79	1,026.08	2.48	1,829.60	212.16	23.96
Loans & Advances	39,959.56	4,515.95	19.74	1,499.16	215.17	119.91
Other Assets and PPE	9,723.87	781.81	64.16	676.34	109.32	28.28
LIABILITIES AND SHAREHOLDERS' FUND	129,064.65	6,764.10	85.53	4,688.32	584.00	199.39
Liabilities	111,484.52	6,176.38	60.99	4,257.30	455.07	138.12
Deposits	83,459.78	3,680.96	-	3,908.99	342.08	4.81
Borrowings and other Liabilities	28,024.74	1,846.87	46.57	348.32	112.99	133.31
Shareholders' Funds	17,580.13	587.72	24.54	431.02	128.92	61.27
Paid-Up Capital	9,633.24	716.09	30.15	223.16	152.13	30.86
Reserves	7,946.90	-128.37	-5.61	207.86	28.42	29.82

Table 4.5: Balance Sheet of RCBs as at 31st December, 2019 (GH¢ 'M)

				Growth		Shares	
	Dec-18	Nov-19	Dec-19	Y-on-Y	Monthly	Dec-18	Dec-19
Cash & ST Funds	542.03	725.99	683.21	26.05	-5.89	13.08	14.57
Investments	1,600.41	1,766.11	1,829.60	14.32	3.60	38.62	39.02
Loans (Net)	1,340.81	1,501.91	1,499.16	11.81	-0.18	32.35	31.98
Others Assets & PPE	660.93	677.40	676.34	2.33	-0.16	15.95	14.43
Total Assets	4,144.18	4,671.41	4,688.32	13.13	0.36	100.00	100.00
Deposits	3,354.13	3,862.29	3,908.99	16.54	1.21	80.94	83.38
Borrowings & Other Liabilities	286.04	359.51	348.32	21.77	-3.11	6.90	7.43
Sub-Total	3,640.16	4,221.81	4,257.30	16.95	0.84	87.84	90.81
Paid-Up Capital	202.34	220.86	223.16	10.29	1.04	4.88	4.76
Reserves	301.67	228.75	207.86	-31.10	-9.13	7.28	4.43
Net Worth	**504.01**	**449.61**	**431.02**	**-14.48**	**-4.13**	**12.16**	**9.19**
Total Liabilities & Equity	**4,144.18**	**4,671.41**	**4,688.32**	**13.13**	**0.36**	**100.00**	**100.00**

Table 4.7: Quartile Based Heat Map of the Core FSIs – Quarterly Analysis

CORE FSIs	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Capital Adequacy									
Regulatory capital to risk weighted assets	15.63	19.30	18.92	20.22	21.95	20.96	21.09	21.70	20.92
Regulatory Tier I capital to risk-weighted assets	13.52	16.62	16.38	17.44	20.98	19.18	19.21	19.82	19.14
Asset Quality									
Nonperforming loans net of loan-loss provision to capital	14.02	19.75	19.43	15.11	11.19	15.05	13.87	11.79	5.74
Nonperforming loans to total gross loans	21.59	22.58	22.56	20.03	18.19	18.76	18.05	17.27	13.94
Earnings									
Return on assets*	2.40	2.59	2.35	2.22	2.26	3.05	3.03	3.00	2.87
Return on equity**	27.88	25.68	24.53	25.34	27.70	30.51	30.55	29.04	28.65
Liquidity									
Core Liquid asset to total assets	22.28	21.44	19.77	21.61	23.41	19.55	21.65	21.17	22.53
Core Liquid asset to short-term liabilities	28.60	28.19	25.74	28.05	31.19	25.27	27.66	27.44	28.96
Core Liquid assets/total deposits	35.83	34.72	32.11	33.61	36.79	29.76	32.31	31.97	35.22
Broad Liquid assets to total assets	52.34	56.90	55.04	60.32	58.59	59.58	59.85	59.18	59.34
Broad Liquid assets to short-term liabilities	67.19	74.84	71.68	78.29	78.07	77.01	76.46	76.70	76.27
Efficiency									
Interest margin to Gross income	47.35	46.89	47.18	49.11	48.69	52.04	52.10	52.00	52.42
Noninterest expenses to gross income	43.36	44.40	45.22	46.86	46.46	44.18	44.86	45.45	45.85
Personnel Expenses to Gross income	17.53	18.86	16.52	19.87	19.58	19.75	19.44	19.66	19.56

** Return on assets is calculated after tax*
*** Return on equity is calculated before tax*

1st Best Performing Period   2nd Best Performing Period   3rd Best Performing Period   4th Best Performing Period

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

GENERAL INFORMATION

BOARD OF DIRECTORS

Dr. Ernest Yedu Addison	-	Governor (Chairman)
Dr. Maxwell Opoku-Afari	-	1st Deputy Governor
Mrs. Elsie Addo Awadzi	-	2nd Deputy Governor
Mr. Joseph Blignam Alhassan	-	Non-Executive Director
Prof. (Sr.) Eugenia Amporfu	-	Non-Executive Director
Dr. Samuel Nii-Noi Ashong	-	Non-Executive Director
Mr. Charles Adu Boahen	-	Non-Executive Director
Mr. Andrew Boye-Doe	-	Non-Executive Director
Mr. Jude Kofi Bucknor	-	Non-Executive Director
Mr. Keli Gadzekpo	-	Non-Executive Director
Dr. Maria Hagan	-	Non-Executive Director
Mrs. Comfort F. A. Ocran	-	Non-Executive Director
Dr. Kwame Owusu-Nyantekyi	-	Non-Executive Director

REGISTERED OFFICE
1 Thorpe Road
P. O. Box GP 2674
Accra, Ghana

INDEPENDENT AUDITOR
PricewaterhouseCoopers
PwC Tower
A4 Rangoon Lane, Cantonments City
PMB CT42 Cantonments, Accra,
Ghana

SECRETARY
Ms. Sandra Thompson
Bank of Ghana
Head Office, 1 Thorpe Road
P. O. Box GP 2674
Accra, Ghana

REPORT OF THE DIRECTORS TO THE MINISTER OF FINANCE

The directors have pleasure in presenting the financial statements of the Bank and the Group for the year ended 31 December 2019.

MISSION STATEMENT

The mission of the Bank is to pursue sound monetary and financial policies aimed at price stability and create an enabling environment for sustainable economic growth.

To formulate and implement monetary policy to achieve price stability, contribute to the promotion and maintenance of financial stability, and ensure a sound payment system.

The primary objective of the Bank is to maintain stability in the general level of prices and, without prejudice to this primary objective, promote economic growth and an effective and efficient banking and credit system. The Bank is engaged in the business of central banking. There was no change in the nature of the business of the Bank during the 2019 financial year.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing financial statements for each accounting period, which give a true and fair view of the state of affairs of the Bank and the Group as at the end of the accounting period.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Bank which enable the Bank to ensure that the financial statements comply with relevant legislations and accounting standards. The directors are also responsible for safeguarding the assets of the Bank and taking reasonable steps for the prevention and detection of fraud and other irregularities.

BOARD OF DIRECTORS

There were no changes in the membership of the Board of Directors.

COMPLIANCE WITH RELEVANT LEGISLATION AND ACCOUNTING FRAMEWORK

The financial statements, including comparative year information, are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Bank of Ghana Act, 2002 (Act 612) (as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918) and the Public Financial Management Act, 2016 (Act 921).

CHANGE IN THE SECRETARY TO THE BOARD

During the year the Board Secretary, Mrs Frances Van-Hein Sackey, was replaced by Ms. Sandra Thompson.

SUBSIDIARY COMPANIES

The Bank owns 51% of the issued shares of Ghana International Bank Plc, a company incorporated in the United Kingdom, which carries on the business of commercial banking.

The Bank also owns 100% of the shares of Ghana Interbank Payment and Settlement Systems Limited, a company incorporated in Ghana which operates the national payments system.

The Bank also owns 70% of the shares of Central Securities Depository (GH) Limited, a company incorporated in Ghana to carry out the business of immobilisation and dematerialization of securities.

DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31 December 2019 (2018: Nil).

RESERVE APPROPRIATIONS

An amount of GH¢ 1.244 billion has been set aside as approved appropriations from reserves for asset replacement, emergency interventions, currency replacement and legal contingencies. Details are as follows:

	GH¢'000
Asset replacement	500,000
Contingencies	134,380
Emergency intervention	60,000
Currency replacement	500,000
Legal contingencies	50,000
	1,244,380

GOING CONCERN

The directors have assessed the ability of the Bank to continue as a going concern. The directors therefore have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing the annual financial statements of the Bank and the Group.

Chairman (Governor)

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank and the Group were approved by the Board of Directors on 26 March 2020 and were signed on their behalf by:

Director

INDEPENDENT AUDITOR'S REPORT TO THE HONOURABLE MINISTER OF FINANCE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Bank of Ghana (the "Central Bank") and its subsidiaries (together the "Group") as at 31 December 2019, and of the financial performance and the cash flows of the Central Bank standing alone and the Group for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Bank of Ghana Act, 2002 (Act 612) (As amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918) and the Public Financial Management Act, 2016 (Act 921).

What we have audited

We have audited the financial statements of Bank of Ghana and its subsidiaries (together the "Group") for the year ended 31 December 2019.

The financial statements comprise:

- the separate and consolidated statements of financial position as at 31 December 2019;
- the separate and consolidated statements of profit or loss for the year then ended;
- the separate and consolidated statements of other comprehensive income for the year then ended;
- the separate and consolidated statements of changes in equity for the year ended;
- the separate and consolidated statements of cash flows for the year then ended; and
- the notes to the separate and consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key audit matters

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

Key audit matter	*How our audit addressed the key audit matter*
Impairment of financial assets The determination of expected credit loss allowances is subjective and judgemental under IFRS 9. A number of judgements and assumptions are reflected in the financial statements, including the identification of significant increases in credit risk and the application of forward looking information reflecting management's view of potential future economic environment. These judgements were key in the development of models which have been built and implemented to measure the expected credit losses on relevant credit exposures. There is limited experience available to back-test the charge for expected credit losses ('ECL') with actual results. There is also a significant increase in the number of data inputs required for the impairment calculation. This increases the risk of completeness and accuracy of the data that has been used to create assumptions and	We understood and evaluated controls supporting management's estimates, judgements and assumptions and tested selected key controls on the completeness and accuracy of data used as input to the models. To verify data quality, we tested the data used in the ECL calculation by reconciling to source systems. We assessed the measurement decisions which include challenging management's determination of: - definition and identification of default, - probability of default, - loss given default, - exposure at default, and - credit conversion factors. We challenged the criteria used to allocate an asset to stage 1, 2 or 3 in accordance with IFRS 9; this included peer benchmarking to assess staging levels. We tested

Key audit matter	*How our audit addressed the key audit matter*

operate the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

At 31 December 2019, the Bank's credit exposures and respective impairment, where applicable, were as follows:

Exposures assessed for expected credit loss under IFRS 9	Gross balance	Impairment
	GH¢'000	GH¢'000
Cash and balances with correspondence banks	7,356,446	-
Balances with IMF	5,343,926	-
Securities	46,243,572	23,603
Loans and advances	8,001,852	3,469,424
Other assets	1,436,663	265,218
Off balance sheet exposures	3,388,928	2,810

financial assets in stage 1, 2 and 3 to verify that they were allocated to the appropriate stage.

We examined a sample of loans and advances which had not been identified by management as impaired or for which there was no significant increase in credit risk at the reporting date and formed our own judgement.

We tested the assumptions, inputs and formulas used in the ECL models. This included assessing the appropriateness of model design and formulas used and recalculating the PD and LGD for a sample of exposures. We traced the EADs to underlying records and reviewed the reasonableness of the Credit Conversion Factors used.

Key judgements and estimates in respect of the timing and measurement of expected credit losses (ECL) include:

- Definition of default and credit impaired assets focusing on both the qualitative and quantitative criteria used by the Bank;
- Allocation of assets to stage 1, 2, or 3 using the significant increase in credit risk (SICR) criteria and focusing on both the qualitative and quantitative indicators;
- Accounting interpretations and modelling Accounting interpretations and modelling assumptions used to build the models that calculate the ECL such as the Probability of Default – PD, Exposure At Default – EAD, Loss Given Default – LGD, and the Credit Conversion Factor – CCF;
- Inputs and assumptions used to estimate the impact of multiple economic scenarios such as inflation rate, USD/GHS exchange rate and GDP growth estimates;
- Completeness and valuation of post model adjustments; and
- Accuracy and adequacy of the financial statement disclosures.

The accounting policies, critical estimates and judgements and impairment allowance are set out in notes 2(d), 2(m), 9, 14, 15, 17 and 37 to the financial statements. Impairment of financial assets is considered a key audit matter in the separate and consolidated financial statements.

We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Bank's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

We assessed the base case and alternative economic scenarios, including challenging probability weights and comparing to other scenarios. We assessed whether forecasted macroeconomic variables such as GDP, USD/GHS exchange rate and inflation were appropriate.

We assessed the adequacy and appropriateness of disclosures for compliance with IFRS 9.

Key audit matter	How our audit addressed the key audit matter
Fair value of externally managed short term funds As at 31 December 2019, the Bank had externally managed short term funds valued at GH¢ 24.3 billion. The fair value of these externally managed short term funds comprising of foreign securities recorded in the Statement of Financial Position are determined using valuation techniques including the Discounted Cash Flow (DCF model) where they cannot be measured based on quoted prices in active markets. For securities with no quoted price, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows and inputs such as LIBOR yield curve, FX rates, volatilities and counterparty spreads existing at the reporting dates. Changes in these inputs could affect the reported fair value of the externally managed short term funds. For funds with quoted prices, the marked to market value or revised unit price of the portfolio is used to determine the fair values. The accounting policies, critical estimates and judgements and fair values are set out in notes 2(d), 2(m), 2(p), 5(ii) and 14 to the financial statements.	We understood and evaluated key controls relating to externally managed funds including management's process for reviewing the valuation reports received from the fund managers. For each of the externally managed fund class, we obtained and reviewed the valuation reports prepared by the fund managers and evaluated the competence and objectivity of the fund managers. For quoted securities, we reviewed the marked to market value or revised unit price of the portfolio used in determining the fair value of the foreign securities. For securities with no quoted price, we traced the inputs used at the reporting date to independent external sources. We agreed the fair value adjustments passed by management to the valuation reports prepared by the fund managers.

Other information

The directors are responsible for the other information. The other information comprises the General Information and the Report of the Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairman's Foreword, Governance Report, Developments in the Global Economy Report, Developments in Ghanaian Economy Report, Developments in the Banks and Non-Banks Financial Institutions Report, Internal Developments Report and the External Relations Reports, which are expected to be made available to us after that date.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Foreword, Governance Report, Developments in the Global Economy Report, Developments in Ghanaian Economy Report, Developments in the Banks and Non-Bank Financial Institutions Report, Internal Developments Report and the External Relations Reports, and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Bank of Ghana Act, 2002, (Act 612) (As amended by the Bank of Ghana (Amendment) Act 2016, (Act 918) and the Public Financial Management Act, 2016 (Act 921) 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 separate and consolidated financial statements, the directors are responsible for assessing the Bank and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

The engagement partner on the audit resulting in this independent auditor's report is Michael Asiedu-Antwi (ICAG/P/1138).

PricewaterhouseCoopers

PricewaterhouseCoopers (ICAG/F/2020/028)
Chartered Accountants
Accra, Ghana

27 March 2020

pwc

STATEMENT OF PROFIT OR LOSS

	NOTE	The Bank 2019 GH¢'000	The Bank 2018 GH¢'000	The Group 2019 GH¢'000	The Group 2018 GH¢'000
OPERATING INCOME					
Interest and similar income	5(i)	**2,924,969**	2,395,132	**3,046,853**	2,519,482
Price and exchange differences	5(ii)	**2,656,326**	614,297	**2,673,600**	633,549
Fee and commission income	5(iv)	**143,231**	93,352	**167,777**	118,908
Other operating income	5(v)	**119,395**	8,286	**196,399**	87,938
Dividend income	5(vi)	**8,126**	18,675	**863**	2,893
Total operating income		**5,852,047**	3,129,742	6,085,492	3,362,770
OPERATING EXPENSES					
Interest expense and similar charges	5(iii)	**(1,607,573)**	(1,992,860)	**(1,611,764)**	(2,005,465)
Other operating expenses	6	**(1,393,000)**	(1,131,354)	**(1,587,445)**	(1,306,869)
Premises and equipment expenses	7	**(170,247)**	(198,246)	**(181,917)**	(208,171)
Currency issue expenses	8	**(312,074)**	(153,647)	**(312,074)**	(153,647)
Impairment loss	9(a)	**(568,247)**	(446,720)	**(566,085)**	(445,177)
Total operating expense		**(4,051,141)**	(3,922,827)	**(4,259,285)**	(4,119,329)
Profit/(loss) before taxation		**1,800,906**	(793,085)	**1,826,207**	(756,559)
Taxation	10(a)	**-**	-	**(5,507)**	(9,112)
Operating profit/(loss) for the year		**1,800,906**	(793,085)	**1,820,700**	(765,671)
Profit/(loss) attributed to:					
Equity shareholders of the bank		**1,800,906**	(793,085)	**1,814,863**	(780,606)
Non-controlling interest	32	**-**	-	**5,837**	14,935
		1,800,906	(793,085)	**1,820,700**	(765,671)

The notes on pages 59 to 116 form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Operating profit/(loss) for the year	**(1,800,906)**	(793,085)	**(1,820,700)**	(765,671)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation reserve	-	-	**79,947**	14,544
Tax effect	-	-	-	-
	-	-	**79,947**	14,544
(Loss)/gain on FVOCI financial instruments	**(242,924)**	**33,445**	**(232,966)**	**24,679**
Tax effect	-	-	**(1,693)**	(1,491)
	242,924	33,445	**231,273**	23,188
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(242,924)**	33,445	**(151,326)**	77,651
Total comprehensive income for the year, net of tax	**1,557,982**	(759,640)	**1,669,374**	(727,939)
Attributable to:				
Equity holders of the parent	**1,557,982**	(759,640)	**1,620,109**	(744,974)
Non-controlling interest	-	-	**49,265**	17,035
	1,557,982	(759,640)	**1,669,374**	(727,939)

The notes on pages 59 to 116 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	NOTE	The Bank 2019 GH¢'000	The Bank 2018 GH¢'000	The Group 2019 GH¢'000	The Group 2018 GH¢'000
ASSETS					
Cash and balances with correspondent banks	11	**7,356,446**	5,023,690	**9,988,658**	7,278,763
Gold	12	**2,370,047**	1,735,202	**2,370,047**	1,735,202
Balances with International Monetary Fund	13	**5,343,926**	4,858,652	**5,343,926**	4,858,652
Securities	14	**46,219,969**	37,914,622	**46,712,219**	38,291,741
Loans and advances	15	**4,532,428**	4,783,600	**5,093,640**	5,411,480
Derivative financial asset	16	**80,944**	-	**80,944**	-
Other assets	17	**1,171,445**	3,171,011	**1,210,200**	3,202,128
Investments	18	**573,904**	271,766	**424,380**	122,242
Property, plant and equipment	19	**1,113,908**	1,042,661	**1,144,752**	1,075,174
Intangible assets	20	**17,903**	18,556	**32,733**	26,055
Rights of use - Assets	33	-	-	**17,534**	-
Current income tax assets	10	-	-	**214**	794
Deferred tax assets	10	-	-	**1,865**	15
Total Assets		**68,691,811**	59,121,898	**72,262,768**	62,304,384
LIABILITIES					
Deposits	21	**19,385,743**	14,453,338	**21,849,555**	16,679,203
Derivative financial liability	16	**-**	28,319	**-**	28,319
Bridge Facilities	22	**11,393,142**	7,389,060	**11,393,142**	7,389,060
Liabilities under money market operations	23	**5,720,584**	10,739,796	**5,720,584**	10,739,796
Allocations of special drawing rights	24a	**2,495,092**	2,242,712	**2,495,092**	2,242,712
Liabilities to International Monetary Fund	24b	**10,096,123**	8,722,617	**10,096,123**	8,722,617
Lease liabilities	33	-	-	**18,488**	-
Current income tax liabilities	10	-	-	**319**	3,530
Deferred tax liabilities	10	-	-	**242**	190
Other liabilities	25	**1,685,414**	1,970,558	**1,787,041**	2,120,616
Currency in circulation	27	**16,262,890**	13,556,352	**16,262,890**	13,556,352
Total Liabilities		**67,038,988**	59,102,752	**69,623,476**	61,482,395
SHAREHOLDERS FUNDS					
Stated capital	28	**10,000**	10,000	**10,000**	10,000
Asset revaluation reserve	29	**115,522**	115,522	**115,522**	115,522
Statutory reserves	30	**28,760**	28,760	**28,760**	28,760
Other reserves	31	**1,498,541**	(135,136)	**1,778,777**	59,211
Retained earnings		-	-	**196,338**	179,710
Total Equity Attributable to Equity Holders of the Bank		**1,652,823**	19,146	**2,129,397**	393,203
Non-Controlling Interest	32	-	-	**509,895**	428,786
Total Equity		**1,652,823**	19,146	**2,639,292**	821,989
TOTAL LIABILITIES AND EQUITY		**68,691,811**	59,121,898	**72,262,768**	62,304,384

The financial statements on pages 53 to 120 were approved by the Board of Directors on 26th March 2020 and signed on its behalf by:

Chairman (Governor) ____________________ Director ____________________

The notes on pages 59 to 116 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

The Bank Year ended 31 December 2019	Stated Capital (note 28) GH¢'000	Asset Revaluation Reserves (note 29) GH¢'000	Statutory Reserves (note 30) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Other Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
At 1 January 2019	10,000	115,522	28,760	121,350	(256,486)	-	19,146
Profit for the Year	-	-	-	-	-	1,800,906	1,800,906
Other comprehensive loss - loss on FVOCI financial instruments	-	-	-	(242,924)	-	-	(242,924)
Total comprehensive income	-	-	-	87,905	-	-	87,905
Refund of unutilised Agricultural funds	-	-	-	-	100,000	-	100,000
Utilisation of Corporate Social Responsibility (CSR) funds	-	-	-	-	(24,305)	-	(24,305)
Exchange movement in gold and other foreign assets	-	-	-	-	1,709,805	(1,709,805)	-
Price movement in gold	-	-	-	-	263,226	(263,226)	-
Transfer from other reserves	-	-	-	-	(172,125)	172,125	-
At 31 December 2019	**10,000**	**115,522**	**28,760**	**(121,574)**	**1,620,115**	**-**	**1,652,823**

The Bank Year ended 31 December 2018	Stated Capital (note 28) GH¢'000	Asset Revaluation Reserves (note 29) GH¢'000	Statutory Reserves (note 30) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Other Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
At 1 January 2018	10,000	115,522	28,760	-	1,882,638	-	2,036,920
Changes on initial application of IFRS 9							
Increase in impairment provisioning	-	-	-	-	-	(1,345,786)	(1,345,786)
Fair valuation of equity instruments	-	-	-	87,905	-	-	87,905
Restated balance at 1 January 2018	10,000	115,522	28,760	87,905	1,882,638	(1,345,786)	779,039
Loss for the Year	-	-	-	-	-	(793,085)	(793,085)
Other comprehensive loss - gain on FVOCI financial instruments	-	-	-	33,445	-	-	33,445
Total comprehensive income	-	-	-	33,445	-	(793,085)	(759,640)
						-	
Utilisation of Agricultural and Centre for Scientific and Research (CSR) funds	-	-	-	-	(253)	-	(253)
Exchange movement in gold and other foreign assets	-	-	-	-	403,361	(403,361)	-
Price movement in gold	-	-	-	-	(75,277)	75,277	-
Transfer from other reserves	-	-	-	-	(2,466,955)	2,466,955	-
At 31 December 2018	10,000	115,522	28,760	121,350	(256,486)	-	19,146

The notes on pages 59 to 116 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

The Group

Year ended 31 December 2019	Stated Capital (note 28) GH¢'000	Asset Revaluation reserve (note 29) GH¢'000	Statutory Reserve (note 30) GH¢'000	Other Reserve (note 31) GH¢'000	Foreign Currency Translation Reserve (note 31) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
At 1 January 2019	10,000	115,522	28,760	(256,398)	192,619	122,990	179,710	393,203	428,786	821,989
(Loss)/profit for the year	-	-	-	-	-	-	1,814,863	1,814,863	5,837	1,820,700
Other comprehensive income – gain on foreign currency translation	-	-	-	-	79,947	-	-	79,947	-	79,947
Other comprehensive loss - loss on FVOCI financial instruments	-	-	-	-	-	(236,982)	-	(236,982)	5,709	(231,273)
Total comprehensive income	-	-	-	-	79,947	(236,982)	1,814,863	1,657,828	11,546	1,669,374
(Loss)/gain on translation of foreign operation	-	-	-	-	-	-	2,671	2,671	76,541	79,212
Dividend paid by group	-	-	-	-	-	-	-	-	(6,978)	(6,978)
Refund of unutilised Agricultural funds	-	-	-	100,000	-	-	-	100,000	-	100,000
Utilisation of Corporate Social Responsibility (CSR) funds	-	-	-	(24,305)	-	-	-	(24,305)	-	(24,305)
Price movement in gold	-	-	-	263,226	-	-	(263,226)	-	-	-
Exchange movement in gold and other foreign assets	-	-	-	1,709,805	-	-	(1,709,805)	-	-	-
Transfer from other reserves	-	-	-	(172,125)	-	-	172,125	-	-	-
At 31 December 2019	**10,000**	**115,522**	**28,760**	**1,620,203**	**272,566**	**(113,992)**	**196,338**	**2,129,397**	**509,895**	**2,639,292**

The Group

Year ended 31 December 2018	Stated Capital (note 28) GH¢'000	Asset Revaluation reserve (note 29) GH¢'000	Statutory Reserve (note 30) GH¢'000	Other Reserve (note 31) GH¢'000	Foreign Currency Translation Reserve (note 31) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
At 1 January 2018	10,000	115,522	28,760	1,882,726	178,075	6,761	173,127	2,394,971	424,303	2,819,274
Changes on initial application of IFRS 9										
Increase in impairment provisioning	-	-	-	-	-	-	(1,348,139)	(1,348,139)	(2,260)	(1,350,399)
Fair valuation of equity instruments	-	-	-	-	-	88,015	-	88,015	106	88,121
Restated balance at 1 January 2018	10,000	115,522	28,760	1,882,726	178,075	94,776	(1,175,012)	1,134,847	422,149	1,556,996
(Loss)/profit for the year	-	-	-	-	-	-	(780,606)	(780,606)	14,935	(765,671)
Other comprehensive income – gain on foreign currency translation	-	-	-	-	14,544	-	-	14,544	-	14,544
Other comprehensive loss - loss on FVOCI financial instruments	-	-	-	-	-	28,214	-	28,214	(5,026)	23,188
Total comprehensive income	-	-	-	-	14,544	28,214	(780,606)	(737,848)	9,909	(727,939)
(Loss)/gain on translation of foreign operation	-	-	-	-	-	-	(3,543)	(3,543)	11,891	8,348
Dividend paid by group	-	-	-	-	-	-	-	-	(15,163)	(15,163)
Utilisation of Agricultural & CSR funds	-	-	-	(253)	-	-	-	(253)	-	(253)
Price movement in gold	-	-	-	(75,277)	-	-	75,277	-	-	-
Exchange movement in gold and other foreign assets	-	-	-	403,361	-	-	(403,361)	-	-	-
Transfer from other reserves	-	-	-	(2,466,955)	-	-	2,466,955	-	-	-
At 31 December 2018	10,000	115,522	28,760	(256,398)	192,619	122,990	179,710	393,203	428,786	821,989

The notes on pages 59 to 116 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		The Bank		The Group	
		2019	2018	**2019**	2018
	NOTE	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Cash flows used in operating activities	38	**(1,970,417)**	(3,588,623)	**(1,907,290)**	(4,912,568)
Interest paid on bridge facilities	22	**(362,861)**	(174,915)	**(362,861)**	(174,915)
Tax paid	10(c)	**-**	-	**(8,846)**	(16,885)
Net cash flows used in operating activities		**(2,333,278)**	(3,763,538)	**(2,278,997)**	(5,104,368)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	19	**174**	301	**174**	354
Purchase of intangible assets	20	**(9,083)**	(5,771)	**(12,898)**	(6,755)
Purchase of property, plant and equipment	19	**(178,424)**	(489,321)	**(188,125)**	(504,062)
Net cash used in investing activities		**(187,333)**	(494,791)	**(200,849)**	(504,062)
Cash flows from financing activities					
Increase in IMF liabilities	24b	**1,373,506**	1,137,182	**1,373,506**	1,137,182
Drawdown in bridge facilities	22	**3,748,269**	7,050,318	**3,748,269**	7,050,318
Principal repayment of bridge facilities	22	**(964,000)**	(5,874,240)	**(964,000)**	(5,874,240)
Finance lease payments	33	-	-	(2,701)	-
Dividend paid to non-controlling interest	32	-	-	**(6,978)**	(15,163)
Net cash generated from financing activities		4,157,775	2,313,260	**4,148,096**	2,298,097
Net change in cash and cash equivalents		**1,637,164**	(1,945,069)	**1,668,250**	(3,316,734)
Cash and cash equivalents at 1 January		**5,023,690**	6,413,197	**7,278,763**	9,778,638
Net foreign exchange difference		**695,592**	555,562	**1,041,645**	816,859
Cash and cash equivalents at 31 December	11	**7,356,446**	5,023,690	**9,988,658**	7,278,763

The notes on pages 59 to 116 form an integral part of these financial statements.

1. STATUTE AND PRINCIPAL ACTIVITIES

Bank of Ghana (the Bank) is wholly owned by the Government of Ghana, and operates as Ghana's Central Bank. Its operations are governed by the Bank of Ghana Act, 2002 (Act 612) (as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918) and the Public Financial Management Act, 2016 (Act, 921). The Bank's registered office is 1 Thorpe Road, Accra, Ghana. The principal objectives and functions of the Bank are:

- To maintain stability in the general level of prices; and
- Without prejudice to the above, to support the general economic policy of the Government and promote economic growth and effective and efficient operation of the banking and credit systems in the country, independent of instructions from the Government or any other authority.

In order to meet the above objectives the Bank:

- Formulates and implements monetary policy;
- Promotes stabilisation of the currency by monetary measures, and institutes measures favourable to the balance of payments, state of public finance and general national economic development;
- Undertakes prudential supervision of the banking sector and ensures smooth operation of the financial sector;
- Promotes, regulates and supervises the payments system;
- Issues and redeems currency notes and coins;
- Ensures effective maintenance and management of Ghana's external financial relations;
- Licences, regulates, promotes and supervises non-bank financial intermediaries;
- Acts as banker and financial advisor to the Government;
- Promotes and maintains relations with international banking and financial institutions and performs all other functions incidental or conducive to the functions under the Bank of Ghana Act or any other enactment.

The financial statements for the year ended 31 December 2019 comprise the separate financial statements of the Bank together with that of its subsidiaries, together referred to as "The Group".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance and basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as issued by the International Accounting Standards Board (IASB) and in the manner required by the Bank of Ghana Act 2002 (Act 612) (as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918) and the Public Financial Management Act, 2016 (Act, 921).

Going concern

The Group has reviewed its business activities, together with the factors likely to affect its future development, performance and position. Based on the above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Group continues to adopt the going concern basis of accounting in preparing the annual separate and consolidated financial statements.

b. Basis of Measurement

These financial statements are presented in Ghana Cedi, which is the Bank's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis except for financial assets and liabilities that are stated at their fair value: derivative financial instruments, financial instruments that are fair valued through profit or loss and financial instruments classified as available-for-sale as well as property plant and equipment which is carried on the revaluation model. The Group's accounting policies have been applied consistently with those used in the previous year, except where otherwise indicated.

c. Changes in accounting policies and disclosures

(i) New and amended standards and interpretations

IFRS 16 - Leases

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

IFRS 16 affected primarily the accounting by lessees and resulted in the recognition of almost all leases on the balance sheet. The standard removed the current distinction between operating and financing leases and required recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.
The statement of profit or loss is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense is replaced with interest and depreciation, so key metrics like EBITDA changed.
Operating cash flows is higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest continues to be presented as operating cash flows.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 9% for Great Britain Pound denominated lease liabilities, 5.6% for United States Dollar denominated lease liabilities and 16.1% for Ghana Cedi lease liabilities. No leases were previously classified as finance lease by the Group.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

	2019
Operating lease commitments disclosed as at 31 December 2018	23,727
Discounted using the lessee's incremental borrowing rate	17,404
Add: additional finance lease liabilities recognised on 1 January 2019	2,125
Total lease liability recognised as at 1 January 2019	19,529
Of which are:	
Current lease liabilities	2,383
Non-current lease liabilities	17,146

Measurement of right of use assets

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 January 2019.

Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by GH¢ 2,150,000
- prepayments – decrease by GH¢ 25,000
- lease liabilities – increase by GH¢ 2,125,000

Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2018 and effective on 1 January 2019:

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.

IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling separately recognise any changes in the asset ceiling through other comprehensive income.

c. (ii) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

d. Use of significant estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and 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 in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF model). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. Details on fair value determination and the fair value hierarchy have been disclosed in note 34.

Hold to collect financial assets

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

Taxes

Though the Bank of Ghana is not subject to tax, the subsidiaries are. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile. As the Group assesses the probability for any litigation with respect to taxes as remote, no contingent liability has been recognised. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgementis required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Details on the group's tax position are disclosed in note 10.

Pension benefits

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details on the group's pension benefit scheme including the assumptions used are disclosed in note 26.

Impairment losses on loans and advances

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

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

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

Details on the Group's impairments are disclosed in notes 2(m), 9 and 37.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

e. Basis of consolidation
(i) Subsidiaries

The financial statements of the Group comprise the financial statements of the Bank and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns
-

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the proportion of the equity held by non-controlling interests changes, the group adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Subsidiaries in the stand alone financial statements of the Bank are accounted for at cost less impairment.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

(iv) Disposal of subsidiaries

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

f. Dividends received

Dividends are recognised in profit or loss when the Bank's right to receive payment is established, which is generally when shareholders approve the dividend.

g. Interest income and expense

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost are recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received or paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset or liability. Interest income and expense on financial assets and liabilities held at fair value through profit or loss is recognised in the profit or loss using the effective interest method.

h. Fees and commissions

Fee and commission income and expenses that are an integral part to the effective interest rate on financial instruments are included in the measurement of the effective interest rate. Other fee and commission income, including account servicing fees are recognised as the related services are performed and the performance obligations associated with the contracts are delivered.

i. Other operating income

Other operating income includes gains or losses arising on fair value changes in trading assets and liabilities and penalty charges to commercial banks and other financial institutions for not complying with various sections of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

j. Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of group entities using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at that date. 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 the profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost, and retranslated to the functional currency at the exchange rate at the date that the fair value was determined if they are carried at fair value. The resulting foreign exchange gains and losses are recognised in the profit or loss as appropriate except for exchange gains and losses arising from translation of holdings in gold, Special Drawing Rights (SDRs) held with the International Monetary Fund (IMF) or holdings of foreign securities which are recognized in Revaluation reserve (0ther reserve) to satisfy the requirement of section 7 of the Bank of Ghana Act, 2002 (Act 612) as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918).

(ii) Financial statements of foreign operations

The Bank considers its subsidiary Ghana International Bank (GIB) as a foreign entity. Accordingly, the assets and liabilities of the foreign operation, including any goodwill and fair value adjustments arising on acquisition are translated into Ghana Cedis at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of the subsidiary are translated to Ghana Cedis at the average rate for the year. Foreign exchange differences arising on these translations are recognised directly into equity, being foreign currency translation reserve.

When a foreign operation is disposed off, in part or full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

The following were the average and closing rates for the year ended.

Currency	Average Rate GH¢	Closing Rate GH¢
US Dollar	5.5309	5.5337
GBP	7.3124	7.3164
EURO	6.2096	6.2114

k. Special Drawing Rights and International Monetary Fund Related Transactions

The Bank, on behalf of Government of Ghana, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 2(j) above.

l. Leases

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Notes 2.c.i and 33.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Bank as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group leased various offices, branches and other premises under non-cancellable operating lease arrangements. The lease rentals were paid in advance and amortised on a straight line basis over the lease period. The outstanding balance was accounted for as a prepayment in other assets.

The Group's leasing activities and how these are accounted for under IFRS 16

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on a rate, initially measured as at the commencement date
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings held by the Bank under IFRS 16 are not revalued.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

m. Financial assets and liabilities

(i) Financial Assets

Measurement methods

Amortised cost and effective interest rate

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

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

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

Initial recognition and measurement

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

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

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

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b. In all other cases, the differences are deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement
From 1 January 2019, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

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

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

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

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

Equity instruments

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

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

Impairment

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

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

Note 37 provides more detail of how the expected credit loss allowance is measured.

Modification of loans

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

Derecognition other than on a modification

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

(ii) Financial Liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the considereation received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate (EIR).

(iv) Financial guarantee contracts and loan commitments

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

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

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

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

(v) Determination of fair value

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

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

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

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

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

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

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

(vi) Repurchase and reverse repurchase agreements

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

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

(vii) Offsetting financial instruments

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

(viii) Derivatives

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

n. Gold

Gold holdings are included in the statement of financial position at the prevailing closing spot market price on the London Bullion Market on that date. Changes in the fair value of gold holdings and investments arising from price changes as well as related foreign exchange gains and losses are recognised in profit or loss and subsequently transferred to other reserves in the statement of changes in equity. The foreign exchange gains and losses on gold holdings are for the account of the Government of Ghana and consequently such gains and losses are transferred to other reserves in accordance with section 7 of the Bank of Ghana Act, 2002 (Act 612) as amended.

o. Loans and Advances

Loans and advances originated by the Group are classified as Hold to Collect. Loans and advances are stated in the statement of financial position at the estimated recoverable amounts in accordance with note 2(m)(i).

The recoverable amounts of loans and advances are the present value of expected future cash flows, discounted at the instruments' original effective interest rate.

p. Securities

- *Domestic securities*

Domestic securities consist of Government of Ghana redeemable, negotiable and interest bearing securities. These securities are classified as hold to collect and are stated in the statement of financial position at amortised cost.

- *Foreign short term internally managed securities*

These represent interest bearing short-term instruments with fixed maturities held with correspondent banks. These securities are classified as hold to collect and are stated in the statement of financial position at amortised cost.

- *Foreign short term externally managed securities*

These represent debt and equity instruments managed by external fund managers on behalf of the Bank. Externally managed foreign securities are stated in the statement of financial position at fair value through profit or loss.

- *Long-term Government securities*

This represents interest bearing and non-interest bearing fixed maturity securities issued by the Government of Ghana to cover the Bank in respect of net exchange losses arising on holdings of gold, SDRs or foreign securities. These securities are classified as hold to maturity and are stated in the statement of financial position at amortised cost.

q. Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment except land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at revalued amount less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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 labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment

("PPE") have different useful lives, they are accounted for as separate items (major components) of PPE.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that 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 the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit and loss on a straight-
Depreciation is recognised in profit and loss on a straight-
line basis over the estimated useful lives of each item of property and equipment in order to reduce the value to residual value over the useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The annual depreciation rates are as follows:

	%
Buildings	4
Plant and Equipment	10 - 33 1/3
Motor Vehicles	20- 33 1/3
Furniture and Fittings	20 -33 1/3

Capital work-in-progress is recorded at cost. Land is not depreciated.

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

An item of property, plant and equipment and any significant part is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are included in profit or loss.

(iv) Revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset after revaluation. Where assets carrying amount is increased as a result of revaluation, the increase is credited to other reserves.

Conversely, where the carrying amount is decreased as a result of revaluation, the decrease is recognised in profit or loss.

r. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use by the Group. These include computer software & licences.

The Group recognises an intangible asset if:

- It is probable that future economic benefits that are attributable to the asset will flow to the Group.
- The cost of the asset to the Group can be measured reliably.

The Group's intangible assets are carried at cost less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Cost incurred to upgrade a software is capitalised.

Amortisation

Intangible assets with a finite useful life is amortised on a straight-line basis over the estimated useful lives of the intangible asset currently estimated to be 3 – 5 years.

s. Deposits

Deposits are made up of balances due to Government of Ghana, commercial banks and other financial institutions' deposit accounts and are classified as financial liabilities carried at amortised cost. Interest bearing deposits are stated at amortised cost. Non-interest bearing deposits are carried at cost.

t. Capital and distributions

Stated capital

Stated capital represents non-distributable capital of the Bank.

Distributions

The net profit of the Bank in each financial year is applied as provided in the Bank of Ghana Act as follows:

- transfer of one half of the net profit to the General Reserve, if the balance in the Reserve is less than the paid up capital of the Bank; or
- transfer of one quarter of net profit to the General Reserve, if the balance in the Reserve is less than twice the amount of paid up capital;
- any residual to be utilised to settle Government of Ghana indebtedness and/or where none exists, to be paid into the Consolidated Fund.

Except that where there is a net loss on the Revaluation Account, the net surplus for the year shall be credited to it.

u. Employee benefits

(i) Defined contribution plans

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

A defined contribution plan is a retirement benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Defined benefit plans

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to Retained Earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under other operating expenses in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(iii) Termination Benefits

The group recognises a liability and expense for termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the group can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made.
- The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date.
- The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

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.

(iv) Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. An accrual 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. When an employee has rendered service to the group during an accounting period, the group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

v. Taxation

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 or equity in which case it is recognised in other comprehensive income or equity.

The Bank is not subject to tax in respect of its functions under the Bank of Ghana Act.

Tax on the profit of the Bank's subsidiaries, Ghana International Bank Plc and Ghana Interbank Payments and Settlements Systems Ltd for the year, comprises current tax charge and the change in deferred tax. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities on the taxable income for the year, using the tax rates (and tax laws) that have been enacted or substantively enacted by the financial reporting date.

Deferred taxation

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

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

w. Events after the reporting date

Events subsequent to reporting date are adjusted only to the extent that they provide evidence of conditions that existed at the end of the reporting period and their effect is material.

x. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the financial statements.

y. Provisions and contingencies

A provision is recognised if, as a result of past obligating event, the settlement amount 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.

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

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognise a contingent liability. The group only discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

z. Financial Guarantees and Performance Bonds

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

Financial guarantee liabilities are initially recognised at their fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the best estimate of the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

Guarantees and performance bonds are given as security to support the performance of Government of Ghana (GoG) to third parties. The Bank will only be required to meet these obligations in the event of default by GoG. The guarantees and performance bonds are generally short term commitments to third parties which are not directly dependent on GoG's credit worthiness.

z.a. Currency in Circulation

The Bank recognises liability in respect of currencies circulating in the public domain. Consequently, currencies issued by the Bank but which are not in circulation (i.e. held by the Central Bank and its Branches/Agencies) are excluded from the liability position at year end.

z.b. Currency in Circulation

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

An impairment loss is recognized 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

3. COMMITMENTS AND CONTINGENT LIABILITIES

The Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain some risk and are therefore disclosed below:

a. Capital expenditure commitment

The Group had capital expenditure commitments of GH¢31.4 million not provided for in the financial statements as at 31 December 2019 (2018: GH¢¢523 million). Capital expenditure commitments include capital expenditure contracts that have been awarded but have not yet been executed. The major projects ongoing include the construction of the Hospital, the Data Center and the Guest houses.

b. Pending legal claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH¢24.4 million (2018: GH¢ 64.2 million). The contingent liabilities above relate to a number of outstanding cases. The disclosure of the individual cases in the financial statements is not practicable. No provision in relation to these claims has been recognised in the consolidated financial statements as legal advice indicates that it is not probable that a significant liability will arise. The cases are mainly brought against the Bank in relation to the performance of its functions as a Central Bank, for contracts entered into by the Bank and dissatisfied employees alleging wrongful dismissal.

c. Documentary credits

Contingent liabilities in respect of letters of credits for the Group amounted to GH¢1.09 billion (2018: GH¢645 million).

d. Guarantees and performance bonds

The Bank enters into various commitments in the normal course of its business. The maximum exposure of the Group in respect of guarantees and performance bonds outstanding as at 31 December 2019 was GH¢ 2.24 billion (2018: GH¢3.26 billion).

e. Securities and pledges

The Bank has pledged GH¢10.39 billion (2018: GH¢4.99 billion) as security for its short term borrowings. The pledge is against the value of foreign securities.

4. EFFECTIVE INTEREST RATES OF FINANCIAL ASSETS AND LIABILITIES

The effective interest rates for the principal financial assets were in the following ranges:

	2019	2018
Assets		
Securities – Government	9.0 – 17.00%	9.5 – 18.00%
External securities	0.12 - 2.15%	0.13 - 2.25%
Loans and Advances	20.00 - 24.50%	20.00 - 25.50%
Liabilities		
Deposits	0%	0%
Liabilities under Money Market Operations	11.87 - 21.46%	11.74 - 20.82%

5(i) INTEREST AND SIMILAR INCOME

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Interest on overnight lending, government securities, medium/long-term notes and bonds	**1,922,203**	1,645,507	**1,926,859**	1,655,592
Interest on foreign accounts and foreign investments	**754,810**	379,669	**765,845**	435,228
	2,677,013	2,025,176	**2,692,704**	2,090,820
Interest on loans and advances	**245,729**	369,424	**351,922**	428,130
Total interest Income	**2,922,742**	2,394,600	**3,044,626**	2,518,950
Discount on treasury bill	**2,227**	532	**2,227**	532
	2,924,969	2,395,132	**3,046,853**	2,519,482

5(ii) PRICE AND EXCHANGE DIFFERENCES

Transactional exchange differences	(174,454)	88,395	(157,180)	107,647
Exchange rate equalisation	857,749	197,818	857,749	197,818
Exchange difference in gold other foreign assets	1,709,805	403,361	1,709,805	403,361
Price movement in gold	263,226	(75,277)	263,226	(75,277)
	2,656,326	614,297	2,673,600	633,549

Exchange Rate Equalization represents the sum of gains and losses on daily revaluation of assets and liabilities denominated in foreign currency.

5(iii) INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
IMF & SDR allocations	**19,476**	13,572	**19,476**	13,572
Foreign loans and credits	**403,296**	174,998	**403,296**	174,998
Interest on money market instruments	**818,264**	1,392,840	**820,795**	1,405,445
Repo expense	**366,537**	411,450	**366,537**	411,450
Lease finance charge	**-**	-	**1,660**	-
	1,607,573	1,992,860	**1,611,764**	2,005,465

All interest expense recognized was on financial instruments measured at amortised cost.

The amounts reported above include interest income and expense calculated using the effective interest method, that relate to the following items:

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Financial assets measured at amortised cost	**2,606,420**	2,103,559	**2,606,420**	2,217,825
Financial assets measured at FVOCI	**-**	-	**11,045**	10,084
Financial assets measured at FVPL	**361,272**	291,573	**472,111**	291,573
	2,967,692	2,395,132	**3,089,576**	2,519,482
Financial liabilities measured at amortised cost	**1,607,573**	1,992,860	**1,611,764**	2,005,465

5(iv) FEE AND COMMISSION INCOME

Fee and commission income represents income from central banking activities performed by the Bank to commercial banks and other financial institutions.

5(v) OTHER OPERATING INCOME

Other operating income includes gains or losses arising on fair value changes in trading assets and liabilities and penalties charges to commercial banks and other financial institutions.

5(vi) DIVIDEND INCOME

Dividend income is received from the subsidiaries and other investee entities of the Group when declared and paid.

6. OTHER OPERATING EXPENSES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Personnel costs	**809,799**	697,254	**918,027**	784,571
Foreign and domestic travel	**48,614**	37,317	**48,614**	37,317
Motor vehicle maintenance/running	**43,262**	36,188	**43,262**	36,188
Communication expenses	**22,561**	15,003	**22,561**	15,003
Banking college and monetary institutes expenses	**10,184**	8,013	**10,184**	8,013
Computer related expenses	**20,359**	20,275	**20,359**	20,275
Banking supervision expenses	**105,535**	49,697	**105,535**	49,697
Auditor's remuneration	**600**	515	**1,597**	1,127
Directors' fees	**2,763**	2,407	**13,142**	5,185
External Fund Manager Charges	**25,850**	15,685	**25,850**	15,685
International Bodies Subscriptions	**12,311**	7,350	**12,311**	7,351
Expense on foreign currency importation	**300**	417	**300**	417
Amortisation of intangible assets	**9,736**	9,910	**13,977**	11,978
Depreciation – motor vehicles	**15,332**	11,673	**15,769**	11,673
Other administrative expenses	**265,794**	219,650	**335,957**	302,389
	1,393,000	1,131,354	**1,587,445**	1,306,869

Directors' fees relate to emoluments paid to both executive and non-executive directors for the discharge of their roles as directors. All other remunerations are included in personnel costs. Included in other administrative expenses is the Bank's subordinated loan of GH¢150 million receivable from Agricultural Development Bank Limited and transferred to the Financial Investment Trust (a Trust set up by Bank of Ghana) during the year.

The number of persons in employment at the end of the year was as follows:

Directors	**13**	13	**23**	23
Staff	**2,031**	2,011	**2,205**	2,127
	2,044	2,024	**2,228**	2,150

7. PREMISES AND EQUIPMENT EXPENSES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Rent and Rates	**4,031**	3,737	**4,031**	3,737
Electricity, Water and Conservancy	**13,955**	16,504	**13,955**	16,504
Repairs and Renewals	**40,882**	51,946	**40,882**	51,946
Insurance – Premises and Equipment	**426**	387	**426**	387
Depreciation – Premises & Equipment	**90,962**	102,944	**102,552**	112,809
Generator Running Expenses	**529**	552	**529**	552
General Premises and Equipment Expenses	**19,462**	22,176	**19,542**	22,236
	170,247	198,246	**181,917**	208,171

8. CURRENCY ISSUE EXPENSES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Agency Fees	**1,936**	2,052	**1,936**	2,052
Notes Printing	**306,227**	146,795	**306,227**	146,795
Other Currency Expenses	**3,911**	4,800	**3,911**	4,800
	312,074	153,647	**312,074**	153,647

9(a) IMPAIRMENT LOSSES

	The Bank 2019	The Bank 2018	The Group 2019	The Group 2018
Balance at 1 January	**3,192,808**	1,400,302	**3,197,259**	1,401,185
Adoption of IFRS 9	**-**	1,345,786	**-**	1,350,399
Restated balance at 1 January	**3,192,808**	2,746,088	**3,197,259**	2,751,584
Impairment losses recognised	**568,247**	804,628	**568,247**	804,628
Recovery of impaired facilities	**(357,908)**	(357,908)	**(2,162)**	(359,451)
Exchange Difference	**-**	-	**804**	498
Balance at 31 December	**3,761,055**	3,192,808	**3,764,148**	3,197,259

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT LOSSES

The Bank

Year ended 31 December 2019	**Loans and Advances (note 15) GH¢'000**	**Other Assets (note 17) GH¢'000**	**Securities (note 14) GH¢'000**	**Other Liabilities (note 25) GH¢'000**	**Total 2019 GH¢'000**
At 1 January 2019	3,104,130	67,714	19,708	1,256	3,192,808
Impairment losses recognised	365,294	197,504	3,895	1,554	568,247
At 31 December 2019	**3,469,424**	**265,218**	**23,603**	**2,810**	**3,761,055**

The Group

Year ended 31 December 2019					
At 1 January 2019	3,108,581	67,714	19,708	1,256	3,197,259
Impairment losses recognised	365,294	197,504	3,895	1,554	568,247
Recovery of impaired facilities	(2,162)	-	-	-	(2,162)
Exchange difference	804	-	-	-	804
At 31 December 2019	**3,472,517**	265,218	**23,603**	**2,810**	**3,764,148**

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT (CONTINUED)

The Bank

Year ended 31 December 2018	Loans and Advances (note 15) GH¢'000	Other Assets (note 17) GH¢'000	Securities (note 14) GH¢'000	Other Liabilities (note 25) GH¢'000	Total 2019 GH¢'000
At 1 January 2018	979,205	21,097	-	-	1,400,302
Adoption of IFRS 9	1,321,068	3,056	20,673	989	1,345,786
Restated balance at 1 January	2,300,273	424,153	20,673	989	2,746,088
Impairment losses recognised	803,857	1,469	(965)	267	804,628
Recovery of impaired facilities	-	(357,908)	-	-	(357,908)
At 31 December 2018	3,104,130	67,714	19,708	1,256	3,192,808

The Group

Year ended 31 December 2018

At 1 January 2018	980,088	421,097	-	-	1,401,185
Adoption of IFRS 9	1,325,681	3,056	20,673	989	1,350,399
Restated balance at 1 January	2,305,769	424,153	20,673	989	2,751,584
Impairment losses recognised	803,857	1,469	(965)	267	804,628
Recovery of impaired facilities	(1,543)	(357,908)	-	-	(359,451)
Exchange difference	498	-	-	-	498
At 31 December 2018	3,108,581	67,714	19,708	1,256	3,197,259

10. TAXATION

The Bank is exempt from payment of income taxes. Consequently, no provisions have been made in respect of income and deferred taxes in the Bank's separate financial statements. However, the subsidiaries - Ghana International Bank Limited, Ghana Interbank Payment and Settlement Systems Limited and the Central Securities Depository are taxable entities, as such the financial statements of the Group reflect the appropriate level of taxes payable by the subsidiaries.

(a) Income tax charge	**2019 GH¢'000**	2018 GH¢'000
Current income tax		
Current year	**5,053**	8,933
Prior year adjustment	**(5)**	(3)
Total current tax charge	**5,048**	8,930
Deferred tax charge		
Current year	**459**	216
Prior year adjustment	**-**	(34)
Total deferred tax charge	**459**	182
Total charge	**5,507**	9,112
(b) The charge for the year can be reconciled to the profit or loss as follows:		
Profit/(loss) on ordinary activities before tax	**1,826,207**	(756,559)
Tax at 25% (2018: 25%)	**456,552**	(189,140)
Depreciation of non-qualifying assets	**133**	167
Expenses disallowed for other tax purposes	**995**	7
Effect of change in tax rate of subsidiary	**(1,126)**	47
Prior year adjustment	**(26)**	219
Tax effect on capital allowance	**(794)**	(459)
Results of the Bank not subject to tax	**(450,227)**	198,271
	5,507	9,112

(c) The movement in the current income tax balance is as follows:	2019 GH¢'000	2018 GH¢'000
At 1 January	**2,736**	10,743
Charge to statement of profit or loss	**5,048**	8,930
Payment	**(8,846)**	(16,885)
Translation difference	**1,167**	(52)
	105	2,736

The net current income tax balance of GH¢ 105,000 consists of current income tax liability of GH¢ 319,000 (2018: GH¢ 3,530,000) in Ghana International Bank Plc and current income tax asset of GH¢ 214,000 (2018: GH¢ 794,000) in Central Securities Depository (Gh) Limited.

(d) The movement in the deferred tax balance is as follows:

At 1 January	**175**	(59)
Adoption of IFRS 9	**-**	(945)
Restated balance at 1 January	**175**	(1,004)
Charge/(release) to statement of profit or loss	**459**	182
Translation difference	**(2,257)**	997
	(1,623)	175
Deferred tax (assets)/liabilities are attributable to:		
Impairment provision	(1,865)	(15)
Property, plant and equipment	242	190

Deferred tax assets and liabilities are non-current.

11. CASH AND BALANCES WITH CORRESPONDENT BANKS

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	2019 GH¢'000	2018 GH¢'000
Correspondent Bank Balances	**7,123,895**	4,814,343	**9,756,107**	7,069,416
Notes and Coins Holdings	**232,551**	209,347	**232,551**	209,347
	7,356,446	5,023,690	**9,988,658**	7,278,763

CASH AND BANK BALANCES BY CURRENCY

(Ghana cedi equivalent)

	The Bank 2019 GH¢'000	The Bank 2018 GH¢'000	The Group 2019 GH¢'000	The Group 2018 GH¢'000
US Dollar	**7,032,604**	4,640,297	**9,298,865**	6,542,567
Pound Sterling	**56,642**	63,581	**96,321**	85,382
Euro	**136,007**	165,553	**437,131**	450,313
Others	**131,193**	154,259	**156,341**	200,501
Total	**5,023,690**	6,413,197	**7,278,763**	9,778,638

12. GOLD

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Bank of England Gold set aside	**931,926**	682,206	**931,926**	682,206
Federal Reserve Bank NY Gold	**651,295**	476,774	**651,295**	476,774
UBS Gold Investment	**700,587**	513,091	**700,587**	513,091
Gold-local holdings	**86,239**	63,131	**86,239**	63,131
	2,370,047	1,735,202	**2,370,047**	1,735,202

Gold balances consist of **280,872.44** fine ounces of gold at the market price of USD1,524.26 per ounce (2018: 280,872.44 fine ounces at USD1,281.29 per ounce)..

13. BALANCES WITH INTERNATIONAL MONETARY FUND (IMF)

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Holdings	**140,367**	181,429	**140,367**	181,429
Quota	**5,203,559**	4,677,223	**5,203,559**	4,677,223
	5,343,926	4,858,652	**5,343,926**	4,858,652

Membership in the Fund is quota based and is determined upon admission and periodically increased under general quota reviews. The IMF quota account reflects initial and subsequent quota payments. The Holdings account represents the Special Drawing Right holdings with the IMF. Balances with IMF are current.

14. SECURITIES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Long-term Government securities	**12,444,350**	12,467,953	**12,444,350**	12,467,953
Money market instruments	**2,992,473**	4,024,528	**2,992,473**	4,024,528
Short-term securities	**30,806,749**	21,441,849	**30,901,335**	21,511,980
Other securities	**-**	-	**397,664**	306,988
Gross amount	**46,243,572**	37,934,330	**46,735,822**	38,311,449
Less: Impairment losses (note 9b)	**(23,603)**	(19,708)	**(23,603)**	(19,708)
	46,219,969	37,914,622	**46,712,219**	38,291,741
Current	**26,818,502**	21,937,649	**27,135,121**	22,235,469
Non-current	**19,401,467**	15,976,973	**19,577,098**	16,056,272
SECURITIES BY CURRENCY				
(Ghana cedi equivalent)				
Cedi	**14,970,063**	16,154,102	**15,064,794**	16,224,351
US Dollar	**30,848,917**	21,327,795	**31,093,869**	21,522,232
Pound Sterling	**69,999**	151,618	**192,039**	237,938
Others	**330,990**	281,107	**361,517**	307,220
Total	**46,219,969**	37,914,622	**46,712,219**	38,291,741

(i) Long-term Government securities

These are securities which have been issued by the Government of Ghana to cover among others net exchange losses arising on gold, special drawing rights or foreign securities in accordance with section 7 of the Bank of Ghana Act 2002 (Act 612) as amended.

(ii) Short-term securities

Short term securities include fixed deposits held with correspondent banks and investments held with overseas fund managers which mainly are in the form of units held in Trust and other debt and equity instruments. They are categorised as foreign short term internally managed securities measured at amortised cost and foreign short term externally managed securities measured at fair value through profit or loss.

(iii) Available-for-sale securities

Other securities include certificate of deposits, treasury bills, sovereign bonds and other corporate bonds.

15. LOANS AND ADVANCES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**1,049,049**	-	1,049,049	-
Financial institutions	**4,873,416**	5,382,598	5,437,721	6,014,929
Other quasi-governmental institutions	**2,079,387**	2,505,132	2,079,387	2,505,132
Gross Amount	**8,001,852**	7,887,730	8,566,157	8,520,061
Less: Impairment losses (9b)	**(3,469,424)**	(3,104,130)	(3,472,517)	(3,108,581)
Carrying amount	**4,532,428**	4,783,600	5,093,640	5,411,480
Current	**3,020,467**	2,717,446	3,350,696	3,187,532
Non-current	**1,511,961**	2,066,154	1,742,944	2,223,948

LOANS AND ADVANCES BY CURRENCY (GROSS AMOUNT)

(Ghana cedi equivalent)

Cedi	**4,507,526**	4,761,910	4,482,624	4,740,209
US Dollar	**24,902**	21,690	431,142	446,300
Pound Sterling	**-**	-	179,874	224,971
Total	**4,532,428**	4,783,600	5,093,640	5,411,480

16. DERIVATIVES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Foreign currency swap	**80,944**	(28,319)	**80,944**	(28,319)

The Central Bank entered into currency swap contracts with some local banks where it received United States Dollars from the local banks in exchange for Ghana cedis. The foreign currency swap balance is from an underlying receivable of GH¢4.71 billion (2018: GH¢2.09 billion) from these local banks and GH¢4.63 billion payable to those local banks (2018: GH¢2.1 billion). The balance also includes the fair value of the foreign currency forward contracts included in the arrangements of GH¢80.9 million (2018: 28.3 million). Under the terms of the agreements, the amounts payable by the Bank are offset against receivables from the commercial banks and only the net amounts are settled. The receivable and payable amounts have therefore been presented on a net basis in the statement of financial position.

The table below presents the recognised derivative instruments that are offset, or subject to enforceable master netting arrangements as at 31 December 2019 and 31 December 2018. The column 'net amount' shows the impact on the group's balance sheet if all set-off rights were exercised.

	Gross amounts GH¢'000	Gross amounts set off in the balance sheet GH¢'000	Net amounts presented in the balance sheet GH¢'000
2019			
Derivative financial instruments	4,709,434	(4,628,490)	80,944
2018			
Derivative financial instruments	2,090,695	(2,119,014)	(28,319)

Derivatives are current.

17. OTHER ASSETS

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Items in course of Collection	**8,148**	3,474	**8,148**	3,474
Other receivables	**1,428,515**	3,235,251	**1,467,270**	3,266,368
	1,436,663	3,238,725	**1,475,418**	3,269,842
Less: Impairment losses (note 9b)	**(265,218)**	(67,714)	**(265,218)**	(67,714)
	1,171,445	3,171,011	**1,210,200**	3,202,128
Current	**906,227**	1,236,462	**944,982**	1,267,579
Non-current	**265,218**	1,934,549	**265,218**	1,934,549

Included in other receivables are imprest and sundry receivables.

18. INVESTMENTS

		The Bank		The Group	
		2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Investment in subsidiaries	18 (a)	**218,759**	149,524	**-**	-
Other investments	18 (b)	**266,036**	424,380	**266,036**	424,380
		484,795	573,904	**266,036**	424,380
Less: Impairment losses		**-**	-	**-**	-
		484,795	573,904	**266,036**	424,380

18(a) Subsidiaries

The investment in subsidiaries is made up of:

- GH¢70,164,525 (2018:GH¢70,164,525) representing 51% equity holding in Ghana International Bank Plc, a commercial bank incorporated in the United Kingdom;
- GH¢146,144,475 (2018: GH¢76,909,229) representing 100% holdings in Ghana Interbank Payment and Settlement System (GhIPSS), a company incorporated in Ghana; and
- GH¢2,450,000 (2018: GH¢2,450,000) representing 70% in Central Securities Depository, a company incorporated in Ghana.

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

	Holding		
	2019 %	2018 %	**Nature of business**
Ghana International Bank Plc (GHIB)	**51**	51	Banking
Ghana Interbank Payment and Settlement Systems	**100**	100	Operation of national payment and settlement systems
Central Securities Depository Limited	**70**	70	Operation of national securities depository

All subsidiaries except GHIB are incorporated in the Republic of Ghana. Investment in subsidiaries has been carried at cost in the Bank's separate financial statements.

Bank of Ghana is also the sole member of Financial Investment Trust, a company limited by guarantee whose object is to own, hold, manage, sell, dispose of, transfer realise the proceeds of sale of the investments of Bank of Ghana in its subsidiaries, associated and other companies as may be directed by Bank of Ghana from time to time. The Trust has not been consolidated as its results are considered immaterial to the Bank.

18(b) Other Investments

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Equity investment in Afrexim	**184,400**	142,744	**184,400**	142,744
GIRSAL investment	-	200,000	-	200,000
GDPC investment	**81,636**	81,636	**81,636**	81,636
	266,036	424,380	**266,036**	424,380

All other investments above are measured as fair value through other comprehensive income (FVOCI).

At 1 January	**424,380**	122,242	**424,380**	122,242
Adoption of IFRS 9	-	87,905	-	87,905
Restated balance at 1 January	**424,380**	210,147	**424,380**	210,147
less GIRSAL Investment transferred to Government	**(200,000)**	180,788	**(200,000)**	180,788
Fair value gain on equity investment measured at FVOCI	**41,656**	33,445	**41,656**	33,445
At 31 December	**266,036**	424,380	**266,036**	424,380

Equity investment in African Export-Import Bank (AFREXIM)

AFREXIM, incorporated in 1993 in Nigeria, was set up for the purpose of financing, promoting and expanding intra-African and extra-African trade. As at 31 December 2019, the Bank had a total value of GH¢184.4 million (2018: GH¢142.74 million) as equity in Afrexim. The balance includes a fair value gain on the equity instrument of GH¢41.66 million. The proportion of the Bank's equity interest to the total holding in Afrexim is 1.56%.

Ghana Incentive Based Risk Sharing System for Agricultural Lending (GIRSAL)

The Ghana Incentive Based Risk Sharing System for Agricultural Lending (GIRSAL) Limited, is a Bank of Ghana support scheme to the Agricultural sector. The scheme aims at boosting lending to export-intensive and import-substituting agricultural product producers. Funds made available to the Scheme were transferred to the Ministry of Finance as at 31 December 2019.

Ghana Deposit Protection Corporation (GDPC)

The Ghana Deposit Protection Corporation was established under the Ghana Deposit Protection Act, 2016 (Act 931) to protect small depositors from loss incurred as a result of the occurrence of an insured event and to support the development of a safe, sound, efficient and a stable market-based financial system in Ghana. Total funds made available to the Corporation as at 31 December 2019 was GH¢ 81.64 million.

19 PROPERTY, PLANT AND EQUIPMENT

The Bank

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 2019	687,093	75,572	19,894	304,847	239,819	1,327,225
Additions	7,723	16,803	698	37,297	115,903	178,424
Disposals	-	(1,294)	(299)	(123)	-	(1,716)
At 31 December 2019	694,816	91,081	20,293	342,021	355,722	1,503,933
Accumulated depreciation						
At 1 January 2019	79,430	50,933	11,687	142,514	-	284,564
Charge for the year	28,128	15,332	2,947	60,017	-	106,424
Released on disposals	-	(834)	(101)	(28)	-	(963)
At 31 December 2019	107,558	65,431	14,533	202,503	-	390,025
Net book amount	587,258	25,650	5,760	139,518	355,722	1,113,908
At 31 December 2019						

The Group

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 2019	698,446	80,062	23,754	359,793	252,288	1,414,343
Additions	9,499	16,841	1,640	43,466	16,679	188,125
Transfers	-	-	-	12,027	(12,027)	-
Reclassifications	-	-	-	(12,585)		(12,585)
Disposals	-	(1,294)	(299)	(123)	-	(1,716)
Translation adjustment	1,369	139	514	4,188	-	6,210
At 31 December 2019	709,314	95,748	25,609	406,766	356,940	1,594,377
Accumulated depreciation						
At 1 January 2019	86,106	54,291	14,975	183,797	-	339,169
Charge for the Year	29,654	15,115	3,842	62,502	-	111,113
Reclassifications	-	-	-	(4,291)	-	(4,291)
Released on disposal	-	(834)	(101)	(28)		(963)
Translation adjustment	1,161	131	486	2,819	-	4,597
At 31 December 2019	116,921	68,703	19,202	244,799	-	449,625
Net book amount						
At 31 December 2019	592,393	27,045	6,407	161,967	356,940	1,144,752

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Bank

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 2018	245,428	80,227	13,091	140,024	367,745	846,515
Additions	10,847	3,179	7,264	165,139	302,892	489,321
Transfers	430,818	-	-	-	(430,818)	-
Disposals	-	(7,834)	(461)	(316)	-	(8,611)
At 31 December 2018	687,093	75,572	19,894	304,847	239,819	1,327,225
Accumulated depreciation						
At 1 January 2018	47,609	44,716	8,737	74,658	-	175,720
Charge for the year	31,821	11,673	3,075	68,048	-	114,617
Released on disposals	-	(5,456)	(125)	(192)	-	(5,773)
At 31 December 2018	79,430	50,933	11,687	142,514	-	284,564
Net book amount						
At 31 December 2018	607,663	24,639	8,207	162,333	239,819	1,042,661

The Group

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 2018	254,516	85,214	15,664	193,469	376,616	925,479
Additions	12,874	2,786	8,515	173,397	306,490	504,062
Transfers	430,818	-	-	-	(430,818)	-
Disposals	-	(7,963)	(511)	(7,806)	-	(16,280)
Translation adjustment	238	25	86	733	-	1,082
At 31 December 2018	698,446	80,062	23,754	359,793	252,288	1,414,343
Accumulated depreciation						
At 1 January 2018	52,408	48,229	11,182	119,554	-	231,373
Charge for the Year	33,535	11,597	3,887	71,377	-	120,396
Released on disposal	-	(5,553)	(175)	(7,682)	-	(13,410)
Translation adjustment	163	18	81	548	-	810
At 31 December 2018	86,106	54,291	14,975	183,797	-	339,169
Net book amount						
At 31 December 2018	612,340	25,771	8,779	175,996	252,288	1,075,174

Depreciation of property, plant and equipment is recognised in profit or loss as part of other operating, premises and equipment expenses depending on the use of the item.

Profit on disposal

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Cost	**1,716**	8,611	**1,716**	16,280
Accumulated depreciation	**(963)**	(5,773)	**(963)**	(13,410)
Carrying amount	**753**	2,838	**753**	2,870
Proceeds from disposal	**(174)**	(301)	**(174)**	(354)
Loss on disposal	**579**	2,537	**579**	2,516

20. INTANGIBLE ASSETS

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
At 1 January	**49,586**	43,815	**64,775**	58,020
Additions	**9,083**	5,771	**12,898**	6,755
Reclassifications	**-**	-	**12,585**	-
Asset written off	**-**	-	**(537)**	-
At 31 December	**58,669**	49,586	**89,721**	64,775
Accumulated amortisation				
At 1 January	**31,030**	21,120	**38,720**	26,496
Charge for the year	**9,736**	9,910	**13,977**	12,224
Reclassifications	**-**	-	**4,291**	-
At 31 December	**40,766**	31,030	**56,988**	38,720
Net book amount At 31 December	**17,903**	18,556	**32,733**	26,055

Intangible assets refers to computer software.

21. DEPOSITS

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**7,561,873**	5,349,034	**7,561,873**	5,349,034
Financial Institutions/Banks	**11,062,893**	8,492,005	**13,526,705**	10,717,870
Other deposits	**760,977**	612,299	**760,977**	612,299
	19,385,743	14,453,338	**21,849,555**	16,679,203
Current	**19,385,743**	14,453,338	**21,230,416**	16,454,203
Non-current	**-**	-	**619,139**	225,000

DEPOSITS BY VARIOUS CURRENCIES

(Ghana cedi equivalent)

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cedi	**14,360,369**	10,658,536	**14,353,242**	10,647,376
US Dollar	**4,467,559**	3,371,324	**6,797,859**	5,289,648
Pound Sterling	**199,994**	170,181	**49,001**	200,801
Euro	**341,841**	242,301	**632,413**	529,460
Others	**15,980**	10,996	**17,040**	11,918
Total	**19,385,743**	14,453,338	**21,849,555**	16,679,203

22. BRIDGE FACILITIES

Term Loans	**11,393,142**	7,389,060	**11,393,142**	7,389,060

Term loans include short and long term facilities denominated in US Dollars. Short term facilities represent facilities with three months maturity period with a roll over option and with fixed rates of interest. The long term facilities are a 3 year facility of USD 1.03 billion from JP Morgan Chase and 15-month facility of USD 18.04 million from Credit Suisse.

22. BRIDGE FACILITIES (CONTINUED)

The movement in Bridge Facilities is as follows:

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
1 January	**7,389,060**	5,740,410	**7,389,060**	5,740,410
Drawdown	**3,748,269**	7,050,318	**3,748,269**	7,050,318
Interest	**403,558**	174,915	**403,558**	174,915
Repayment	**(1,326,861)**	(6,049,155)	**(1,326,861)**	(6,049,155)
Exchange loss	**1,179,116**	472,572	**1,179,116**	472,572
31 December	**11,393,142**	7,389,060	**11,393,142**	7,389,060
Current	**5,676,830**	4,820,000	**5,676,830**	4,820,000
Non-current	**5,716,312**	2,569,060	**5,716,312**	2,569,060

23. LIABILITIES UNDER MONEY MARKET OPERATIONS

Bank of Ghana Instruments	**5,720,584**	10,739,796	**5,720,584**	10,739,796

These are securities (bills including Repos carrying a fixed rate of interest) issued by the Bank for monetary policy purposes and are shown as a liability of the Bank. These instruments include 91 and 182 days bills and are current.

24a. ALLOCATION OF SPECIAL DRAWING RIGHTS

The Bank, on behalf of Government of Ghana, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). The allocation of SDR represent Ghana's share of SDRs distributed by decision of the IMF based on the country's IMF quota.

The movement in allocation of special drawing rights is as follows:

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
1 January	**2,242,712**	2,031,560	**2,242,712**	2,031,560
Exchange loss	**252,380**	211,152	**252,380**	211,152
31 December	**2,495,092**	2,242,712	**2,495,092**	2,242,712

Allocations of SDRs are non-current.

24b. LIABILITIES TO INTERNATIONAL MONETARY FUND

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
(i) IMF Currency Holdings				
Operational Account	**65,581**	56,918	**65,581**	56,918
IMF Securities	**4,491,783**	4,037,975	**4,491,783**	4,037,975
(ii) IMF Facilities				
Poverty Reduction and Growth Facility	**5,538,759**	4,627,724	**5,538,759**	4,627,724
	10,096,123	8,722,617	**10,096,123**	8,722,617
Current	**5,538,759**	4,627,724	**5,538,759**	4,627,724
Non-current	**4,557,364**	4,094,893	**4,557,364**	4,094,893

25. OTHER LIABILITIES

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Accruals and accounts payable	**1,136,523**	764,690	**1,169,647**	783,408
Defined pension fund liability	**15,942**	-	**15,942**	-
Impairment Losses	**2,810**	1,256	**2,810**	1,256
Other payables	**530,139**	1,204,612	**603,385**	1,335,952
	1,685,414	1,970,558	**1,787,041**	2,120,616
Current	**1,468,662**	1,916,411	**1,548,889**	2,066,469
Non-current	**216,752**	54,147	**238,152**	54,147

26. EMPLOYEE BENEFIT OBLIGATION

The Bank operates a funded defined benefit plan for its employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. It is Management Policy that a full external actuarial valuation by a qualified independent actuary is carried out in every two years to determine the benefit obligation. Meanwhile, in between the periods, Management will perform an internal assessment of the Defined Benefit Obligation. The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrealised actuarial gains and losses. The value of defined benefit assets and obligations at the year-end are as follows:

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Defined benefit obligation	**(2,345,139)**	(2,039,251)	**(2,345,139)**	(2,039,251)
Plan assets	**2,750,800**	2,361,714	**2,750,800**	2,361,714
Total recognised benefit (liability) asset	**405,661**	322,463	**405,661**	322,463

Where the defined benefit obligation exceeds the plan assets, the excess liability is recognised as part of other liabilities. For the year 2019, the plan assets exceed the defined benefit obligation and the excess assets have not been recognised since no future economic benefits is available to the Bank in the form of a reduction in future contributions or a cash refund. There are no legal or contractual requirement for the employer to make any additional minimum funding to the plan other than those actuarially determined. All the plan assets are Governments securities which are traded on the secondary market.

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Plan assets				
Balance at 1 January	2,361,714	1,782,655	2,361,714	1,782,655
Contributions by employer during the year	389,086	579,059	389,086	579,059
Fund assets in investments	2,750,800	2,361,714	2,750,800	2,361,714
Fund obligation at 31 December	**2,750,800**	2,361,714	**2,750,800**	2,361,714
Fund Liability				
Balance at 1 January	**2,039,251**	1,773,261	**2,039,251**	1,773,261
Pension payments	**(102,129)**	(79,418)	**(102,129)**	(79,418)
Interest expense	**408,017**	345,408	**408,017**	345,408
Remeasurements	-	-	-	-
Current service cost	-	-	-	-
Fund obligation at 31 December	**2,345,139**	2,039,251	**2,345,139**	2,039,251

26. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

	2019	2018
Actuarial assumptions		
Discount rate at 31 December	**18%**	18%
Salary increment rate	**15%**	15%
Mortality Rate	**SSNIT 75% Mortality**	SSNIT 75% Mortality

The sensitivity of the present values of the defined benefit obligations when it was last performed by the Actuary in 2018 are presented below:

Assumption Variables	Management Best Estimates	i+1%	i-1%	s+1%	s-1%	µ increased by 10%	µ decreased by 10%
Discount Rate (i)	18.0%	19.0%	17.0%	18.0%	18.0%	20.0%	20.0%
Salary Rate (s)	20.0%	20.0%	20.0%	21.0%	19.0%	20.0%	20.0%
Mortality Rate (µ)	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 85% Mortality	SSNIT 65% Mortality
Change in Actuarial liability	-	(7.26)%	37.86%	35.64%	(8.10)%	(9.21)%	13.30%

The risk is that when the defined benefit obligation falls due the Bank would be unable to honour them, however, in recent years the plan assets have always been higher than the defined benefit obligation. As a funded scheme, the plan assets are expected to be used in paying the obligations. Where the obligations are higher than the plan assets, the Bank of Ghana Act makes provision for the shortfall to be funded via an appropriation in retained earnings.

The sensitivity of the present values of the defined benefit obligations as estimated by management for 2019 is presented below:

Assumption Variables	Management Best Estimates	i+1%	i-1%	s+1%	s-1%	µ increased by 10%	µ decreased by 10%
Discount Rate (i)	18.0%	19.0%	17.0%	18.0%	18.0%	20.0%	20.0%
Salary Rate (s)	15%	15%	15%	16.0%	14.0%	15.0%	15.0%
Mortality Rate (µ)	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 75% Mortality	SSNIT 85% Mortality	SSNIT 65% Mortality
Change in Actuarial liability	-	(5.45)%	28.40%	27.15%	(5.97)%	(6.91)%	9.98%

27. CURRENCY IN CIRCULATION

	The Bank		The Group	
	2019 GH¢'000	2018 GH¢'000	**2019 GH¢'000**	2018 GH¢'000
Notes and Coins Issued	**31,589,198**	20,487,399	**31,589,198**	20,487,399
Less: Cash Account & Agencies	**(15,326,308)**	(6,931,047)	**(15,326,308)**	(6,931,047)
	16,262,890	13,556,352	**16,262,890**	13,556,352

27. CURRENCY IN CIRCULATION BY DENOMINATION

DENOMINATION Notes in circulation	The Bank 2019 GH¢'000	 2018 GH¢'000	The Group 2019 GH¢'000	 2018 GH¢'000
GH¢200	**276,708**	-	**276,708**	-
GH¢100	**149,049**	-	**149,049**	-
GH¢50	**5,921,257**	4,572,313	**5,921,257**	4,572,313
GH¢20	**5,083,599**	4,546,342	**5,083,599**	4,546,342
GH¢10	**2,826,857**	2,607,663	**2,826,857**	2,607,663
GH¢5	**1,358,984**	1,233,212	**1,358,984**	1,233,212
GH¢2	**219,883**	208,666	**219,883**	208,666
GH¢1	**179,854**	175,134	**179,854**	175,134
Total notes in circulation	**16,016,191**	13,343,330	**16,016,191**	13,343,330
Coins in circulation				
GH¢2	**1,894**	-	**1,894**	-
GH¢1	**28,053**	27,106	**28,053**	27,106
50GP	**87,139**	70,916	**87,139**	70,916
20GP	**79,604**	69,479	**79,604**	69,479
10GP	**38,847**	34,554	**38,847**	34,554
5GP	**10,056**	9,892	**10,056**	9,892
1GP	**1,106**	1,075	**1,106**	1,075
Total coins in circulation	**246,699**	213,022	**246,699**	213,022
Total currency in circulation	**16,262,890**	13,556,352	**16,262,890**	13,556,352

28. STATED CAPITAL

	Number of Shares 2019 GH¢'000	 2018 GH¢'000	Proceeds 2018 GH¢'000	 2017 GH¢'000
Authorised Number of shares	**700,000,000**	700,000,000		
Issued and paid				
For Cash Consideration	**100**	100	**10**	10
Consideration other than for Cash	**99,900**	99,900	**9,990**	9,990
	100,000	100,000	**10,000**	10,000

Shares are of no par value. There are no shares in treasury and no installments unpaid on any share.

29. ASSET REVALUATION RESERVE

This represents surplus arising on the revaluation of the Bank's property, plant and equipment.

30. STATUTORY RESERVE

The Statutory Reserve represents portions of surplus that have been set aside over the years in accordance with section 6 of the Bank of Ghana Act, 2002 (Act 612) as amended. Transfers to the statutory reserve are made in reference to conditions in relation to the stated capital. These conditions have since been met hence no transfer has been made in 2019 (2018: Nil).

31. OTHER RESERVES

The Bank 2019	Price Movement GH¢'000	General and Revaluation Reserve GH¢'000	Fair valuation Reserve GH¢'000	Total GH¢'000
At 1 January	1,012,927	(1,269,413)	121,350	(135,136)
Exchange movement in gold and other foreign assets	-	1,709,805	-	1,709,805
Refund of unutilised Agricultural funds		100,000		100,000
Utilisation of Corporate Social Responsibility (CSR) funds	-	(24,305)	-	(24,305)
Price movement in gold	263,226	-	-	263,226
Decrease in the year	-	-	(242,924)	(242,924)
Transfer of residual loss from retained earnings	-	(172,125)	-	(172,125)
At 31 December	**1,276,153**	**343,962**	**(121,574)**	**1,498,541**
The Bank 2018				
At 1 January	1,088,204	794,434	-	1,882,638
Adoption of IFRS 9	-	-	87,905	87,905
Restated 1 January	1,088,204	794,434	87,905	1,970,543
Exchange movement in gold and other foreign assets	-	403,361	-	403,361
Utilisation of agriculture & CSR fund		(253)	-	(253)
Price movement in gold	(75,277)	-	-	(75,277)
Increase in the year	-	-	33,445	33,445
Transfer of residual loss from retained earnings	-	(2,466,955)	-	(2,466,955)
At 31 December	1,012,927	(1,269,413)	121,350	(135,136)

The Group 2019

	Foreign currency Translation Reserve GH¢'000	Price Movement GH¢'000	General and Revaluation Reserve GH¢'000	Fair valuation Reserve GH¢'000	Total GH¢'000
At 1 January	192,619	1,012,929	(1,269,327)	122,990	59,211
Refund of unutilised Agricultural funds			100,000		100,000
Utilisation of Corporate Social Responsibility (CSR) funds	-	-	(24,305)	-	(24,305)
Price movement in gold	-	263,226	-	-	263,226
Exchange movement in gold and other foreign assets	-	-	1,709,805	-	1,709,805
Increase/(decrease) in the year	79,947	-	-	(236,982)	(157,035)
Transfer of residual loss from retained earnings	-	-	(172,125)	-	(172,125)
At 31 December	**272,566**	**1,276,155**	**344,048**	**(113,992)**	**1,778,777**
The Group 2018					
At 1 January	178,075	1,088,206	794,520	6,761	2,067,562
Adoption of IFRS 9	-	-	-	88,015	88,015
Restated 1 January	178,075	1,088,206	794,520	94,776	2,155,577
Utilisation of Agricultural & Corporate Social Responsibility (CSR) fund	-	-	(253)	-	(253)
Price movement in gold	-	(75,277)	-	-	(75,277)
Exchange movement in gold and other foreign assets	-	-	403,361	-	403,361
Increase in the year	14,544	-	-	28,214	42,758
Transfer of residual loss from retained earnings	-	-	(2,466,955)	-	(2,466,955)
At 31 December	192,619	1,012,929	(1,269,327)	122,990	59,211

- The price and exchange component of other reserves is used to account for price movement in the gold reverse held by the Bank.
- The foreign currency translation component of other reserves is used to account for the translation of the results of Ghana International Bank Plc which is a foreign operation.
- The transfer from surplus component of other reserves is used to account for the allocation requirements under the Bank of Ghana Act.
- The fair value component of other reserves is used to account for movements in investments measured at fair value through other comprehensive income.

32. NON-CONTROLLING INTEREST

	The Group	
	2019	2018
	GH¢'000	GH¢'000
At 1 January	**428,786**	424,303
Changes on initial application of IFRS 9	-	(2,154)
Profit for the year	**5,837**	14,935
Other comprehensive income	**5,709**	(5,026)
Gains on translation of foreign operation	**76,541**	11,891
Dividend paid by the group	**(6,978)**	(15,163)
At 31 December	**509,895**	428,786

Material partly-owned subsidiary

Ghana International Bank Plc is the only subsidiary which has non-controlling interest which is material to the Group. Financial information relating to this subsidiary is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	**2019**	2018
Ghana International Bank Plc	United Kingdom	**49%**	49%

The summarised financial information of Ghana International Bank Plc (the material partly owned subsidiary) is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income:

	2019	2018
	GH¢'000	GH¢'000
Operating income	**149,831**	157,344
Profit for the year	**4,311**	25,846
Other comprehensive income	**91,598**	4,287
Total comprehensive income	**95,909**	30,133
Attributable to Non-controlling interest	**46,995**	14,765
Dividends paid to non-controlling interest	**7,263**	15,163
Summarised statement of financial position as at:		
Total assets	**4,949,995**	4,321,730
Total Liabilities	**3,947,633**	3,477,850
Total equity	**1,002,362**	843,880
Attributable to:		
Equity holders of parent	**511,205**	430,378
Non-controlling interest	**491,157**	413,502
Summarised cash flow information for the year:		
Cash flows from operating activities	**(298,358)**	(369,813)
Cash flows from investing activities	**(5,359)**	(5,627)
Cash flows from financing activities	**(16,427)**	(31,000)
Forex on cash and cash equivalents	**561**	449
Net increase in cash and cash equivalents	**(319,583)**	(405,991)

33. LEASES

Amounts recognised in the statement of financial position

	2019	1 January 2019
Right of use assets		
Leasehold premises	**17,248**	19,229
Office furniture and equipment	**286**	324
	17,534	19,554
Lease liabilities		
Current	**2,653**	2,383
Non-current	**15,835**	17,146
	18,488	19,529
Amounts recognised in profit or loss		
Depreciation charge of right of use of assets - Buildings	**3,028**	-
Interest expense on lease liabilities	**1,660**	-
Expense relating to short term and low value assets leases (included in administrative expenses)	**65**	-

Additions to the right of use assets during the year were GH¢2,150,000 and GH¢2,125,000 to lease liabilities. The total cash outflow for leases in 2019 was GH¢2,701,000.

34. FINANCIAL INSTRUMENTS

Financial assets are classified as Amortised cost, Fair value through Profit or Loss or Fair Value through Other Comprehensive Income. These categories of financial assets have been combined for presentation on the face of the statement of financial position. Financial liabilities are held either at fair value through profit or loss or at amortised cost.

The Group's classification of its principal financial assets and liabilities is summarized overleaf:

Assets
The Bank

At 31 December 2019	Note	Amortised cost GH¢000	Designated at fair value through profit or loss GH¢000	Designated at fair value through other comprehensive income GH¢000	Total Carrying GH¢000	Fair value GH¢000
Cash and balances with correspondent banks	11	7,356,446	-	-	7,356,446	7,356,446
Balances with IMF	13	5,343,926	-	-	5,343,926	5,343,926
Government securities	14	12,444,350	-	-	12,444,350	12,537,683
Money market instruments	14	2,992,473	-	-	2,992,473	2,925,142
Short-term securities	14	3,790,393	24,275,341	2,717,412	30,783,146	30,810,437
Loans and advances	15	4,532,428	-	-	4,532,428	4,781,712
Derivative financial asset	16	-	80,944	-	80,944	80,944
Other assets (less prepayments)	17	1,171,445	-	-	1,171,445	1,171,445
Investments (less investment in subsidiary)	18	81,636	-	184,400	266,036	266,036
		37,713,097	**24,356,285**	**2,901,812**	**64,971,194**	**65,273,771**
At 31 December 2018						
Cash and balances with correspondent banks	11	5,023,690	-	-	5,023,690	5,023,690
Balances with IMF	13	4,858,652	-	-	4,858,652	4,858,652
Government securities	14	12,448,245	-	-	12,448,245	12,541,607
Money market instruments	14	4,024,528	-	-	4,024,528	4,064,773
Short-term securities	14	1,226,300	20,215,549	-	21,441,849	21,450,678
Loans and advances	15	4,783,600	-	-	4,783,600	5,046,698
Other assets (less prepayments)		2,078,362	-	-	2,078,362	2,078,362
Investments	18	281,636	-	142,744	424,380	424,380
		34,725,013	20,215,549	142,744	55,083,306	55,488,840

34. FINANCIAL INSTRUMENTS (CONTINUED)

Assets
The Group

At 31 December 2019	Note	Amortised cost GH¢000	Designated at fair value through profit or loss GH¢000	Designated at fair value through other comprehensive income GH¢000	Total Carrying GH¢000	Fair value GH¢000
Cash and balances with correspondent banks	11	9,988,658	-	-	9,988,658	9,988,658
Balances with IMF	13	5,343,926	-	-	5,343,926	5,343,926
Government securities	14	12,444,350	-	-	12,444,350	12,537,683
Money market instruments	14	2,992,473	-	-	2,992,473	2,925,142
Short-term securities	14	3,884,979	24,275,341	2,717,412	30,877,732	30,905,704
Other securities	14	-	-	397,664	397,664	397,664
Loans and advances	15	5,093,640	-	-	5,093,640	5,373,790
Derivative financial asset	16	-	80,944	-	80,944	80,944
Other assets (less prepayments)	17	1,194,204	-	-	1,194,204	1,194,204
Investments	18	81,636	-	184,400	266,036	266,036
		41,023,866	**24,356,285**	**3,299,476**	**68,679,627**	**69,013,751**
31 December 2018						
Cash and balances with correspondent banks	11	7,278,763	-	-	7,278,763	7,278,763
Balances with IMF	13	4,858,652	-	-	4,858,652	4,858,652
Government securities	14	12,448,245	-	-	12,448,245	12,541,607
Money market instruments	14	4,024,528	-	-	4,024,528	4,064,773
Short-term securities	14	1,226,300	20,215,549	-	21,441,849	21,143,690
Other securities	14	-	-	306,988	306,988	306,988
Loans and advances	15	5,411,480	-	-	5,411,480	5,709,111
Other assets (less prepayments)	17	2,109,479	-	-	2,109,479	2,109,479
Investments	18	281,636	-	142,744	424,380	424,380
		37,639,083	20,215,549	449,732	58,304,364	58,437,443

Liabilities

The Bank

At 31 December 2019	Notes	Designated at Fair Value through profit or loss GH¢'000	Financial Liabilities at amortised cost GH¢'000	Total GH¢'000
Government deposits	21	-	7,561,873	7,561,873
Due to Banks and Financial Institutions	21	-	11,062,893	11,062,893
Other Short-Term deposits	21	-	760,977	760,977
Bridge facilities	22	-	11,393,142	11,393,142
Money Market Instruments	23	-	5,720,584	5,720,584
Allocation of special drawing rights	24a	-	2,495,092	2,495,092
Liabilities to IMF	24b	-	10,096,123	10,096,123
Other liabilities	25	-	1,685,414	1,685,414
		-	**50,776,098**	**50,776,098**
At 31 December 2018				
Government deposits	21	-	5,349,034	5,349,034
Due to Banks and Financial Institutions	21	-	8,492,005	8,492,005
Other Short-Term deposits	21	-	612,299	612,299
Derivative liabilities	16	28,319	-	28,319
Bridge facilities	22	-	7,389,060	7,389,060
Money Market Instruments	23	-	10,739,796	10,739,796
Allocation of special drawing rights	24a	-	2,242,712	2,242,712
Liabilities to IMF	24b	-	8,722,617	8,722,617
Other liabilities	25	-	1,970,558	1,970,558
		28,319	45,518,081	45,546,400

The carrying amounts of the financial liabilities approximate their fair value.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities

The Group

At 31 December 2019	Notes	Designated at Fair Value through profit or loss GH¢'000	Financial Liabilities at amortised cost GH¢'000	Total GH¢'000
Government deposits	21	-	7,561,873	7,561,873
Due to Banks and Financial Institutions	21	-	13,526,705	13,526,705
Other Short-Term Deposits	21	-	760,977	760,977
Derivative liabilities	16	-	-	-
Bridge facilities	22	-	11,393,142	11,393,142
Money Market Instruments	23	-	5,720,584	5,720,584
Allocation of special drawing rights	24a	-	2,495,092	2,495,092
Liabilities to IMF	24b	-	10,096,123	10,096,123
Lease liabilities	33	-	18,488	18,488
Other liabilities	25	-	1,787,041	1,787,041
		-	**53,360,025**	**53,360,025**
At 31 December 2018				
Government deposits	21	-	5,349,034	5,349,034
Due to Banks and Financial Institutions	21	-	10,717,870	10,717,870
Other Short-Term Deposits	21	-	612,299	612,299
Derivative liabilities	16	28,319	-	28,319
Bridge facilities	22	-	7,389,060	7,389,060
Money Market Instruments	23	-	10,739,796	10,739,796
Allocation of special drawing rights	24a	-	2,242,712	2,242,712
Liabilities to IMF	24b	-	8,722,617	8,722,617
Other liabilities	25	-	2,120,616	2,120,616
		28,319	47,894,004	47,922,323

The carrying amounts of the financial liabilities approximate their fair value.

35. FAIR VALUE HIERARCHY

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other derivative contracts. The inputs used include the Bank of Ghana published rates and discounted cash flow techniques. Also included in this level are items of property, plant and equipment carried at market values. The main input into the valuation is recent market transactions.
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2019 and 31 December 2018, the group did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The group considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year. Financial instruments measured at fair value at 31 December 2019 and 31 December 2018 was classified as follows:

35. FAIR VALUE HIERARCHY (CONTINUED)

The Bank

	Quoted prices in active market (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
	2019 GH¢'000	**2018 GH¢'000**	**2019 GH¢'000**	**2018 GH¢'000**	**2019 GH¢'000**	**2018 GH¢'000**
Assets measured at fair value:						
Gold	**2,370,047**	1,735,202	-	-	-	-
Short-term securities	-	-	**26,992,753**	20,215,549	-	-
Equity investment	-	-	-	-	**184,400**	142,744
Derivative financial asset	-	-	**80,944**	-	-	-
Liabilities measured at fair value:						
Derivative financial liability	-	-	-	28,319	-	-

The Group

	Level 1 The Group		Level 2 The Group		Level 3 The Group	
	2019 GH¢'000	**2018 GH¢'000**	**2019 GH¢'000**	**2018 GH¢'000**	**2019 GH¢'000**	**2018 GH¢'000**
Assets measured at fair value:						
Gold	**2,370,047**	1,735,202	-	-	-	-
Short-term securities	-	-	**26,992,753**	20,215,549	-	-
Equity investment	-	-	-	-	**184,400**	142,744
Derivative financial asset	-	-	**80,944**	-	-	-
Liabilities measured at fair value:						
Derivative financial liability	-	-	-	28,319	-	-

There have been no transfers among level 1, level 2 and level 3 during the period.

Forward exchange rates and Gold prices are obtained and used from Bloomberg/Reuters in valuing the derivatives and Gold. The fair value of equity investments were based on the net asset value of these investments at the reporting date.

The following table presents the changes in level 3 items for the years ended 31 December 2019 and 31 December 2018:

The Bank and Group	**2019 GH¢'000 Equity investment**	2018 GH¢'000 Equity investment
At 1 January	142,744	21,394
Adoption of IFRS 9	-	87,905
Restated balance at 1 January	142,744	109,299
Gains recognised in other comprehensive income	41,656	33,445
At 31 December	184,400	142,744

The fair values of other financial instruments not measured at fair value are disclosed in Note 34. These financial instruments would have been classified at level 3 in the fair value hierarchy.

Description	**Fair value at**		**Unobservable inputs**	**Range of inputs (probability weighted average)**		**Relationship on unobservable inputs to fair value**
	31 December 2019 GH¢'000	31 December 2018 GH¢'000		**2019**	2018	
Unlisted equity securities	184,400	142,744	USD/GHS rate	**5% - 10%**	5% - 10%	A change in the USD/GHS rate by 100bps would increase/increase the fair value by GH¢ 28.03 million.

36. RELATED PARTY TRANSACTIONS

Transactions with Government of Ghana (GoG)

In the normal course of its operations, the Bank enters into transactions with related parties. Related parties include the Government, various Government Departments and Agencies.

Transactions entered into include:

- banking services;
- foreign exchange transactions;
- purchases and disposals of government securities

Loans and advances to GoG as well as securities issued to GoG are made at rates of interest agreed between the Ministry of Finance and the Bank of Ghana in accordance with the Bank of Ghana Act. Interest on any amount overdrawn by GoG is charged at the Bank of Ghana's normal rate of interest. There are currently no impairments held in respect of loans and advances to GOG. The balances on loans and security transactions with GoG have been disclosed in notes 14, 15 and 21 respectively.

Key management personnel compensation

	The Bank		The Group	
	2019	2018	**2019**	2018
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Short-term employee benefits	**7,098**	5,980	**12,071**	10,174
Termination Benefit	-	2,624	-	2,624
Post-employment benefits	**1,201**	1,181	**1,656**	1,565
	8,299	9,785	**13,727**	14,363

Key management personnel include directors and top level management.

Transactions with related companies in the year under review are as follows:

Name of subsidiary	% ownership	Deposits by Subsidiaries	
		2019	2018
		GH¢'000	GH¢'000
Ghana International Bank	51	56	176
Ghana Interbank Payments and Settlement Systems	100	2,813	5,447
Central Securities Depository	70	4,258	5,537

The balances on these transactions are included in the respective assets and liabilities in the books of the Bank.

37. RISK MANAGEMENT

The Bank is involved in policy-oriented activities. Therefore, elements of the Bank's risk management framework might differ from the risk management frameworks for most other financial institutions. The main financial risks to which the Bank is exposed include credit risk, liquidity risk, Market risk, interest rate risk, currency risk on both foreign and local currency assets. In the management of foreign reserves, minimizing liquidity risk is a major consideration in order to maintain an effective foreign exchange intervention capability. The nature of the Bank's operations creates exposure to a broad range of enterprise risks, including operational and reputational risks.

The Bank seeks to ensure that strong and effective risk management and control systems are in place for identifying, assessing, monitoring, and managing risk exposures. Specialist staff members conduct the Bank's local currency, foreign currency reserves management, and foreign exchange-dealing operations in accordance with a clearly defined risk management framework, including delegated authorities and limits set by Management.
The overall risk management framework is designed to promote the sound and prudent management of the Bank's risks.

The majority of the Bank's financial risks arise from the Foreign Reserves Management and Domestic Market Operations units of the Bank's Treasury Department. Within this department, a separate risk management team is responsible for maintaining the Bank's financial risk management framework and operating independent risk reporting systems that monitor and report compliance with various risk limits and policies. The Risk Management Department is responsible for an enterprise-wide risk management system and reports on enterprise-wide risk management and related issues to the Board. A risk-based framework, which evaluates key business risks and internal controls, is used to determine the extent and frequency of internal audits conducted. All Bank departments are subject to periodic internal audit review. The Heads of Risk Management and Internal Audit Departments have direct and independent access to the Audit Committee of the Board of Directors, comprising three of the Bank's non-executive directors. Summary information on the outcomes of internal audits is reported to the Audit Committee.

The Bank is subject to an annual external audit. Auditing arrangements are overseen by the Audit Committee of the Board of Directors, which meets regularly to monitor the financial reporting, risk and audit functions within the Bank. The committee reviews the internal audit function and has direct access to the external auditor. The Audit Committee reports to the Board of Directors on its activities. The Board of Directors monitors the Bank's management of risk as part of its role of keeping the Bank's performance and use of resources under constant review. Following a review this year, the Bank continues to self-insure all property, plant and equipment, including the Bank's buildings.

Credit risk

Both the Bank and the group are subject to credit risk through lending and investing activities and in cases where they act as intermediaries on behalf of customers or other third parties or when they issue guarantees. Credit risk associated with trading and investing activities is managed through the group's credit risk management process.

Concentrations of credit risk (whether on or off the statements of financial position) that arise from financial instruments exist for counter parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The risk that counter parties to trading instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and to the volatility of the fair value of trading instruments. The nature of the Group's main operation as a Central Bank makes its loan portfolio not lend itself to normal aging analysis.

Credit risk measurement

Loans and advances
In measuring credit risk related to loans and advances to Government of Ghana, other governmental institutions and commercial banks at a counterparty level, the Central Bank considers the 'probability of default' by the Government of Ghana or counterparty on its contractual obligations. Exposure at default is based on the amount the Central Bank expects to be owed at the time of default.

Cash and amounts due from banks
For banks and financial institutions, only reputable financial institutions are accepted based on the Bank's internal policy. The Treasury Department manages the credit risk exposure, by assessing the counterparties' performances.

Securities
Securities are held with the Government of Ghana and other reputable financial institutions. The Treasury Department manages the credit risk exposure by assessing the counterparties' performance.

Risk limit control and mitigation policy
The Central Bank manages limits and controls the concentration of credit risk wherever identified. Exposure to credit risk is managed through regular analysis of

the ability of the borrowers to meet interest and capital repayment obligations. The Central Bank employs policies and practices to mitigate credit risk. The most traditional of these is the taking of security for advances. Bank of Ghana implements guidelines on the acceptability of specific classes of collateral or other credit risk mitigation. The principal collateral for loans and advances to staff includes provident funds and property deeds for staff loans. Collateral on all loan and advances to the Government of Ghana and commercial banks is their deposit accounts held at the Bank when contracts are signed.

Impairment and provisioning policy

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable or as soon as payment of interest or principal is 90 days or more overdue. Where any amount is considered uncollectible, an individual impairment provision is raised, being the difference between the loan carrying amount and the present value of estimated future cash flows. In any decision relating to the raising of provisions, the bank attempts to balance economic conditions, local knowledge and experience, and the results of independent asset reviews. Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment provision has been raised, then that amount will be written off.

A portfolio impairment provision is also held to cover the inherent risk of losses, which, although not identified, are known through experience to be present in the loan portfolio. The provision is estimated by using the historical loss rate, the migration or incident rate and the balance of the performing loan portfolio. The portfolio impairment provision is set with reference to past experience using loss rates, and judgmental factors such as the economic environment and the trends in key portfolio indicators.

Write off policy

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

Modification of financial assets

The Group sometimes modifies the terms of loans provided to customers due to renegotiations or for distressed loans with a view to maximizing recovery. Such restructuring activities include extended payment term arrangements. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more. There were no such assets held as at 31 December 2019.

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

Expected credit loss measurement

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

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

Significant increase in credit risk (SICR)

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

Qualitative criteria

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

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following

criteria:
- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop
A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

Low credit risk exception
The Group has not used the low credit risk exemption for any financial instruments in the period ended 31 December 18.

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

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

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

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

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

Measuring ECL — Explanation of inputs, assumptions and estimation techniques
The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:
- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation — such as how the maturity profile of the PDs and how collateral values change etc. — are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2019 are set out below:

Scenario	Weight %	GDP Growth %	USD/GHS	Inflation %
Base Case	**50**	**4.4**	**6.11**	**8.2**
Upside	**15**	**6.8**	**5.91**	**6.3**
Downside	**35**	**3.6**	**6.31**	**11.1**

Sensitivity analysis

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

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the current year as a base.
2. USD/GHC - The Bank of Ghana average USD rate on the date of assessment and for the last three quarters is used in the tool. This is because of the sensitivity of the economy to exchange rate fluctuations.
3. Inflation – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates have an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next three quarters.

Set below are the changes to the ECL as at 31 December 2019 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions:

	-10% change GH¢'000	No change GH¢'000	+10% change GH¢'000
GDP growth	3,769,891	3,761,055	3,752,220
USD/GHS	3,759,288	3,761,055	3,762,822
Inflation	3,760,172	3,761,055	3,761,939

Exposure to Credit Risks

The maximum exposure to credit risks at the reporting date was:

Bank	**2019** GH¢'000	Percentage of financial assets	2018 GH¢'000	Percentage of financial assets
Assets				
Cash and balances with correspondent banks	**7,356,446**	11%	5,023,690	9%
Balances with IMF	**5,343,926**	8%	4,858,652	9%
Securities	**46,219,969**	72%	37,914,622	69%
Other assets (excluding prepayments)	**1,171,445**	2%	2,078,362	4%
Loans and advances	**4,532,428**	7%	4,783,600	9%
	64,624,214	**100**	54,658,926	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**3,388,928**		3,829,900	

GROUP	2019		2018	
		Percentage of financial assets		Percentage of financial assets
	GH¢'000		GH¢'000	
Assets				
Cash and amounts due from banks	**9,988,658**	**15%**	7,278,763	13%
Balances with IMF	**5,343,926**	**8%**	4,858,652	8%
Securities	**46,712,219**	**68%**	38,291,741	66%
Other assets (excluding prepayments)	**1,194,204**	**2%**	2,109,479	4%
Loans and advances	**5,093,640**	**7%**	5,411,480	9%
	57,950,115	**100%**	55,865,064	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**3,958,555**		4,310,358	

The above table represents a worst case scenario of credit risk exposure to the Group and the Bank at 31 December 2019, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above for the Group, 7% (2018: 9%) of the total maximum exposure is derived from loans and advances and securities represents 68% (2018: 66%).

Management is confident in its ability to continue and minimize the losses arising from its exposure to credit risk resulting from loans and advances and amounts due from the other central banks and commercial banks.

At 31 December 2019, the Group's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – At initial recognition
- Stage 2 – Significant increase in credit risk since initial recognition
- Stage 3 – Credit impaired

Neither past due nor impaired – Stage 1

Financial assets are designated at stage 1 (neither past due nor impaired) upon initial recognition except for such financial assets that are purchased or originated as credit impaired. The credit risk of neither past due nor impaired financial assets are continuously monitored by the Group.

Past due but not impaired financial assets – Stage 2

Past due but not impaired financial assets, are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. When a financial asset shows a significant increase in credit risk, the Group records an allowance for the lifetime expected credit loss. A significant increase in credit risk is assumed if the borrower falls more than 30 days past due in making its contractual payments.

Impaired financial assets – Stage 3

Individually impaired financial assets are those for which the Group determines that there is default and it does not expect to collect all principal and interest due according to the contractual terms of the security agreement(s).

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

Bank

At 31 December 2019	Stage 1	Stage 2	Stage 3	Total
Cash and balances with correspondence banks				
(less notes and coins holdings)	7,123,895	-	-	7,123,895
Balances with IMF	5,343,926	-	-	5,343,926
Securities	46,243,572	-	-	46,243,572
Loans and advances	3,128,436	-	4,873,416	8,001,852
Other assets	1,171,445	-	265,218	1,436,663
Gross carrying amount	**63,011,274**		**5,138,634**	**68,149,908**
Loss allowance	(131,572)	-	(3,626,673)	(3,758,245)
Carrying amount	**62,879,702**	**-**	**1,511,961**	**64,391,663**

Group

At 31 December 2019	Stage 1	Stage 2	Stage 3	Total
Cash and balances with correspondence banks				
(less notes and coins holdings)	9,756,107	-	-	9,756,107
Balances with IMF	5,343,926	-	-	5,343,926
Securities	46,735,822	-	-	46,735,822
Loans and advances	3,692,741	-	4,873,416	8,566,157
Other assets	1,194,204	-	265,218	1,459,422
Gross carrying amount	**66,722,800**		**5,138,634**	**71,861,434**
Loss allowance	(131,572)	-	(3,629,766)	(3,761,338)
Carrying amount	**66,591,228**	**-**	**1,508,868**	**68,100,096**

Bank

At 31 December 2018	Stage 1	Stage 2	Stage 3	Total
Cash and balances with correspondence banks				
(less notes and coins holdings)	4,814,343	-	-	4,814,343
Balances with IMF	4,858,652	-	-	4,858,652
Securities	37,934,330	-	-	37,934,330
Loans and advances	2,680,108	119,000	5,088,622	7,887,730
Other assets	3,172,241	-	66,484	3,238,725
Gross carrying amount	53,459,674	119,000	5,155,106	58,733,780
Loss allowance	(102,598)	-	(3,088,954)	(3,191,552)
Carrying amount	53,357,076	119,000	2,066,152	55,542,228

Group

At 31 December 2018	Stage 1	Stage 2	Stage 3	Total
Cash and balances with correspondence banks				
(less notes and coins holdings)	7,069,416	-	-	7,069,416
Balances with IMF	4,858,652	-	-	4,858,652
Securities	38,311,449	-	-	38,311,449
Loans and advances	2,680,108	119,000	5,720,953	8,520,061
Other assets	3,203,358	-	66,484	3,269,842
Gross carrying amount	56,122,983	119,000	5,787,437	62,029,420
Loss allowance	(102,598)	-	(3,093,405)	(3,196,003)
Carrying amount	56,020,385	119,000	2,694,032	58,833,417

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

The maximum credit risk exposure (Group and Bank) from financial assets not subject to impairment (i.e. FVPL) is GH¢29.94 billion.

Collaterals and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

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

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

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

Group and Bank

31 December 2019	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Individually impaired				
Emergency Liquidity Assistance	2,821,100	(1,851,789)	969,311	570,181
Overnight lending	2,052,316	(1,509,666)	542,650	1,246,685
Total credit impaired assets	**4,873,416**	**(3,361,455)**	**1,511,961**	**1,816,866**

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

The Group	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Loss allowance as at 1 January 2019	103,854	-	3,093,405	3,197,259
Movements with P&L impact				
New financial assets originated or purchased	5,449	-	197,504	202,953
Changes in PDs/LGDs/EADs	21,465	-	341,667	363,132
Other movements	-	-	-	-
Total net P&L charge during the year	26,914	-	539,171	566,085
Other movements with no P&L impact				
Exchange difference	804	-	-	804
Loss allowance as at 31 December 2019	131,572	-	3,632,576	3,764,148

The Bank	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Loss allowance as at 1 January 2019	103,854	-	3,088,954	3,192,808
Movements with P&L impact				
New financial assets originated or purchased	5,449	-	197,504	202,953
Changes in PDs/LGDs/EADs	22,269	-	343,025	365,294
Other movements	-	-	-	-
Total net P&L charge during the year	27,718	-	540,529	568,247
Loss allowance as at 31 December 2019	**131,572**	**-**	**3,629,483**	**3,761,055**

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as a result of emergency liquidity assistance and overnight lending to commercial banks.

Grouping of instruments for losses measured on a collective basis

The Group has not assessed expected credit loss provisions modelled on a collective basis.

Maximum exposure to credit risk before collateral held

Loans and advances, amounts due from banks and other assets

The table below shows the gross (undiscounted) balances of the Group's loans and advances with other central banks, commercial banks and other assets analyzed by type and performance less impairment:

THE BANK

31 December 2019

	Cash and amounts due from banks GH¢ '000	Balances with IMF GH¢'000	Securities GH¢ '000	Loans and advances GH¢'000	Other assets GH¢ '000
Stage 1 (performing exposures)	**7,356,446**	**5,343,926**	**46,243,572**	**3,128,436**	**1,171,445**
Stage 3 (non-performing exposures)	**-**	**-**	**-**	**4,873,416**	**265,218**
Gross	**7,356,446**	**5,343,926**	**46,243,572**	**8,001,852**	**1,436,663**
Less: Allowance for impairment	**-**	**-**	**(23,603)**	**(3,469,424)**	**(265,218)**
Carrying value	**7,356,446**	**5,343,926**	**46,219,969**	**4,532,428**	**1,171,445**

31 December 2018

	Cash and amounts due from banks GH¢ '000	Balances with IMF GH¢'000	Securities GH¢ '000	Loans and advances GH¢'000	Other assets GH¢ '000
Stage 1 (performing exposures)	5,023,690	4,858,652	37,934,330	2,680,108	2,079,592
Stage 2 (under-performing exposures)	-	-	-	119,000	-
Stage 3 (non-performing exposures)	-	-	-	5,088,622	66,484
Gross	5,023,690	4,858,652	37,934,330	7,887,730	2,146,076
Less: Allowance for impairment	-	-	(19,708)	(3,104,130)	(67,714)
Carrying value	5,023,690	4,858,652	37,914,622	4,783,600	2,078,362

THE GROUP

31 December 2019

	Cash and amounts due from banks GH¢ '000	Balances with IMF GH¢'000	Securities GH¢ '000	Loans and advances GH¢'000	Other assets GH¢ '000
Stage 1 (performing exposures)	**9,988,658**	**5,343,926**	**46,735,822**	**3,692,741**	**1,194,204**
Stage 3 (non-performing exposures)	**-**	**-**	**-**	**4,873,416**	**265,218**
Gross	**9,988,658**	**5,343,926**	**46,735,822**	**8,566,157**	**1,459,422**
Less: Allowance for impairment	**-**	**-**	**(23,603)**	**(3,472,517)**	**(265,218)**
Carrying value	**9,988,658**	**5,343,926**	**46,712,219**	**5,093,640**	**1,194,204**

31 December 2018

	Cash and amounts due from banks GH¢ '000	Balances with IMF GH¢'000	Securities GH¢ '000	Loans and advances GH¢'000	Other assets GH¢ '000
Stage 1 (performing exposures)	7,278,763	4,858,652	38,311,449	2,680,108	2,110,709
Stage 2 (under-performing exposures)	-	-	-	119,000	-
Stage 3 (non-performing exposures)	-	-	-	5,720,953	66,484
Gross	7,278,763	4,858,652	38,311,449	8,520,061	2,177,193
Less: Allowance for impairment	-	-	(19,708)	(3,108,581)	(67,714)
Carrying value	7,278,763	4,858,652	38,291,741	5,411,480	2,109,479

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets to appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Group usually has access to a diverse funding base. Funds are raised using a range of instruments including deposits, other liabilities regulated by law and other credit facilities. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet its goals and targets set in terms of overall Group strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy. The following are contractual maturities of financial assets and liabilities::

Liquidity risk management process

The liquidity management processes, as carried out within the Finance Department and monitored by executive management and the Treasury Section include:

- Preparing cash-based budgets and periodic variance reports to ensure management of future cash flows in order to meet payment demands when they come due;
- Managing the concentration and profile of debt maturities;
- Monitoring the Statement of financial position, liquidity ratios against internal requirements; and
- Managing the concentration and profile of asset maturities.

Monitoring and reporting take the form of cash flow measurement and projection for the next day, week and months respectively, as these are key periods for liquidity management. The basis for the projection is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Financial liabilities and assets held for managing liquidity risk

The table below presents the Central Bank's financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are contractual undiscounted cash outflows, whereas the Central Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

BANK

31 December 2019

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	7,356,446	-	-	-	-	7,356,446
Gold	-	1,669,202	700,845	-	-	2,370,047
Balances with IMF	140,367	5,203,559	-	-	-	5,343,926
Securities	1,426,645	22,967,835	2,424,022	874,150	18,527,317	46,219,969
Loans and Advances	114,901	1,496,013	1,409,553	1,511,961	-	4,532,428
Derivative asset	-	-	80,944	-	-	80,944
Other assets	-	906,227	265,218	-	-	1,171,445
Investments	-	-	-	266,036	-	266,036
At 31 December 2019	**9,038,359**	**32,242,836**	**4,880,582**	**2,652,147**	**18,527,317**	**67,341,241**
LIABILITIES						
Deposits	19,385,743	-	-	-	-	19,385,743
Allocations of SDR	-			2,495,092		2,495,092
Liabilities to IMF	65,581	-	4,491,783	5,538,759	-	10,096,123
Bridge Facilities	-	-	5,755,474	6,145,058	-	11,900,532
Liabilities under Money Market Operations	3,362,905	1,388,204	1,048,792	67,018	-	5,866,919
Currency in circulation	-	-	-	-	16,262,890	16,262,890
Other liabilities	-	1,204,139	465,333	15,942	-	1,685,414
At 31 December 2019	22,814,229	2,592,343	11,761,382	14,261,869	16,262,890	67,692,713
Maturity surplus/(shortfall)	**(13,775,870)**	**29,650,493**	**(6,880,800)**	**(11,609,722)**	**2,264,427**	**(351,472)**

BANK

31 December 2018

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	5,023,690	-	-	-	-	5,023,690
Gold	63,129	1,158,957	513,116	-	-	1,735,202
Balances with IMF	438,428	4,420,224	-	-	-	4,858,652
Securities	1,429,577	23,015,039	2,429,004	875,947	18,695,845	46,445,412
Loans and Advances	1,051,718	288,937	2,069,740	2,593,023	-	6,003,418
Other assets	1,236,462	-	-	841,900	-	2,078,362
Investments	-	-	-	424,380	-	424,380
At 31 December 2018	9,243,004	28,883,157	5,011,860	4,735,250	18,695,845	66,569,116
LIABILITIES						
Deposits	14,453,338	-	-	-	-	14,453,338
Derivative liabilities	28,319	-	-	-	-	28,319
Allocations of SDR	-	-	-	2,242,712	-	2,242,712
Liabilities to IMF	57,453	-	4,037,440	4,627,724	-	8,722,617
Bridge Facilities	-	5,012,800	2,800,275	-	-	7,813,075
Liabilities under Money Market Operations	11,320,764	-	74,895	1,580,162	-	12,975,821
Currency in circulation	-	-	-	-	13,556,352	13,556,352
Other liabilities	-	1,156,039	760,372	54,147	-	1,970,558
At 31 December 2018	25,859,874	6,168,839	7,672,982	8,504,745	13,556,352	61,762,792
Maturity surplus/(shortfall)	(16,616,870)	22,714,318	(2,661,122)	(3,769,495)	5,139,493	4,806,324

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

GROUP

31 December 2019

ASSETS	**Up to 1 month GH¢ '000**	**Between 1-3 months GH¢ '000**	**Between 3 months &1 year GH¢ '000**	**Between 1 year & 5 years GH¢ '000**	**>5years GH¢ '000**	**Total GH¢ '000**
Cash and balances with correspondent banks	9,988,658	-	-	-	-	9,988,658
Gold	-	1,669,202	700,845	-	-	2,370,047
Balances with IMF	140,367	5,203,559	-	-	-	5,343,926
Securities	1,426,645	22,969,107	2,739,367	894,654	18,682,446	46,819,661
Loans and Advances	133,017	1,514,918	1,702,761	1,742,895	49	5,093,640
Derivative asset	-	-	80,944	-	-	80,944
Other assets	38,755	906,227	265,218	-	-	1,210,200
Investments	-	-	-	266,036	-	266,036
At 31 December 2019	**11,727,442**	**32,263,013**	**5,489,135**	**2,903,585**	**18,682,495**	**71,065,670**
LIABILITIES						
Deposits	19,880,560	764,078	1,191,989	12,928	-	21,849,555
Allocations of Special Drawing Rights	-	-	-	2,495,092	-	2,495,092
Liabilities to IMF	65,581	-	4,491,783	5,538,759	-	10,096,123
Bridge facilities	-	-	5,755,474	6,145,058	-	11,900,532
Liabilities under Money Market Operations	3,362,905	1,388,204	1,048,792	67,018	-	5,866,919
Currency in Circulation	-	-	-	-	16,262,890	16,262,890
Lease liabilities	-	-	2,316	17,836	-	20,152
Other liabilities	-	1,159,942	611,157	15,942	-	1,787,041
At 31 December 2019	23,309,046	3,312,224	13,101,511	14,292,633	16,262,890	70,278,304
Maturity surplus/(shortfall)	**(11,581,604)**	**28,950,789**	**(7,612,376)**	**(11,389,048)**	**2,419,605**	**787,366**

GROUP

31 December 2018

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	7,278,763	-	-	-	-	7,278,763
Gold	63,129	1,158,957	513,116	-	-	1,735,202
Balances with IMF	438,428	4,420,224	-	-	-	4,858,652
Securities	1,429,577	23,111,490	2,560,242	911,369	18,739,722	46,752,400
Loans and Advances	1,057,650	397,825	2,425,006	2,702,506	48,311	6,631,298
Other assets	1,267,579	-	-	841,900	-	2,109,479
Investments	-	-	-	424,380	-	424,380
At 31 December 2018	11,535,126	29,088,496	5,498,364	4,880,155	18,788,033	69,790,174
LIABILITIES						
Deposits	14,834,263	602,205	1,017,735	225,000	-	16,679,203
Derivative liabilities	28,319	-	-	-	-	28,319
Allocations of Special Drawing Rights	-	-	-	2,242,712	-	2,242,712
Liabilities to IMF	57,453	-	4,037,440	4,627,724	-	8,722,617
Bridge facilities	-	5,012,800	2,800,275	-	-	7,813,075
Liabilities under Money Market Operations	11,320,764	-	74,895	1,580,162	-	12,975,821
Currency in Circulation	-	-	-	-	13,556,352	13,556,352
Other liabilities	-	1,206,441	860,028	54,147	-	2,120,616
At 31 December 2018	26,240,799	6,821,446	8,790,373	8,729,745	13,556,352	64,138,715
Maturity surplus/(shortfall)	(14,705,673)	22,267,050	(3,292,009)	(3,849,590)	5,231,681	5,651,459

Assets held for managing liquidity risk

The Bank manages its liquidity risks through appropriate structuring of its investment portfolios to ensure that the maturity profiles of assets adequately match those commitments. This is monitored and managed on a daily basis. In addition, the Group's investment portfolio comprises mainly highly liquid investment instruments. Maturity shortfalls are managed by putting in place short term borrowing arrangements before they are due. The Bank can also call on the Government to make funds available to manage the shortfalls.

37. RISK MANAGEMENT (CONTINUED)

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

- Cash and balances with central banks and other operating banks;
- Loans and advances to operating banks, non-bank financial institutions and Government of Ghana;
- Investment securities;
- Amount due from IMF; and
- Other assets.

Market Risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and credit spreads 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 assets.

Market risk arises from open positions in interest rates and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

The Central Bank's primary exposure to market risk lies with its deposits held overseas which are exposed to changes in interest and exchange rates.

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have an increase/decrease on profit or loss, and equity by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2018.

Effects in Cedis

	100bp Increase GH¢'000	100bp Decrease GH¢'000
The Bank 2019		
Average for the Period	355,679	(355,679)
Maximum for the Period	297,149	(297,149)
Minimum for the Period	423,213	(423,213)
The Bank 2018		
Average for the Period	165,120	(165,120)
Maximum for the Period	142,755	(142,755)
Minimum for the Period	202,237	(202,237)

Interest Rate Risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or re-price at different times or in differing amounts.

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference between re-pricing characteristics of the various floating rate indices, such as the savings rate and six months LIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's strategies.

Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. The actual effect will depend on a number of factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within re-pricing periods and amongst currencies.

The Central Bank has capacity to manage these risks by monitoring interest rates daily and ensuring within the limits of its policy function that its financial liabilities match the maturing profile of its financial assets.

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Bank

31 December 2019

ASSETS	**3 months or less GH¢ '000**	**Between 3 & 12 months GH¢ '000**	**Over 1 year GH¢ '000**	**Non-Interest bearing GH¢ '000**	**Total GH¢ '000**
Cash and Amounts due from Banks	7,123,895	-	-	232,551	7,356,446
Gold	-	-	-	2,370,047	2,370,047
Balances with IMF	-	5,203,559	-	140,367	5,343,926
Securities	24,394,480	2,424,022	6,957,117	12,444,350	46,219,969
Loans and Advances	1,610,914	1,409,553	1,511,961	-	4,532,428
Derivative asset	-	80,944	-	-	80,944
Other assets	-	906,227	265,218	-	1,171,445
At 31 December 2019	**33,129,289**	**10,024,305**	**8,734,296**	**15,187,315**	**67,075,205**
LIABILITIES					
Deposits	-	-	-	19,385,743	19,385,743
Bridge Facilities	-	5,755,474	5,637,668	-	11,393,142
Allocations of Special Drawing Rights	-	-	-	2,495,092	2,495,092
Liabilities to IMF	65,581	4,491,783	5,538,759	-	10,096,123
Liabilities under Money Market Operations	4,751,109	1,048,792	67,018	-	5,866,919
Currency in circulation	-	-	-	16,262,890	16,262,890
Other Liabilities	1,204,139	465,333	-	15,942	1,685,414
At 31 December 2019	**6,020,829**	**11,761,382**	**11,243,445**	**38,159,667**	**67,185,323**
Total interest rate re-pricing gap	**27,108,460**	**(1,737,077)**	**(2,509,149)**	**(22,972,352)**	**(110,118)**

31 December 2018

ASSETS					
Cash and Amounts due from Banks	4,814,343	-	-	209,347	5,023,690
Gold	-	-	-	1,735,202	1,735,202
Balances with IMF	-	4,677,223	-	181,429	4,858,652
Securities	19,954,789	1,982,860	3,528,728	12,448,245	37,914,622
Loans and Advances	1,068,251	1,649,195	2,066,154	-	4,783,600
Other assets	1,236,462	-	-	841,900	2,078,362
At 31 December 2018	27,073,845	8,309,278	5,594,882	15,416,123	56,394,128
LIABILITIES					
Deposits	-	-	-	14,453,338	14,453,338
Derivative liabilities	-	-	-	28,319	28,319
Bridge Facilities	-	4,820,000	2,569,060	-	7,389,060
Allocations of Special Drawing Rights	-	-	-	2,242,712	2,242,712
Liabilities to IMF	57,453	4,037,440	4,627,724	-	8,722,617
Liabilities under Money Market Operations	9,369,942	61,989	1,307,865	-	10,739,796
Currency in circulation	-	-	-	13,556,352	13,556,352
Other Liabilities	1,156,039	760,372	-	54,147	1,970,558
At 31 December 2018	10,583,434	9,679,801	8,504,649	30,334,868	59,102,752
Total interest rate re-pricing gap	16,490,411	(1,370,523)	(2,909,767)	(14,918,745)	(2,708,624)

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Group

31 December 2019

ASSETS	**3 months or less GH¢ '000**	**Between 3 & 12 months GH¢ '000**	**Over 1 year GH¢ '000**	**Non-Interest bearing GH¢ '000**	**Total GH¢ '000**
Cash and Amounts due from Banks	9,756,107	-	-	232,551	9,988,658
Gold	-	-	-	2,370,047	2,370,047
Balances with IMF	-	5,203,559	-	140,367	5,343,926
Securities	24,490,338	2,644,781	7,132,750	12,444,350	46,712,219
Loans and Advances	1,647,935	1,702,761	1,742,944	-	5,093,640
Derivative asset	-	80,944	-	-	80,944
Other assets	38,755	906,227	265,218	-	1,210,200
At 31 December 2019	**35,933,135**	**10,538,272**	**9,140,912**	**15,187,315**	**70,799,634**
LIABILITIES					
Deposits	764,078	1,191,989	12,928	19,880,560	21,849,555
Bridge facilities	-	5,755,474	5,637,668	-	11,393,142
Liabilities under Money Market Operations	4,751,109	1,048,792	67,018	-	5,866,919
Allocations of Special Drawing Rights	-	-	-	2,495,092	2,495,092
Liabilities to IMF	65,581	4,491,783	5,538,759	-	10,096,123
Currency in circulation				16,262,890	16,262,890
Lease liabilities	-	2,125	16,363	-	18,488
Other liabilities	1,159,942	611,157	-	15,942	1,787,041
At 31 December 2019	**6,740,710**	**13,101,320**	**11,272,736**	**38,654,484**	**69,769,250**
Total interest rate re-pricing gap	**29,192,425**	**(2,563,048)**	**(2,131,824)**	**(23,467,169)**	**1,030,384**

31 December 2018

ASSETS					
Cash and Amounts due from Banks	7,069,416	-	-	209,347	7,278,763
Gold	-	-	-	1,735,202	1,735,202
Balances with IMF	-	4,677,223	-	181,429	4,858,652
Securities	20,121,371	2,114,098	3,608,027	12,448,245	38,291,741
Loans and Advances	1,183,071	2,004,461	2,223,948	-	5,411,480
Other assets	1,267,579	-	-	841,900	2,109,479
At 31 December 2018	29,641,437	8,795,782	5,831,975	15,416,123	59,685,317
LIABILITIES					
Deposits	602,205	1,017,735	225,000	14,834,263	16,679,203
Derivative liabilities	-	-	-	28,319	28,319
Bridge facilities		4,820,000	2,569,060	-	7,389,060
Liabilities under Money Market Operations	9,369,942	61,989	1,307,865	-	10,739,796
Allocations of Special Drawing Rights	-	-	-	2,242,712	2,242,712
Liabilities to IMF	57,453	4,037,440	4,627,724	-	8,722,617
Currency in circulation	-	-	-	13,556,352	13,556,352
Other liabilities	1,206,441	860,028	-	54,147	2,120,616
At 31 December 2018	11,236,041	10,797,192	8,729,649	30,715,793	61,478,675
Total interest rate re-pricing gap	18,405,396	(2,001,410)	(2,897,674)	(15,299,670)	(1,793,358)

Foreign Currency Risk

Foreign exchange risk arises from:

- maintenance of a portion of foreign currency reserves for liquidity management purposes;
- currency intervention to meet monetary policy objectives; and
- active management undertaken in trading portfolios.

37. RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk (Continued)

The US dollar is the base currency for the entire foreign reserves portfolio. However investments of the foreign reserves in other approved currencies is permissible.

Foreign exchange risk is managed as follows:

- Positions in securities not denominated in the base currency (i.e. USD) should be hedged to the extent reasonably practicable into the base currency. Foreign currency exposures other than the United States dollar are all managed from the United States dollar perspective.
- A portfolio may also hold foreign exchange forward contracts in non-permissible currencies whose bonds are in a portfolio's benchmark only to the extent that it can be fully hedged to the base currency. A maximum allowance of +/- 0.25% of market value is permitted for fully hedged exposure to allow for market drift.
- The internally-managed portfolio has determined currency limits that take into consideration the Bank's expected foreign exchange liquidity needs. Since the majority of foreign exchange liabilities are in U.S. dollars it carries the most weight in this currency distribution.

The Bank also prepares and presents its financial statements in Ghana cedi. As a result movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities impacts these financial statements.

The Bank owns a foreign subsidiary and therefore it is also exposed to foreign currency translation risk. The Group's foreign currency denominated transactions and balances give rise to exchange gains and losses that are recognised in the financial statements in accordance with note 2(j). The translation risk resulting from the consolidation of the foreign subsidiary are accounted for in the foreign currency translation reserves in equity.

As at 31st December, the foreign currency exposures were as follows:

Currency Exposure Analysis

	The Bank		The Group	
	2019	2018	**2019**	2018
ASSETS	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
USD	**40,963,058**	26,250,996	**43,793,385**	27,704,828
GBP	**126,906**	205,594	**331,870**	216,980
EUR	**136,084**	158,066	**516,073**	166,820
SDR	**5,845,101**	4,904,742	**5,845,101**	5,176,376
OTHER	**404,847**	319,787	**406,656**	337,497
GHS	**21,215,815**	27,282,713	**21,369,683**	28,701,883
TOTAL	**68,691,811**	59,121,898	**72,262,768**	62,304,384
LIABILITIES & EQUITY				
USD	**22,795,496**	14,662,389	**25,842,975**	15,474,421
GBP	**200,992**	163,068	**407,975**	172,099
EUR	**17,089**	27,241	**397,089**	28,750
SDR	**7,648,102**	6,388,499	**7,648,102**	6,742,307
OTHER	**380,581**	302,367	**381,968**	319,113
GHS	**37,649,551**	37,578,334	**37,584,659**	39,567,694
TOTAL	**68,691,811**	59,121,898	**72,262,768**	62,304,384
NET POSITION				
USD	**18,167,562**	11,588,607	**17,950,410**	12,230,407
GBP	**(74,086)**	42,526	**(76,105)**	44,881
EUR	**118,995**	130,825	**118,984**	138,070
SDR	**(1,803,001)**	(1,483,757)	**(1,803,001)**	(1,565,931)
OTHER	**24,266**	17,420	**24,688**	18,384
GHS	**(16,433,736)**	(10,295,621)	**(16,214,976)**	(10,865,811)
TOTAL	**-**	-	**-**	-

37. RISK MANAGEMENT (CONTINUED)

Currency Exposure Analysis (Continued)

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2019	2018	**2019**	2018
Currency	**GH¢**	GH¢	**GH¢**	GH¢
US Dollar	**5.1769**	4.5864	**5.5337**	4.8200
GBP	**6.7438**	6.1191	**7.3164**	6.1711
EURO	**5.8623**	5.4129	**6.2114**	5.5131
SDR	**6.6943**	6.4915	**7.6520**	6.3377

Sensitivity Analysis

A 10% strengthening of the Ghana Cedi against the following currencies at 31 December will have an increase/ (decrease) on profit or loss by the amount shown below.

This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis for 2018.

	Profit or (Loss)/Equity	
	2019	2018
Currency	**GH¢'000**	GH¢'000
US Dollar	**(1,816,756)**	(1,158,861)
GBP	**7,409**	(4,253)
EURO	**(11,900)**	(13,083)
SDR	**180,300**	148,376

A 10% weakening of the Ghana cedi against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital Management

The Bank does not have any regulator that sets and monitors its capital requirements. The Bank considers its stated capital and other reserves as its capital. The Central Bank's objective in managing capital and reserves is to ensure the Central Bank's ability to continue to perform its function as set by the Bank of Ghana Act, 2002, (Act 612)(as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918).

There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets, for example. The Bank of Ghana Act stipulates the authorised number of shares to be seven hundred billion of no par value to be taken up from time to time by the Government, which may be increased from time to time. The Act further stipulates that the shares shall not be transferable or subject to any encumbrance. There has not been any non-compliance with capital management requirements of the Bank of Ghana Act, 2002, (Act 612) (as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918).

The provisions of the Act seek to ensure that the Government of Ghana continues to own a hundred percent stake to bear all financial risks and rewards.

Ghana International Bank, the material subsidiary's banking operations are directly supervised by its local regulators. For this subsidiary, the directors regard share capital and reserves as its capital for capital management purposes and its principal objectives in managing capital are to ensure it is sufficient to participate in lines of business and to meet capital adequacy requirements of the Prudential Regulatory Authority in the United Kingdom. Regulatory capital adequacy requirements were met during the year.

38. NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

(a) The Bank

Reconciliation of operating profit to net cash flow from operating activities

	Note	2019 GH¢'000	2018 GH¢'000
Profit/(loss) before tax		**1,800,906**	(793,085)
Adjustments for:			
Depreciation of property, plant and equipment	19	**106,424**	114,617
Amortisation of intangible assets	20	**9,736**	9,910
Impairment on financial instruments	9a	**568,247**	446,720
Loss on disposal of property and equipment	19	**579**	2,537
Interest expense on bridge facilities	22	**403,558**	174,915
Exchange loss on foreign denominated borrowings	22	**1,179,116**	472,572
Effect of exchange rate fluctuations on cash held		**(695,592)**	(555,562)
Refund of unutilised Agricultural funds		**100,000**	-
Utilisation of CSR funds	31	**(24,305)**	(253)
Change in loans and advances	15	**(114,122)**	(71,442)
Change in securities	14	**(8,552,166)**	(4,202,214)
Change in gold	12	**(634,845)**	(126,333)
Change in derivative instruments	16	**(109,263)**	28,319
Change in other assets	17	**1,802,062**	(1,835,952)
Change in IMF receivable	13	**(485,274)**	(201,554)
Change in investments	18	**89,109**	(180,788)
Change in deposit	21	**4,932,405**	(955,888)
Change in liabilities under Money Market Operations	23	**(5,019,212)**	1,331,686
Change in allocations of Special Drawing Rights	24a	**252,380**	211,152
Change in other liabilities	25	**(286,698)**	1,111,727
Change in currency in circulation	27	**2,706,538**	1,430,293
Cash flows used in operating activities		**(1,970,417)**	**(3,588,623)**

(b) The Group

	Note	2019 GH¢'000	2018 GH¢'000
Profit/(loss) before tax		1,826,207	(756,559)
Adjustments for:			
Depreciation of property, plant and equipment	19	111,113	120,396
Depreciation Rights of use-assets	33	3,028	-
Amortisation of intangible assets	20	13,977	12,224
Impairment on loans and advances	9a	566,085	445,177
Loss on disposal of property and equipment	19	579	2,516
Interest expense on bridge facilities	22	403,558	174,915
Exchange loss on foreign denominated borrowings	22	1,179,116	472,572
Translation difference		157,546	22,620
Effect of exchange rate fluctuations on cash held		(1,041,645)	(816,859)
Refund of unutilised Agricultural funds		100,000	-
Utilisation of CSR funds	31	(24,305)	(253)
Change in loans and advances	15	(45,292)	455,463
Change in securities	14	(8,655,571)	(5,370,090)
Change in gold	12	(634,845)	(126,333)
Change in derivative instruments	16	(109,263)	28,319
Change in other assets	17	1,794,424	(1,836,449)
Change in IMF receivable	13	(485,274)	(201,554)
Change in investments	18	158,344	(185,803)
Change in deposit	21	5,170,352	(1,447,916)
Change in liabilities under Money Market Operations	23	(5,019,212)	1,331,686
Change in allocations of Special Drawing Rights	24a	252,380	211,152
Change in other liabilities	25	(335,129)	1,121,915
Change in currency in circulation	27	2,706,538	1,430,293
Cash flows used in operating activities		(1,907,290)	(4,912,568)

39. EVENTS AFTER REPORTING DATE

The directors do not recommend transfers into the consolidated fund for the year ended 31 December 2019 (2018: Nil).

It is envisioned that the COVID 19 pandemic will most likely have an impact on the economy and as a result the Expected Credit Loss (ECL) provisions relating to forward looking information will be impacted. The Bank is, however, not able to produce a reliable estimate of this impact at this point.

The directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

ADDRESSES AND TELEPHONE NUMBERS

HEAD OFFICE

Bank of Ghana
1 Thorpe Road
P. O. Box GP 2764
Accra

Cable Address: GHANABANK, Accra
Telex: 2052, 2541 GHBANK GH
Swift Code: BAGHGHAC
International Dial Code: 233
Telephone Numbers: 030-2666174-6
2666361-5, 2666902-8, 2666921-5

Fax: (0302) 662996, 665074
E-mail: bogsecretary@bog.gov.gh
Website: www.bog.gov.gh

Cedi House (Head Office Annex)
030-2665252, 2665253

General Services Complex
030-2811301, 2811006

Bank of Ghana Clinic: 030-2224837

REGIONAL OFFICES

Ashanti Region
P. O. Box 1989
Kumasi
Tel: 032-2022551, 2023944, 2024807
Fax: 032-2026317

Bono Region
P. O. Box 598
Sunyani
Tel: 035-2023814-6, 2023813, 2027161
Fax: 035-2027260

Northern Region
P. O. Box 340
Tamale
Tel: 037-2022130
037-2022664
Fax: 037-2022329

Western Region
P. O. Box 532
Takoradi
Tel: 031-2024035, 2024372, 2024604, 2021257
Fax: 031-2024705

Volta Region
P. O. Box 116
Hohoe
Tel: 036-2722045, 2722122, 2722992
Fax: 036-2722013

Currency Office
Sefwi-Boako
P. O. Box 176, Sefwi-Wiawso
Western North Region
Tel: 027-7765554, 7765558
Fax: 027-7900115

AGENCIES HELD BY BANK OF GHANA

Ghana Commercial Bank Ltd.
P. O. Box 65
Cape Coast
Central Region
Tel: 033-2132812-3, 2132354
Fax: 033-2132549

Ghana Commercial Bank Ltd.
P. O. Box 286
Koforidua
Eastern Region
Tel: 034-2023049, 2023069, 2023059

Ghana Commercial Bank Ltd.
P. O. Box 272
Nkawkaw
Eastern Region
Tel: 034-3122105, 3122222
Fax: 034-3022126

Ghana Commercial Bank Ltd.
Tema Main
P. O. Box 272
Tema - Greater Accra Region
Tel: 030-3202760, 3202768
3202769

Ghana Commercial Bank Ltd.
P. O. Box 66
Wa
Upper West Region
Tel: 039-202038-9, 2020501

Ghana Commercial Bank Ltd.
Dunkwa-on-Offin
Tel: 033-2228236, 2228674
2228528
Fax: 033-2228673

Ghana Commercial Bank Ltd.
P. O. Box 186
Agona-Swedru
Central Region
Tel: 033-2020291
Fax: 033-2020414

Ghana Commercial Bank Ltd.
P. O. Box 12
Bolgatanga
Upper East Region
Tel: 038-2022500, 2023462, 2022446
Fax: 038-2024961

Ghana Commercial Bank Ltd.
P. O. Box 164
Ho
Volta Region
Tel: 036-2027067, 2026436

General enquiries relating to the bank may be made to the Governors' Department on (0302) 663319 / 666174-6 or by e-mail to bogsecretary@bog.gov.gh www.bog.gov.gh