BANK OF GHANA

Annual Report and Financial Statements
2020

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Annual Report and Financial Statements 2020

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Bank of Ghana

P. O. Box GP 2674, Accra

ISSN: 0855-0972

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

Cover Photo: Bank of Ghana Head Office, Accra

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Photo: Bank of Ghana Head Office, Accra

Abbreviations

AACB	Association of African Central Banks
ABHR	Alcohol-Based Hand Rub
ACH	Automated Clearing House
AERC	African Economic Research Consortium
AfCFTA	African Contineltal Free Trade Area
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AFRACA	African Rural and Agricultural Credit Association
AFRACA-WACRAT	African Rural and Agricultural Credit Association - West Africa Centre for Rural and Agricultural Training
AFREXIMBANK	African Export-Import Bank
AGI	Association of Ghana Industries
AMCP	African Monetary Cooperation Programme
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
AML/CFT&P	Anti-Money Laundering/Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction
ATMs	Automated Teller Machines
AUC	African Union Commission
BCP	Business Continuity Plan
bpd	Barrels per day
bps	Basis points
BoG	Bank of Ghana
BoP	Balance of Payments
BSB	Business Sans Borders
BSSI	Banking Sector Soundness Index
CAR	Capital Adequacy Ratio
CBDC	Central Bank Digital Currency
CBWA	Central Bank of West Africa
CCB	Capital Conservation Buffer
CCC	Cheque Codeline Clearing
CCRT	Catastrophe Containment and Relief Trust
CET1	Common Equity Tier 1
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
CSSF	Community Solidarity Stabilisation Fund
CSWAMZ	College of Supervisors of the West African Monetary Zone
DC	Development Committee
DEMI	Dedicated Electronic Money Issuer
DMBs	Deposit Money Banks
DPO	Development Policy Operations
DSSI	Debt Service Suspension Initiative
E&CP	Ethics and Compliance Programme
ECB	European Central Bank
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
EPSP	Enhanced Payment Service Provider
ESRM	Environmental and Social Risk Management
EWP	Employee Wellbeing Programme
FATF	Financial Action Task Force
FDIs	Foreign Direct Investments
FHs	Finance Houses
FIC	Financial Intelligence Centre
FinTech	Financial Technology
FIO	FinTech and Innovation Office
FSC	Financial Stability Council
FSIs	Financial Soundness Indicators
FSPs	Financial Service Providers
GAB	Ghana Association of Bankers
GACH	Ghana Automated Clearing House
GAF	Ghana Air Force
GDP	Gross Domestic Product
GFIM	Ghana Fixed Income Market
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
ICT	Information Communication Technology
IFC	International Finance Corporation
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
LCs	Leasing Companies
LIIC	Legal and Institutional Issues Committee
MCCs	Microcredit Companies

M2+	Broad Money Supply
MFIs	Microfinance Institutions
MIC	Months of Import Cover
ML	Money Laundering
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MPC	Monetary Policy Committee
MPR	Monetary Policy Rate
MPSP	Medium Payment Service Provider
NBFIs	Non-Bank Financial Institutions
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NFIDS	National Financial Inclusion and Development Strategy
NIB	National Investment Bank
NIM	Net Interest Margin
NIR	Net International Reserves
NIS	Net Interest spreads
NITA	National Information Technology Agency
NPLs	Non-Performing Loans
NPOs	Not-For-Profit Organisations
NRA	National Risk Assessment
OLEM	Other Loans Especially Mentioned
OPEC	Organisation of Petroleum Exporting Countries
ORASS	Online Regulatory Analytics Surveillance System
P&A	Purchase and Assumption
PAPSS	Pan African Payments and Settlement System
PFTSP	Payment and Financial Technology Service Providers
PMIs	Purchasing Managers Index
PMS	Performance Management System
POS	Point of Sale
PPE	Property, Plant and Equipment
PRGT	Poverty Reduction and Growth Trust
PRMA	Petroleum Revenue Management Act
PSAC	Payment Systems Advisory Committee
PSPs	Payment Service Providers
RBS	Risk Based Supervisory
RCBs	Rural and Community Banks
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
RISP	Regional Integration Strategy Paper
ROA	Return on Assets
ROE	Return on Equity
ROEA	Return on Equity Assets
RTGS	Real Time Gross Settlement
S&Ls	Savings & Loans Companies
SBPs	Sustainable Banking Principles
SDGs	Sustainable Development Goals
SDIs	Specialised Deposit-Taking Institutions
SDRs	Special Drawing Rights
SEC	Securities and Exchange Commission
SMEs	Small and Medium-Sized Enterprises
SOC	Security Operation Centre
SOP	Standard Operating Procedures
SSA	Sub-Saharan Africa
SSNIT	Social Security and National Insurance Trust
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TF	Terrorism Financing
TORs	Terms of Reference
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

I am honoured to present the Bank of Ghana Annual Report and Financial Statements for 2020. The global economy went through a turbulent period in 2020 with the advent of the COVID-19 pandemic. The intensity and gravity of the human, economic, and social costs associated with the pandemic were unprecedented. This posed enormous challenges to global public policy and prompted synchronised massive fiscal stimulus packages and supportive monetary policy measures to deal with the fallouts from the crisis. The impact of the pandemic was dire, with sharp contraction in the global economy and heightened uncertainty across financial and commodity markets.

In the domestic economy, growth momentum slowed sharply due to the adverse effects of the pandemic. Real GDP growth declined to a record 0.4 per cent, the slowest in several decades. At the same time, inflationary pressures emerged from the imposition of COVID-related restrictions, which resulted in food price pressures during the second quarter. Headline inflation ended the year at 10.4 per cent, slightly above the upper limit of the medium-term target band of 8±2 per cent. The pandemic also caused a surge in unbudgeted Government spending on critical sectors of the economy alongside lower revenue mobilisation, which widened the fiscal deficit and pushed up public debt levels. The external sector turned out a lower balance of payments surplus due to a modest widening of the current account deficit and lower inflows to the capital and financial account. Despite the crippling effects of the COVID-19 pandemic, the Ghana cedi was firm against the US dollar on the back of improved buffers due to inflows from the Eurobond and the IMF Rapid Credit Facility, as well as the Bank's forward forex auction activities, which moderated market volatility.

Indeed, the uncertainties put monetary policy formulation to the test. The Bank acted swiftly to complement Government's fiscal stimulus provisions to address the adverse effects of the pandemic on the economy. The Monetary Policy Committee lowered the Policy Rate by 150 basis points to 14.5 per cent. It became imperative to implement several regulatory reliefs, including reduction of the primary reserve requirements and the capital conservation buffer for regulated financial institutions, to ensure liquidity in the financial sector and credit flows to the economy. In collaboration with other stakeholders, the Bank also announced a reduction in the cost of mobile money transactions, and purchased a 10-year Government of Ghana (GoG) COVID bond with a face value of GH¢10.0 billion to augment governments' financing requirements.

Despite the challenging macro-environment, the Bank continued to strengthen the safety and soundness of the banking sector with its two-pronged approach of effective regulation and supervision. With strong support from appropriate policies and regulatory reliefs, the banking sector remained well-capitalised, liquid, and profitable with strong buffers to withstand the adverse shocks emanating from the COVID-19 pandemic. On this basis, banks were able to provide support to households and businesses severely impacted by the pandemic.

The restrictions associated with the pandemic provided additional impetus to promote efficient and inclusive financial services, especially in remote payment systems, through the adoption of technology. During the year, the Bank established a FinTech and Innovation Office (FIO) to drive the cash-lite, e-payments, and digitisation agenda. The FIO is responsible for the licensing and supervision of Dedicated Electronic Money Issuers, Payment Service Providers, Payment and Financial Technology Service Providers, and other emerging forms of payment delivered by non-bank entities. To nurture FinTechs, enhance financial inclusion, and promote responsible digital financial service innovations, the Bank also launched a regulatory and innovation sandbox project in the year.

In addition, the Bank created a standardised format for the use of QR codes to enable the Ghana Interbank Payment and Settlement Systems (GhIPSS) launch the new payment protocol, GhQR Code. Another significant milestone was the successful implementation of the Society for Worldwide Interbank Financial Telecommunication

(SWIFT) baseline security requirements that led to the Bank's enlistment as the first Central Bank to be certified as a Swift Service Bureau.

Furthermore, to modernise currency operations and ensure efficient and seamless cash movements across the country, the Bank partnered the Ghana Air Force to pilot airlifting of currency to designated regional offices. Following the successful tests, the Bank and the Air Force agreed to finalise a Memorandum of Understanding and Standard Operating Procedure for operationalising the Currency Airlift Project. To further enhance the payment ecosystem in the country, the Bank also initiated a process to select a credible partner for a pilot Central Bank Digital Currency (CBDC).

The Bank continued to safeguard staff welfare to minimise COVID-19 infections among staff. Work ethics, the work environment, and information security became paramount, as the Bank took actionable steps to ensure business continuity in spite of the pandemic. In this regard, the Bank introduced remote working arrangements to enable staff to work from home, and undertook staff training and targeted career development programmes on virtual platforms. Also, the Bank reviewed and implemented Information Security Management Systems (ISMS) policies and procedures, which enabled it to pass a combined 4th and 5th ISO27001:2013 External Surveillance Audit in the review year. In addition, the Bank reviewed its internal policies on ethics to strengthen and foster a culture that promotes highest ethical standards and adherence to its core values of accountability, integrity, teamwork, respect, innovation, professionalism, and merit, even in a pandemic era.

It was a privilege that the Bank was presented with the Central Bank of the Year Award, 2020, due to the successful execution of our monetary policy and the financial sector reforms, and subsequent turnaround in the economy.

To conclude, let me stress that 2020 was an unusually challenging year in the Bank's history. We learnt very useful lessons in the process, and that should guide policymaking in the years ahead. First, that decisive and swift policy intervention are critical to building confidence that nurtures faster economic recovery from exceptionally large shocks, such as those that emanated from the pandemic. Second, that a dramatic shift towards remote technology in production and digitisation of financial services are important requirements for business continuity, and for insulating the economy against large and synchronised external shocks. Lastly, environmental, social, and governance principles have taken a central place in global policy decisions. As a central bank, once again, we have successfully sailed through another turbulent financial year, and delivered our mandate of monetary and financial stability, despite the adverse effects of the COVID-19 pandemic. I take this opportunity to thank the Board of Directors, the Monetary Policy Committee, Management, and Staff of the Bank for their continued support, commitment and hard work.

Thank you.

Dr. Ernest K.Y. Addison
Governor, Bank of Ghana

Board Members

Dr. Maxwell Opoku-Afari
First Deputy Governor

Dr. Ernest K. Y. Addison
Governor and 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

Ms. Sandra Thompson
The Secretary

HEADS OF DEPARTMENT

Mr. Eric Koranteng
Governors Department

Mr. Philip Abradu-Otoo
Research Department

Mr. Osei Gyasi
Banking Supervision Department

Mr. Stephen Amoh
Internal Audit Department

Dr. Settor Amediku
Payment Systems Department

Mr. Yaw Sapong
Other Financial Institutions Supervision Department

Ms. Sandra Thompson
Secretary's Department

Mrs. Josephine Ami-Narh*
Risk Management Department

Dr. Joseph France
Financial Stability Department

Mr. Stephen Opata
Financial Markets Department

Mr. John Gyamfi
Currency Management Department

Mr. Kennedy Akonnor Adu
Banking Department

Mrs. Abla Mawulolo Masoperh
Legal Department

Ms. Gloria Quartey
Human Resource & Capacity Development Department

Mr. Charles Elias Reindorf
Finance Department

Wg. Cdr. Kwame Asare-Boateng
Security Department

Mr. George Adu-Sefa
Corporate Management & Services Department

Mrs. Frances Van-Hein Sackey
Collateral Registry Department

Mrs. Caroline Otoo
Office of Ethics and Internal Investigations

Mr. Michael Mensah
Information & Communication Technology Department

Dr. (Mrs.) Charlotte Osafo
Medical Department

Mr. John Fummey
Information Security Office

Mr. Kwame Agyapong Oppong**
FinTech and Innovation 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 1st August, 2020
** Appointed on 4th May, 2020

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
- FinTech and Innovation Office

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

CHAPTER 1
GOVERNANCE

Photo: Bank of Ghana Head Office, Accra

1.1 Board of Directors

The governing body of the Bank, as stipulated in the Bank of Ghana Act, 2002 (Act 612), 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 1992 Constitution. The Governor and the two Deputy Governors are each appointed for a term of four years and are eligible for re-appointment. 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.

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

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

Audit Committee

The Audit Committee has oversight responsibility for the establishment of the appropriate accounting procedures and controls 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 Human Resource, Corporate Governance, and Legal Committee makes recommendations to the Board on policy matters relating to governance, human resource and legal issues, including regulation, 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 Economy and Research 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 Strategic Planning and Budget Committee provides strategic policy direction and also has oversight responsibility for the budget of the Bank.

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

Cyber and Information Security Committee

The Cyber and Information Security 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.

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 Monetary Policy Committee

1.2.1 Mandate

The Monetary Policy Committee (MPC) is responsible for the formulation of the monetary policy of the Bank and derives its mandate from Section 27 of the Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918).

1.2.2 Membership

The Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918), 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

Dr. Ernest K. Y. Addison	Governor and Chairman
Dr. Maxwell Opoku-Afari	First Deputy Governor
Mrs. Elsie Addo Awadzi	Second Deputy Governor
Mr. Philip Abradu-Otoo	Head, Research Department
Mr. Stephen Opata	Head, Financial Markets Department[3]
Prof. Joshua Abor	External Appointee
Dr. J. K. Kwakye	External Appointee

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

[3] Responsible for Treasury Operations

Photo: The President of the Republic of Ghana, Nana Addo Dankwa Akufo-Addo (right) with the Governor of the Bank of Ghana, Dr. Ernest K. Y. Addison

CHAPTER 2

DEVELOPMENTS IN THE GLOBAL ECONOMY

2.1 Overview

In 2020, the global economy was hit by the COVID-19 pandemic, slowing down the growth momentum sustained in 2019. To contain the pandemic, governments around the world introduced measures, which included lockdowns, quarantines, and curfews. These measures also led to disruptions in global supply chains, reductions in consumer demand, and a slowdown in economic activity. The significant contractions in economic activity engineered policy shifts by both fiscal and monetary authorities.

The first half of 2020 was characterised by severe contractions in both advanced and emerging market economies, on account of the negative economic effects of the containment measures introduced to stem the tide of the COVID-19 pandemic. A gradual easing of restrictions in the third quarter led to a rebound in global growth, with a sustained growth momentum expected in the fourth quarter. However, the resurgence of the virus during the fourth quarter, and the re-imposition of restrictions in many countries, weighed in on growth. In addition, the collapse of oil prices due to weak global demand and the inability of the OPEC+[4] alliance to agree on production cuts led to further deterioration in financial market risk sentiments. Global financial conditions, however, remained accommodative due to the policy measures introduced by both monetary and fiscal authorities.

2.2 World Output Growth

The International Monetary Fund (IMF) estimated global growth at negative 3.3 per cent in 2020, a significant decline from the 2.8 per cent growth rate recorded in 2019 (Table 2.1 in the Annexes). The severe contractions in both the advanced and emerging market economies were driven mainly by supply chain disruptions and the precautionary behaviour of households and firms in response to the containment measures introduced to stem the COVID-19 outbreak.

2.2.1 United States

The US economy contracted by 3.5 per cent in 2020, as against growth of 2.2 per cent in 2019. The weakening of the US economy was driven by the COVID-19 pandemic-related economic output decline and weak private sector demand.

2.2.2 United Kingdom

The UK economy contracted by 9.9 per cent in 2020, as against an expansion of 1.4 per cent in 2019, largely on account of the adverse economic effects of the COVID-19 pandemic, and the uncertainties arising from the official exit of the UK from the European Union.

2.2.3 Euro Area

In the Euro Area, growth contracted by 6.6 per cent in 2020, a significant drop from a growth of 1.3 per cent in 2019. The region was one of the hardest hit by the COVID-19 pandemic and endured severe restrictions for several weeks. However, the liquidity measures implemented by the European Central Bank (ECB) and the stimulus packages passed by various governments, along with global efforts at containing the spread of the virus, slowed the rate of contraction.

2.2.4 Emerging Market and Developing Economies

Economic activity in Emerging Market and Developing Economies (EMDEs) contracted by 2.2 per cent in 2020, relative to an expansion of 3.6 per cent in 2019. The weak economic performance in EMDEs was attributed to two broad factors, which were: (i) the public health counter measures implemented by the various countries to contain the spread of COVID-19, and (ii) a challenging external environment from plummeting external demand, sharp capital flow reversals, rising interest rate spreads on dollar-denominated emerging market sovereign bonds, and the collapse of commodity prices, among others.

2.2.5 Sub-Saharan Africa

The Sub-Saharan African economy contracted by 1.9 per cent during the review year, as against growth of 3.2 per cent in 2019. The economic deterioration emanated largely from challenging external conditions, such as low demand for exports, collapsing commodity prices, capital flow reversals, and rising sovereign spreads. These adverse factors made it difficult for countries within the region to deal with the economic fallout from the COVID-19 pandemic.

2.3 Global Consumer Prices

Global headline inflation was relatively subdued in 2020, reflecting the collapse in oil prices, subdued core inflation, and well-anchored inflation expectations. Although oil prices recovered somewhat after May 2020, they remained largely below the pre-pandemic levels on account of concerns about global demand conditions. In addition, inflation expectations in advanced economies remained well-anchored, mainly due to the relatively low inflation environment that had characterised many of the advanced economies. Under these conditions, labour cost pressures in 2019 that were expected to pass-through to core inflation during the review year were muted.

2.4 Commodity Markets

2.4.1 Crude Oil

The average price of crude oil at end-December 2020 was US$43.18 per barrel, down by 32.7 per cent, compared to the average price in 2019. Brent crude oil traded at an average price of US$63.60 per barrel in January, and by April, on account of significant reduction in global fuel demand, had reduced to US$26.63 per barrel. In May, the average price for the commodity picked up to US$32.11 per barrel, and stabilised in June on account of full compliance by OPEC+ with supply restrictions. Crude

[4] Organisation of the Petroleum Exporting Countries and Russia

oil price ended the year at an average of US$50.20 per barrel. (Chart 2.1)

2.4.2 Gold

Gold spot prices at end-December 2020 averaged US$1,857.20 per fine ounce after averaging US$1,560.70 in January. The average price for the year was US$1,770.51 per fine ounce, recording a 27.1 per cent improvement from the price realised in 2019. Prices were supported by rising demand for safe-haven investments, as the extent of economic distortions from the COVID-19 pandemic became more apparent. Also, boosting the safe haven appeal for the yellow metal was the intensified US-China tensions, which compounded fears of a slow recovery of the global economy. (Chart 2.2)

2.4.3 Cocoa

Cocoa futures ended 2020 with an average price of US$2,581 per tonne compared with an average price of US$2,387.59 per tonne in 2019. Cocoa traded between US$2,207 and US$2,826 per tonne in the review year. Below average rainfall and political tensions in Ivory Coast, the world's leading producer, reduced supply of the bean, driving up prices. (Chart 2.3)

Chart 2.1: Trends in International Brent Crude Prices

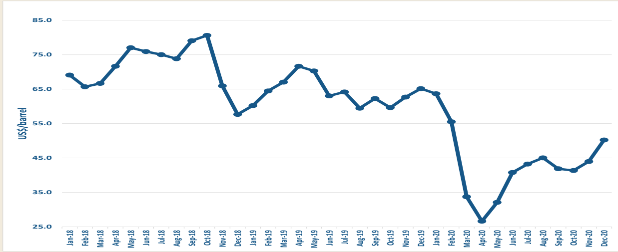


Chart 2.2: Trends in International Gold Prices

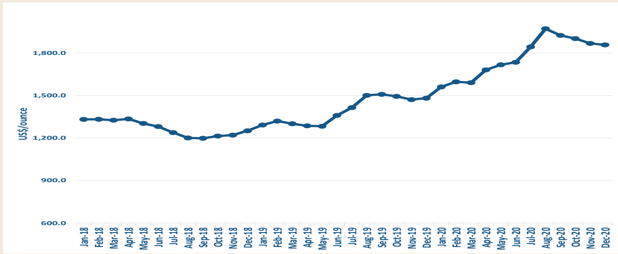
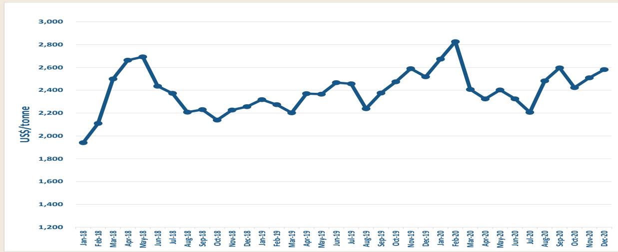
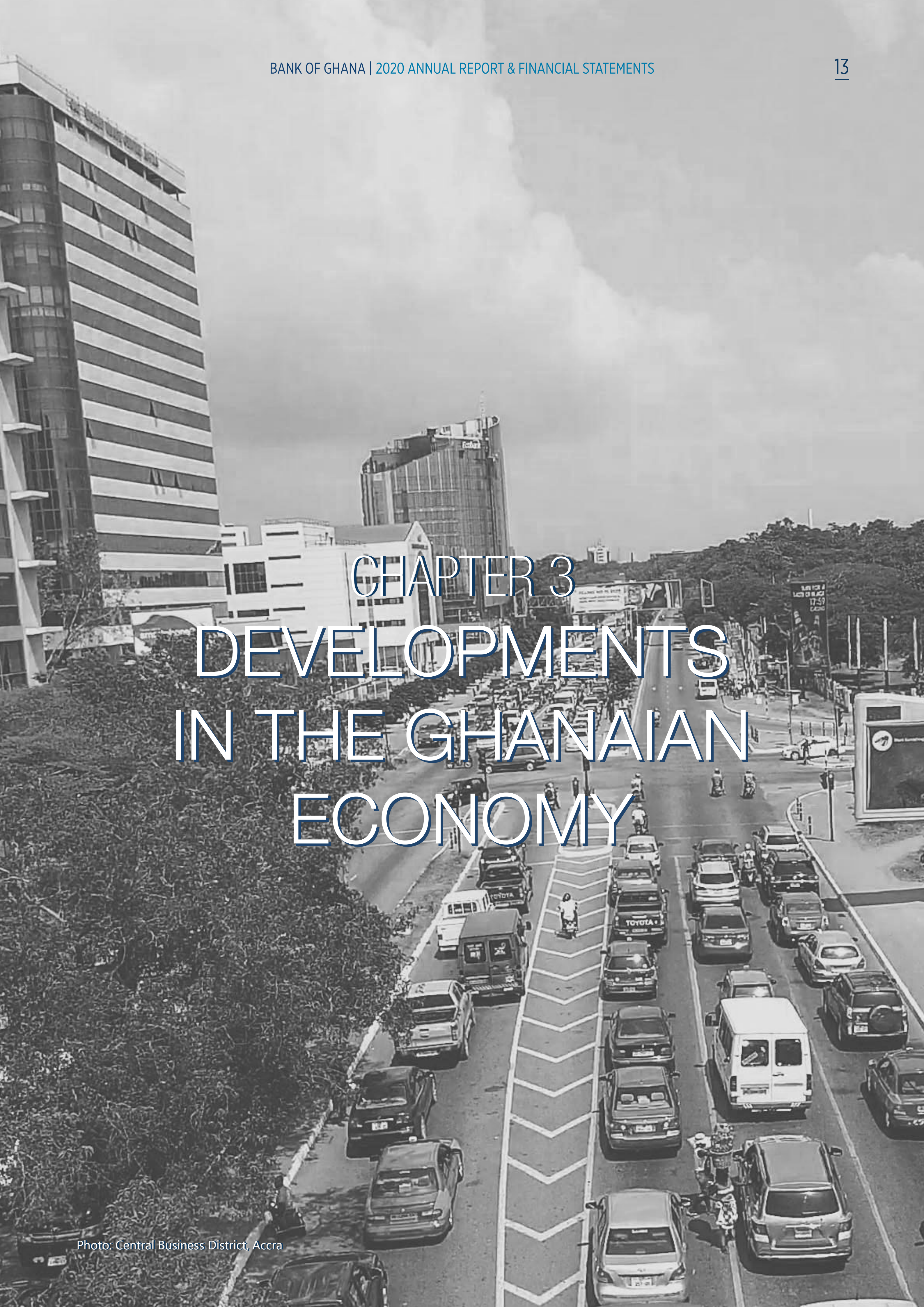


Chart 2.3: Trends in International Cocoa Prices



Charts 2.1, 2.2, 2.3 Source: Reuters and Bloomberg



CHAPTER 3
DEVELOPMENTS IN THE GHANAIAN ECONOMY

Photo: Central Business District, Accra

3.1 Overview

Real GDP growth for 2020 was estimated at 0.4 per cent, as against 6.5 per cent in 2019. Non-oil GDP grew by 0.9 per cent in 2020, down from 5.8 per cent in 2019. The slowdown in economic activity largely reflected the negative impact of the COVID-19 pandemic on the Ghanaian economy. (Table 3.1 in the Annexes)

Consumer price inflation was 10.4 per cent in December 2020, compared to 7.9 per cent in December 2019. The rise in inflation was largely as a result of food inflation, which rose to 14.1 per cent in 2020, from 7.2 per cent in 2019. The increase in food inflation was attributed to panic buying episodes during the COVID-19 related lockdown in the second quarter of the review year.

Annual growth in broad money supply (M2+) was 29.6 per cent at end-December 2020, from 21.7 per cent at end-December 2019. This development broadly reflected the supportive monetary and fiscal policies implemented to mitigate the impact of the COVID-19 pandemic.

In the currency market, the Ghana cedi remained relatively stable against the US dollar. Cumulatively, the cedi depreciated by 3.9 per cent in 2020 compared to a depreciation of 12.9 per cent in 2019. The performance of the cedi was on the back of reduced imports, improved inflows from the Eurobond issuance in the first quarter of the review year, and the Bank's forward forex auction operations.

On Central Government budget execution, an overall broad cash budget deficit of 11.7 per cent of GDP[5] was recorded in 2020, against the revised target of 10.9 per cent of GDP. Fiscal developments in 2020 were largely shaped by the adverse impact of the COVID-19 pandemic on the economy, which necessitated the recalibration of the macroeconomic framework. To deal with the financing gap resulting from the negative impact of COVID-19, the Government accessed an IMF Rapid Credit Facility (RCF), issued a COVID-19 Relief Bond that was purchased by the Bank, and stepped up issuance of treasury instruments to raise the necessary resources to ensure smooth implementation of the budget.

Annual nominal growth in DMBs' outstanding credit decreased to 5.8 per cent at end-December 2020, from 23.8 per cent at end-December 2019. Total outstanding credit stood at GH¢47.77 billion at end-December 2020, compared to GH¢45.17 billion at end-December 2019. Nominal growth in credit to the private sector decreased to 10.6 per cent at end-December 2020, from a growth of 18.0 per cent at end-December 2019. In real terms, the annual growth rate of outstanding credit to the private sector decreased to 0.2 per cent in December 2020, from 9.4 per cent in December 2019.

The Monetary Policy Rate (MPR) was reduced by 150 basis points in March 2020 to 14.5 per cent, from 16.0 per cent at end-December 2019, and maintained at 14.5 per cent at the subsequent Monetary Policy Committee (MPC) meetings held in the review year. The interbank weighted average interest rate decreased to 13.6 per cent in December 2020, from 15.2 per cent in December 2019, resulting in improved liquidity conditions on the interbank market and increased trading among banks. Interest rates on short-term Government of Ghana (GoG) securities and lending rates generally trended downwards during the review year. Interest earned on savings, however, increased marginally.

The Ghana Stock Exchange Composite Index (GSE-CI) recorded a negative growth of 13.9 per cent at end-December 2020 compared to a decline of 12.3 per cent in 2019. The adverse impact of the COVID-19 pandemic on the economy, and significant decreases in the prices of Food & Brewery, Manufacturing, Agriculture, ETFund, and Finance sector stocks contributed to the poor market performance in the review year. Total market capitalisation stood at GH¢54.37 billion at end-December 2020, a decrease of 4.3 per cent from the previous year's outturn.

Developments in the external sector resulted in a Balance of Payments (BoP) surplus of US$0.37 billion in 2020, compared to a surplus of US$1.34 billion in 2019. The reduced surplus was on account of a worsening of the current account deficit, and a decline in net inflow in the capital and financial accounts.

Gross International Reserves (GIR) at end-December 2020 stood at US$8.62 billion, from a stock position of US$8.42 billion at end-December 2019, sufficient to provide cover for 4.1 months of imports of goods and services, compared to 4.0 months at end-December 2019.

3.2 Monetary Policy

3.2.1 Monetary Policy Committee Meetings

The Monetary Policy Committee (MPC) held six meetings in 2020 – January, March, May, July, September, and November – to assess macroeconomic developments, the outlook for growth and inflation, and decide on the Monetary Policy Rate (MPR). At the January meeting, the MPR was maintained at 16.0 per cent, reduced to 14.5 per cent at the March meeting, and maintained at 14.5 per cent in the May, July, September and November meetings. Issues relating to the effects of the COVID-19 pandemic on the global, as well as the domestic economy, dominated discussions at the meetings in 2020.

Table 3.2: Monetary Policy Decisions in 2020

MPC Date	Policy Decision	MPR (%)
28 – 31 January	Maintained	16.0
16 – 18 March	Reduced by 150 basis points	14.5
12 – 15 May	Maintained	14.5
22 – 24 July	Maintained	14.5
23 – 25 September	Maintained	14.5
18 – 20 November	Maintained	14.5

Source: Bank of Ghana

[5] Excluding energy and financial sector clean-up costs

To support the financial intermediation activities of banks and prevent the economy from sliding into a deep recession, the Bank of Ghana, through the MPC, announced a raft of monetary and macro-prudential measures to ensure liquidity in the financial sector to moderate the impact of the pandemic on Ghana's economy.

3.2.2 Summary of MPC Deliberations

January

At the January 2020 meeting, the Committee noted that the synchronised slowdown in the global economy during 2019 was beginning to give way to a recovery, mainly in the emerging market and developing economies at a modest and uneven pace. The Committee was of the view that the coordinated monetary policy responses of the major central banks to keep interest rates on hold and adopt a dovish monetary policy stance would benefit emerging market economies with solid macroeconomic fundamentals.

On the domestic economy, the Committee noted that data from the Ghana Statistical Service, and the Bank of Ghana's Composite Index of Economic Activity (CIEA), both showed that economic growth continued to remain robust and broad-based, although at a moderate pace. In the view of the Committee, consumer confidence had rebounded and that businesses were fairly optimistic about industry prospects. The Committee noted that, strong growth in monetary aggregates had reflected in a significant pickup in aggregate demand, buoyed by a rebound in private sector credit, following the clean-up of the banking sector. Over the medium-term, the Committee said that growth would be supported by the services sector, especially as the banking sector continued to grow stronger and resilient, as well as the implementation of Government's growth-oriented programmes in the industry and the agricultural sector of the economy.

In the view of the Committee, the external sector performance continued to be strong, with improved trade surplus for the third consecutive year. This contributed to a narrowing of the current account deficit, and supported reserve build-up of US$1.3 billion. This, the Committee noted, would provide strong buffers and ensure stability in the foreign exchange market.

The Committee noted that the 2019 budget execution was broadly in line with expectations, as the budget deficit outturn was almost on target and within the fiscal rule of 5.0 per cent of GDP. While acknowledging that there were electoral cycle fiscal risks, the Committee stressed that strong commitment by the fiscal authorities to stay on the consolidation path would help sustain the stability and growth that had been achieved over the past three years. Overall, in its assessment the Committee noted that the economy was fairly resilient and robust, with regards to output growth and the Balance of Payments (BoP) position. In the view of the Committee, inflation would stay within the medium-term target band of 8±2 per cent, barring any unanticipated shocks.

Under these circumstances, the Committee viewed risks to the inflation and growth outlook as broadly balanced, and, therefore, decided to keep the Monetary Policy Rate unchanged at 16.0 per cent.

March

At the March 2020 meeting, the Committee noted that the COVID-19 pandemic had significantly heightened uncertainty in global financial markets, causing a sharp downturn in global stock prices, and a steep rise in emerging markets' sovereign bond spreads. In addition to these developments, the sharp fall in commodity prices, and the significant disruption in economic activity in emerging market and frontier economies, including Ghana, informed discussions and decisions at the meeting. The MPC further noted that central banks in advanced and emerging market economies had implemented a raft of measures, including cuts in policy rates and emergency liquidity assistance to stabilise their economies. Additionally, the Committee observed the use of fiscal stimulus packages in advanced as well as emerging market economies to complement monetary policy to minimise the impact of the COVID-19 pandemic on real sector activity.

On the domestic economy, the Committee assessed that the impact of COVID-19 on exports, imports, taxes, and foreign exchange receipts, would result in a marked slowdown in economic activity. In the baseline scenario, the Bank projected that GDP growth would slow down from 6.5 per cent recorded in 2019 to 5.0 per cent for 2020. Amidst the COVID-19 pandemic, growth was projected to slow down to 2.5 per cent under a worse-case scenario. These assessments were considered preliminary, given the fast-evolving situation and the elevated uncertainty surrounding the economic outlook.

The MPC noted that inflation in February 2020 was 7.8 per cent, same as in January, and was forecasted to remain within the target band of 8±2 per cent for the second quarter, barring any unanticipated shocks.

Under these circumstances, the Committee was of the view that downside risks to growth outweighed the upside risks to inflation in the outlook. The MPC decided to lower the Monetary Policy Rate by 150 basis points, to 14.5 per cent. Considering the unique challenges presented by the COVID-19 pandemic, the Committee announced additional measures to reduce the impact of the pandemic on economic activity (Box 3.1).

The dynamic and evolving situation regarding COVID-19 prompted the Committee to announce that it would continue to monitor developments concerning the impact of the pandemic on the domestic economy, and would not hesitate to convene an emergency meeting to deliberate on further policy support, if required.

BOX 3.1: COVID-19 AND BANK OF GHANA POLICY MEASURES

The onset of the COVID-19 pandemic created economic imbalances in 2020. But a robust monetary policy modernisation programme, which put inflation on a downward trajectory, and helped anchor inflation expectations and exchange rate dynamics, created space for monetary policy to support the various measures introduced by the Government to contain the pandemic. The policy space created was supported by a strong and well-capitalised banking sector.

Measures announced in March

In March, the Bank of Ghana announced the following measures to contain the impact of the COVID-19 pandemic on the Ghanaian economy:

- The Primary Reserve Requirement for banks was reduced from 10.0 per cent to 8.0 per cent to provide more liquidity to support critical sectors of the economy.
- The Capital Conservation Buffer (CCB) for banks of 3.0 per cent was reduced to 1.5 per cent. This was to enable banks provide the needed financial support to the economy.
- Provisioning for Loans in the "Other Loans Especially Mentioned" (OLEM) category was reduced from 10.0 per cent to 5.0 per cent for all banks and Specialised Deposit-Taking Institutions (SDIs). This was to provide capital relief to banks and SDIs.
- Loan repayments that were past due for Microfinance Institutions for up to 30 days were to be considered as "Current".

To facilitate more efficient payments and promote digital payments during the pandemic, the Bank agreed with key stakeholders on the following:

1

All mobile money users could send up to GH₵100 without commission (excluding cash out). This included sending to a recipient on all networks via the interoperability platform.

2

All mobile phone subscribers were permitted to use their already existing mobile phone registration details for on-boarding as Minimum KYC Account.

3

The transaction limits for mobile money were modified as follows:

I. Daily Transaction Limits

KYC Account Type	Current Limit	New Limit
Minimum KYC Account	GH₵300.00	GH₵1,000.00
Medium KYC Account	GH₵2,000.00	GH₵5,000.00
Enhanced KYC Account	GH₵5,000.00	GH₵10,000.00

II. Wallet Limits

KYC Account Type	Current Limit	New Limit
Minimum KYC Account	GH₵1,000.00	GH₵2,000.00
Medium KYC Account	GH₵10,000.00	GH₵15,000.00
Enhanced KYC Account	GH₵20,000.00	GH₵30,000.00

III. Aggregate Monthly Transaction Limits

KYC Account Type	Current Limit	New Limit
Minimum KYC Account	GH₵3,000.00	GH₵6,000.00
Medium KYC Account	GH₵20,000.00	No Limit
Enhanced KYC Account	GH₵50,000.00	No Limit

May

In the May 2020 meeting, the Committee noted that the COVID-19 pandemic continued to disrupt economic activity, heighten uncertainty, and weaken global growth conditions. The containment measures to slow down the spread of the virus, which included the imposition of lockdowns, travel restrictions, and social distancing measures, had taken a toll on global economic activity, forcing fiscal and monetary authorities to implement unprecedented policy measures. The global fall in demand for crude oil and the inability of the Organisation of the Petroleum Exporting Countries and Russia (OPEC+) to agree on production cuts had led to a decline in crude oil prices, further clouding an already uncertain economic outlook.

The Committee stressed that notwithstanding the unfavourable global developments, the external sector position was strong in the first quarter of 2020, reflecting high trade surplus and capital inflows. The trade balance recorded a surplus of US$936.4 million (1.4% of GDP), compared to a surplus of US$642.4 million (1.0% of GDP), recorded for the same period in 2019. The Committee noted that the Government of Ghana's decision to access the Eurobond market earlier in the year, and the Rapid Credit Facility (RCF) financing from the IMF had proven timely, and resulted in the build-up of reserves by US$1.5 billion (2.2% of GDP).

In its assessment of domestic conditions, the Committee noted that headline inflation, after remaining flat at 7.8 per cent for three months, had jumped up in April to 10.6 per cent, above the upper limit of the Bank's inflation target band of 8±2 per cent. The Committee stressed that the significant increase in headline inflation was largely driven by food inflation increasing from 8.4 per cent in March 2020 to 14.4 per cent. Non-food inflation, however, increased marginally from 7.5 per cent to 7.7 per cent. This development, according to the Committee, was driven by two panic-buying episodes that had preceded market fumigation exercises across the country, and the imposition of partial lockdowns in Accra and Kumasi, the two major cities.

The Committee stressed that the Bank of Ghana's Real Composite Index of Economic Activity (RCIEA) showed a slowdown in the economy during the first quarter of the year, reflecting the impact of the social distancing, and partial lockdown measures implemented by the

BOX 3.2: ADDITIONAL COVID-19 POLICY MEASURES

The Committee noted at the May meeting that the COVID-19 pandemic had put a strain on the economy. Therefore, the Bank took the following additional measures:

A. Budget Financing	• Triggered emergency financing provisions, under section 30 of the Bank of Ghana Act, 2002 (Act 612) as amended, to help finance the residual financing gap. • Purchased a Government of Ghana COVID-19 relief bond with a face value of GH¢5.5 billion at the Monetary Policy Rate with a 10-year tenor and a moratorium of two years (principal and interest), under its Asset Purchase Programme. The Bank further committed to purchase additional Government bonds up to a total of GH¢10 billion in line with the estimate of the financing gap resulting from the COVID-19 pandemic.
B. Relief Measures to the SDI Sector	• Activated section 46A of the Bank of Ghana Act 2002 (Act 612) as amended, to provide liquidity support to qualifying Savings & Loans companies and Finance Houses facing temporary liquidity challenges. • Strengthened the capacity of ARB Apex Bank to provide liquidity support to rural and community banks facing temporary liquidity challenges. • Extended the deadline for Microfinance Institutions and Rural and Community Banks to meet new capital requirements to December 2021. • Reduced the 8.0 per cent primary reserve ratio for Savings & Loans companies, Finance Houses, and Rural and Community Banks to 6.0 per cent, and the 10.0 per cent primary reserve ratio for Microfinance companies to 8.0 per cent.
C. Additional Regulatory Guidance to Banks and SDIs	• Provided guidance to banks and Specialised Deposit-taking Institutions (SDIs) on the accounting treatment of loan restructuring, classifications, provisioning and expected credit losses, and prudential assessments of credit risk and capital ratios in line with the newly introduced policy measures.

government in March. The Committee noted that RCIEA contracted by 2.2 per cent in March 2020, compared to a growth of 5.6 per cent for the corresponding period of 2019. Consequently, projected growth in 2020 was revised to range between 2.0 and 2.5 per cent, significantly lower than the average recorded in previous year.

In assessing the fiscal position, the Committee observed that the COVID-19 pandemic had created shortfalls in petroleum revenue import duties, other taxes, and non-tax revenues leading to severe strains on the budget. The Committee noted that the budget deficit had widened to 3.4 per cent of GDP in the first quarter, compared with a deficit target of 1.9 per cent of GDP, exacerbating financing needs.

Given these considerations, the Committee noted that the risks to growth and inflation outlook were balanced and, therefore, decided to maintain the Policy Rate at 14.5 per cent.

July

The Committee noted at the July 2020 meeting that, the COVID-19 pandemic had continued to weaken global economic activity, and worsened growth projections since the last MPC meeting in May. The Committee stressed the importance of a global economic recovery in its report, noting it was likely to be gradual due to the emergence of risks in the outlook. Signs of a second wave of infections of the virus in some countries and the re-imposition of restrictions had heightened these risks. Decisive monetary and fiscal policy interventions to moderate the impact of the pandemic would help minimise these risks, improve investor confidence and ease global financial market pressures.

The Committee reported that, notwithstanding the unfavourable global developments, the current account deficit for the first half of 2020 had improved marginally to a deficit of US$556.3 million (0.8% of GDP), from US$661.1 million (1.0% of GDP) in 2019. The current account outturn was supported by relatively stable inflows in net current transfers, especially remittances, together with a significant decline in net investment income outflows, notably, profits and dividends. These developments, together with inflows into the capital and financial account, resulted in a near-zero overall Balance of Payments compared with a surplus of US$1.3 billion (2.2% of GDP) over the same period in 2019.

In the view of the Committee, the COVID-19 pandemic had stretched public finances out of the path of fiscal consolidation, with the fiscal deficit projected at 11.4 per cent of GDP by end-December 2020. The huge financing gap brought about by the projected widened deficit could exert pressure on public debt, with long term implications for the economy. The Committee indicated that it was critical for the 2021 budget to focus on a return to fiscal consolidation to anchor macroeconomic stability and sustain growth prospects.

The Committee observed that inflation was likely to remain above the upper limit of the medium-term target in the near term, due to the food price shock. Adjusting for the shock in food prices, underlying inflation was judged to be stable. The Committee projected that inflation would return to the medium-term target band by the second quarter of 2021, conditional on corrective fiscal measures being introduced swiftly.

The Committee noted that the Bank's Composite Index of Economic Activity decreased sharply by 10.6 per cent in May 2020, compared to 5.6 per cent growth in May 2019 reflecting the impact of the COVID-19 pandemic on the domestic economy.

Based on stress tests conducted in July 2020, the MPC noted that the strong capital buffers would provide the cushion for banks to withstand moderate liquidity and credit shocks.

The Committee was of the view that a widened budget deficit and a residual financing gap would require some restraint to preserve the anchors of macroeconomic stability. In the circumstances, the Committee decided to maintain the Policy Rate at 14.5 per cent.

September

At the September 2020 meeting, the Committee observed emerging signs of recovery, following the sharp contraction in global activity in the first half of the review year. Growth recovery was underpinned by coordinated large fiscal and monetary stimulus packages, and widespread easing of restrictions, especially in countries that had made significant progress in containing the spread of the virus. Therefore, the Committee was of the view that the recovery and improved sentiments in global financial markets would help ease pressure on emerging market currencies, and thus provide support to Ghana's economic recovery efforts. The Committee noted subdued inflationary pressures on account of low energy prices, lacklustre global demand conditions, and labour market slackness.

In the domestic economy, the Committee noted that the Bank's surveys conducted in August revealed that consumer confidence had bounced back strongly above pre-lockdown levels.

On price dynamics, the Committee noted that headline inflation declined to 10.5 per cent in August 2020, from 11.4 per cent in July 2020, on the back of declining food prices. Food inflation steadily declined from 15.1 per cent in May to 11.4 per cent in August, partly reflecting seasonal effects. However, non-food inflation increased from 8.4 per cent, to 9.9 per cent. Underlying inflationary pressures had eased, with inflation expectations of businesses, consumers, and the financial sector remaining moderate. The Bank's core inflation measure, which excludes energy and utility prices, showed a marginal decline.

On the external position, the MPC noted that the trade surplus stood at US$1,318.0 million (2.0% of GDP) in the first eight months of 2020, compared with US$1,421.0 million (2.1% of GDP) in the same period of 2019. Gross International Reserves at the end-August 2020 was US$8,561.9 million, providing cover for 4.0 months of imports of goods and services, compared to US$8,418.1 million, which was also equivalent to 4.0 months of import cover at end-December 2019. The strong foreign exchange reserve position was expected to anchor exchange rate stability.

On real sector activity, the Committee noted that data available pointed to a gradual rebound in economic activity as the Composite Index of Economic Activity grew by 3.6 per cent in July 2020, compared with the contraction of 10.6 per cent recorded in May.

In the view of the Committee, risks to the immediate outlook for inflation and growth were broadly balanced, and, therefore, maintained the Policy Rate at 14.5 per cent.

November

At this last meeting of the year in November 2020, the Committee observed a pick-up in global growth in the third quarter of 2020, following the sharp contraction in the second quarter. Global financial market sentiments also remained favourable. These developments were supported by a gradual easing of the pandemic-related restrictions, alongside strong fiscal and monetary policy support. Global inflationary pressures remained generally subdued, reflecting low oil prices, weak global demand, and deterioration in labour market conditions.

On domestic growth conditions, the MPC noted that growth spurts recorded in June 2020 had gained some traction due to the supportive fiscal and monetary policies, regulatory reliefs and the relaxation of COVID-19 pandemic restrictions. Further, the Committee added that the Composite Index of Economic Activity recorded an annual growth of 10.5 per cent in September 2020, compared to 4.2 per cent growth in the corresponding period in 2019. This, the Committee explained, was due to a rebound in construction and manufacturing activities as well as a pick-up in credit to the private sector. In addition, the Committee said the Purchasing Managers Index (PMI), which gauges the rate of inventory accumulation by operators in the private sector, increased significantly in November, from its level in September 2020.

Assessing the impact of the COVID-19 pandemic on the country's external position, the MPC noted a decline in both imports and exports in the first-nine months of the year. This notwithstanding, the Committee noted that the current account had improved marginally, to a deficit of US$1,267 million (1.9% of GDP), compared with a deficit of US$1,497 million (2.2% of GDP) for the same period in 2019. The Committee said that the current account outturn was supported by stable remittances and lower net investment income outflows, particularly profits and dividends. The Committee, however, noted that the improvement in the current account was offset by lower inflows in the capital and financial accounts, attributed to the lower-than-projected inflows from Foreign Direct Investment (FDIs) and portfolio investments. The Committee stated that Gross International Reserves stood at US$8,627.4 million, equivalent to 4.0 months of import cover of goods and services at end-October 2020, compared with US$8,418.1 million, also equivalent to 4.0 months of import cover recorded at the end-December 2019.

The MPC noted a downward trend in headline inflation, after rising sharply in the second quarter. Inflation eased to 10.1 per cent in October, driven by declines in both food and non-food prices. Non-food inflation fell to 8.3 per cent, from a peak of 9.9 per cent in August, while food inflation fell sharply from a peak of 15.1 per cent in May, to 12.6 per cent in October. The Bank's core inflation measure, which excludes energy and utility, also declined marginally. However, financial sector inflation expectations inched up marginally, while Inflation expectations of businesses and consumers were moderate.

The Committee noted that though inflation had eased towards the medium-term target band, there were key risks to the outlook, which centred on the budget deficit, financing needs to support budget implementation, and the uncertainty surrounding the pandemic. Under these circumstances, the Committee decided to maintain the Policy Rate at 14.5 per cent.

3.3 Money Supply and Credit

3.3.1 Money Supply

Developments in monetary aggregates in the review year broadly reflected the supportive monetary and fiscal policies implemented to mitigate the impact of the COVID-19 pandemic. Annual growth in broad money supply (M2+) was 29.6 per cent at end-December 2020, from 21.7 per cent at end-December 2019. The increase in M2+ was mainly driven by expansion in Net Domestic Assets (NDA), but was moderated by a contraction in Net Foreign Assets (NFA). NDA grew by 42.2 per cent in 2020, from 14.9 per cent growth in 2019, while the NFA contracted by 12.6 per cent, as against a growth of 51.7 per cent over the same comparative periods.

Reserve money grew by 25.0 per cent at end-December 2020, compared with 34.4 per cent growth at end-December 2019 (Table 3.3 in the Annexes).

3.3.2 Deposit Money Banks' Credit

During the review year, the annual growth in DMBs' outstanding credit decreased. The nominal annual growth rate was 5.8 per cent at end-December 2020, compared to 23.8 per cent at end-December 2019. In real terms, total outstanding bank credit contracted by 4.2 per cent in 2020, compared to 14.7 per cent growth in 2019. At the end of December 2020, total outstanding credit stood at GH¢47.77 billion, compared to GH¢45.17 billion at end-December 2019.

Nominal growth in credit to the private sector slowed to 10.6 per cent at end-December 2020 from a growth of 18.0 per cent recorded in the corresponding period in 2019. In real terms, the annual growth rate of outstanding credit to the private sector decreased to 0.2 per cent in December 2020 from 9.4 per cent in December 2019. The proportion of total outstanding credit to the private sector increased marginally to 91.1 per cent in December 2020, from 87.2 per cent recorded in the same period in 2019. The outstanding credit to the private sector in December 2020 stood at GH¢43.53 billion (Chart 3.1 and Table 3.4 in the Annexes).

3.4 Interest Rates

Interest rate developments in the year generally trended downward. The MPR was reduced by 150 basis points to 14.5 per cent during the review year. The 150 basis points reduction at the March MPC meeting, the only rate cut in 2020, was to increase market liquidity and mitigate the negative impact of the COVID-19 pandemic on the financial sector. (Chart 3.2)

Rates on the Bank of Ghana (BoG) Bills declined from 16.0 per cent to 14.5 percent in March and remained unchanged for the rest of the year. The average lending rate of banks reduced by 249 basis points, year-on–year, to 21.1 per cent at end-December 2020, reflecting demand and supply conditions on the loanable funds market. Interest earned on savings increased marginally in the review year, which was in contrast to the decrease observed in the interest earned on demand deposits. The interbank weighted average interest rate decreased to 13.6 per cent at end-December 2020, from 15.2 per cent at end-December 2019, resulting in improved liquidity conditions on the interbank market and increased trading among banks. (Chart 3.3)

Interest rates generally trended downward in line with the MPR. The 91-day and 182-day Treasury bill rates declined to 14.08 per cent and 14.13 per cent, respectively, in December 2020, from 14.69 per cent and 15.15 per cent in the previous year. Similarly, the rate on the 364-day instrument decreased to 16.98 per cent from 17.88 per cent over the same comparative periods. Rates on the secondary bond market also broadly declined, except the 5-year and 7-year bonds, which increased by 35 basis points and 425 basis points to settle at 19.85 per cent and 20.50 per cent, respectively.

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

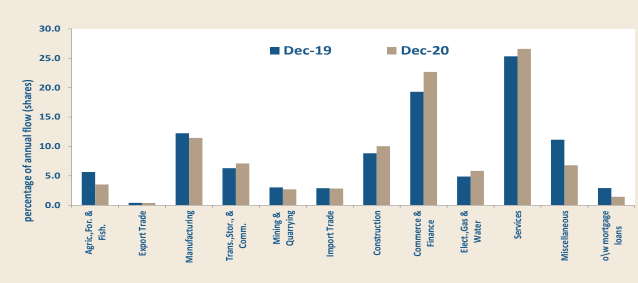


Chart 3.2: Monetary Policy Rate

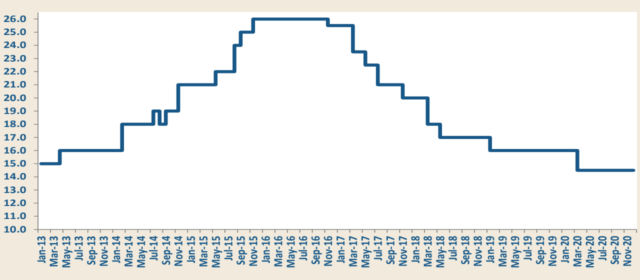
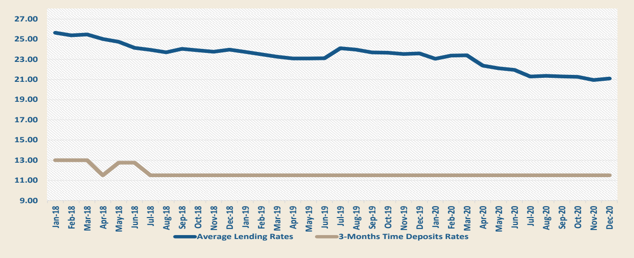
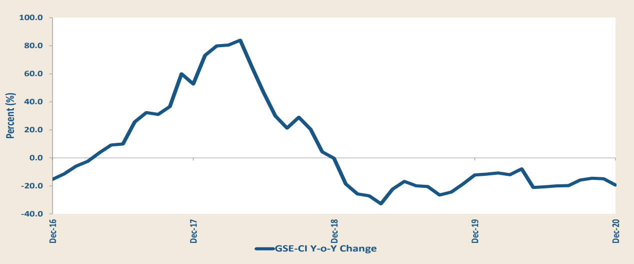


Chart 3.3: Nominal Savings and Lending Rates



Charts 3.1, 3.2, 3.3 Source: Bank of Ghana

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



Source: Ghana Stock Exchange

3.5 Capital Market

3.5.1 Equity Market

The Ghana Stock Exchange Composite Index (GSE-CI) recorded a negative growth of 13.9 per cent at end-December 2020 (Chart 3.4; Table 3.5 in the Annexes). The decline in the GSE-CI was partly driven by the adverse impact of the COVID-19 pandemic on the economy and significant decreases in Food & Brewery, Manufacturing, Agriculture, ETFund, and Finance sector stocks. At end-December 2020, total market capitalisation stood at GH¢54.37 billion, a decrease of 4.3 per cent over the position at end-December 2019 (Table 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 end-December 2020 stood at GH¢120.69 billion, compared to GH¢79.10 billion at end-December 2019. The total value of corporate bonds listed on the exchange stood at GH¢6.68 billion at end December 2020, compared with GH¢9.20 billion in 2019.

The cumulative value of trades on the Ghana Fixed Income Market (GFIM) at end-December 2020 stood at GH¢108.41 billion, compared with GH¢55.55 billion at end-December 2019.

3.6 Prices

Headline inflation at end-December 2020 was 10.4 per cent, above the upper limit of the medium-term target band of 8±2 per cent, up from 7.9 per cent at end-December 2019. Inflation remained flat at 7.8 per cent in the first quarter of the year, but increased to 11.2 per cent at the end of the second quarter. The increase in inflation was driven mainly by a rise in food prices resulting from panic-buying episodes occasioned by the imposition of partial lockdowns in Accra and Kumasi, the two major cities, and market fumigation exercises across the country due to the COVID-19 pandemic. Inflation eased to 10.4 per cent at the end of the third quarter, driven by a decline in food inflation, and gradual easing of COVID-19 restrictions. In November, inflation declined to 9.8 per cent, returning to the medium term target band of 8±2 per cent. At end-December, inflation inched up to 10.5 per cent due to underlying pressures. The Bank's main measure of core inflation, which excludes energy and utilities was 10.9 per cent at end-December 2020, from 7.8 per cent at end-December 2019 (Table 3.7A in the Annexes).

On a year-on-year basis, the main drivers that exerted upward pressures on inflation were: Food and Non-alcoholic Beverages (14.1% in December 2020, compared with 7.2% in December 2019); Housing and Utilities (20.1% in December 2020, compared with 10.5% in December 2019); Information and Communication (7.0% in December 2020, compared with 2.8% in December 2019); Clothing & Footwear (7.9% in December 2020, compared with 6.7% in December 2019), and Insurance and Financial Services (3.3% in December 2020, compared with 0.6% in December 2019). (Chart 3.5 & 3.6; Table 3.7B in the Annexes)

3.7 Fiscal Sector

In 2020, fiscal policy objectives were adversely affected by the outbreak of the COVID-19 pandemic. With the prospect of revenue loss and higher expenditures arising from measures aimed at mitigating the adverse effect of the COVID-19 pandemic, the fiscal rules were suspended in line with emergency provisions in the Fiscal Responsibility Act, 2018 (Act 982). This was to allow for the implementation of measures to ensure that the requisite health-related programmes were put in place. To deal with the financing gap that arose from the COVID-19 pandemic, Government accessed an IMF Rapid Credit facility (RCF), issued a COVID-19 Relief Bond that was purchased by the Bank, and stepped up issuance of domestic treasury instruments to raise the necessary resources to ensure smooth implementation of the budget.

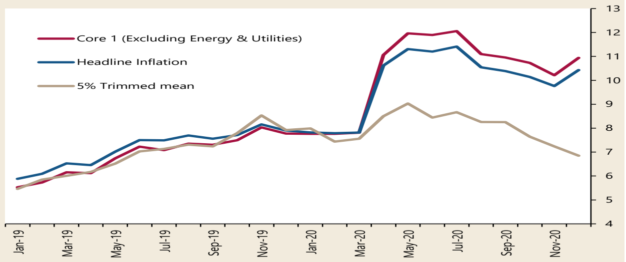
Fiscal Outturn

The Government's budgetary operations for 2020 recorded a deficit of 11.7 per cent of GDP[6], as compared to a deficit of 4.7 per cent in 2019, and higher than the revised target of 11.4 per cent. The deficit was financed from both domestic and external sources. (Tables 3.8A & 3.8B in the Annexes)

Total Government Revenue and Grants amounted to GH¢55.1 billion (14.4% of GDP), higher than the revised target of GH¢53.7 billion (13.9% of GDP). The major components were Tax Revenue of GH¢44.5 billion (80.6% of Total Receipts), Non-Tax Revenue of GH¢9.5 billion (17.1% of Total Receipts) and Grants of GH¢1.2 billion (2.2 % of Total Receipts).

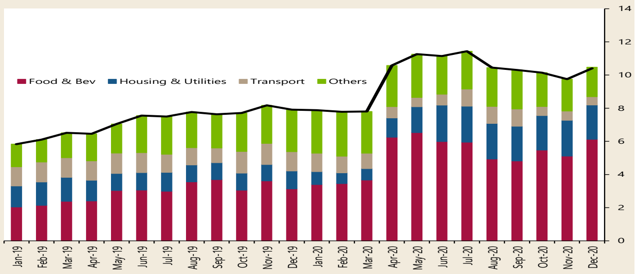
Total Government Expenditure for the year amounted to GH¢96.4 billion (25.1% of GDP), which was marginally above the revised budget of GH¢96.3 billion (23.8% of GDP). Recurrent Expenditure was 87.5 per cent of Total Payments, while Capital Expenditure constituted 12.5 per cent. Of the Recurrent Expenditure, Interest Payments represented 29.2 per cent of the total, while Non-Interest Expenditures constituted 70.8 per cent.

Chart 3.5: Headline and Core Inflation



Source: Bank of Ghana and Ghana Statistical Service

Chart 3.6: Component Drivers of Headline Inflation



** Provisional*
Source: Bank of Ghana and Ghana Statistical Service

[6] Excluding financial sector clean-up cost. The deficit, including the financial sector bailout, was 13.8 per cent of GDP

Composition of Domestic Debt

The stock of domestic debt at end-December 2020 was GH¢150.7 billion (39.3% of GDP), compared to GH¢105.4 billion (29.6% of GDP) at end-December 2019. The increase in the domestic debt stock was as a result of increases in short, medium, and long-term securities by 3.2, 51.9, and 47.3 per cent, respectively (Table 3.9 in the Annexes).

Total debt stock stood at GH¢291.6 billion as at end-December 2020 (76.1% of GDP) from a level of GH¢218.2 billion (61.2% of GDP) in 2019.

Holdings of Domestic Debt

The share of the Bank of Ghana's holdings of domestic debt increased to 23.1 per cent at end-December 2020, from 15.0 per cent at end-December 2019. SSNIT holdings increased marginally to 0.4 per cent from 0.3 per cent. Deposit Money Banks' (DMBs) holdings decreased to 25.6 per cent in 2020, from 29.5 per cent in 2019, while the share of Non-Residents' holdings decreased to 18.4 per cent, from 25.0 per cent (Table 3.10A & 3.10B in the Annexes).

3.8 External Sector

The overall Balance of Payments (BoP) recorded a surplus of US$0.37 billion in 2020, compared to a surplus of US$1.34 billion in 2019. The decline in surplus was on account of an increase in the current account deficit, and decreased net capital inflows in the capital and financial accounts (Table 3.11 in the Annexes).

3.8.1 Current Account

The current account recorded a deficit of US$2.13 billion (3.1% of GDP) in 2020, compared to a deficit of US$1.86 billion (2.8% of GDP) in 2019. The worsening of the deficit was on account of a marginal decline in trade surplus and higher services outflows, which outweighed gains made in terms of net investment income outflows; notably, profits and dividends, and stable inflow of remittances during the review year.

3.8.1.1 Merchandise Trade Balance

The trade balance recorded a surplus of US$2.04 billion (3.0% of GDP), compared with US$2.26 billion (3.4% of GDP) in 2019. The contraction was driven by lower total exports receipts (7.6% decline) which more than offset the decline in imports (7.3%).

Merchandise Exports

The value of merchandise exports for the year was estimated at US$14.47 billion, down by 7.6 per cent, compared to US$15.67 billion for 2019.

Gold Exports

Gold exports receipts in 2020 increased to US$6.80 billion, from US$6.23 billion in 2019 on account of price increases. The gold price increase was due to strong investor appetite for the metal arising from the safe haven status it enjoys in times of economic and political uncertainty. The economic disruptions caused by COVID-19 influenced the price of gold, as investors rebalanced their portfolios. The average realised price increased by 27.2 per cent, to US$1,764.16 per fine ounce, while the volume of gold exported decreased by 14.2 per cent to 3,854,012 fine ounces in the review year.

Crude Oil Exports

Crude oil export receipts declined by 35.2 per cent in the review year. Total export receipts in 2020 was US$2.91 billion compared to US$4.49 billion in 2019. The volume of crude oil exported declined by 3.7 per cent, to 67,458,206 barrels. The average realised price of crude oil in 2020 was US$43.15 per barrel, compared to US$64.14 per barrel in 2019, representing a decline of 32.7 per cent. Restrictions on movements and the slow recovery of economies from the COVID-19 pandemic-induced-shocks contributed to the price decline.

Export of Cocoa Beans and Products

Exports of cocoa beans and products increased by 1.7 per cent to US$2.33 billion in 2020. Cocoa beans exported amounted to US$1.48 billion, an increase of 2.0 per cent year-on-year. The average realised price increased by 6.8 per cent to US$2,527.33 per tonne, while export volume fell by 4.5 per cent to 585,679 tonnes. Earnings from cocoa products increased by 1.3 per cent to US$0.85 billion, on account of a 4.0 per cent increase in the average realised price, which settled at US$3,102.27 per metric tonne at end-December 2020. Volume fell by 2.6 per cent to 273,334 metric tonnes. The demand for certified cocoa by the world's top chocolate producers positively influenced the price of the bean in the review year.

Timber Exports

The value of timber exports fell by 20.7 per cent to US$0.13 billion. The average realised price increased by 5.3 per cent to US$592.49 per cubic metre in 2020, from US$562.47 per cubic metre in 2019. Volume exported declined by 24.7 per cent to 226,158 cubic metres in 2020, from 300,455 cubic metres in 2019.

Other Exports

The value of "other exports", which is made up of non-traditional exports, electricity, and other minerals (aluminium alloys, bauxite, diamond and manganese), was estimated at US$2.30 billion, compared to US$2.49 billion in 2019, representing a decline of 7.6 per cent.

Merchandise Imports

The total value of imports for 2020 was US$12.43 billion, down by 7.3 per cent, compared to the outturn of US$13.41 billion in 2019.

Oil Imports and Non-Oil Imports

The value of oil imports (comprising crude, gas, and refined products) decreased by 21.9 per cent to US$1.89 billion in 2020, from US$2.42 billion in 2019. This was driven largely by lower oil prices on the international market. Non-oil imports in 2020 declined by 4.1 per cent to US$10.54 billion.

3.8.1.2 Services, Income and Current Transfers

The services, income and transfers accounts recorded a deficit of US$4.18 billion, a worsening of US$0.06 billion from the preceding year, as a result of deterioration in the services account. The services account, recorded a net outflow of US$4.51 billion, up by US$0.94 billion compared to 2019. The investment income account recorded net outflow of US$3.40 billion in 2020, compared to US$3.95 billion in 2019. The current transfers account increased to US$3.73 billion from US$3.40 billion, supported by stable inflows of remittances and profits and dividends. Also, private inward remittances improved to US$3.57 billion in 2020, from US$3.39 billion in 2019.

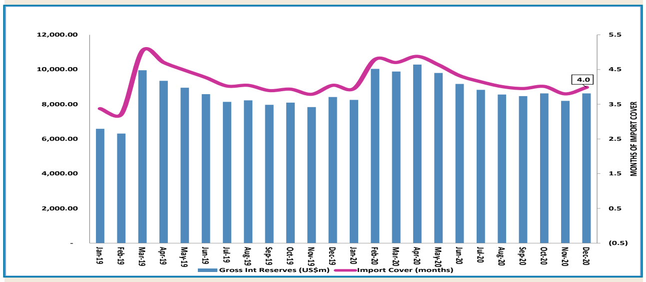
3.8.2 Capital and Financial Account

The capital and financial account recorded a net inflow of US$2.89 billion, compared to US$3.07 billion in 2019. The capital account recorded US$250.14 million in 2020, compared to US$257.08 million in 2019. During the period under review, the financial account recorded reduced net inflows of US$2.64 billion, compared to US$2.81 billion in 2019. Net portfolio and net foreign direct investments inflows of US$1.56 billion and US$1.33 billion, respectively, were recorded in 2020, as against US$2.30 billion, and US$3.29 billion in 2019. For the same period, the other investment account recorded net outflows of US$0.59 billion, compared to US$2.69 billion, supported by a Rapid Credit Facility of US$1 billion received from the IMF and other private inflows.

3.8.3 International Reserves

The stock of Net International Reserves (NIR) increased to US$5.56 billion at end-December 2020, from US$5.19 billion at end-December 2019, a build-up of US$0.37 billion. Gross International Reserves (GIR) stood at US$8.62 billion at end-December 2020, from a stock position of US$8.42 billion at end-December 2019. This was sufficient to provide 4.1 months of import cover of goods and services, compared to 4.0 months cover at end -December 2019 (Chart 3.7).

Chart 3.7: Gross International Reserves (US$ M), 2020



Source: Bank of Ghana

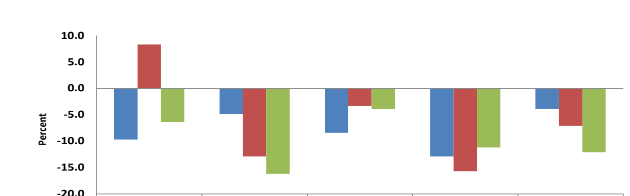
3.9 Foreign Exchange Market

Domestic Currency Market

The Ghana cedi cumulatively depreciated by 3.9 per cent against the US dollar in 2020, compared to 12.9 per cent in 2019. Similarly, it depreciated against the British pound by 7.1 per cent in 2020, compared to 15.7 per cent in the previous year. Against the euro, the cedi depreciated by 12.1 per cent in 2020, compared to 11.2 per cent in 2019. The depreciation rate against the US dollar in 2020 was the lowest since 2010. (Chart 3.8; Table 3.12 in the Annexes)

The improved performance of the cedi in 2020 was as a result of strong reserve build-up of US$1.3 billion in 2019, which provided the Bank with the buffer to support seasonal demand for foreign exchange. Also, the Eurobond issuance, and US$1.0 billion IMF RCF helped to improve the supply of foreign exchange in the foreign exchange market. In addition, the border closure due to the COVID-19 pandemic slowed down economic activity with accompanying low demand for foreign exchange. Furthermore in 2020, remittances inflows improved, and the repatriation of increased forex receipts from gold exports also impacted positively on the foreign exchange market. The Bank of Ghana's forward forex auction also provided assurances to the market and eased demand pressure for forex on the spot market.

Chart 3.8 Interbank Exchange Rate (year-on-year Change, %)



	2016	2017	2018	2019	2020
GHC/USD	-9.7	-4.9	-8.4	-12.9	-3.9
GHC/GBP	8.3	-12.9	-3.3	-15.7	-7.1
GHC/EURO	-6.4	-16.2	-3.9	-11.2	-12.1

Source: Bank of Ghana

3.10 External Debt

At end-December 2020, the stock of external debt stood at US$24,715.77 million, a US$4,366.40 million, representing a 21.5 per cent increase on the end-December 2019 position. The external debt stock represented 35.0 per cent of GDP. The share of external debt at end-December 2020 by creditor categories were as follows: international capital markets, 41.3 per cent; multilateral holders, 33.5 per cent; commercial creditors, 9.8 per cent; other concessional, 6.2 per cent; bilateral holders, 5.3 per cent; and export credit agencies, 3.9 per cent. (Chart 3.9; Table 3.13 in the Annexes)

Chart 3.9 Total External Debt (US$ miilion)

Source: Ministry of Finance and Bank of Ghana

CHAPTER 4

DEVELOPMENTS IN BANKS AND OTHER BANK OF GHANA LICENSED FINANCIAL INSTITUTIONS

Photo: Financial District, Accra

4.1 Overview

In 2020, the banking sector remained well-capitalised, liquid, and profitable with strong buffers to withstand the adverse economic shocks resulting from the COIVD-19 pandemic. On the back of strong policy support and regulatory reliefs, banks were able to support businesses severely impacted by the pandemic in the form of loan restructuring and moratorium.

4.2 Regulatory Environment

In the review year, the Bank of Ghana instituted a number of reforms aimed at further strengthening the safety and soundness of individual banks and the banking sector as a whole, and continued its two-pronged approach of effective regulation and supervision. The Bank issued a number of prudential directives and provided regulatory reliefs to enhance the sector's ability to effectively deal with the effects of the pandemic on the broader economy.

4.2.1 Regulation and Governance

4.2.1.1 The Capital Requirement Directive

In 2020, the Capital Requirement Directive (CRD) was reviewed and amended. The amended portions were the composition of Common Equity Tier 1 (CET1) capital to include 50.0 per cent of the unaudited profit (Tier 2 capital), reduction of the leverage ratio downwards from 6 per cent to 4.5 per cent, and the exclusion of the deductions of intra-group transactions from CET1 capital.

4.2.1.2 Prudential Measures to Mitigate Impact of COVID-19

As part of measures to mitigate the impact of the COVID-19 pandemic on the economy, the Bank issued a number of directives to further strengthen the banking sector and make credit available to the economy (refer to Box 3.1 and Box 3.2 on page 16 & 17 respectively).

4.2.1.3 Guidelines on Prudential Treatment of Moratorium and IFRS 9 Expected Credit Loss Impairment

To standardise the prudential treatment of COVID-19 related reliefs[7] granted by financial institutions, the Bank issued regulatory guidance on the following:

i. Prudential treatment of credit repayment and loan restructuring measures for COVID-19 pandemic related exposures;
ii. Application of IFRS 9 expected loss impairment model in response to the COVID-19 pandemic; and
iii. Rules on credit data submission to the Credit Reference Bureaux in accordance with COVID-19 related reliefs to borrowers.

4.2.1.4 Ghana Sustainable Banking Principles

In 2020, the Bank collaborated with the International Finance Corporation (IFC) to develop reporting templates for banks in furtherance of its commitment to support the sustainable banking concept, which promotes good environmental, social, and governance practices in the banking business, financial inclusion, gender equality, resource efficiency, and sustainable consumption and production. The templates were designed to monitor progress made by banks following the signing-off of the Sustainable Banking Principles (SBPs) by managing directors of banks in 2019.

The SBPs for Ghana's banking sector provide the guiding principles to underpin effective Environmental and Social Risk Management (ESRM) policy frameworks for banks. The Principles are in line with Ghana's National Development Plan, the UN Sustainable Development Goals, and the UN Framework Convention on Climate Change.

The SBPs are as follows:

i. Identifying, measuring, mitigating, and monitoring environmental and social risks; and identifying environmental and social opportunities in bank business activities;
ii. Promoting good environmental and social governance practices in banks' internal business operations;
iii. Strengthening good corporate governance and ethical standards;
iv. Fostering gender equality;
v. Facilitating financial inclusion;
vi. Enhancing resource efficiency and sustainable consumption and production; and
vii. Compliance reporting.

The SBPs apply to five sectors, which are: agriculture and forestry; mining, oil and gas; construction and real estate; energy and power; and manufacturing.

To facilitate the implementation of the seven Principles and the five Sector Guidance Notes launched in 2019, the Bank embarked on capacity building and awareness programmes for banks and supervisory staff of the Bank.

4.3 Internal Reforms

To further strengthen supervisory structures, the Bank enhanced its financial surveillance system and supervisory approach.

4.3.1 Financial Surveillance System Enhancement

A new financial surveillance software, Online Regulatory Analytic Surveillance System (ORASS), to replace the existing Electronic Financial Analysis and Surveillance System (eFASS), progressed through to the final phase of implementation. ORASS is to improve the surveillance process by providing a platform to facilitate the timely submission of information (returns), enhance data integrity, and improve offsite analysis and onsite evaluation for supervisors and other staff of the Bank. This new platform is to establish a single interface with the industry to eliminate duplication of work in order to further reduce the regulatory burden on supervised institutions.

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[7] Such as repayment moratoria, extended and restructured loans and advances to customers

4.3.2 Supervisory Approach – Virtual Onsite

In order to closely and effectively monitor the activities of regulated financial institutions in the midst of the pandemic, the Bank, apart from its regular offsite surveillance, also decided to embark on a ''virtual onsite'' monitoring to fulfil the annual examination calendar.

4.4 Regulated Institutions

At end-December 2020, licensed Bank and Non-Bank institutions comprised Universal Banks (23), Savings & Loans Companies (25), Finance Houses (15), Rural and Community Banks (145), Microfinance Institutions(180), Mortgage Finance Companies (1), Leasing Companies (1), and Foreign Exchange Bureaux (426).

4.4.1 Banking Sector

4.4.1.1 Assets and Liabilities

At end-December 2020, total assets of the banking sector stood at GH¢149.3 billion, representing a growth of 15.7 per cent compared to 22.8 per cent at end-December 2019. The lower growth in assets in 2020 reflected the adverse effects of the pandemic on the sector. Developments in 2020 were on account of weaker growth in both domestic and foreign assets of 15.7 per cent and 17.0 per cent, respectively, compared to 23.0 per cent and 19.8 per cent growth in 2019. The banking sector continued to be the dominant sector with 23 banks, controlling 91.1 per cent of the total assets of the industry. (Table 4.1 below and Table 4.2 in the Annexes).

Table 4.1: Share of Total Assets

Institution Type	DEC-19 No.	DEC-19 Total Assets (GH¢'M)	DEC-19 Share (%)	DEC-20 No.	DEC-20 Total Assets (GH¢'M)	DEC-20 Share (%)
Banks	**23**	**129,064.65**	**91.21**	**23**	**149,322.26**	**91.12**
SDIs	**366**	**12,444.06**	**8.79**	**367**	**14,548.85**	**8.88**
S&Ls/FHs & Others*	42	6,972.35	4.93	42	7,482.43	4.57
RCBs	144	4,688.32	3.31	145	6,170.88	3.77
MFIs	180	783.39	0.55	180	895.53	0.55
Total	**389**	**141,508.71**	**100.00**	**390**	**163,871.11**	**100**

Source: Bank of Ghana | * Others comprise Mortage and Leasing companies

Investments in bills, securities, and equities increased by 33.0 per cent to GH¢64.4 billion in 2020, compared with an annual growth of 26.9 per cent in 2019. Investments remained the largest component of total assets, with its share increasing to 43.2 per cent, from 37.6 per cent in 2019.

In the review year, gross loans and advances grew by 5.8 per cent to GH¢47.8 billion from GH¢45.2 billion at end-December 2019. Adjusting gross loans for provisions and interest, net loans and advances grew by 4.6 per cent to GH¢41.8 billion at end-December 2020 from GH¢40.0 billion at end-December 2019. New loans and advances in 2020 amounted to GH¢34.4 billion, 15.8 per cent higher than the GH¢29.7 billion recorded in the previous year. However, credit growth was lower in 2020 as compared to 2019, due in part to weak credit demand and also increased repayments.

Total assets at end-December 2020 was GH¢149.32 billion, compared to GH¢128.98 billion at end-December 2019. Asset growth was mainly driven by increase in deposits, which grew by 24.4 per cent to GH¢103.8 billion at end-December 2020, marginally higher than the 22.2 per cent growth recorded a year earlier. Deposit growth was supported by increase in savings by individuals and firms against the general slowdown in consumer and investment spending in some sectors due to the pandemic.

Shareholders' funds grew by 20.8 per cent to GH¢21.2 billion at end-December 2020, compared with a 19.7 per cent at end-December 2019. The stable growth in shareholders' funds reinforced stability and resilience of the banking sector during the review year.

Total borrowings at end-December 2020 contracted by 29.0 per cent to GH¢14.5 billion, as against 37.9 per cent growth at end-December 2019, on account of the strong growth in deposits and shareholders' funds, amid the slower credit growth. The decline in borrowings reflected mainly in short-term borrowings, while long-term borrowings increased during the year.

In sum, the banking sector at end-December 2020 was robust in spite of the pandemic-induced economic slowdown encountered in the year.

4.4.1.2 Financial Soundness Indicators

In 2020, regulatory support measures and strong profitability growth of the banking sector strengthened financial soundness indicators, such as liquidity, solvency and efficiency.

Profitability

Profitability of the DMBs increased at end-December 2020 over the previous year's position, as highlighted by the key profitability indicators. (Table 4.3 in the Annexes)

Asset Quality

The Non-performing Loan (NPL) ratio inched up to 14.8 per cent at end-December 2020, from 13.9 per cent at end-December 2019. The deterioration in asset quality in 2020 was due to pandemic-induced loan repayment challenges, and slowdown in credit growth. Total outstanding loans restructured by banks as at December 2020 amounted to GH¢4.5 billion, representing 9.4 per cent of the industry loan book. (Table 4.4 in the Annexes)

Liquidity

In 2020, the banking sector remained liquid. The ratio of broad liquid assets to total assets increased to 64.1 per cent in 2020, from 61.1 per cent in 2019, on the back of increased banks' holdings of long-term instruments (securities). The ratio of broad liquid assets to total deposits, however, declined to 89.0 per cent at end-December 2020, from 92.1 per cent at end-December 2019. (Table 4.5 in the Annexes)

The ratio of core liquid assets (mainly cash and due from banks) to total assets decreased to 21.2 per cent at end-December 2020, from 24.0 per cent at end-December 2019. The ratio of core liquid assets to total deposits was 30.4 per cent at end-December 2020, compared to 37.0 per cent at end-December 2019, reflecting the increase in deposit growth during the year.

Solvency

The industry Capital Adequacy Ratio (CAR) of 19.8 per cent at end-December 2020 was well above the Bank's minimum regulatory threshold of 11.5[8] per cent. This shows that banks continued to have scope for lending, and capital buffers to absorb potential losses. (Table 4.4 in the Annexes)

4.4.2 SDIs and Other Licensed Institutions

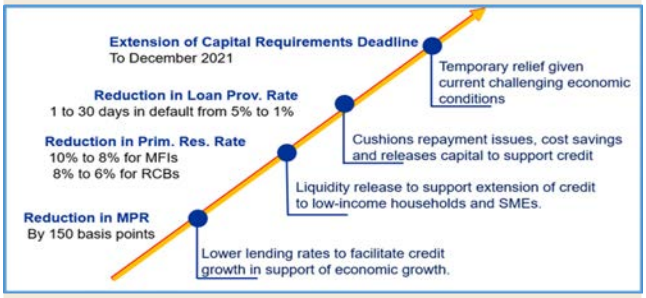
In 2020, the Bank strengthened regulation, supervision and governance structures of the SDIs and other licensed institutions. Notably, it commenced a comprehensive review of the SDI sector under the Financial Sector Development Programme, and issued Exposure Drafts on Risk Management Guidelines and Corporate Governance Directive to the Rural and Community Banks (RCBs).

The sector comprises Savings and Loans (S&Ls), Finance Houses (FHs), Mortgage Institutions, (MIs), Leasing Companies (LCs), Rural and Community Banks (RCBs), and Microfinance Institutions (MFIs). The combined assets of the sector at end-December 2020 stood at GH¢14,545.85 million, from GH¢12,446.76 million at end-December 2019, representing 8.9 per cent of the entire banking industry assets in 2020 and 8.8 per cent in 2019.

The major source of funding for the sector was deposits, which increased by 25.5 per cent year-on-year to GH¢9.95 billion, compared to 19.8 per cent growth in 2019.

Overall, the sub-sector remained fairly stable during the year under review. However, there were some effects of the COVID-19 pandemic on Liquidity, Asset Quality and Earnings. Both RCBs and MFIs expanded their asset positions, compared to the same period last year. Profitability indicators for the two sub-sectors were positive, with adequate liquidity. Key policy measures that directly helped to moderate the adverse effects of the pandemic on SDIs and other licensed institutions are in Chart 4.1 below:

Chart 4.1: Covid-19 Policy Relief Measures and Expected Impacts



Source: Bank of Ghana

[8] Inclusive of capital conservation buffer of 1.5 per cent

4.4.2.1 Savings and Loans Sector

The total number of licensed Savings and Loans institutions stood at 25 at end-December 2020. The sector recorded total assets of GH¢5,027.59 million at end-December 2020, representing a year-on-year growth of 8.2 per cent. The Non-Performing Loans ratio increased to 16.6 per cent at end-December 2020, from 14.7 per cent at end-December 2019.

4.4.2.2 Finance House Sector

At end-December 2020, the total number of licensed Finance Houses stood at 15. Total assets of the sector stood at GH¢2,395.20 million at end-December 2020, representing a 11.1 per cent growth year-on-year. The Non-Performing Loans ratio however increased to 19.0 per cent at end-December 2020, from 18.6 per cent at end-December 2019.

4.4.2.3 Rural and Community Banks

The total number of licensed Rural and Community Banks stood at 145 at end- December 2020. The sector recorded total assets of GH¢6,170.88 million at end-December 2020, representing a 31.6 per cent growth year-on-year. However, the Capital Adequacy Ratio fell to 10.1 per cent at end-December 2020, from 12.7 per cent at end-December 2019, above the regulatory minimum ratio of 10.0 per cent. The Non-Performing Loans ratio remained the same as the previous year's position of 11.5 per cent.

4.4.2.4 Microfinance Sector

The total number of licensed Microfinance Institutions (MFIs) stood at 180 at end-December 2020. Total assets of the MFIs sector stood at GH¢895.53 million at end-December 2020, representing a year-on-year growth of 14.3 per cent. The Capital Adequacy Ratio was 22.2 per cent at end-December 2020, above the prudential minimum of 10.0 per cent. The Non-Performing Loans ratio decreased to 33.3 per cent at end-December 2020, from 34.4 per cent at end-December 2019. Overall, profitability indicators of MFIs were positive in the review year.

4.4.2.5 Leasing Sector

At end-December 2020, there was only one licensed Leasing Company in operation. Total assets of the sector stood at GH¢59.59 million at end- December 2020, a 42.5 per cent decline year-on-year, which was mainly due to the withdrawal of the licence of one of the two leasing companies that operated in 2019. The Non-Performing Loans ratio was 9.9 per cent at end-December 2020, same as the figure recorded at end-December 2019. The sector was fairly profitable, posting Return on Equity and Return on Assets of 11.3 per cent and 6.9 per cent respectively.

4.4.2.6 Foreign Exchange Bureaux

The total number of licensed Foreign Exchange Bureaux at end-December 2020 was 426, unchanged from the previous year's position. In the review year, market activity remained sluggish, with a marked decline in purchases and sales of foreign currencies in the bureaux market. This was attributed to the slowdown in economic activity due to the COVID-19 pandemic. The containment measures initiated by the Government to control the spread of the virus adversely affected businesses and supply chains, impacting on activities in the foreign exchange market.

A Foreign Exchange Bureaux Management system was implemented in the review year. The system enables the upload of data by the bureaux operators for the effective management of main and branch offices, as part of the on-boarding process.

4.5 Collateral Registry

A total of 102,089 security interests were registered in the year under review, as compared to 96,148 registered in the previous year. This represented a 6.2 per cent increase. Also, there was a total of 216,617 registered collaterals in 2020, as compared to a total of 239,705 recorded in 2019, a decrease of 9.6 per cent. Searches conducted in 2020 were 34,947, compared to 48,086 recorded in 2019, representing a decrease of 27.3 per cent. (Table 4.6 in the Annexes)

4.6 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.

4.6.1 Systemic Risks Surveillance

4.6.1.1 Developments in Core FSIs

The Banking Sector Soundness Index (BSSI)[9], the composite indicator which tracks the financial soundness of the banking sector, recorded significant improvement at end-December 2020 relative to end-December 2019. The upward trend of the BSSI, amidst the pandemic, was driven by increases in capital buffers and earnings, as well as improved efficiency of the industry. (Chart 4.2 and Table 4.7 in the Annexes)

4.6.1.2 Stress Testing of the Banking Sector

The Bank conducted quarterly stress tests to evaluate the resilience of the banking sector to credit, interest, and exchange rate shocks that could emanate from the COVID-19 pandemic. On the whole, the results from the stress-tests showed that the banking sector was robust and resilient to shocks. The banking sector reforms[10] by the Bank of Ghana which was concluded in 2019, and the prompt COVID-19 policy measures introduced by the Bank and the Government in the review year immensely contributed to the industry's capacity to withstand the shocks. (Chart 4.3)

4.6.2 Market Conduct

4.6.2.1 Consumer Protection

In 2020, the Bank continued to strengthen consumer protection and recourse mechanisms, as part of efforts to ensure fair treatment of consumers by financial service providers. The Bank conducted market surveillance exercises through monitoring and reviewing of financial institutions' marketing channels (websites, radio, TV, newspaper, apps) to enforce their compliance with directives and requirements of the Bank of Ghana.

4.6.2.2 Complaints

During the review year, the Bank continued to address grievances of customers of financial institutions under its regulatory purview, to promote public confidence in financial services delivery. A total of 846 complaints were received from customers of Banks, Specialised Deposit-Taking (SDIs) and Non-deposit Taking Financial Institutions in 2020. All complaints were given the necessary attention.

4.6.2.3 Credit Reporting

To enhance responsible lending, the Bank strengthened its supervisory oversight of the credit reporting system to ensure compliance with regulatory requirements during the review year. The Bank also collaborated with the Ministry of Finance and the Attorney General's Department on the passage of the Credit Reporting Regulations, 2020 (L.I. 2394). The Legislative Instrument is aimed at:

Chart 4.2: Banking Sector Soundness Index (BSSI)

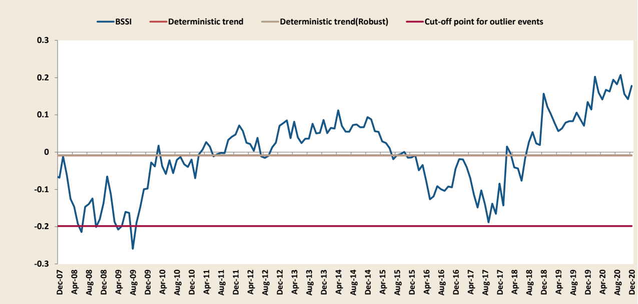
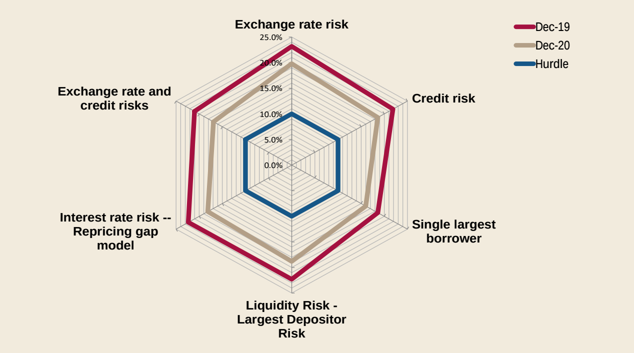


Chart 4.3: Risk Assessment Map[11]



Charts 4.2, 4.3 Source: Bank of Ghana

[9] The BSSI is developed from the Capital Adequacy Ratio, Asset Quality Ratio, Management Efficiency Ratio, Earning Ratio and Liquidity Ratio. An upward trending BSSI connotes a general improvement in the performance of the banking system. The data used is subject to revision.

[10] Following an asset quality review exercise by the Bank of Ghana, the Bank decided to resolve weak, dormant and insolvent institutions to sustain the safety, soundness and stability of the banking sector. To also strengthen the balance sheets of banks, the Bank of Ghana embarked on a recapitalisation exercise.

[11] The Risk Assessment Map is derived from the results of the stress-testing, and shows the stressed CAR following the exercise. The hurdle rate represents the minimum regulatory capital for the industry.

a. Setting standards for the safety and security of credit information;
b. Designating additional sources of data for credit bureaus as data providers;
c. Providing rules and guidelines for credit reporting activities in line with international best practices; and
d. Providing specific sanctions for stated breaches of provisions in the Credit Reporting Act and the Regulations.

4.6.3 Financial Inclusion

The Bank organised nationwide financial literacy programmes for 1,478 personnel of the Ghana Police Service. Rural and Community Banks and Microfinance Institutions were also engaged, as part of the Bank's financial literacy initiative. These programmes were part of the Bank's strategic engagement with Financial Service Providers (FSPs), and the general public, to strengthen the financial sector through sensitisation and transparency.

Also, in the review year, the Bank strengthened its public education programmes by developing and publishing on its social media handle infographics on disclosure and product transparency rules, recourse mechanisms, secure banking, financial fraud, responsible borrowing, responsible savings and investment, among others.

4.6.4 Financial Integrity

The Bank enhanced its supervisory approach to onsite and offsite examination of AML/CFT, to further preserve the integrity of the financial system. The Bank adopted the concept of virtual onsite examinations to reinforce its surveillance activities.

In the review year, the Bank also conducted workshops and training programmes for all Rural and Community Banks on AML internal risk assessment framework, and sensitisation programmes for Universal Banks on correspondent/respondent banking relationships as part of the financial integrity programme.

In addition, a virtual AML/CFT training programme on effective transaction monitoring controls and KYC/CDD Database for Universal Banks, Savings and Loans companies, Finance Houses and Rural and Community Banks were conducted. Also, a virtual AML/CFT awareness programme was provided for directors of Governing Boards and senior management of selected Universal Banks and Savings and Loans Companies.

4.6.5 Financial Stability Council

In the review year, the Financial Stability Council (FSC), chaired by Dr. Ernest K. Y. Addison, Governor of the Bank of Ghana, held three meeting to assess market vulnerabilities, with a focus on financial stability risks emanating from the Covid-19 pandemic on the Ghanaian financial system. The meetings assessed: (i) Policies by member institutions to mitigate the adverse effects of the COVID-19 pandemic, (ii) Data sharing and communication to inform timely policy actions, and (iii) Adequacy of crisis management plans (financial sector safety nets), among others.

The mandate of the FSC is to proffer recommendations to safeguard financial stability by enhancing coordination among financial sector regulators, identifying emerging risks to inform policy actions, and strengthening Ghana's capacity to manage financial sector crisis.

The FSC has the following institutions as members: Bank of Ghana; Ghana Deposit Protection Corporation; the Ministry of Finance; the National Insurance Commission; the National Pensions Regulatory Authority; and the Securities and Exchange Commission.

4.7 Payment Systems

In the review year, the Bank focused on the following key strategic initiatives within the payment and settlement ecosystem:

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

4.7.1 Strengthening Regulation

The Bank established the Payment Systems Advisory Committee (PSAC), pursuant to section 4 (1) of the Payment Systems and Services Act 2019 (Act 987). PSAC is the advisory body on regulation, oversight, operational and technical standards of payment, clearing, and settlement systems. The membership of PSAC consists of the Governor of the Bank of Ghana, as the chairperson, and one representative each from the following institutions:

- Ministry of Finance (MoF);
- Ghana Interbank Payment and Settlement Systems Limited (GhIPSS);
- Securities and Exchange Commission (SEC);
- Ghana Association of Bankers (GAB);
- Ghana Chamber of Telecommunications;
- National Information Technology Agency (NITA);
- Association of Ghana Industries (AGI); and
- Ghana Chamber of Technology.

4.7.2 Product Development and Innovation

In the review year, the Bank approved 32 products and services for various financial institutions, compared with a total of 37 in 2019. The approved products and services related to in-bound remittances, agency banking, microloans, card issuance, mobile banking, chat banking, and WhatsApp banking.

4.7.3 Financial Inclusion within the Payments Ecosystem

The Government of Ghana in collaboration with stakeholders, including the Bank of Ghana, launched the following policies to promote financial inclusion in 2020:

a. National Financial Inclusion and Development Strategy (NFIDS) to address the fundamental barriers preventing the underserved population from accessing financial products and services;
b. Cash-Lite Roadmap to provide concrete steps to build an inclusive digital payment ecosystem which will provide better access to financial services;
c. Digital Financial Services Policy to serve as a blueprint on how the country can leverage on digital finance to achieve its financial inclusion goals.

To create a standardised format for the use of QR codes, the Ghana Interbank Payment and Settlement Systems (GhIPSS) launched the GhQR code.

The Bank also took the following steps due to the negative impact of the COVID-19 pandemic on the economy:

- Increased mobile money transactions and aggregate limits;
- Granted moratorium on payment of interest on digital credit; and
- Granted three months' moratoria for bank credit borrowers.

4.7.4 Non-Cash Payment Streams

4.7.4.1 Ghana Interbank Settlement System

The total volume of Ghana Inter-bank Settlement (GIS) transactions increased by 4.8 per cent to 1,442,182, at end-December 2020. Total value of transactions went up by 15.6 per cent to GH¢2,433.54 billion in the review year. The average value per transaction was GH¢1,687,399.70 compared with GH¢1,530,504.36 in 2019. (Chart 4.4)

4.7.4.2 Cheque Codeline Clearing

The total volume of inter-bank cheques cleared in 2020 declined by 13.6 per cent to 5,903,331, from 6,831,417 in 2019, while the value of transactions increased by 2.3 per cent to GH¢177.63 billion from GH¢173.62 billion in 2019. (Chart 4.5)

4.7.4.3 Ghana Automated Clearing House

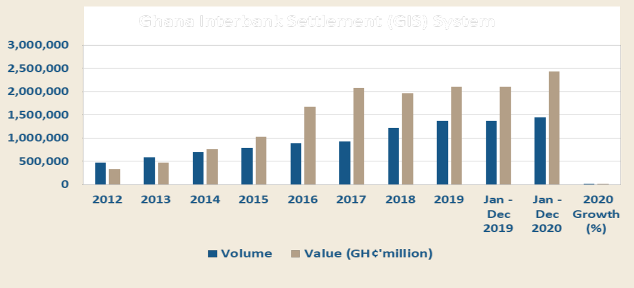
(a) Direct Credit

In 2020, total volume of transactions cleared through the direct credit system increased by 9.8 per cent to 8,131,989 from 7,404,059 in 2019. Total value of direct credit transfers also increased from GH¢36.14 billion in 2019, to GH¢49.79 billion in the review year. Express ACH direct credit recorded growth rates of 6.6 per cent and 34.8 per cent in both volume and value of transfers over the 2019 positions of 1,153,551 and GH¢11.53 billion, respectively. (Chart 4.6)

(b) Direct Debit

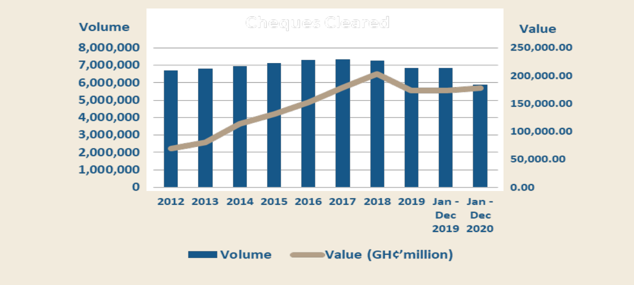
In the review year, total volume of direct debit transactions increased to 827,901, from 722,337 in 2019. The total value of transactions also increased by GH¢763 million,

Chart 4.4: Ghana Interbank Settlement Transaction



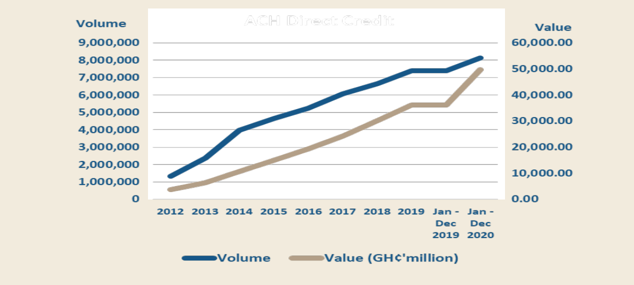
Source: GhIPPS

Chart 4.5: Cheques Cleared



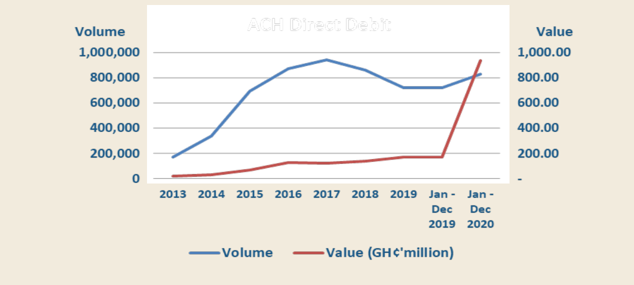
Source: GhIPPS

Chart 4.6: ACH Direct Credit



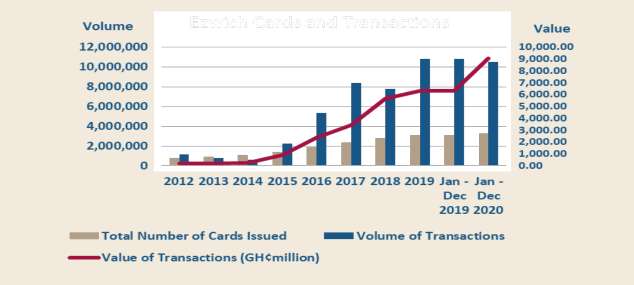
Source: GhIPPS

Chart 4.7: ACH Direct Debit



Source: GhIPPS

Chart 4.8: Ezwich Cards and Transactions



Source: GhIPPS

to GH¢936.10 million. Average value per transaction also increased significantly from GH¢239.64 in 2019, to GH¢1,130.69 in 2020. (Chart 4.7)

4.7.4.4 E-Zwich Transactions

The number of e-zwich card holders increased by 5.8 per cent to 3,252,493 in 2020. The total volume of e-zwich transactions, however, declined by 3.0 per cent, to 10,477,601, while total value of transactions increased by 43.2 per cent, to GH¢9.03 billion. (Chart 4.8)

4.7.4.5 Gh-Link™ (National Switch)

The gh-linkTM platform recorded a total of 806,486 transactions, with a value of GH¢329.70 million, during the review period, compared with 972,746 with a value of GH¢329.23 million in 2019. ATM transactions continued to dominate on the gh-linkTM platform, and constituted more than 99.0 per cent of the total transactions recorded. (Chart 4.9)

4.7.4.6 GhIPSS Instant Pay

In 2020, GhIPSS Instant Pay (GIP) recorded a total volume of 6,804,754 transactions, with a value of GH¢9.15 billion, compared with 1,905,267 and GH¢3.46 billion respectively in 2019. (Chart 4.10)

4.8 Fintech and Innovation

4.8.1 FinTech and Innovation Office

In furtherance of its commitment to nurturing a vibrant, inclusive, safe, and efficient digital financial services ecosystem, the Bank established a Fintech and Innovation Office (FIO) in 2020 to drive the cash-lite, e-payments, and digitisation agenda. The FIO is responsible for the licensing and supervision of Dedicated Electronic Money Issuers (DEMIs), Payment Service Providers (PSPs), Payment and Financial Technology Service Providers (PFTSP), and other emerging forms of payments delivered by non-bank entities. The FIO also develops policies to promote Fintech innovation and interoperability in Ghana.

4.8.2 Innovations

To nurture Fintechs and promote responsible digital financial service innovations, a regulatory and innovation sandbox project was launched in 2020. The project, which was in line with the Bank's financial sector digitisation agenda, was expected to further assist the development of policies to enhance financial inclusion and support innovations within the Fintech ecosystem.

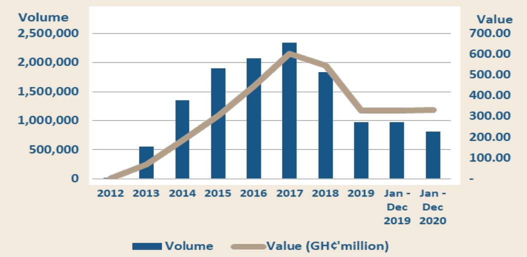
In the review year, the Bank continued to monitor developments in digital currencies, and took steps to explore the feasibility and appropriateness of a Central Bank Digital Currency (CBDC) to the Ghanaian economy. The Bank remained steadfast in facilitating payment systems innovation and piloting ideas like a CBDC. Consequently, the first phase of the possible introduction of a CBDC in Ghana was the design of the electronic money, e-Cedi, which would be piloted before full implementation. This would facilitate electronic payments by households and businesses, using digital money issued by the Bank.

4.8.3 Mobile Money Services

Total value of mobile money transactions grew by 82.4 per cent to GH¢564.16 billion at end-December 2020, while the total float balance increased by 92.1 per cent to GH¢6.98 billion. Registered mobile money account holders increased by 18.5 per cent to 38,473,734 at end-December 2020. The number of registered agents also increased to 423,892 at end-December 2020, from 306,346 at end-December 2019. (Chart 4.11 and Table 4.8)

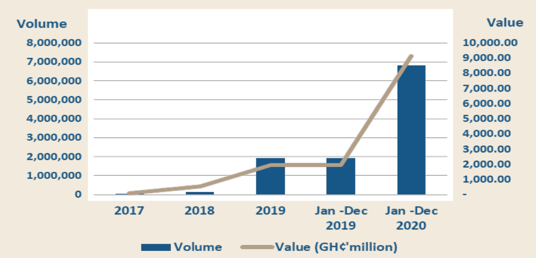
The number of active mobile money accounts increased by 18.6 per cent, to 17,142,677 at end-December 2020, while the number of active mobile money agents increased to 328,329 in 2020 from 226,298 in 2019.

Chart 4.9: Gh-Link™ Transactions



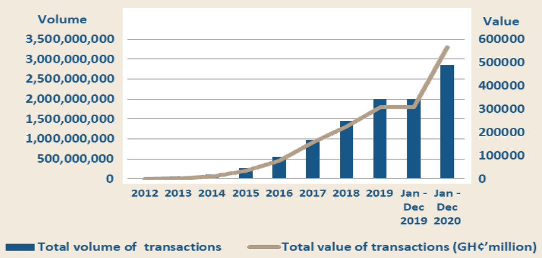
Source: GhIPPS

Chart 4.10: GhIPSS Instant Pay (GIP)



Source: GhIPPS

Chart 4.11: Mobile Money Transactions



Source: Mobile Money Operators & National Communications Authority

Table 4.8: Comparative Payment System Statistics, 2017-2020

		2017	2018	2019	2020
Cheque Code Clearing	Volume	7,334,460	7,255,220	6,831,417	5,903,331
	Value (GH¢million)	179,555.47	203,465.32	173,623.25	177,625
Gh-Link™ (National Switch)	Volume	2,340,409	1,830,182	972,746	806,486
	Value (GH¢'million)	603.43	543.74	329.23	329.7
E-Zwich	Volume of Transactions	8,367,017	7,759,354	10,796,560	10,477,601
	Value of Transactions (GH¢million)	3,431.49	5,651.14	6,308.37	9,033.25
GhIPSS Instant Pay (GIP)	Volume	41,795	143,879	1,905,267	6,804,754
	Value (GH¢'million)	83.23	534.04	3,456.89	9,146.76
Mobile Money	Total volume of mobile money transactions	981,564,563	1,454,470,801	2,009,989,300	2,859,624,191
	Total value of mobile money transactions (GH¢'million)	155,844.84	223,207.23	309,352.25	564,155.90
ATMs	Volume of transactions	57,317,491	57,763,558	55,709,252	56,603,211
	Value of transactions (GH¢'million)	18,542.95	21,796.49	26,392.44	32,148.03

BOX 4.1: FINTECH AND INNOVATION: LICENSING AND SUPERVISION

To provide the enabling legal and regulatory environment for the orderly development of the payment ecosystem, the Bank facilitated the passage of the Payment Systems and Services Act, 2019 (Act 987) and set up a Payment Systems Strategy (2019-2024).

In line with Act 987, a tiered payment service provider licence scheme, based on the principles of risk-based supervision and proportionate regulation, was issued in 2020. The scheme provides for six licence categories:

- Dedicated Electronic Money Issuer (DEMI)
- Enhanced Payment Service Provider (EPSP)
- Medium Payment Service Provider (MPSP)
- Standard Payment Service Provider (SPSP)
- Payment and Financial Technology Service Provider (PFTSP)

Following the passage of the Payment Systems and Services Act, 2019 (Act 987), applications were received from existing and prospective PSPs. Existing PSPs were required to regularise operations under Act 987 by obtaining the requisite licence by December 31, 2020. By the deadline, a total of twelve (12) PSPs were licensed, of which four (4) were DEMIs, seven (7) were Enhanced PSPs, and one (1) Medium PSP.

For effective supervision, a Supervisory Framework was developed. The purpose of the framework is to:

- Provide a comprehensive and structured approach to supervising DEMIs, PSPs, and PFTSPs;
- Communicate Bank of Ghana's commitment to ensuring a safe, secure and sound digital payment ecosystem through adoption of effective regulatory and supervisory tools and practices;
- Promote compliance of PSPs and PFTSPs to regulatory framework and standards;
- Promote consumer confidence in the digital financial and payment ecosystem; and
- Provide the rationale for Bank of Ghana's supervision of PSPs and PFTSPs.

CHAPTER 5

INTERNAL DEVELOPMENTS

Photo: Bank of Ghana Regional Office, Hohoe

5.1 Overview

In 2020, the Bank strengthened human capacity, and introduced remote working structures to ensure business continuity to mitigate the adverse impact of the COVID-19 pandemic on operations. The Bank conducted staff training and targeted career development programmes, and augmented staff strength by recruiting qualified personnel for some key positions. The Bank continued to improve staff welfare, work ethics, and information security in the review year.

5.2 Human Resource Activities

5.2.1 Policies

In 2020, the Bank further strengthened staff policies by reviewing its Handbook on Human Resource Policies. Notable among the newly formulated policies were the Reassignment Policy, and the Staff Housing Policy. Despite the disruptions caused by the Covid-19 pandemic on its operations, the Bank remained strategically positioned to achieve its mandate.

5.2.2 Performance Management System

In 2020, the Bank organised a number of training programmes to enhance staff knowledge and understanding of the Performance Management System (PMS), which was implemented in 2019. The PMS enables continuous review of staff performance, and ensures that individual goals are always aligned to organisational goals to enable the Bank achieve its mandate.

5.2.3 Staff Strength

The total staff strength of the Bank was 2,113 at end-December 2020, up from 2,053 at end-December 2019. The categorisation of staff by grade and gender is summarised as follows:

Table 5.1: Staff Position, 2020

	Male	Female	Total	% of Total
Management Staff	212	83	295	**14**
Middle Level Staff	654	533	1,187	**56**
Junior Staff	519	112	631	**30**
Total	**1,385**	**728**	**2,113**	**100**

Source: Bank of Ghana

The total number of staff recruited in 2020 was 136, comprising 39 contract staff and 97 permanent appointments, while a total of 78 exited the service of the Bank. This resulted in a net intake of 58.

5.2.3 Creation of FinTech and Innovation Office

In the review year, the Bank established a FinTech and Innovation Office. The office is responsible for policy development to promote FinTech innovation and interoperability in Ghana. The mandate of the office includes licensing and oversight of dedicated electronic money issuers (mobile money operators), payment service providers (PSPs), closed loop payment products, payment support solutions and other emerging forms of payment delivered by non-bank entities.

5.3 Health Issues

The Bank continued to enhance employee wellbeing, underpinned by four main objectives, which were to promote: health and safety culture; quality of clinical care; emergency preparedness & response; and operational efficiency & effectiveness of health service delivery.

Amid the COVID-19 pandemic, the Bank undertook the following health-related activities:

- Organised wellness programmes;
- Created awareness through periodic publications on the Bank's intranet about identifying risk factors and preventing diseases, including COVID-19;
- Organised medical outreach programmes on general health and safety;
- Carried out health education on several topics, which included office ergonomics, lifestyle diseases, Lassa fever, and COVID-19;
- Organised Annual Medical Examinations for staff, including retirees; and
- Organised kidney screening, eye screening, hearing assessment, breast cancer screening and COVID-19 tests.

In the review year, to further enhance employee wellbeing, the Bank relocated its clinic to the newly constructed Bank Hospital.

5.4 Capacity Development

The Bank continued to sponsor staff to participate in various local and foreign training programmes. As a result of the COVID-19 pandemic, staff mostly participated in programmes held virtually. The breakdown was as follows:

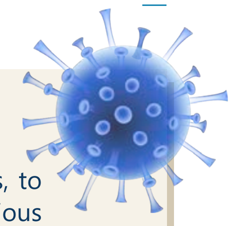
Table 5.2: Staff Training, 2020

Programmes Attended	No. of Participants
Local Training	**2,950**
In-House Training	2,023
In-Country Training	927
Foreign Training	**181**
Total	**3,131**

Source: Bank of Ghana

5.5 Ethics and Professionalism

To strengthen and foster a culture that promotes the highest ethical standards and respects core values of accountability, integrity, teamwork, respect, innovation, professionalism and merit, the Bank reviewed a number of policies on ethics. The Bank continued to strengthen its Ethics and Compliance Programme (E&CP) to serve as the key machinery for building and consolidating a solid culture of ethics. To underscore the importance of ethical behaviour in the attainment of its mandate, the Bank organised a maiden "Ethics Awareness Week", commenced the publication of an ethics newsletter for staff, provided counsel to staff on ethics-related issues, and implemented a comprehensive ethics training programme Bank-wide.



BOX 5.1: COVID-19 PANDEMIC MANAGEMENT

The COVID-19 pandemic prompted the Bank to introduce measures, in line with national protocols, to limit the spread of the virus among staff. The Bank updated its standard operating guidelines on infectious disease outbreaks, and also developed protocols on procedures to be implemented when staff test positive for the COVID-19 virus. The following were some of the additional health measures introduced:

Physical distancing at the work place

As part of the containment measures to control the spread of the virus, the Bank introduced physical distancing measures at the workplace that necessitated the need for staff to work from home on a rotational basis. In line with the Bank's Business Continuity Plan (BCP), a coordinated approach was adopted to ensure that the heightened health risks due to the spread of the virus was contained, and that staff continued to observe the physical distancing protocols even while working at home.

Mass testing of staff

The Bank conducted mass COVID-19 testing of all staff in August and December, to ensure early identification of suspected cases for further management. Over all, the tests results showed that staff adherence to the protocols (mask wearing, frequent washing of hands, regular sanitising of hands, social distancing and avoidance of crowd) as well as continuous education, had impacted positively on the number of cases recorded in the review year.

Awareness creation and capacity building

The Bank developed periodic infographics, videos and flyers for distribution to educate staff on the pandemic. The Bank also trained Security Officers and Bank of Ghana Health Champions at its various offices in COVID-19 management, and enforced temperature taking of staff and visitors, and the use of hand sanitisers and nose masks at entrances to all its facilities. Broadly, these were part of efforts to ensure that the potential threat of the pandemic on the Bank's operations was well appreciated by staff at all levels, and that the necessary precautions were taken by staff.

Provision of adequate Personal Protective Equipment

The Bank ensured that Personal Protective Equipment (PPEs) was readily available at all times as part of its infection prevention and control strategy. Staff were trained on the correct way to put on and remove PPEs, to observe hand hygiene with an alcohol-based hand rub (ABHR) and the washing of hands under clean running water with soap.

5.6 Corporate Social Responsibility

The Bank continued to engage in various activities at the community level. The main sectors covered in the review year were education, health and social services.

5.7 Currency Management

5.7.1 Opening of New Bank of Ghana Agencies at Bolgatanga and Ho

The Bank opened two new agencies at GCB Bank branches at Ho and Bolgatanga, in August and September 2020, respectively. This increased the Bank's agencies to nine nationwide.

5.7.2 Currency Airlifting

In order to modernise currency operations and make cash movement more secure and efficient, the Bank, in collaboration with the Ghana Air Force (GAF), undertook a successful pilot airlifting of currency in December 2020. The two parties agreed to work on the requisite Standard Operating Procedures (SOP) and Memorandum of Understanding (MoU), as well as the necessary logistics for regular currency airlifting operations.

5.7.3 Central Bank Digital Currency

In the review year, the Bank initiated the process to select a credible partner for a pilot Central Bank Digital Currency (CBDC). The CBDC is to further enhance the payment ecosystem in the country.

5.8 Risk Management

During the review year, the Bank undertook various risk assessments, including operational risk, financial risk, and stress-testing on its income statement and balance sheet, with emphasis on market, liquidity, and credit risks. The Bank also reviewed its risk registers to incorporate COVID-19-related risks, and devised strategies to mitigate these risks on the Bank's operations.

To promote Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT), the Bank organised a maiden seminar on AML/CFT obligations for its Board of Directors. The Bank collaborated with other key stakeholders to enhance its cyber fraud management programme, and also ensured it was largely compliant with both domestic and international regulatory standards through the conduct of ML/FT risk assessment.

5.9 Information Security

The Bank took measures to ensure that the security of its systems remained resolute to contain possible disruptions in business processes due to the COVID-19 pandemic. Most especially, new policies were introduced in response to the Bank's provision for staff to work from home due to the pandemic. In collaboration with other institutions, the Bank's Security Operation Center (SOC) also upgraded its systems in order to neutralise threats to the Bank's operations and improve the overall security resilience of its technology infrastructure.

5.9.1 ISO 27001:2013 Certification

The Bank reviewed and implemented Information Security Management Systems (ISMS) policies and procedures, and passed a combined 4th and 5th ISO27001:2013 External Surveillance Audit in the review year. The audit was to further strengthen the Information Security and Management System (ISMS) ahead of the scheduled recertification audit in 2021.

5.10 ICT – Innovation and Software Implementation

Amidst the COVID-19 pandemic in 2020, the Bank adopted emerging technologies and continued to improve its ICT infrastructure to strengthen operational efficiency.

5.10.1 Virtual Meetings, Working from Home (WFH), and Digitisation of Systems in the Bank

The Bank procured an interactive virtual meeting application and subsequently trained staff on usage to ensure seamless and uninterrupted services during the pandemic. Face-to-face meetings during the year were restricted, and most internal meetings were held virtually.

5.10.2 Business Continuity Plan

In 2020, Business Continuity Plan (BCP) tests were successfully conducted for the various applications of the Bank. These routine tests were to ensure that the various applications that support the Bank's operations were robust, secured, and firmly aligned to the BCP.

5.10.3 Roll-Out of Gh-Link Cards for Staff and Pensioners

During the review year, the Bank rolled out Gh-Link Cards for staff and pensioners to support cashless payment and give users the opportunity to take advantage of available ATMs.

5.10.4 Implementation and Certification of SWIFT Customer Security Program

In 2020, the Bank successfully implemented the Society for Worldwide Interbank Financial Telecommunication (SWIFT) baseline security requirements, which made Bank of Ghana the first central bank to be enlisted as a certified Swift Service Bureau.

5.11 Legal Issues

During the review year, the Bank further strengthened its legal functions to effectively review Rules, Contracts, Agreements, and the drafting of Bills. Notably, the Bank assisted with the drafting and review of the Borrowers and Lenders Bill, which was passed into law (Borrowers and Lenders Act 2020, Act 1052) and the drafting and passage of the Development Finance Institutions Act, 2020 (Act 1032). In the review year, the Bank also continued to pursue bank resolution cases in the courts.

5.12 Audit

In line with best practice on the rotation of external auditors, the Bank, in consultation with the Auditor-General, appointed new external auditors, Deloitte & Touche, Ghana, to replace PricewaterhouseCoopers. PricewaterhouseCoopers had served as external auditors of the Bank for five years.

PRESIDENT'S WORKING VISIT

His Excellency, Nana Addo Dankwa Akufo-Addo, the President of the Republic of Ghana, paid a working visit to the Bank on August 25, 2020. This visit, in a year of unprecedented health and economic crises, affirmed the President's support for the coordinated response by the fiscal and monetary authorities to address the health, social and economic costs of the pandemic. The President commended the Bank for the good policy measures implemented over the years, which had helped the country to withstand the negative impact of the pandemic on the economy.

It was way back on August 1, 1957, that the Bank had the privilege of receiving the then Prime Minister, Dr. Kwame Nkrumah, at the Bank of Ghana Head Office premises for the opening ceremony of the Bank as the central banking institution of the country. The other visit to the Bank by a sitting President was in 1996, when the then President, Flt. Lt. J.J. Rawlings, commissioned the rehabilitated "Cedi House Complex", a multipurpose building of the Bank.

The Governor with the President of the Republic of Ghana at the Bank's Currency Museum

From left to right: Dr. Maxwell Opoku-Afari (1st Deputy Governor), Dr. Ernest K.Y. Addison (Governor), H.E. Nana Addo Dankwa Akufo-Addo (President, Republic of Ghana), Hon. Akosua Frema Osei-Opare (Chief of Staff), Hon. Ken Ofori-Atta (Minister for Finance), and Mrs. Elsie Addo Awadzi (2nd Deputy Governor).

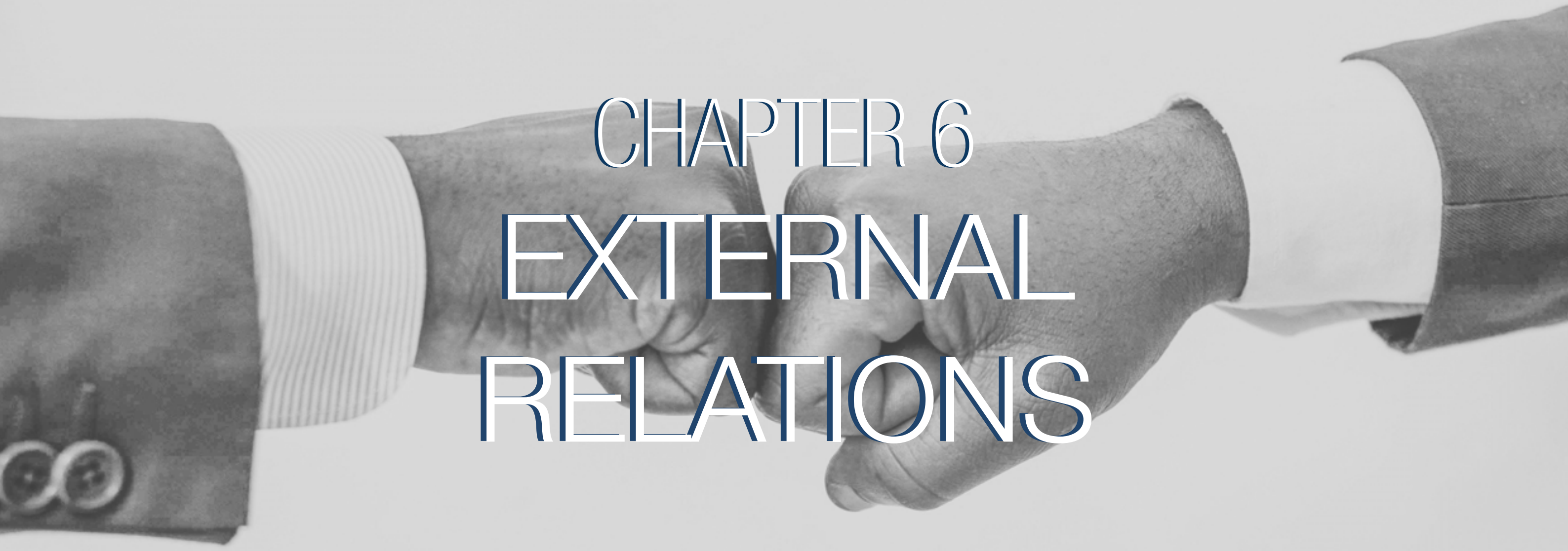
CENTRAL BANK OF THE YEAR AWARD

The Governor, Dr. Ernest K.Y. Addison (middle), flanked by Dr. Maxwell Opoku-Afari, 1st Deputy Governor (on his left) and Mrs. Elsie Addo Awadzi, 2nd Deputy Governor, displaying the award.

In 2020, the Bank of Ghana was presented with the Central Bank of the Year Award by the Central Banking Awards Committee. The award was in recognition of the Bank's successful implementation of monetary policy and impressive achievement in reforming the banking sector in Ghana.

The Central Banking Awards were set up to highlight the outstanding performance and achievements of individuals and organisations within the central banking community. The awards recognise excellence in a community facing difficult monetary policy and financial stability challenges that needed to be addressed effectively, while prudently embracing technological change in reserves, financial services, payments, currency management and data.

At a virtual ceremony to receive the award, the Governor of the Bank of Ghana, Dr. Ernest Addison, said: "It is a great privilege for the Bank of Ghana to be named the Central Bank of the Year. This award reflects our vision to build a central bank of excellence that is well-respected by stakeholders, and further strengthens our resolve to continue to implement sound monetary and financial sector policies".



CHAPTER 6
EXTERNAL RELATIONS

6.1 Overview

In 2020, the Bank continued to strengthen 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);
- Financial Stability Board (FSB);
- World Bank;
- African Export-Import Bank (AFREXIMBANK);
- African Development Bank (AfDB);
- Joint Multilateral Surveillance missions by ECOWAS-WAMI-WAMA teams;
- African Continental Free Trade Area (AfCFTA);
- African Rural and Agricultural Credit Association (AFRACA);
- Association of African Central Banks (AACB); and,
- West African Monetary Zone (WAMZ).

6.2 IMF and World Bank

6.2.1 Response to COVID-19

In the review year, the IMF and the World Bank provided financial assistance, policy advice, capacity development, and debt relief, towards addressing the COVID-19 health-related economic and social shocks. The IMF made a US$250 billion provision, out of a US$1 trillion lending capacity it made available to members in emergency financing through the Rapid Credit Facility (RCF), and Rapid Financing Instrument (RFI); and also debt service relief, accessed through the Catastrophe Containment and Relief Trust (CCRT).

The IMF approved a US$1 billion Rapid Credit Facility for Ghana, to help address fiscal challenges arising from the COVID-19 pandemic.

The World Bank provided assistance to the country in the health sector (Ghana Emergency Preparedness and Response Project), and supported the Greater Accra Resilient and Integrated Development Project.

6.2.2 Spring and Annual Meetings of the IMF and the World Bank

The Bank participated in the 2020 Spring Meetings (April 13-19) and the Annual Meetings (October 12–18) of the IMF and the World Bank, which were held virtually.

Dr. Ernest K. Y. Addison, Governor of the Bank of Ghana and Chairman of the Boards of Governors of the IMF and World Bank Group, delivered the opening remarks during the Annual Meetings preliminary session. He acknowledged and commended the quick response of policy makers and the international community to the pandemic and called on the Bretton Woods institutions to do more to help prevent the health crisis from becoming a humanitarian one.

The Spring Meetings, among other issues, discussed how the COVID-19 pandemic had impacted lives, healthcare systems and economies, and how the Bretton Woods Institutions could play a lead role in addressing these issues. It was noted that effective policies and strong multilateral cooperation were essential to overcome the adverse effects of the pandemic.

The Bank of Ghana also participated in the meetings of the International Monetary and Financial Committee (IMFC) and Development Committee (DC).

6.2.3 The International Monetary and Financial Committee Meetings

Chaired by Mr. Lesetja Kganyago, the Governor of the South African Reserve Bank, the IMFC meetings took place on April 16 and October 15, 2020.

At the April meeting, discussions focused on the adverse impact of the COVID-19 pandemic on the global economy. The meeting noted that despite the uncertainty in the growth outlook, there were expectations of recovery in 2021, underpinned by strong policy response to contain the pandemic. The Committee highlighted the need for fiscal support to be targeted and sizeable to boost economic recovery, and welcomed the actions of central banks and other financial authorities to alleviate the tight financial conditions and maintain financial stability. The meeting also supported the IMF's efforts to assist member countries through financial support, policy advice and capacity development; and reaffirmed its commitment to a strong, quota-based, and adequately-resourced IMF that would provide financial safety net to the world.

At the October meeting, the Committee acknowledged some recovery in the global economy although uncertainties remained. The meeting noted that there were threats of long-lasting adverse effects of the pandemic on growth, debt sustainability, financial stability, poverty and inequality. The Committee reiterated its support for the use of all available policy levers, as well as the exceptional actions taken by the IMF to assist Member States in dealing with the pandemic.

The Committee stressed the need for the IMF to support the poorest and most vulnerable members, and welcomed the extension of debt service relief under the Catastrophe Containment and Relief Trust (CCRT), the expansion of resources for the Poverty Reduction and Growth Trust (PRGT), and the extension of the Debt Service Suspension Initiative (DSSI) – with a call for the full participation of private and bilateral creditors.

6.2.4 The Development Committee

The Development Committee Meetings took place on April 17 and October 16, 2020.

The meetings stressed the need for multilateral cooperation in containing the COVID-19 pandemic, and encouraged the World Bank Group (WBG) and

IMF to collaborate with other international institutions and bilateral partners in addressing the effects of the pandemic. The Committee underscored the need for global collaboration on economic recovery efforts, and to safeguard progress towards the twin goals of ending extreme poverty and boosting shared prosperity, and meeting the SDGs. The meetings stressed on the need for medical supplies to be affordable, and food security and safety to be assured.

The Committee welcomed the agreement by the G20 and Paris Club for a time-bound suspension of debt service payments by bilateral official creditors, and called on private creditors to participate in the initiative on comparable terms.

6.3 Financial Stability Board

In the review year, the Financial Stability Board (FSB) of the G20 Leaders, which promotes international financial stability by coordinating national financial authorities and international Standard-Setting Bodies (SSBs), among others, assessed the financial vulnerabilities emanating from the COVID-19 pandemic and made recommendations to support local and global market functioning. The Board also recommended that Authorities should individually and collectively, through the FSB and SSBs, monitor and share information on a timely basis to assess and address financial stability risks from COVID-19 so as to maximise the benefit of a global policy response.

Dr. Ernest Addison, Governor of the Bank of Ghana and co-chair of The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa, in an address to the Board, pointed out Ghana's concerted fiscal, monetary and regulatory policies, in addressing the challenges posed by the pandemic.

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

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held a virtual meeting in December 2020. The meeting was co-chaired by Dr. Ernest K. Y. Addison, Governor of the Bank of Ghana and Mr. Lesetja Kganyago, Governor of the South African Reserve Bank. During the meeting, the FSB RCG assessed global and regional financial vulnerabilities imposed by COVID-19, climate-related financial stability risks, guidance on financial resources for central counterparties resolutions, risks related to transitioning away from Libor, and issues associated with cross-border payments.

6.4 African Development Bank

The 2020 Annual meetings of the African Development Bank (AfDB) Group were postponed due to the COVID-19 pandemic. However, there were virtual meetings held at the committee level during the review year. The following meetings were held:

- Standing Committee meeting on the conditions of service of elected officers of the Board of Governors;
- Bureau of the Board of Governors;
- Joint Steering Committee of the Board of Governors on the election of the President;
- Constituency Annual Governors meeting; and
- Launch of the West African Regional Integration Strategy Paper (RISP) 2020-2025.

Dr. Akinwumi Adesina was re-elected as the President of the African Development Bank Group for a second term.

6.5 Association of African Central Banks

In 2020, due to the COVID-19 pandemic, the Annual Meetings of the Association of African Central Banks (AACB) were rescheduled. In the review year, the Bureau of AACB proposed Terms of Reference (TORs) for the development of an inter-regional payment systems integration framework and an integrated inter-regional mobile payment strategy, subject to the Assembly of Governors' approval.

The Bureau requested the AACB Secretariat to collect and disseminate on its website, all policy measures taken by member central banks on the COVID-19 pandemic so as to encourage the sharing of peer learning experiences.

6.6 Afreximbank

Afreximbank held its 27th Annual General and Shareholders meetings virtually in the review year. The Pan African Payments and Settlements System (PAPSS) was established with the signing of the Membership and Settlements Agreement by WAMZ Central banks.

The President of Afreximbank, Professor Benedict Oramah, was reappointed for a second five-year term.

6.7 African Rural and Agricultural Credit Association

During the reporting period, the African Rural and Agricultural Credit Association (AFRACA) had five sub-regional groupings in 2020, with a sixth one due to be ratified at the next General Assembly. To improve AFRACA's connections and collaborations among the sub-regional groups, the Secretariat conducted sub-regional virtual meetings to deepen member-relationships and to make it more vibrant and relevant to members.

The West African sub-regional grouping, African Rural and Agricultural Credit Association – West Africa Centre for Rural and Agricultural Training (AFRACA WACRAT II), held a virtual meeting in 2020 to discuss the challenges of the COVID-19 pandemic and its impact on agriculture and agricultural credit, and the way forward. The meeting also afforded member institutions the opportunity to share ideas and experiences. Ghana was tasked by AFRACA to form a national chapter to help bring relevant institutions on board to work together under one common umbrella.

6.8 The African Continental Free Trade Area

The Treaty of the flagship project of the African Union's Agenda 2063, the African Continental Free Trade Area (AfCFTA), came into force in April 2020, and was ratified by 34 countries, including Ghana. The AfCFTA Secretariat, which is based in Ghana, was commissioned in August 2020. Trading under the AfCFTA was originally planned for 1 July 2020, but delayed due to the COVID-19 pandemic.

6.9 ECOWAS Single Currency Programme

The ECOWAS Single Currency program was adversely affected by the advent of the COVID-19 pandemic. The planned launch of the ECOWAS single currency in 2020 was postponed to a later date due to non-compliance with the macroeconomic criteria in a consistent manner by Member States. The ECOWAS Commission, WAMA and WAMI were directed by the Council to develop a new Convergence and Stability Pact among Member States, and a new roadmap for the ECOWAS Single Currency Programme.

6.10 Sub-Regional Institutions

6.10.1 West African Monetary Institute

During the review year, the West African Monetary Institute (WAMI) held two West African Monetary Zone (WAMZ) statutory meetings – one face-to-face meeting in February in Freetown, Sierra Leone, and a virtual meeting in September. The meetings deliberated on the status of implementation of the WAMZ's Work Program. WAMI also held a virtual Summit of the WAMZ, at which event, the need for collectively charting the way forward for the whole of the ECOWAS region for the continued implementation of the activities of the Single Currency Roadmap was emphasised.

6.10.2 College of Supervisors of WAMZ

The College of Supervisors of WAMZ (CSWAMZ) held its 38th meeting in the review year virtually. The College discussed joint examination of Nigerian Bank subsidiaries, implementation of risk-based supervision, Basel II and III, and developments in anti-money laundering and counter financing of terrorism, among others. This was in line with its mandate of fostering supervisory cooperation and creating an enabling environment for harmonising banking supervision in the WAMZ.

The Bank participated in the virtual meetings of the WAMZ, as part of its commitments to foster cross-border relationships with other financial regulators to strengthen cooperation, deepen mutual assistance and encourage information exchange. To fulfil its key objective of promoting a resilient and sound financial sector, including harmonising sound supervisory practices, the Committee of Governors of the WAMZ gave approval for an expert committee to be set up to harmonise the Risk-Based Supervisory (RBS) frameworks of Member States. The RBS framework was created to guide cross-border supervision and joint examination exercises of Member States.

6.10.3 West African Monetary Agency

The West African Monetary Agency (WAMA) organised its 56th Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States virtually on September 10, 2020. The meeting noted that 10 out of the 15 Member States achieved all the four primary convergence criteria during the pre-COVID period, but due to the impact of the pandemic on economies, nine countries failed to sustain their performances, leaving Cape Verde as the only Member State that was able to sustain its attainment of the four primary convergence criteria during the first half of 2020.

Member States agreed to establish a Community Solidarity and Stabilisation Fund (CSSF) to be managed by Central Bank of West Africa (CBWA) for the benefit of ECOWAS States. A Terms of Reference for the Selection of the Seat of the Central Bank of West Africa was also agreed upon by Member States.

6.10.4 West African Institute for Financial and Economic Management

The West African Institute for Financial and Economic Management (WAIFEM) held two statutory meetings during the review year - one in February in Freetown, Sierra Leone, and the other, which was virtual, in September. It was noted that, as at June 2020, WAIFEM had administered nine training programmes instead of the 19 earmarked for the period due to the COVID-19 pandemic.

In the review year, the Institute organised a diagnostic webinar on the Impact of COVID-19 on the Economies of WAIFEM Member States. This was to assess policy options and strategies adopted in the face of the pandemic.

6.11 Bilateral visits of other Central Banks

Staff of other central banks visited the Bank in 2020 prior to the onset of the COVID-19 pandemic. Specifically, the Bank of Tanzania's visit was to explore Bank of Ghana's core banking system applications. The visit to the Bank by a team from the Central Bank of The Gambia was to study how the country had used Financial Technology (FinTech) and mobile money adoption to fast-track financial inclusion. Two separate delegations from the Central Bank of Liberia and Bank of Sierra Leone also visited the Bank of Ghana to explore its currency management and other areas of operations.

6.12 Collaboration with Monetary Authority of Singapore

The Bank signed a Memorandum of Understanding (MOU) with the Monetary Authority of Singapore on a Business Sans Borders (BSB) project to build capacity of SMEs in the area of digital technology adoption for improved organisational performance. The parties also agreed to collaborate on a complementary Financial Trust Corridor (FTC) initiative to engender trust, trade and recognition between both countries' businesses and financial institutions.

6.13 Alliance for Financial Inclusion

In the review year, the Bank co-hosted and also participated in a number of virtual meetings organised by the Alliance for Financial Inclusion (AFI). Notably, AFI in collaboration with the Bank, hosted the first Gender Inclusive Finance (GIF) COVID-19 Webinar, with the goal of ensuring that women were not left behind in the post-pandemic recovery efforts. In all, the Webinar brought together 102 policymakers and regulators from 35 AFI-member institutions. The implications of the COVID-19 pandemic for women financial inclusion were discussed during the virtual meeting.

The keynote address was delivered by the Governor of the Bank of Ghana, Dr. Ernest K. Addison. He acknowledged that emerging and developing economies had been hardest hit by the pandemic, exacerbating pre-existing inequities, which have led to the poor and vulnerable disproportionately bearing the brunt of the pandemic. Job losses and the collapse of many informal, micro and small businesses, mostly women-owned, had pushed many out of the financial system. Dr. Addison also highlighted measures instituted by the Government of Ghana and the Bank to reduce the burden of the pandemic on Ghana's economy, and in particular on small businesses and low income households.

Annexes

Table 2.1: World Economic Indicators

	ESTIMATES (%, Year-on-Year)				
REAL GDP GROWTH (%)	**2016**	**2017**	**2018**	**2019**	**2020**
World	**3.4**	**3.9**	**3.6**	**2.9**	**-3.5**
Advanced Economies	**1.7**	**2.5**	**2.2**	**1.7**	**-4.9**
United States	1.6	2.4	2.9	2.3	-3.4
Euro Area	1.9	2.5	1.9	1.2	-7.2
Germany	2.2	2.5	1.5	0.6	-5.4
France	1.1	2.3	1.7	1.3	-9
Italy	1.3	1.7	0.8	0.3	-9.2
Spain	3.0	2.9	2.4	2.0	-11.1
Japan	0.5	2.2	0.3	0.7	-5.1
United Kingdom	1.9	1.9	1.3	1.4	-10
Emerging and Developing Economies	**4.6**	**4.8**	**4.5**	**3.7**	**-2.4**
Russia	0.3	1.8	2.5	1.3	-3.6
China	6.8	6.9	6.7	6.1	2.3
India	8.3	7.0	6.1	4.2	-8
Brazil	-3.3	1.3	1.3	1.1	-4.5
Sub-Saharan Africa	**1.4**	**3.0**	**3.3**	**3.1**	**-2.6**
Ghana	3.4	8.1	6.3	6.5	0.9
Nigeria	-1.6	0.8	1.9	2.2	-3.2
South Africa	0.4	1.4	0.8	0.2	-7.5
Memorandum					
Commodity Price Inflation					
Oil	-15.7	23.4	29.4	-10.1	-32.7
Non-Fuel	-0.4	6.4	1.3	0.8	6.7
Consumer Price Inflation					
Advanced Economies	0.8	1.7	2.0	1.4	0.7
Emerging Markets and Developing Economies	4.3	4.3	4.8	5.0	5.1

Source: IMF WEO

Table 3.1: Selected Economic Indicators

Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
(Annual percentage change; unless otherwise indicated)						
National Income and Prices						
Agriculture	2.1	2.7	6.2	4.9	4.7	7.4
Industry	1.2	4.3	15.6	10.5	6.4	-3.6
Services	2.9	2.8	3.4	2.8	7.6	1.5
Real GDP Growth (incl. Oil)	**2.1**	**3.4**	**8.1**	**6.2**	**6.5**	**0.4**
Real GDP Growth (excl. Oil)	**2.1**	**4.5**	**4.6**	**6.1**	**5.8**	**0.9**
Nominal GDP (Gh₵ Million)	**183,526**	**219,595**	**262,798**	**308,587**	**356,544**	**383,486**
Consumer price index (end period, year-on-year)						
Headline	17.7	15.4	11.8	9.4	7.9	10.4
Food	8.0	9.7	8.0	8.7	7.2	14.1
Non-food	23.3	18.2	13.6	9.8	8.5	7.7
Exchange Rates (End of period)						
GH₵/US$	3.7944	4.2002	4.4157	4.8200	5.5337	5.7604
Depreciation (%)	-15.7	-9.7	-4.9	-8.4	-12.9	-3.9
GH₵/Pound Sterling	5.6265	5.1965	5.9669	6.1710	7.3164	7.8996
Depreciation (%)	-11.5	8.3	-12.9	-3.3	-15.7	-7.4
GH₵/Euro	4.1514	4.4367	5.2964	5.5131	6.2114	6.9929
Depreciation (%)	-6.1	-6.4	-16.2	-3.9	-11.2	-11.2
Monetary Aggregates Annual Growth Rates (%)						
Reserve Money	24.2	29.6	13.2	4.6	34.4	25.0
Broad Money Supply (M2)	26.6	24.6	19.8	16.1	16.1	25.0
Broad Money Supply (M2+)	26.1	22.0	16.7	15.7	21.7	29.6
Private Sector Credit	24.5	14.4	13.4	10.6	18.0	10.6
Real Credit to the private sector	5.8	-0.8	0.9	1.1	9.4	0.2
Interest Rates (%)						
Monetary Policy rate	26.0	25.5	20.0	17.0	16.0	14.5
Interbank rate	25.2	25.3	19.3	16.1	15.2	13.6
91-Day treasury bill rate	23.1	16.8	13.3	14.5	14.7	14.1
182-day treasury bill rate	24.4	18.5	10.4	15.0	15.1	14.1
364-Day treasury bill rate					17.9	17.0

** Provisional*

Table 3.1: Selected Economic Indicators continued

Indicators	2015	2016	2017	2018	2019	2020
(Annual percentage change; unless otherwise indicated)						
Interest Rates (%)						
1-year treasury note rate	22.7	21.5	15.0	15.5		
2-year treasury note rate	23.3	22.5	17.5	19.5	21.0	18.5
Average lending rate	27.5	31.2	29.3	24.0	23.6	21.1
3-month average deposit rate	13.0	13.0	13.0	11.5	11.5	11.5
lending-deposit rate spread	14.5	18.2	16.3	12.5	12.1	9.6
External Sector (Cummulative)						
Exports of Goods and Services (US$ m)	10,321.2	11,138.3	13,834.8	14,942.7	15,667.5	14,471.5
Imports of Goods and Services (US$ m)	13,465.1	12,920.1	12,647.8	13,134.1	13,410.7	12,428.6
Trade balance (US$' m)	-3,143.9	-1,781.8	1,187.1	1,808.7	2,256.8	2,043.0
Current Accout Balance (US$' m)	-2,823.6	-2,840.7	-2,003.7	-2,043.9	-1,864.0	-2,134.0
per cent of GDP	-7.5	-6.7	-4.4	-3.1	-2.8	-3.1
Overall Balance of Payments (US$' m)	-15.9	247.4	1,091.4	-671.5	1,341.0	367.5
Gross International Reserves	5,884.7	6,161.8	7,554.8	7,024.8	8,418.1	8,624.4
months of imports cover	3.5	3.5	4.3	3.6	3.9	4.0
Gross International Reserves (excl Oil Funds, Encumbered Assets) (US$' m)	4,403.1	4,862.1	5,491.0	5,317.2	6,607.9	6,961.8
months of imports cover	2.6	2.8	3.1	2.7	3.2	3.3
Net International Reserves (US$' m)	3,094.0	3,431.0	4,522.5	3,851.0	5,192.0	5,559.5
months of imports cover	1.8	2.0	2.5	2.0	2.4	2.6
External Debt (US$'m)	15,781.9	16,461.0	17,157.0	17,868.5	20,349.4	24,715.8
Government Budget (% of GDP)						
Domestic Revenue	16.0	14.8	15.2	15.1	14.6	14.1
Tax Revenue	13.2	11.7	12.3	12.2	11.9	11.6
Total Revenue and Grant	16.9	15.3	15.8	15.4	14.9	14.4
Total Expenditure	20.3	23.3	19.8	18.9	19.0	25.1
Domestic Primary Balance	3.0	0.4	2.6	2.2	1.8	-3.3
Overall Balance (Including Divestiture)	-5.1	-6.0	-4.7	-3.8	-4.7	-11.7
Public Debt	54.6	55.6	54.2	56.1	61.2	76.0

** Provisional*

Source: Bank of Ghana, Ghana Statistical Service and Ministry of Finance

Table 3.3: Monetary Indicators

	GH¢ Millions			Variations (year-on-year)					
				As at end-Dec 2018		As at end-Dec 2019		As at end-Dec 2020	
Indicator	**Dec-18**	**Dec-19**	**Dec-20**	**abs**	**per cent**	**abs**	**per cent**	**abs**	**per cent**
Reserve Money	21,501.04	28,896.02	36,124.78	29.52	0.14	7,394.98	34.39	7,228.76	25.02
Narrow Money (M1)	34,645.61	43,495.72	60,826.18	4,798.57	16.08	8,850.10	25.54	17,330.46	39.84
Broad Money (M2)	60,254.83	69,973.10	94,491.75	8,188.39	15.73	9,718.27	16.13	24,518.65	35.04
Broad Money (M2+)	**76,380.39**	**92,975.47**	**120,521.82**	**10,208.37**	**15.43**	**16,595.08**	**21.73**	**27,546.34**	**29.63**
Currency with the Public	11,940.91	14,358.06	20,889.63	1,232.97	11.51	2,417.15	20.24	6,531.57	45.49
Demand Deposits	22,704.70	29,137.66	39,936.55	3,565.60	18.63	6,432.96	28.33	10,798.89	37.06
Savings & Time Deposits	25,609.22	26,477.38	33,665.58	3,389.83	15.26	868.16	3.39	7,188.19	27.15
Foreign Currency Deposits	16,125.56	23,002.37	26,030.07	2,019.98	14.32	6,876.82	42.65	3,027.69	13.16
Sources of M2+									
Net Foreign Assets (NFA)	**14,036.73**	**21,293.01**	**18,599.86**	**(6,642.07)**	**(32.12)**	**7,256.28**	**51.69**	**(2,693.15)**	**(12.65)**
BOG	12,762.76	20,622.55	14,123.29	(4,477.75)	(25.97)	7,859.78	61.58	(6,499.26)	(31.52)
DMBs	1,273.96	670.46	4,476.57	(2,164.32)	(62.95)	(603.51)	(47.37)	3,806.12	567.69
Net Domestic Assets (NDA)	**62,343.66**	**71,682.47**	**101,921.96**	**16,850.44**	**37.04**	**9,338.80**	**14.98**	**30,239.49**	**42.19**
Claims on Government (net)	**27,551.51**	**34,214.54**	**68,965.59**	**14,935.61**	**118.39**	**6,663.03**	**24.18**	**34,751.06**	**101.57**
BOG	10,208.98	8,468.74	31,731.12	4,151.72	68.54	(1,740.24)	(17.05)	23,262.38	274.69
DMBs	17,342.53	25,745.80	37,234.47	10,783.90	164.42	8,403.27	48.45	11,488.67	44.62
Claims on Public Sector	**3,994.65**	**6,661.34**	**4,962.45**	**(742.69)**	**(15.68)**	**2,666.69**	**66.76**	**(1,698.89)**	**(25.50)**
BOG	1,698.02	974.82	931.34	316.03	22.87	(723.21)	(42.59)	(43.48)	(4.46)
DMBs	2,296.63	5,686.52	4,031.12	(1,058.71)	(31.55)	3,389.89	147.60	(1,655.41)	(29.11)
Claims on Private Sector	**33,815.85**	**40,069.70**	**44,236.62**	**(635.97)**	**(1.85)**	**6,253.84**	**18.49**	**4,166.92**	**10.40**
BOG	463.71	704.78	703.43	(1.13)	(0.24)	241.07	51.99	(1.35)	(0.19)
DMBs	33,352.14	39,364.91	43,533.19	(634.84)	(1.87)	6,012.78	18.03	4,168.27	10.59
Other Items (Net) (OIN) \2	**(3,018.35)**	**(9,263.10)**	**(16,242.71)**	**3,293.48**	**(52.18)**	**(6,244.75)**	**206.89**	**(6,979.60)**	**75.35**
o/w BOG OMO (Sterilisation)	-	-	-						

Source: Bank of Ghana

Table 3.4: Sectoral Distribution of Banks' Outstanding Credit

		GH¢ Millions			Year-on-Year-Variations			
					As at end-Dec 2019		As at end-Dec 2020	
	Indicator	**Dec-18**	**Dec-19**	**Dec-20**	**abs**	**per cent**	**abs**	**per cent**
a	**Public Sector**	**3,144.73**	**5,805.11**	**4,235.86**	**2,660.38**	**84.60**	**(1,569.25)**	**(27.03)**
b	**Private Sector**	**33,352.14**	**39,364.91**	**43,533.19**	**6,012.78**	**18.03**	**4,168.27**	**10.59**
	Agriculture, Forestry & Fisheries	1,421.77	2,224.67	1,538.39	802.89	56.47	(686.28)	(30.85)
	Export Trade	125.13	157.52	162.83	32.39	25.89	5.30	3.37
	Manufacturing	3,857.91	4,816.83	4,985.44	958.91	24.86	168.62	3.50
	Transport, Storage & Communication	2,271.71	2,481.30	3,096.58	209.59	9.23	615.29	24.80
	Mining & Quarrying	1,168.51	1,192.20	1,178.63	23.69	2.03	(13.56)	(1.14)
	Import Trade	1,180.96	1,141.37	1,232.21	(39.59)	(3.35)	90.84	7.96
	Construction	2,702.28	3,476.18	4,377.23	773.90	28.64	901.05	25.92
	Commerce & Finance	7,243.25	7,595.49	9,875.24	352.23	4.86	2,279.75	30.01
	Electricity, Gas & Water	2,559.97	1,923.67	2,544.21	(636.29)	(24.86)	620.54	32.26
	Services	7,182.23	9,972.19	11,580.86	2,789.96	38.85	1,608.67	16.13
	Miscellaneous	3,638.42	4,383.51	2,961.57	745.09	20.48	(1,421.94)	(32.44)
c	**Grand Total**	**36,496.87**	**45,170.02**	**47,769.04**	**8,673.15**	**23.76**	**2,599.02**	**5.75**

Source: Bank of Ghana

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-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**
Dec-20	556.84	825.53	1782.76	2148.80	135.06	23.20	400.00	39.51	4.20	100.00	100.00	**1941.59**
2019 (y/y)												
ABS	-701.14	-129.90	-134.09	-1411.49	0.00	-3.26	-446.00	0.00	0.00	0.00	0.00	-315.07
(%)	-36.36	-7.51	-6.23	-37.27	0.00	-11.39	-43.81	0.00	0.00	0.00	0.00	-12.25
2020 (y/y)												
ABS	**-670.50**	**-775.19**	**-236.89**	**-226.66**	**0.52**	**-2.17**	**-172.00**	**1.00**	**-167.77**	**0.00**	**0.00**	**-315.56**
(%)	**-54.63**	**-48.43**	**-11.73**	**-9.54**	**0.39**	**-8.57**	**-30.07**	**2.59**	**-97.56**	**0.00**	**0.00**	**-13.98**

F&B - Food & Beverages; Man - Manufacturing; Distr - Distribution; ETFund - Exchange Traded Fund; Educ - Education; AD. & Prod. - Advertising & Production

Source: Ghana Stock Exchange

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-17	2746.65	927.88	14180.95	1480.82	15662.97	3.42	212.98	23562.21	15.52	10.57	-	**58803.96**
Dec-18	1656.36	1240.88	14584.48	1627.18	15692.86	9710.49	177.13	16404.24	21.60	10.57	10.70	**61136.53**
Dec-19	1054.16	1149.55	12555.51	1020.69	15860.36	8604.35	99.53	16404.24	21.60	10.57	10.70	**56791.25**
Dec-20	478.27	592.85	11671.26	923.30	15921.65	7866.92	69.60	16829.22	0.53	10.57	10.70	**54374.88**
2019 (y/y)												
ABS	-602.20	-91.33	-2028.98	-606.49	167.49	-1106.14	-77.60	0.00	0.00	0.00	0.00	**-4345.28**
(%)	-36.36	-7.36	-13.91	-37.27	1.07	-11.39	-43.81	0.00	0.00	0.00	0.00	**-7.11**
2020 (y/y)												
ABS	**-575.89**	**-556.70**	**-884.25**	**-97.39**	**61.29**	**-737.43**	**-29.93**	**424.98**	**-21.07**	**0.00**	**0.00**	**-2416.37**
(%)	**-54.63**	**-48.43**	**-7.04**	**-9.54**	**0.39**	**-8.57**	**-30.07**	**2.59**	**-97.56**	**0.00**	**0.00**	**-4.25**

F&B - Food & Beverages; Man - Manufacturing; Distr - Distribution; ETFund - Exchange Traded Fund; Educ - Education; AD. & Prod. - Advertising & Production

Source: Ghana Stock Exchange

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

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
2017 Dec	**11.8**	**8.0**	**13.6**	**1.0**	**1.3**	**0.9**
2018 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
2020						
Jan	7.8	7.8	7.9	1.4	2.3	0.8
Feb	7.8	7.9	7.7	0.4	0.5	0.4
Mar	7.8	8.4	7.4	0.8	1.6	0.3
Apr	10.6	14.4	7.7	3.2	6.4	0.8
May	11.3	15.1	8.4	1.7	2.3	1.3
Jun	11.2	13.8	9.2	1.0	0.1	1.8
Jul	11.4	13.7	9.7	0.5	0.0	0.9
Aug	10.5	11.4	9.9	-0.4	-1.1	0.2
Sept	10.4	11.2	9.8	-0.2	-0.5	0.1
Oct	10.1	12.6	8.3	0.2	0.1	0.3
Nov	9.8	11.7	8.3	0.3	0.3	0.3
Dec	10.4	14.1	7.7	0.9	1.5	0.4

Source: Ghana Statistical Service

Table 3.7B: Components of Consumer Price Index (CPI) (%)

		2019	2020											
	Weights (%)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Overall	100.0	7.9	7.8	7.8	7.8	10.6	11.3	11.2	11.4	10.5	10.4	10.1	9.8	10.5
Food and Beverages	43.1	7.2	7.8	7.9	8.4	14.4	15.1	13.8	13.7	11.4	11.2	12.6	11.7	14.1
Non-food	56.9	8.5	7.9	7.7	7.4	7.7	8.4	9.2	9.7	9.9	9.8	8.3	8.3	7.7
Alcoholic Beverages, Tobacco	3.7	13.5	11.1	11.6	11.4	9.7	10.1	8.6	7.6	9.4	9.0	6.7	5.9	6.0
Clothing and footwear	8.1	6.7	7.2	8.5	8.4	8.3	7.9	7.3	7.6	7.9	8.0	7.0	7.4	7.9
Housing and Utilities	10.2	10.5	7.6	6.3	6.7	11.2	15.1	21.3	20.3	20.8	20.3	20.2	21.0	20.1
Furnishing, Household Equip. etc	3.2	4.7	4.3	4.3	4.3	4.6	4.5	4.9	4.4	4.7	4.9	4.4	4.4	4.7
Health	0.7	6.7	6.3	6.4	6.2	6.5	5.6	7.8	6.8	7.2	8.9	5.7	3.7	6.0
Transport	10.1	11.0	10.5	9.9	9.2	6.7	5.4	6.3	10.0	9.9	10.1	5.3	5.3	4.8
Communications	3.6	2.8	3.1	2.9	3.0	4.0	6.2	6.3	6.1	6.0	6.8	6.7	6.5	7.0
Recreation & Culture	3.5	9.3	9.0	9.0	9.0	8.6	9.4	5.8	5.3	3.8	3.4	2.5	2.8	1.8
Education	6.5	6.6	6.8	6.7	6.8	6.9	7.1	4.1	5.0	4.9	4.2	3.8	2.3	0.2
Hotels, Cafes & Restaurants	4.6	5.5	7.5	6.8	3.5	3.6	4.3	5.8	5.3	6.2	7.0	7.1	7.2	5.4
Insurance and Finacial services	0.2	0.6	0.6	0.4	0.1	0.1	0.2	3.5	2.7	2.7	2.0	2.1	2.1	3.3
Miscellaneous goods & services	2.4	7.4	7.3	7.4	7.3	6.4	5.9	5.4	5.2	5.3	4.6	3.4	3.4	3.8

Source: Ghana Statistical Service

Table 3.8A: Selected Fiscal Indicators 2016-2020 (GH¢ millions)

	2016 Prov.	2017 Prov.	2018 Prov.	2019 Prov.	2020 Prov.	2020 Prog
Taxes on income and property	9,106.90	13,398.09	18,776.43	22,597.82	23,570.15	23,768.77
Taxes on goods and services	12,231.32	13,344.84	15,030.38	16,881.88	15,356.12	15,901.65
Taxes on international trade	4,390.44	5,484.66	6,102.12	5,345.97	8,112.67	4,714.21
Tax revenue including oil	25,728.66	32,227.58	37,784.19	42,355.49	44,452.26	42,331.69
Tax revenue excluding oil	25,511.11	31,413.35	35,835.32	40,178.12	42,567.70	40,716.56
Nontax revenue	4,882.44	5,325.24	6,523.71	7,567.58	6,666.63	6,735.56
Domestic revenue including oil	32,537.45	39,963.04	46,501.93	51,988.01	53,903.55	52,443.16
Domestic revenue excluding oil	32,319.89	39,148.81	44,553.06	49,810.64	52,018.99	50,828.04
Grants	1,140.73	1,534.85	1,134.81	986.12	1,228.70	1,223.34
Total revenue and grants	33,678.17	41,497.89	47,636.73	52,974.14	55,132.25	53,666.50
Compensation of Employees	14,164.79	16,776.24	19,612.04	22,033.37	28,268.93	27,061.78
Goods and services	3,220.76	2,482.11	5,127.86	6,169.60	7,388.31	7,743.57
Interest payments	10,770.44	13,572.12	15,821.82	19,756.06	24,599.26	26,268.28
Subsidies	0.00	0.00	125.31	124.24	168.12	229.33
Non-Financial Assets (Capital Expenditure)	7,678.10	6,331.41	4,738.33	6,151.84	12,082.87	9,326.67
Total expenditure & net lending	51,125.04	51,985.95	58,196.96	67,670.90	96,400.43	96,297.14
Overall Budget Balance	-13,144.93	-12,244.73	-11,672.75	-16,726.72	-44,920.54	-44,073.87
Domestic Expenditure	31,693.23	33,102.02	39,573.67	45,591.46	66,738.64	64,326.61
Domestic Primary Balance	844.21	6,861.02	6,928.25	6,396.56	-12,835.09	-11,883.44
Stock of Domestic Debt	52,915.41	66,542.63	86,776.00	105,356.80	150,710.11	-
Nominal GDP (Including Oil)	219,595.59	262,797.97	308,587.39	356,544.27	383,486.09	385,378.03
Nominal GDP (Excluding oil)	201,995.80	235,371.09	269,993.03	312,291.29	346,701.44	346,701.44

Source: Ministry of Finance and Bank of Ghana

Table 3.8B: Selected Fiscal Indicators 2016-2020 (Per cent of GDP)

	2016 Prov.	2017 Prov.	2018 Prov.	2019 Prov.	2020 Prov.	2020 Prog
Taxes on income and property	4.15	5.10	6.08	6.34	6.15	6.17
Taxes on goods and services	5.57	5.08	4.87	4.73	4.00	4.13
Taxes on international trade	2.00	2.09	1.98	1.50	2.12	1.22
Tax revenue including oil	11.72	12.26	12.24	11.88	11.59	10.98
Tax revenue excluding oil	11.62	11.95	11.61	11.27	11.10	10.57
Nontax revenue	2.22	2.03	2.11	2.12	1.74	1.75
Domestic revenue including oil	14.82	15.21	15.07	14.58	14.06	13.61
Domestic revenue excluding oil	14.72	14.90	14.44	13.97	13.56	13.19
Grants	0.52	0.58	0.37	0.28	0.32	0.32
Total revenue and grants	15.34	15.79	15.44	14.86	14.38	13.93
Compensation of Employees	6.45	6.38	6.36	6.18	7.37	7.02
Goods and services	1.47	0.94	1.66	1.73	1.93	2.01
Interest payments	4.90	5.16	5.13	5.54	6.41	6.82
Subsidies	0.00	0.00	0.04	0.03	0.04	0.06
Non-Financial Assets (Capital Expenditure)	3.50	2.41	1.54	1.73	3.15	2.42
Total expenditure & net lending	23.28	19.78	18.86	18.98	25.14	24.99
Overall Budget Balance	-5.99	-4.66	-3.78	-4.69	-11.71	-11.44
Domestic Expenditure	14.43	12.60	12.82	13.05	17.40	16.69
Domestic Primary Balance	0.38	2.61	2.25	1.83	-3.35	-3.08
Stock of Domestic Debt	24.10	25.32	28.12	29.55	39.30	-

Source: Ministry of Finance and Bank of Ghana

Table 3.9: Composition of Domestic Debt (GH¢ millions), 2016 – 2020

	2016	2017	2018	2019	2020
A. Short-Term Instruments	**20,105.2**	**11,996.8**	**11,031.9**	**16,341.0**	**16,861.0**
91-Day Treasury Bill	10,477.6	5,444.7	5,576.6	7,153.4	10,030.7
182-Day Treasury Bill	7,112.4	2,867.0	3,049.8	2,842.7	2,856.5
364-Day Treasury Bill	0.0	0.0	0.0	6,344.9	3,973.8
1-Year Treasury Note	2,515.3	3,685.2	2,405.5	0.0	0.0
B. Medium-Term Instruments	**19,699.3**	**36,698.3**	**48,429.8**	**59,519.0**	**90,385.7**
2-Year Fixed Treasury Note	4,227.0	6,400.6	13,049.8	13,526.1	17,441.5
2-year USD Domestic Bond	395.9	418.1	0.0	0.0	0.0
3-Year Fixed Treasury Note	6,658.6	7,255.5	10,930.3	12,929.6	27,342.7
3-year USD Domestic Bond	0.0	978.1	1,067.7	2,056.3	2,241.3
3-Year Stock(SSNIT)	1,137.0	881.8	502.9	172.5	(0.0)
5-Year GOG Bond	6,480.0	11,204.0	12,160.7	15,808.0	22,499.6
6-Year GOG Bond	0.0	0.0	0.0	1,780.7	2,870.6
7-Year GOG Bond	201.7	2,150.5	2,857.4	4,580.8	5,388.1
10-Year GOG Bond	599.0	7,409.6	7,861.2	8,665.1	12,601.8
C. Long-Term Instruments	**12,538.9**	**17,847.5**	**27,313.3**	**29,496.8**	**43,463.4**
15-Year GOG Bond	0.0	4,793.8	4,793.8	5,812.7	15,342.6
20-Year GOG Bond	0.0	0.0	0.0	162.1	338.6
Long Term Government Stocks	11,987.4	11,987.4	21,568.5	22,685.5	27,060.0
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	0.0	514.8	400.4	286.0	171.6
Telekom Malaysia Stocks	109.5	109.5	109.5	109.5	109.5
Revaluation Stock	361.1	361.1	361.1	361.1	361.1
TOTAL(A+B+C)	**52,343.4**	**66,542.6**	**86,775.0**	**105,356.8**	**150,710.1**

Source: Ministry of Finance and Bank of Ghana

Table 3.10A: Holding Structure of Domestic Debt (GH¢ millions), 2016– 2020

	2016	2017	2018	2019	2020
A. Banking system	**27,262.4**	**23,319.2**	**38,778.3**	**46,815.7**	**77,812.6**
Bank of Ghana	13,056.2	13,002.7	17,132.4	15,782.7	34,758.4
Deposit Money Banks (DMBs)	14,206.2	10,316.5	21,646.0	31,033.0	43,054.2
B. Non-Bank Sector	**13,486.6**	**17,557.8**	**21,920.5**	**32,248.9**	**45,210.3**
SSNIT	1,463.4	1,403.4	796.4	314.0	662.2
Insurance Companies	179.0	340.5	462.4	581.9	858.2
Other Holders	11,844.1	15,813.9	20,661.7	31,353.1	43,689.9
Rural Banks	633.3	300.7	412.8	697.5	1,689.0
Firms & Institutions	7,864.1	10,807.8	14,577.0	21,976.6	29,864.0
Individuals	3,346.8	4,705.4	5,671.9	8,679.0	12,136.8
C. Foreign sector (Non-Residents)	**11,594.4**	**25,665.6**	**26,076.2**	**26,292.3**	**27,687.2**
TOTAL(A+B+C)	**52,343.4**	**66,542.6**	**86,775.0**	**105,356.8**	**150,710.1**

Source: Ministry of Finance and Bank of Ghana

Table 3.10B: Holding Structure of Domestic Debt (%), 2016– 2020

	2016	2017	2018	2019	2020
A. Banking system	**52.1**	**35.0**	**44.7**	**44.4**	**51.6**
Bank of Ghana	24.9	19.5	19.7	15.0	23.1
Deposit Money Banks (DMBs)	27.1	15.5	24.9	29.5	28.6
B. Non-Bank Sector	**25.8**	**26.4**	**25.3**	**30.6**	**30.0**
SSNIT	2.8	2.1	0.9	0.3	0.4
Insurance Companies	0.3	0.5	0.5	0.6	0.6
Other Holders	22.6	23.8	23.8	29.8	29.0
Rural Banks	1.2	0.5	0.5	0.7	1.1
Firms & Institutions	15.0	16.2	16.8	20.9	19.8
Individuals	6.4	7.1	6.5	8.2	8.1
C. Foreign sector (Non-Residents)	**22.2**	**38.6**	**30.1**	**25.0**	**18.4**
TOTAL(A+B+C)	**100**	**100**	**100**	**100**	**100**

Source: Ministry of Finance and Bank of Ghana

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

	2016	2017	2018	2019**	2020*
A. Current Account	**-2,840**	**-2,003**	**-2,044**	**-1,864**	**-2,135**
Merchandise Trade balance	**-1,782**	**1,188**	**1,809**	**2,257**	**2,043**
Exports (f.o.b)	**11,138**	**13,835**	**14,943**	**15,668**	**14,472**
Cocoa beans & products	2,572	2,661	2,180	2,288	2,328
Gold	4,919	5,786	5,436	6,230	6,799
Timber & timber products	256	215	221	169	134
Crude oil	1,345	3,115	4,573	4,493	2,911
Other exports	2,046	2,057	2,532	1,846	2,300
Imports (f.o.b)	**-12,920**	**-12,647**	**-13,134**	**-13,411**	**-12,429**
Non-oil	-11,085	-10,655	-10,553	-10,990	-10,538
Oil	-1,835	-1,992	-2,581	-2,420	-1,891
Balance on Services, Income and Transfers	**-1,059**	**-3,191**	**-3,853**	**-4,121**	**-4,178**
Services (net)	**-1,293**	**-2,874**	**-2,514**	**-3,573**	**-4,511**
Credit	6,333	6,602	7,572	9,925	7,606
Debit	-7,626	-9,476	-10,086	-13,498	-12,117
Income (net)	**-1,222**	**-2,741**	**-3,922**	**-3,952**	**-3,400**
Credit	238	309	598	483	738
Debit	-1,460	-3,050	-4,520	-4,435	-4,138
Transfers (net)	**1,457**	**2,424**	**2,583**	**3,404**	**3,733**
Private (net)	1,431	2,424	2,564	3,386	3,565
Official (net)	26	0	19	18	168
B. Financial and Capital Account	**2,558**	**3,016**	**1,500**	**3,068**	**2,887**
Capital Transfers	274	242	258	257	250
Direct investments	3,471	3,239	2,908	3,292	1,333
Other investments	-1,187	-466	-1,666	-482	1,304
C. Net Errors and Omissions	**530**	**79**	**-128**	**137**	**-385**
Overall Balance	**247**	**1,091**	**-672**	**1,341**	**368**

** Provisional*
*** Revised*

Source: Bank of Ghana and various sources

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
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 3.12: Interbank Exchange Rate Developments (continued)

	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
2020									
Jan	5.5274	0.1	0.11	7.1924	1.7	1.72	6.0476	2.7	2.71
Feb	5.2949	4.4	4.51	6.7881	6.0	7.78	5.8048	4.2	7.00
Mar	5.4423	-2.7	1.68	6.7583	0.4	8.26	5.9752	-2.9	3.95
Apr	5.6010	-2.8	-1.20	7.0584	-4.3	3.66	6.1276	-2.5	1.37
May	5.6203	-0.3	-1.54	6.9186	2.0	5.75	6.2406	-1.8	-0.47
June	5.6674	-0.8	-2.36	7.0038	-1.2	4.46	6.3613	-1.9	-2.36
July	5.6782	-0.2	-2.54	7.4050	-5.4	-1.20	6.6944	-5.0	-7.21
Aug	5.6848	-0.1	-2.66	7.5997	-2.6	-3.73	6.7916	-1.4	-8.54
Sep	5.7027	-0.3	-2.96	7.3585	3.3	-0.57	6.6786	1.7	-7.00
Oct	5.7100	-0.1	-3.09	7.3913	-0.4	-1.01	6.6703	0.1	-6.88
Nov	5.7139	-0.1	-3.15	7.6426	-3.3	-4.27	6.8559	-2.7	-9.40
Dec	5.7602	-0.8	-3.93	7.8742	-2.9	-7.08	7.0643	-3.0	-12.07

Depreciation (-)/ Appreciation (+)

Source: Bank of Ghana

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

Indicator	2014	2015	2016	2017	2018	2019	2020
Total External Debt	13,871.84	15,761.85	16,437.67	17,158.22	17,875.44	20,349.37	24,715.77
Multilateral Creditors	4,900.73	5,379.45	5,547.96	6,387.70	6,390.46	6,555.47	8,280.17
Bilateral Creditors	1,127.81	1,096.32	1,136.47	1,210.28	1,204.79	1,227.90	1,297.36
Export Credit Agencies	1,158.43	1,176.29	1,315.22	1,461.23	1,235.56	1,048.99	966.12
Other Concessional	1,883.56	1,791.28	1,706.81	1,782.85	1,701.17	1,657.03	1,541.66
Commercial Creditors	2,270.80	2,788.00	2,782.20	2,437.04	2,365.37	2,165.25	2,415.37
International Capital Market	2,530.51	3,530.51	3,949.01	3,879.12	4,978.09	7,694.73	10,215.09

Source: Ministry of Finance

Table 4.2: Assets and Liabilities of Banks and SDIs

	2019						2020					
	BANKS	SDI	NBFIs	RCBs	MFIs		BANKS	SDI	NBFIs	RCBs	MFIs	
	Banks GH¢ 'M	Deposit-Taking GH¢ 'M	Non-Deposit Taking GH¢ 'M	RCBs GH¢ 'M	Deposit-Taking GH¢ 'M	Non-Deposit Taking GH¢ 'M	Banks GH¢ 'M	Deposit-Taking GH¢ 'M	Non-Deposit Taking GH¢ 'M	RCBs GH¢ 'M	Deposit-Taking GH¢ 'M	Non-Deposit Taking GH¢ 'M
TOTAL ASSETS	**129,064.65**	**6,869.09**	**103.26**	**4,688.32**	**584.00**	**199.39**	**149,322.26**	**7,422.84**	**59.59**	**6,170.88**	**680.40**	**215.13**
Cash and Bank Balances	30,907.43	493.86	22.28	683.21	47.344	27.24	31,585.96	518.70	1.04	870.46	64.215	34.94
Investments	48,473.79	1,040.58	3.04	1,829.60	212.16	23.96	64,453.89	1,191.27	1.82	2,894.45	236.09	14.69
Loans & Advances	39,959.56	4,524.75	19.30	1,499.16	215.17	119.91	41,804.42	4,875.32	15.36	1,688.76	262.05	139.07
Other Assets and PPE	9,723.87	809.90	58.63	676.34	109.3236	28.28	11,478.00	837.55	41.37	717.22	118.0387	26.43
LIABILITIES AND SHAREHOLDERS' FUND	**129,064.65**	**6,869.09**	**103.26**	**4,688.32**	**584.00**	**199.39**	**149,322.26**	**7,422.79**	**59.59**	**6,170.88**	**680.40**	**215.13**
Liabilities	111,484.52	6,002.63	79.07	4,257.30	455.07	138.12	128,073.22	6,929.28	43.63	5,794.91	548.95	141.50
Deposits	83,459.78	3,521.62	-	3,908.99	342.08	4.81	103,807.88	4,164.05	-	5,353.11	433.88	5.51
Borrowings and other Liabilities	28,024.74	2,481.01	79.07	348.32	112.99	133.31	28,024.74	2,765.23	43.63	441.80	115.07	136.00
Shareholders' Funds	17,580.13	866.46	24.19	431.02	128.92	61.27	21,249.04	493.51	15.96	375.98	131.45	73.63
Paid-Up Capital	9,633.24	732.28	15.00	223.16	152.13	30.86	9,757.21	729.28	15.00	234.40	186.52	34.32
Reserves	7,946.90	134.18	9.19	207.86	28.42	29.82	11,491.83	(235.77)	0.96	141.58	(55.07)	39.31

Source: Bank of Ghana

Table 4.3: Banks' Profitability Indicators (%), 2016 - 2020

Indicator (%)	2016	2017	2018	2019	2020
Return on Equity	17.3	18.7	18.5	19.9	21.4
Return on Assets	3.8	3.6	3.4	4.1	4.4
Return on Earning Assets	5.1	4.7	4.6	5.6	5.9
Net Interest Spread (NIS)	11.4	10.2	9.5	10.6	10.5
Cost to Income Ratio	57.4	59.0	58.3	54.8	51.4
Net Interest Margin (NIM)	13.0	11.0	9.5	11.0	10.9

Source: Bank of Ghana

Table 4.4: Banks' Solvency Indicators (%), 2016 - 2020

Indicator (%)	2016	2017	2018	2019	2020
CAR (%)	17.64	15.62	21.90	*17.50	*19.83
Net worth (GH¢mn)	10,984.00	12,271.00	16,928.00	18,947.13	22,632.85
NPL (%)	17.30	21.59	18.19	13.94	14.82

**Basel II/III*

Source: Bank of Ghana

Table 4.5: Banks' Liquidity Indicators (%), 2016 - 2020

Indicator (%)	2016	2017	2018	2019	2020
Liquid Asset/Total Deposit	84.83	85.30	91.46	92.08	89.01
Liquid Asset/Volatile Funds	147.59	156.00	161.97	150.23	143.70

Source: Bank of Ghana

Table 4.6: Performance Indicators of the Collateral Registry

Indicator (%)	2017	2018	2019	2020
Registered Security Interest	57,509	82,302	96,148	102,089
Searches Conducted	25,049	36,889	48,086	34,947
Collaterals	171,551	224,583	239,705	216,617

Source: Bank of Ghana

Table 4.7: Quartile Based Heat Map of the Core FSIs for the Banking Industry

CORE FSIs	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Capital Adequacy									
Regulatory capital to risk weighted assets	21.95	20.55	19.25	19.06	17.48	19.33	20.71	20.28	19.83
Regulatory Tier I capital to risk-weighted assets	20.98	15.76	14.47	17.13	15.53	17.71	19.36	18.35	17.88
Asset Quality									
Nonperforming loans net of loan-loss provision to capital	11.19	15.05	13.87	11.79	5.74	5.21	5.12	5.51	5.24
Nonperforming loans to total gross loans	18.19	18.76	18.05	17.27	13.94	14.49	15.65	15.77	14.82
Earnings									
Return on assets*	2.26	3.05	3.03	3.00	2.87	2.99	2.90	2.96	3.05
Return on equity**	27.70	30.51	30.55	29.04	28.65	30.48	29.33	30.02	30.65
Liquidity									
Core Liquid asset to total assets	23.41	19.55	21.65	21.17	22.53	21.53	19.25	21.86	20.06
Core Liquid asset to short-term liabilities	31.19	25.27	27.66	27.44	28.96	28.76	25.88	29.30	26.32
Core Liquid assets/total deposits	36.79	29.76	32.31	31.97	35.22	34.20	29.72	32.90	28.85
Broad Liquid assets to total assets	58.59	59.58	59.85	59.18	59.34	60.10	61.38	64.20	63.04
Broad Liquid assets to short-term liabilities	78.07	77.01	76.46	76.70	76.27	80.28	82.49	86.04	82.72
Efficiency									
Interest margin to Gross income	48.69	52.04	52.10	52.00	52.42	54.60	53.61	54.56	54.91
Noninterest expenses to gross income	46.46	44.18	44.86	45.45	45.85	44.32	45.96	44.99	44.70
Personnel Expenses to Gross income	19.58	19.75	19.44	19.66	19.56	19.45	18.77	18.42	17.99

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

Best Performing Period | 2nd Best Performing Period | 3rd Best Performing Period | 4th Best Performing Period

Source: Bank of Ghana

CHAPTER 7
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

GENERAL INFORMATION

BOARD OF DIRECTORS

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	-	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
Deloitte & Touche
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
P. O. Box GP 453
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 FOR FINANCE

The Directors have the pleasure in presenting the consolidated and separate financial statements of the Bank and the Group for the year ended 31 December 2020.

NATURE OF BUSINESS

The Bank of Ghana is the Central Bank of Ghana, and is regulated by of the Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918).

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 also mandated to promote the stability of the financial 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 2020 financial year.

MISSION STATEMENT

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.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS IN 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 ensures that the financial statements comply with relevant legislation 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

The composition of the Board of Directors of the Bank at 31 December 2020 is reported on page 55. The Board was dissolved on 7 January 2021 pursuant to Section 14(1) of the Presidential (Transition) Act, 2012, Act 845. The Board was reconstituted and inaugurated on 20 August 2021.

Directors' fees for services rendered during the year under review are disclosed in note 36(c) on page 112.

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).

SUBSIDIARY COMPANIES

The Bank owns fifty-one per cent (51%) of the issued shares of Ghana International Bank Plc, a company incorporated in the United Kingdom, to carry on the business of commercial banking.

The Bank owns hundred per cent (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 owns seventy per cent (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.

The Bank owns hundred per cent (100%) of the shares of The Bank Hospital Limited, a company incorporated in Ghana to provide healthcare services.

Information on the Bank's financial interest in its subsidiaries is provided in note 36.d.
The subsidiaries did not pass any special resolutions that are material to the affairs of Bank of Ghana in the year under review.

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2020 (2019: Nil).

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.

FINANCIAL RESULTS

The financial results of the Bank and Group for the year ended 31 December 2020 are set out in the financial statements, highlights of which are as follows:

	The Bank		The Group	
	2020 GH¢'000	2019 GH¢'000	**2020 GH¢'000**	2019 GH¢'000
Profit for the year	**1,572,794**	1,800,906	**1,589,073**	1,814,863
to which is added the balance brought forward on retained earnings of	-	-	**196,338**	179,710
	1,572, 794	1,800,906	**1,785,411**	1,994,573
Out of which is transferred:				
Exchange movement in gold and other foreign assets	**(564,663)**	(1,709,805)	**(564,663)**	(1,709,805)
Price movement in gold	**(604,764)**	(263,226)	**(604,764)**	(263,226)
Gain on translation of foreign operation			**1,405**	2,671
Transfer (to)/from other reserves	**(403,367)**	172,125	**(403,367)**	172,125
Leaving a balance to be carried forward on retained earnings of	-	-	**214,022**	196,338

RESERVE APPROPRIATIONS

An amount of GH¢403.37 million (2019:GH¢1.24 billion) has been set aside as approved appropriations from reserves for contingencies, emergency interventions, general purpose loans, and others. Details are as follows:

	2020 GH¢'000	**2019 GH¢'000**
Contingencies	**50,000**	134,380
Emergency intervention	**50,000**	60,000
General Purpose Loan	**100,000**	-
Housing Loan Scheme	**20,000**	-
Asset replacement	**-**	500,000
Corporate Social Responsibility Fund	**91,887**	-
Currency replacement	**-**	500,000
Gold acquisition	**40,000**	-
Pension Fund	**51,480**	-
Legal contingencies	**-**	50,000
Total	**403,367**	1,244,380

IMPACT OF THE COVID-19 PANDEMIC

On March 11, 2020, the World Health Organisation declared the outbreak of a strain of the novel corona virus (COVID-19), a global pandemic. The extent of the impact of the COVID-19 pandemic on the global economy and financial markets has continued to evolve with disruptive effects worldwide, contributing to increased market volatility and changes to the macroeconomic environment.

IMPACT OF THE COVID-19 PANDEMIC - Continued

To contain the pandemic, governments around the world introduced measures, which included travel bans and restrictions, quarantines, and limitation on businesses, including closures. The Ghanaian government declared a national state of emergency in March 2020, and partial lockdowns in Accra and Kumasi, the two major cities.

In response to the pandemic, the Bank of Ghana instructed the majority of its staff to work from home to mitigate the risk of contagion among its employees. The Bank also instituted the following measures to contain the situation:

- The provision of personal protective gear;
- Provision of water and soap for handwashing, and hand sanitizers at all the Bank's branches;
- Implementation of working from home and shift systems to decongest offices;
- Regular testing of staff members.

The scale and duration of the pandemic is uncertain and continuously changing. The current trend is expected to continue until most of the nation's population is vaccinated to break the chain of spread. The main risks arising, and the measures taken by the Bank of Ghana to mitigate these risks, include:

- A sudden increase in uncertainty and anxiety among employees due to pandemic-related government directives and new ways of working. A Joint Operations Centre was established to provide critical support and directives aligned to the Ministry of Health COVID-19 Guidelines. This ensured the business continuity of the Bank;
- A significant increase in demand for personal protective equipment and information and communications technology equipment to support remote working. The Bank of Ghana reacted swiftly to meet all requirements; and
- Remote working is likely to remain the prominent way of performing business tasks for the foreseeable future, thus, increasing cyber and information security risks. The Bank enhanced its cybersecurity measures using various technologies while rolling out remote working capabilities. This included policy and procedure development, security assessments, security design work, and the roll-out of training and targeted awareness initiatives, all at a rapid pace. The Bank is actively changing its monitoring and defense approaches. The transforming cyber landscape has led to revised focus areas for the cyber and information security strategy. The Bank will continue to implement additional security measures to address any potential security threats.

The Bank has ensured that all key/critical functions and activities continue to operate, with none having been disrupted to date.

Ghana has a strong and resilient banking system with adequate levels of capital and significant liquidity buffers to effectively manage the risks they face from the pandemic. The Basel framework, around which the Bank's regulations are structured, provides for built-in capital and liquidity buffers for banks to draw on during times of financial stress.

However, the COVID-19 pandemic created observed liquidity strains in various funding markets, which necessitated a review of the money market liquidity management strategy.

Therefore, in addition to the measures taken by the Government of Ghana to contain the impact of the COVID-19 pandemic, the Bank has deployed monetary and financial stability policy tools to further mitigate the COVID-19 pandemic's impact on the Ghanaian economy.

The following monetary and financial stability policy tools have been implemented:

- Reduction of the Primary Reserve Requirement from 10 percent to 8 percent to provide more liquidity to Banks and Special Deposits-Taking Institutions (SDIs) to support critical sectors of the economy;
- The reduction of the Capital Conservation Buffer (CCB) for banks from 3 percent to 1.5 percent to provide the needed financial support to the economy;
- The reduction of provisions for loans in the "Other Loans Especially Mentioned" (OLEM) category from 10 percent to 5 percent for all banks and SDIs as a policy response to loans that may experience difficulty in repayments due to slowdown in economic activity; and
- Loan repayments that were past due for Microfinance Institutions for up to 30 days were to be considered as "current" as is the case for all other SDIs.

Bank of Ghana also put in place monitoring mechanisms to ensure that policy measures were effective in achieving their stated objectives. Consequently:

- Banks and SDIs were to refrain from declaring and paying dividends or making other distributions to shareholders for the 2019 financial year unless the Bank of Ghana was satisfied that the institutions met the regular prudential requirements and were not relying on the additional liquidity released by the policy measures enumerated above to pay shareholders. All banks and SDIs were thus directed to seek Bank of Ghana's prior approval in writing before the declaration and payment of dividends;
- Banks and SDIs were to desist from utilising the released liquidity based on the above policy interventions to purchase Government of Ghana and Bank of Ghana Securities; and
- Bank of Ghana continued monitoring financial dealings of Banks and SDIs' on a weekly basis to ensure full compliance with the above directives. Failure to comply with the directives attracted sanctions in accordance with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Bank of Ghana donated an amount of GH¢10 million to the National COVID-19 Trust Fund to support the national's effort towards the fight against the COVID-19 pandemic. The Bank also donated GH¢10 million to the Private Sector COVID-19 Fund for the completion of a new Infectious Diseases Treatment Centre at Ga East, Accra to help in the management of critical COVID-19 cases.

The Bank will continue to follow the policies and advice of various national institutions and, at the same time, continue its operations in the best and safest way possible without jeopardising the health of its employees.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Bank and the Group were approved by the Board of Directors on 9th September, 2021 and were signed on their behalf by:

Chairman (Governor)

Director

INDEPENDENT AUDITOR'S REPORT TO THE HONOURABLE MINISTER FOR FINANCE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

We have audited the consolidated and separate financial statements of Bank of Ghana ("the Bank") and its subsidiaries (together "the Group"), set out on pages 15 to 113, which comprise the consolidated and separate statement of financial position as at 31 December 2020, the consolidated and separate statement of profit or loss, other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Bank of Ghana and its subsidiaries as at 31 December 2020, its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group and the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana.

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

Key audit matters

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

Key audit matter	*How the matter was addressed in the audit*
Impairment of financial assets Significant judgement is required by the Directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting. With the concept of a significant increase in credit risk arising as a result of the COVID-19 pandemic in determining expected credit losses, this assessment must consider all reasonable and supportable historic and forward-looking information. The Group's credit exposures and respective impairment, where applicable, as at 31 December 2020 were as follows:	In evaluating the impairment of financial assets, we reviewed and tested the data used in the ECL calculations prepared by the Directors, with a particular focus on the probability of default (PD), loss given default (LGD) and discount rate. We performed various procedures, including the following: • Testing the key controls relating to the preparation of the impairment model including the competence and authority of person(s) performing the control, frequency, and consistency with which the control is performed; • Critically evaluated whether the impairment model used to measure the amount of the ECL for specific accounts and portfolio impairments complies with the requirements of IFRS 9; • Testing of assumptions, inputs and formulas into the ECL model against historical performance and in comparison to forward looking

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

Exposures assessed for expected credit loss under IFRS 9	Gross balance	Impairment
	GH¢'000	GH¢'000
Cash and balances with correspondence banks	9,465,221	-
Balances with IMF	5,762,281	-
Securities	67,449,638	16,656
Loans and advances	16,168,694	3,140,370
Other assets	1,438,222	109,486
Off balance sheet exposures	4,869,624	5,311

Accordingly, for the purposes of our audit, we identified the impairment of financial assets as representing a significant risk of material misstatement and a key audit matter.

The assumptions with the most significant impact on the Expected Credit Loss (ECL) were:

1. The reasonableness of assumption information (e.g. probability of default information) used in the expected credit loss calculation and how this is supported to ascertain the completeness and accuracy of the records of the information used;
2. Segmentation of portfolios used to develop risk parameters;
3. Determination of modification gains or losses including assumptions applied;
4. Analysis of external ratings, internal benchmarking or grouping risks together when the Group relies on such. The Group might be unable to support the suitability of any groupings to justify such approach as this may mask underlying credit losses or increases in credit risks, if the segments are not sufficiently homogeneous;
5. A lack of forward-looking information in the model to address non-linear relationship between the different forward-looking scenarios and their associated credit losses;
6. Past due (PD) ratings as management might be unable to obtain relevant data for internal ranking purpose; and
7. The Group might use the outstanding balance as the Exposure at Default (EAD) without considering the COVID-19 impact.

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.

information using the projected GDP growth rate and the Directors' strategic plans for the Group;

- Validating that the discount rates used in discounting the estimated future cash flows meet the effective interest rates requirement of IFRS 9;
- Evaluating the Directors staging of loans and advances, and securities in the ECL model and test facilities to ensure they have been included in the right stage;
- Robustly reviewing the modelling of the EAD. This is particularly important for 'stage 2' loans, where the point of default may be several years in the future;
- Involving a specialist to assist with the testing of the discount rate, probability of default (PD), and the loss given default (LGD). The specialist's procedures included evaluating the appropriateness of the key assumptions in the ECL model and reasonableness of the Credit Conversion Factors (CCFs) used;
- Re-computation of the ECL provision for each stage to determine their reasonableness, considering the portfolio, risk profile, credit risk management practices and the macroeconomic environment;
- Performing sensitivity analysis on the macroeconomic factors used in determining the probability of default;
- Reviewing and challenging management assumptions on how COVID 19 has influenced the key components of the ECL, thus, the LGD and the PD; and
- Verifying the source of the credit ratings used and check the appropriateness of the ratings in accordance with IFRS 9.

We considered the impairment on the financial assets to be appropriate.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of financial assets **Fair valuation of financial instruments** Bank of Ghana and its subsidiaries have various financial instruments in the form of foreign securities and other forms of financial instruments, including short-term securities valued at GH¢33.7 billion. The valuation of these short-term securities falls under Level 3 inputs as prescribed by IFRS 13- Fair value measurements. They are as such a key audit area of focus due to the significance of the amount and complexity involved in the valuation process. Given the lack of observability in trades for these instruments, these have been classified as level 3 based on the fair value hierarchy. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The fair value of these short-term funds is determined using the valuation techniques including the Discounted Cashflow Model (DCF Model) where they cannot be measured based on quoted prices. Management makes significant judgements because of the complexity of the techniques and assumptions used in valuing some of the level 3 investment securities, given the limited external evidence and unobservable market data available to support the Group's valuations. The accounting policies, critical estimates and judgements, and fair values are set out in notes 2(d), 2(m), 2(p), 5(i) and 14 to the financial statements. Fair valuation of financial instruments is considered a key audit matter in the consolidated and separate financial statements.	We assessed the design and implementation of the Group's key controls supporting the identification, measurement, and oversight of valuation risk of financial instruments. For the more judgmental valuations, which depend on unobservable inputs, we evaluated the assumptions, Methodologies, and models used by the Group. We also involved our valuation experts to assess the appropriateness of the methodologies used, and found that these are reasonable in the context of the relevant investment securities held. In the context of observed industry practice, our own valuation specialists assisted us in evaluating the appropriateness of the methodology used in calculating the fair values of these instruments. We also performed an independent valuation of a sample of these instruments. We considered the disclosure of fair valuation on short-term securities to be appropriate and adequate.

Other matter

The consolidated and separate financial statements of the Group and the Central Bank for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2020.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of 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 any such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group and/or the Bank 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 consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit 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 and the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/ or the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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 **Daniel Kwadwo Owusu (ICAG/P/1327)**.

For and on behalf of Deloitte & Touche
(ICAG/F/2021/129)
Chartered Accountants
The Deloitte Place, Plot No.71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

17th September, 2021

Deloitte.

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

		The Bank		The Group	
		2020	2019	2020	2019
	NOTE	GH¢'000	GH¢'000	GH¢'000	GH¢'000
OPERATING INCOME					
Interest and similar income	5(a)	3,210,344	2,924,969	3,292,950	3,046,853
Price and exchange differences	5(a)	1,811,203	2,656,326	1,834,071	2,673,600
Fee and commission income	5(d)	171,466	143,231	201,904	167,777
Other operating income	5(e)	663,161	119,395	786,244	196,399
Dividend income	5(f)	2,885	8,126	-	863
Total operating income		5,859,059	5,852,047	6,115,169	6,085,492
OPERATING EXPENSES					
Interest expense and similar charges	5(c)	(1,831,351)	(1,607,573)	(1,825,474)	(1,611,764)
Other operating expenses	6	(1,735,748)	(1,393,000)	(1,963,422)	(1,587,445)
Premises and equipment expenses	7	(368,786)	(170,247)	(384,461)	(181,917)
Currency issue expenses	8	(347,879)	(312,074)	(347,879)	(312,074)
Impairment loss	9(a)	(2,501)	(568,247)	(9,841)	(566,085)
Total operating expense		(4,286,265)	(4,051,141)	(4,531,077)	(4,259,285)
Profit before taxation		1,572,794	1,800,906	1,584,092	1,826,207
Taxation	10(a)	-	-	(6,354)	(5,507)
Operating profit for the year		1,572,794	1,800,906	1,577,738	1,820,700
Profit attributed to:					
Equity shareholders of the bank		1,572,794	1,800,906	1,589,073	1,814,863
Non-controlling interest	32	-	-	(11,335)	5,837
		1,572,794	1,800,906	1,577,738	1,820,700

The notes on pages 71 to 130 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Operating profit/(loss) for the year	**1,572,794**	1,800,906	**1,577, 738**	1,820,700
Foreign currency translation reserve	-	-	**38,367**	79,947
Tax effect	-	-	-	-
	-	-	**38,367**	79,947
Revaluation of property, plant and equipment	**1,055,689**	-	**1,055,689**	-
Items that will not be reclassified subsequently to profit or loss:	**1,055,689**	-	**1,055,689**	-
Loss on FVOCI financial instruments	**(349,556)**	(242,924)	**(347,907)**	(232,966)
Tax effect	-	-	**450**	1,693
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(349,556)**	242,924	**(347,457)**	151,326
Total comprehensive income for the year, net of tax	**2,278,927**	1,557,982	**2,324,337**	1,669,374
Attributable to:				
Equity holders of the parent	**2,278,927**	1,557,982	**2,321,407**	1,620,109
Non-controlling interest	-	-	**2,930**	49,265
	2,278,927	1,557,982	**2,324,337**	1,669,374

The notes on pages 71 to 130 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

		The Bank		The Group	
		2020	2019	**2020**	2019
	NOTE	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
ASSETS					
Cash and balances with correspondent banks	11	**6,057,121**	7,356,446	**9,465,221**	9,988,658
Gold	12	**3,071,872**	2,370,047	**3,071,872**	2,370,047
Balances with International Monetary Fund	13	**5,762,281**	5,343,926	**5,762,281**	5,343,926
Securities	14	**66,668,126**	46,219,969	**67,432,982**	46,712,219
Loans and advances	15	**12,481,385**	4,532,428	**13,028,324**	5,093,640
Derivative financial asset	16	**-**	80,944	**-**	80,944
Other assets	17	**1,282,487**	1,171,445	**1,328,736**	1,210,200
Investments	18	**770,372**	484,795	**551,613**	266,036
Property, plant and equipment	19	**1,692,090**	1,113,908	**1,742,727**	1,144,752
Intangible assets	20	**22,056**	17,903	**40,025**	32,733
Rights of use - Assets	33	**-**	-	**16,695**	17,534
Current income tax assets	10	**-**	-	**1,437**	214
Deferred tax assets	10	**-**	-	**10,458**	1,865
Total Assets		**97,807,790**	68,691,811	**102,452,371**	72,262,768
LIABILITIES					
Deposits	21	**23,163,981**	19,385,743	**26,478,579**	21,849,555
Derivative financial liability	16	**610,414**	-	**610,414**	-
Bridge Facilities	22	**14,059,478**	11,393,142	**14,059,478**	11,393,142
Liabilities under money market operations	23	**6,673,568**	5,720,584	**6,673,568**	5,720,584
Allocations of special drawing rights	24a	**2,692,510**	2,495,092	**2,692,510**	2,495,092
Liabilities to International Monetary Fund	24b	**16,016,769**	10,096,123	**16,016,769**	10,096,123
Lease liabilities	33	**-**	-	**18,365**	18,488
Current income tax liabilities	10	**-**	-	**2,880**	319
Deferred tax liabilities	10	**-**	-	**928**	242
Other liabilities	25	**7,492,878**	1,685,414	**7,745,351**	1,787,041
Currency in circulation	27	**23,360,822**	16,262,890	**23,360,822**	16,262,890
Total Liabilities		**94,070,420**	67,038,988	**97,659,664**	69,623,476
SHAREHOLDERS' FUNDS					
Stated capital	28	**10,000**	10,000	**10,000**	10,000
Asset revaluation reserve	29	**1,171,211**	115,522	**1,171,211**	115,522
Statutory reserves	30	**28,760**	28,760	**28,760**	28,760
Other reserves	31	**2,527,399**	1,498,541	**2,841,130**	1,778,777
Retained earnings		**-**	-	**214,022**	196,338
Total Equity Attributable to Equity Holders of the Bank		**3,737,370**	1,652,823	**4,265,123**	2,129,397
Non-Controlling Interest	32	**-**	-	**527,584**	509,895
Total Equity		**3,737,370**	1,652,823	**4,792,707**	2,639,292
TOTAL LIABILITIES AND EQUITY		**97,807,790**	68,691,811	**102,452,371**	72,262,768

The financial statements on pages 65 to 130 were approved by the Board of Directors on 9th September 2021 and signed on its behalf by:

Chairman (Governor) ____________________   Director ____________________

The notes on pages 71 to 130 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

The Bank Year ended 31 December 2020	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 2020	10,000	115,522	28,760	(121,574)	1,620,115	-	1,652,823
Profit for the Year	-	-	-	-	-	1,572,794	1,572,794
Other comprehensive income - loss on							
Loss on FVOCI financial instruments	-	-	-	(349,556)	-	-	(349,556)
Revaluation of property, plant and equipment	-	1,055,689	-	-	-	-	1,055,689
Total comprehensive income	-	1,055,689	-	(349,556)	-	1,572,281	2,278,927
Exchange movement in gold and other foreign assets	-	-	-	-	564,663	(564,663)	-
Price movement in gold	-	-	-	-	604,764	(604,764)	-
Provision for contingencies	-	-	-	-	(134,380)	-	(134,380)
Movement in emergency intervention fund	-	-	-	-	(60,000)	-	(60,000)
Transfer to other reserves	-	-	-	-	403,367	(403,367)	-
At 31 December 2020	**10,000**	**1,171,211**	**28,760**	**(471,130)**	**2,998,529**	**-**	**3,737,370**

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							
Loss on FVOCI financial instruments	-	-	-	(242,924)	-	-	(242,924)
Total comprehensive income	-	-	-	(242,924)	-	1,800,906	1,557,982
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 notes on pages 71 to 130 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

The Group

Year ended 31 December 2020	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 2020	10,000	115,522	28,760	1,620,203	272,566	(113,992)	196,338	2,129,397	509,895	2,639,292
Profit for the year	-	-	-	-	-	-	1,589,073	1,589,073	(11,335)	1,577,738
Other comprehensive income – gain on foreign currency translation	-	-	-	-	38,367	-	-	38,367	19,828	58,195
Revaluation of property, plant and equipment	-	1,055,689	-	-	-	-	-	1,055,689	-	1,055,689
Loss on FVOCI financial instruments	-	-	-	-	-	(354,428)	-	(354,428)	-	(354,428)
Total comprehensive income	-	1,055,689	-	-	38,367	(354,428)	1,589,073	2,328,701	8,493	2,337,194
Gain on translation of foreign operation	-	-	-	-	-	-	1,405	1,405	10,543	11,948
Dividend paid by group	-	-	-	-	-	-	-	-	(1,347)	(1,347)
Net revaluation surplus	-	-	-	-	-	-	-	-	-	-
Provision for contingencies	-	-	-	(134,380)	-	-	-	(134,380)	-	(134,380)
Emergency Intervention Fund	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
NFA reserves	-	-	-	-	-	-	-	-	-	
Price movement in gold	-	-	-	604,764	-	-	(604,764)	-	-	-
Exchange movement in gold and other foreign assets	-	-	-	564,663	-	-	(564,663)	-	-	-
Transfer from other reserves	-	-	-	403,367	-	-	(403,367)	-	-	-
At 31 December 2020	**10,000**	**1,171,211**	**28,760**	**2,998,617**	**310,933**	**(468,420)**	**214,022**	**4,265,123**	**527,584**	**4,792,707**

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
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 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 notes on pages 71 to 130 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		The Bank		The Group	
		2020	2019	**2020**	2019
	NOTE	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Cash flows used in operating activities	38	**(9,021,531)**	(1,970,417)	**(8,310,304)**	(1,907,290)
Interest paid on bridge facilities	22	**(397,837)**	(362,861)	**(397,837)**	(362,861)
Tax paid	10(c)	**-**	-	**(12,317)**	(8,846)
Net cash flows used in operating activities		**(9,419,368)**	(2,333,278)	**(8,720,458)**	(2,278,997)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	19	**-**	174	**182**	174
Purchase of intangible assets	20	**(9,280)**	(9,280)	**(40,078)**	(12,898)
Purchase of property, plant and equipment	19	**(147,417)**	(178,424)	**(173,833)**	(188,125)
Net cash used in investing activities		**(156,697)**	(187,333)	**(213,729)**	(200,849)
Cash flows from financing activities					
Increase in IMF liabilities	24b	**5,920,646**	1,373,506	**5,920,646**	1,373,506
Drawdown in bridge facilities	22	**7,157,140**	3,748,269	**7,157,140**	3,748,269
Principal repayment of bridge facilities	22	**(4,996,140)**	(964,000)	**(4,996,140)**	(964,000)
Finance lease payments	33	**-**	-	**(5,686)**	(2,701)
Dividend paid to non-controlling interest	32	**-**	-	**(1,347)**	(6,978)
Net cash generated from financing activities		**8,081,646**	4,157,775	**8,074,613**	4,148,096
Net change in cash and cash equivalents		**(1,494,419)**	1,637,164	**(859,574)**	(3,316,734)
Cash and cash equivalents at 1 January		**7,356,446**	5,023,690	**9,988,658**	7,278,763
Net foreign exchange difference		**195,094**	695,592	**336,137**	1,041,645
Cash and cash equivalents at 31 December	11	**6,057,121**	7,356,446	**9,465,221**	9,988,658

The notes on pages 71 to 130 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;
- Licenses, regulates, promotes and supervises non-bank financial intermediaries;
- Acts as banker and financial advisor to the Government; and
- 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 2020 comprise the separate financial statements of the Bank and that of the Bank and 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 consolidated and separate financial statements.

b. Basis of Measurement

These financial statements are presented in Ghana Cedis, which is the Bank's functional currency, rounded to the nearest thousand. They are prepared on historical cost basis except for financial assets and liabilities that are stated at their fair value or amortised cost: 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

New and amended IFRS Standards that are effective for the current year.

Impact of the initial application of Covid-19 Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. Any reduction in lease payments affects only

payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c. There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B and has not restated prior period figures.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework* in *IFRS Standards* for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new *Framework*. Not all amendments, however, update those pronouncements with regard to references and quotes from the *Framework* so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the *Framework* they are referencing to (the IASC *Framework* adopted by the IASB in 2001, the IASB *Framework* of 2010, or the new revised *Framework* of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Directors of the Bank anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020
The *Annual Improvements* include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

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
A derivative is a financial instrument, the value of which changes in response to an underlying variable that requires little or no initial investment and is settled at a future date. Fair values are obtained from quoted market prices (excluding transaction costs), dealer price quotations, discounted cash-flow models and option-pricing models, which consider current market and contractual prices for the underlying instruments, as well as the time value of money.

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 35.

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 entity'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 judgement is 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; and
- 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.

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.

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 2020. 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 (other 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	5.6470	5.7602
GBP	7.5953	7.8742
EURO	6.6379	7.0643

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 Group 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 2020, 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, e.g. 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 2020, 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 represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- ***Fair value through other comprehensive income (FVOCI):*** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI 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.

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.

Impairment

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 of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration 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 Group 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.

(vi) Financial guarantee contracts and loan commitments

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

(vii) Determination of fair value

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

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

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

(viii) 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.

(ix) 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.

(x) 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 sell and are stated in the statement of financial position at fair value.

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

When parts of an item of property, plant and equipment ("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, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

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

Revaluation is to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

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.

When an item is revalued, the entire class of assets to which that asset belongs is revalued. Where assets carrying amount is increased as a result of revaluation, the increase is credited to other reserves unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised in profit or loss.

A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through 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 & licenses.

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 are 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, 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; and
- Net interest expense or income.

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; and
- 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.

(iii) Termination Benefits

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. 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. 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.a. Impairment of non-financial assets

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¢31.19 million not provided for in the financial statements as at 31 December 2020 (2019:GH¢¢31.4 million). Capital expenditure commitments include capital expenditure contracts that have been awarded but have not yet been executed. The major projects ongoing include remodeling of some regional offices, the Data Center, guest houses.

b. Pending legal claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH¢2.94 billion (2019: GH¢24.4 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¢937 million (2019: GH¢1.09 billion).

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 2020 was GH¢3.26 billion (2019:GH¢2.24 billion).

e. Securities and pledges

The Bank has pledged GH¢15.46 billion (2019: GH¢10.39 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:

	2020	2019
Assets		
Securities – Government	0-21.7%	9.0-17.00%
External securities	0.02-3.2%	0.12-2.15%
Loans and Advances	14.5-16%	20.00-24.50%
Liabilities		
Deposits	0%	0%
Liabilities under Money Market Operations	11.74-26.82%	11.87-21.46%

5(a) INTEREST AND SIMILAR INCOME

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Interest on overnight lending, government securities, medium/long-term notes and bonds	**2,239,925**	1,922,203	**2,244,546**	1,926,859
Interest on foreign accounts and foreign investments	**803,131**	754,810	**815,559**	765,845
Total interest on hold to collect instruments	**3,043,056**	2,677,013	**3,060,105**	2,692,704
Interest on loans and advances	**164,119**	245,729	**229,676**	351,922
Total interest Income	**3,207,175**	2,922,742	**3,289,781**	3,044,626
Discount on treasury bill	**3,169**	2,227	**3,169**	2,227
	3,210,344	2,924,969	**3,292,950**	3,046,853

5(b) PRICE AND EXCHANGE DIFFERENCES

Transactional exchange differences	**358,766**	(174,454)	**381,634**	(157,180)
Exchange rate equalisation	**283,009**	857,749	**283,009**	857,749
Exchange difference in gold other foreign assets	**564,664**	1,709,805	**564,664**	1,709,805
Price movement in gold	**604,764**	263,226	**604,764**	263,226
	1,811,203	2,656,326	**1,834,071**	2,673,600

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

5(c) INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank		The Group	
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
IMF & SDR allocations	**6,447**	19,476	**6,447**	19,476
Foreign loans and credits	**355,055**	403,296	**355,055**	403,296
Interest on money market instruments	**1,087,073**	818,264	**1,079,484**	820,795
Repo expense	**382,776**	366,537	**382,776**	366,537
Lease finance charge	**-**	-	**1,712**	1,660
	1,831,351	1,607,573	**1,825,474**	1,611,764

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	
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Financial assets measured at amortised cost	**2,356,937**	2,606,420	**2,356,937**	2,606,420
Financial assets measured at FVOCI	**-**	-	**-**	11,045
Financial assets measured at FVPL	**853,407**	361,272	**936,013**	472,111
	3,210,344	2,967,692	**3,292,950**	3,089,576
Financial liabilities measured at amortised cost	**1,831,351**	1,607,573	**1,825,474**	1,611,764

5(d) FEE AND COMMISSION INCOME

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

5(e) OTHER OPERATING INCOME

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

5(f) DIVIDEND INCOME

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

6. OTHER OPERATING EXPENSES

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Personnel costs	**1,013,260**	809,799	**1,152,132**	918,027
Foreign and domestic travel	**20,768**	48,614	**20,768**	48,614
Motor vehicle maintenance/running	**48,046**	43,262	**48,046**	43,262
Communication expenses	**24,526**	22,561	**24,526**	22,561
Banking college and monetary institutes expenses	**13,068**	10,184	**13,068**	10,184
Computer related expenses	**39,164**	20,359	**39,164**	20,359
Banking supervision expenses	**297,191**	105,535	**297,191**	105,535
Auditor's remuneration	**754**	600	**2,139**	1,597
Directors' fees	**4,241**	2,763	**16,329**	13,142
External fund manager charges	**25,129**	25,850	**25,129**	25,850
International bodies subscriptions	**36,061**	12,311	**36,061**	12,311
Expense on foreign currency importation	**-**	300	**-**	300
Amortisation of intangible assets	**10,750**	9,736	**13,947**	13,977
Depreciation – motor vehicles	**11,755**	15,332	**12,301**	15,769
Other administrative expenses	**191,035**	265,794	**262,621**	335,957
	1,735,748	1,393,000	**1,963,422**	1,587,445

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

Directors	**13**	13	**23**	23
Staff	**2,101**	2,053	**2,223**	2,205
	2,114	2,066	**2,246**	2,228

7. PREMISES AND EQUIPMENT EXPENSES

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Rent and Rates	**6,359**	4,031	**6,359**	4,031
Electricity, Water and Conservancy	**17,135**	13,955	**17,135**	13,955
Repairs and Renewals	**50,276**	40,882	**50,276**	40,882
Insurance – Premises and Equipment	**725**	426	**725**	426
Depreciation – Premises & Equipment	**69,303**	90,962	**75,100**	102,552
Generator Running Expenses	**375**	529	**375**	529
General Premises and Equipment Expenses	**224,613**	19,462	**234,491**	19,542
	368,786	170,247	**384,461**	181,917

8. CURRENCY ISSUE EXPENSES

	The Bank		The Group	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Agency Fees	2,400	1,936	2,400	1,936
Notes Printing	337,508	306,227	337,508	306,227
Other Currency Expenses	7,971	3,911	7,971	3,911
	347,879	312,074	347,879	312,074

9(a) IMPAIRMENT LOSSES

	The Bank 2020	The Bank 2019	The Group 2020	The Group 2019
Balance at 1 January	3,761,055	3,192,808	3,764,148	3,197,259
Impairment losses recognised	2,501	568,247	9,841	568,247
Recovery of impaired facilities	(502,166)	-	(502,166)	(2,162)
Exchange Difference	-	-	-	804
Balance at 31 December	3,261,390	3,761,055	3,261,390	3,764,148

9(b) RECONCILIATION OF CHANGES IN IMPAIRMENT LOSSES

The Bank

Year ended 31 December 2020	Loans and Advances (note 15) GH¢'000	Other Assets (note 17) GH¢'000	Government Securities (note 14) GH¢'000	Other Liabilities (note 25) GH¢'000	Total 2020 GH¢'000
At 1 January 2020	3,469,424	265,218	23,603	2,810	3,761,055
Recovery of impairment losses	(339,487)	(155,732)	(6,947)	-	(502,166)
Impairment losses recognised	-	-	-	2,501	2,501
At 31 December 2020	3,129,937	109,486	16,656	5,311	3,261,390

The Group

Year ended 31 December 2020

At 1 January 2020	3,472,517	265,218	23,603	2,810	3,764,148
Impairment losses recognised	7,340	-	-	2,501	9,841
Recovery of impaired facilities	(339,487)	(155,732)	(6,947)	-	(502,166)
					3,272,849
At 31 December 2020	3,140,370	109,486	16,656	5,311	3,271,823

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

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	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	3,108,581	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**

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	**2020 GH¢'000**	2019 GH¢'000
Current income tax		
Current year	**(13,475)**	5,053
Prior year adjustment	**6**	(5)
Total current tax charge	**(13,469)**	5,048
Deferred tax charge		
Current year	**7,115**	459
Total deferred tax charge	**7,115**	459
Total charge	**(6,354)**	5,507
(b) The charge for the year can be reconciled to the profit or loss as follows:		
Profit/(loss) on ordinary activities before tax	**2,781,197**	1,826,207
Tax at 25% (2019: 25%)	**698,187**	456,552
Depreciation of non-qualifying assets	**150**	133
Expenses disallowed for other tax purposes	**293**	995
Effect of change in tax rate of subsidiary	**(147)**	(1,126)
Prior year adjustment	**94**	(26)
Tax effect on capital allowance	**(469)**	(794)
Results of the Bank not subject to tax	**(691,754)**	(450,227)
	6,354	5,507

10. TAXATION (CONTINUED)

(c) The movement in the current income tax balance is as follows:	GH¢'000	GH¢'000
At 1 January	105	2,736
Charge to statement of profit or loss	13,475	5,048
Payment	(12,317)	(8,846)
Translation difference	180	1,167
At 31 December	1,443	105

The net current income tax balance of GH¢1,443,000(2019:GH¢105,000) consists of current income tax asset of GH¢1,310,000 (2019:liability GH¢ 319,000) in Ghana International Bank Plc, current income tax asset of GH¢127,000 in Ghana Interbank Payment System and current income tax liability of GH¢2,880,000 (2019:GH¢214,000) in Central Securities Depository (Ghana) Limited.

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

At 1 January	(1,623)	175
Charge/(release) to statement of profit or loss	(7,115)	459
Translation difference	(792)	(2,257)
At 31 December	(9,530)	(1,623)
Deferred tax (assets)/liabilities are attributable to:		
Impairment provision	(9,597)	(1,865)
Property, plant and equipment	67	242

11. CASH AND BALANCES WITH CORRESPONDENT BANKS

	The Bank		The Group	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Correspondent Bank Balances	5,056,375	7,123,895	8,464,475	9,756,107
Notes and Coins Holdings	1,000,746	232,551	1,000,746	232,551
	6,057,121	7,356,446	9,465,221	9,988,658

CASH AND BANK BALANCES BY CURRENCY

(Ghana cedi equivalent)

	The Bank 2020	The Bank 2019	The Group 2020	The Group 2019
US Dollar	5,466,821	7,032,604	8,427,322	9,298,865
Pound Sterling	13,466	56,642	57,103	96,321
Euro	302,887	136,007	623,564	437,131
Others	273,947	131,193	357,232	156,341
Total	6,057,121	7,356,446	9,465,221	9,988,658

12. GOLD

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Bank of England Gold set aside	**1,207,918**	931,926	**1,207,918**	931,926
Federal Reserve Bank NY Gold	**844,178**	651,295	**844,178**	651,295
UBS Gold Investment	**907,997**	700,587	**907,997**	700,587
Gold-local holdings	**111,779**	86,239	**111,779**	86,239
	3,071,872	2,370,047	**3,071,872**	2,370,047

Gold balances consist of **280,872.44** fine ounces of gold at the indicative market price of USD1,892.78 per ounce (2019: 280,872.44 fine ounces at USD1,524.26 per ounce).

13. BALANCES WITH INTERNATIONAL MONETARY FUND (IMF)

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Holdings	**146,997**	140,367	**146,997**	140,367
Quota	**5,615,284**	5,203,559	**5,615,284**	5,203,559
	5,762,281	5,343,926	**5,762,281**	5,343,926

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 International Monetary Fund (IMF). Balances with IMF are current.

14. SECURITIES

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Long-term Government securities	**12,444,235**	12,444,350	**12,444,235**	12,444,350
Money market instruments	**20,714,124**	2,992,473	**20,714,124**	2,992,473
Short-term securities	**33,526,423**	30,806,749	**33,714,227**	30,901,335
Other securities	**-**	-	**577,052**	397,664
Gross amount	**66,684,782**	46,243,572	**67,449,638**	46,735,822
Less: Impairment losses (note 9b)	**(16,656)**	(23,603)	**(16,656)**	(23,603)
	66,668,126	46,219,969	**67,432,982**	46,712,219
Current	**33,520,386**	26,818,502	**34,140,637**	27,135,121
Non-current	**33,147,740**	19,401,467	**33,292,982**	19,577,098
SECURITIES BY CURRENCY				
(Ghana cedi equivalent)				
Cedi	**32,510,913**	14,970,063	**32,510,913**	15,064,794
US Dollar	**33,754,359**	30,848,917	**33,754,359**	31,093,869
Pound Sterling	**43,814**	69,999	**43,814**	192,039
Others	**359,040**	330,990	**359,040**	361,517
Total	**66,668,126**	46,219,969	**66,668,126**	46,712,219

(a) 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.

(b) 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.

(c) 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	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**7,973,950**	1,049,049	**7,973,950**	1,049,049
Financial institutions	**5,490,422**	4,873,416	**6,047,794**	5,437,721
Other quasi-governmental institutions	**1,405,298**	1,524,454	**1,405,298**	1,524,454
Staff loans	**741,652**	554,933	**741,652**	554,933
Gross Amount	**15,611,322**	8,001,852	**16,168,694**	8,566,157
Less: Impairment losses (9b)	**(3,129,937)**	(3,469,424)	**(3,140,370)**	(3,472,517)
Carrying amount	**12,481,385**	4,532,428	**13,028,324**	5,093,640
Current	**10,630,059**	3,020,467	**10,863,910**	3,350,696
Non-current	**1,851,326**	1,511,961	**2,164,414**	1,742,944
	12,481,385	4,532,428	**13,028,324**	5,093,640

LOANS AND ADVANCES BY CURRENCY (GROSS AMOUNT)

(Ghana cedi equivalent)

	The Bank 2020	The Bank 2019	The Group 2020	The Group 2019
Cedi	**7,615,448**	4,507,526	**7,751,750**	4,117,330
US Dollar	**7,995,874**	3,494,326	**8,137,000**	4,632,889
Pound Sterling	**-**	-	**279,944**	179,874
Total	**15,611,322**	8,001,852	**16,168,694**	8,930,093

16. DERIVATIVES

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Foreign currency swap	**(610,414)**	80,944	**(610,414)**	80,944

Bank of Ghana 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¢14.88 billion (2019: GH¢4.71 billion) from these local banks and GH¢15.49 billion payable to those local banks (2019: GH¢4.63 billion). The balance also includes the fair value of the foreign currency forward contracts included in the arrangements of GH¢610.41 million (2019: GH¢80.94 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 2020 and 31 December 2019. 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
2020			
Derivative financial instruments	**14,879,965**	**(15,490,379)**	**(610,414)**
2019			
Derivative financial instruments	4,709,434	(4,628,490)	80,944

Derivatives are current.

17. OTHER ASSETS

	The Bank 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Items in course of Collection	**6,589**	8,148	**6,589**	8,148
Other receivables	**1,385,384**	1,428,515	**1,431,633**	1,467,270
	1,391,973	1,436,663	**1,438,222**	1,475,418
Less: Impairment losses (note 9b)	**(109,486)**	(265,218)	**(109,486)**	(265,218)
	1,282,487	1,171,445	**1,328,736**	1,210,200
Current	**1,282,487**	906,227	**1,328,736**	944,982
Non-current	**-**	265,218	**-**	265,218

Included in other receivables are imprest and sundry receivables.

18. INVESTMENTS

		The Bank 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Investment in subsidiaries	18 (a)	**613,809**	218,759	**395,050**	-
Other investments	18 (b)	**156,563**	266,036	**156,563**	266,036
		770,372	484,795	**551,613**	266,036
Less: Impairment losses		**-**	-	**-**	-
		770,372	484,795	**551,613**	266,036

18(a) Subsidiaries

The investment in subsidiaries is made up of:

- GH¢70,164,525 (2019:GH¢70,164,525) representing fifty-one per cent (51%) equity holdings in Ghana International Bank Plc, a commercial bank incorporated in the United Kingdom;
- GH¢146,144,475 (2019: GH¢76,909,229) representing hundred per cent (100%) equity holdings in Ghana Interbank Payment and Settlement System (GhIPSS), a company incorporated in Ghana;
- GH¢2,450,000 (2019: GH¢2,450,000) representing seventy per cent (70%) in Central Securities Depository, a company incorporated in Ghana; and
- GH¢395,050,000 representing hundred per cent (100%) equity holdings in The Bank Hospital Limited, a company incorporated in Ghana. The Bank Hospital has not been consolidated as it has not commenced operations and its results are considered immaterial to the Bank.

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

	Holding 2020 %	2019 %	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
The Bank Hospital	**100**	-	Provision of healthcare services

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 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Equity investment in Afrexim	**156,563**	184,400	**156,563**	184,400
GDPC investment	**-**	81,636	**-**	81,636
	156,563	266,036	**156,563**	266,036

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

The movement in other investments is as follows:

	The Bank 2020	The Bank 2019	The Group 2020	The Group 2019
At 1 January	**266,036**	424,380	**266,036**	424,380
less write off	**(81,636)**	(200,000)	**(81,636)**	(200,000)
	184,400	224,380	**184,400**	224,380
Fair value (loss)/gain on equity investment measured at FVOCI	**(27,837)**	41,656	**(27,837)**	41,656
At 31 December	**156,563**	266,036	**156,563**	266,036

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 2020, the Bank had a total value of GH¢156.56 million (2019: GH¢184.40 million) as equity in AFREXIM. The balance includes a fair value deficit on the equity instrument of GH¢27.84 million. The proportion of the Bank's equity interest to the total holding in Afrexim is 0.97 per cent.

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 2020 of GH¢ 81.64 million was expensed in accordance with the Act.

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 2020	694,816	91,081	20,293	342,021	355,722	1,503,933
Additions	113,336	9,244	637	12,189	12,011	147,417
Transfer to the Bank Hospital Limited	(345,918)	(4,349)	(2,762)	(82,435)	(120)	(435,584)
Revaluations	913,050	(47,051)	(5,531)	(99,410)	(203,676)	557,382
At 31 December 2020	**1,375,284**	**48,925**	**12,637**	**172,365**	**163,937**	**1,773,148**
Accumulated depreciation						
At 1 January 2020	107,558	65,431	14,533	202,503	-	390,025
Charge for the year	39,041	11,755	5,699	24,563	-	81,058
Transfer to the Bank Hospital Limited	(42,883)	(1,950)	(1,657)	(76,337)	-	(122,827)
Released on revaluation	(64,677)	(63,480)	(12,876)	(126,165)	-	(267,198)
At 31 December 2020	**39,039**	**11,756**	**5,699**	**24,564**	**-**	**81,058**
Net book amount						
At 31 December 2020	**1,336,245**	**37,169**	**6,938**	**147,801**	**163,937**	**1,692,090**

Property, plant and equipment that were owned by the Bank Hospital but included in the Bank's property, plant and equipment in the prior year were separated and transferred to the Hospital as it is being prepared for operational activities.

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 2020	709,314	95,748	25,609	406,766	356,940	1,594,377
Additions	113,397	10,170	847	15,648	33,771	173,833
Transfers to the Bank Hospital Limited	(345,918)	(3,994)	(2,762)	(82,435)	(475)	(435,584)
Reclassification	-	-	-	-	(685)	(685)
Revaluation	913,050	(47,051)	(5,531)	(99,410)	(203,676)	557,382
Disposals			(176)	(491)	-	(667)
Translation adjustment	323	84	259	445	-	1,112
At 31 December 2020	**1,390,166**	**54,957**	**18,246**	**240,523**	**185,875**	**1,889,767**
Accumulated depreciation						
At 1 January 2020	116,921	68,703	19,202	244,799	-	449,625
Charge for the Year	39,672	12,768	6,047	29,381	-	87,867
Transfers to The Bank Hospital Limited	(42,883)	(1,950)	(1,657)	(76,337)	-	(122,827)
Disposals	-	-	(129)	(491)	-	(620)
Release on revaluation	(64,677)	(63,480)	(13,005)	(126,656)	-	(267,818)
Translation adjustment	295	70	247	201	-	814
At 31 December 2020	49,328	16,111	10,705	70,897	-	147,040
Net book amount						
At 31 December 2020	**1,340,838**	**38,846**	**7,542**	**169,627**	**185,875**	**1,742,727**

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 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						
At 31 December 2019	**587,258**	**25,650**	**5,760**	**139,518**	**355,722**	**1,113,908**

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**

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	
	2020 GH¢'000	2019 GH¢'000	**2020 GH¢'000**	2019 GH¢'000
Cost	-	1,716	667	1,716
Accumulated depreciation	-	(963)	(620)	(963)
Carrying amount	-	753	47	753
Proceeds from disposals	-	174	182	174
Gain/(loss) on disposals	-	(579)	135	(579)

Revaluation

The property, plant and equipment of the Bank were revalued by independent valuers who are members of the Ghana Institute of Surveyors. This resulted in additional revaluation gain. The Valuers used different valuation methods depending on the nature of property, plant and equipment they revalued. The details are:

Valuer	Property revalued	Valuation method and assumptions
Alpha Properties	Valuation of Movable assets at Roman Ridge and North Labone, Estates.	1. Market Value of Similar Properties in same vicinity. 2. Replacement Cost Method.
KOA Consult	Bank of Ghana Assets at Airport Residential Area, West Ridge and Cantonments.	Fair value of all the assets classified as land, land and buildings, plant and machinery and equipment, etc. within the survey area in accordance with international accounting standards for land and buildings.
Intercity STC Coaches Limited	Technical inspection and valuation of Bank of Ghana's fleet of vehicles.	The global weighing and rating of key vehicle operational systems were applied after each vehicle had been inspected using automative engineers checklist.
Consolidated Properties Ltd.	Office properties at Complex, executive residencies and flats at Sakumono and Tema.	Comparative method or the values via replacement/reinstatement cost as appropriate.
Assenta Property Consulting	Office and residential properties at Takoradi and Sefwi Boako.	1. Land and Building – The Depreciated replacement cost was used 2. Office Equipment (chattels) and market rent analysis – The comparative method was used.
Valuation and Investment Associates	Head office properties, Bank Clinic, Adenta, and Dansoman residencies.	Market value for existing use
Thedal Real Property Services Limited	Properties at Sunyani, Tamale and Wa.	Based on current replacement cost. This was obtained from gross replacement cost including all taxes and installation costs and making allowance for depreciation.
Goldstreet Real Estate Consult	Office and residential properties at Kumasi.	- The cost and replacement methods were adopted. This due to the varied nature of the assets which include lands, buildings and structures as well as machinery, tools, furniture and equipment. - Buildings and equipment – Cost approach, replacement cost method.
Property Solution Models	Assets at Hohoe and Vacant Land at Akuse	- Based on Market values. 80% are specialized properties which are not often traded in the open market and as a result both sale and rental data on such assets are rare. -The depreciated replacement cost has been used in arriving at the market value on the Land and the Market component for the Land per se since there are adequate and recent land sale data from the various neighborhood used as a

20. INTANGIBLE ASSETS

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
At 1 January	**58,669**	49,586	**89,721**	64,775
Additions	**9,280**	9,083	**40,078**	12,898
Adjustment	**(6,557)**	-	**(6,557)**	12,585
Asset written off	**-**	-	**-**	(537)
At 31 December	**61,392**	58,669	**123,242**	89,721
Accumulated amortisation				
At 1 January	**40,766**	31,030	**56,988**	38,720
Charge for the year	**10,750**	9,736	**38,409**	13,977
Adjustment	**(12,180)**	-	**(12,180)**	4,291
At 31 December	**39,336**	40,766	**83,217**	56,988
Net book amount At 31 December	**22,056**	17,903	**40,025**	32,733

Intangible assets relate to computer software.

21. DEPOSITS

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**9,790,077**	7,561,873	**9,790,077**	7,561,873
Financial Institutions/Banks	**12,780,794**	11,062,893	**16,095,392**	13,526,705
Other deposits	**593,110**	760,977	**593,110**	760,977
	23,163,981	19,385,743	**26,478,579**	21,849,555
Current	**23,163,981**	19,385,743	**26,115,380**	21,230,416
Non-current	**-**	-	**363,199**	619,139

DEPOSITS BY VARIOUS CURRENCIES

(Ghana cedi equivalent)

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cedi	**17,583,630**	14,360,369	**17,572,600**	14,353,242
US Dollar	**4,553,096**	4,467,559	**7,664,845**	6,797,859
Pound Sterling	**320,089**	199,994	**211,288**	49,001
Euro	**693,175**	341,841	**1,013,847**	632,413
Others	**13,991**	15,980	**15,999**	17,040
Total	**23,163,981**	19,385,743	**26,478,579**	21,849,555

Financial Institutions/Banks

Included in this balance are mandatory cash reserves required to be maintained by Commercial Banks in compliance with the Banking Act. The minimum reserves balance is eight per cent (8%)(2019: ten per cent (10%)) of the Commercial Bank's total deposits and are not available for use in the Commercial Bank's day-to-day operations. All deposits are non-interest bearing.

22. BRIDGE FACILITIES

Term Loans	**14,059,478**	11,393,142	**14,059,478**	11,393,142

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 facilities at the year-end are:

- A 3-year facility of USD 1.03 billion from JP Morgan Chase due to expire in November 2021 at 4.11 per cent;

22. BRIDGE FACILITIES (CONTINUED)

- A 12-month unsecured revolving facility of USD 0.1 billion from Standard Chartered Bank at a 3-month LIBOR plus 4 per cent;
- A 4-year credit of USD 0.5 billion facility from Citibank at 0.54 per cent secured during the year; and
- An annual revolving credit facility of USD 0.8 billion facility with Bank for International Settlement at the closest Libor at the time of proposed advances.

The movement in Bridge Facilities is as follows:

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
1 January	**11,393,142**	7,389,060	**11,393,142**	7,389,060
Drawdown	**7,157,140**	3,748,269	**7,157,140**	3,748,269
Interest	**440,149**	403,558	**440,149**	403,558
Repayment	**(5,393,977)**	(1,326,861)	**(5,393,977)**	(1,326,861)
Exchange loss	**463,024**	1,179,116	**463,024**	1,179,116
31 December	**14,059,478**	11,393,142	**14,059,478**	11,393,142
Current	**7,026,749**	5,676,830	**7,026,749**	5,676,830
Non-current	**7,032,729**	5,716,312	**7,032,729**	5,716,312

23. LIABILITIES UNDER MONEY MARKET OPERATIONS

Bank of Ghana Instruments	**6,673,568**	5,720,584	**6,673,568**	5,720,584

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	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
1 January	**2,495,092**	2,242,712	**2,495,092**	2,242,712
Exchange loss	**197,418**	252,380	**197,418**	252,380
31 December	**2,692,510**	2,495,092	**2,692,510**	2,495,092

Allocations of SDRs are non-current.

24b. LIABILITIES TO INTERNATIONAL MONETARY FUND

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
(a) IMF Currency Holdings				
Operational Account	**65,108**	65,581	**65,108**	65,581
IMF Securities	**4,847,189**	4,491,783	**4,847,189**	4,491,783
(b) IMF Facilities				
Poverty Reduction and Growth Facility	**11,104,472**	5,538,759	**11,104,472**	5,538,759
	16,016,769	10,096,123	**16,016,769**	10,096,123
Current	**11,104,472**	5,538,759	**11,104,472**	5,538,759
Non-current	**4,912,297**	4,557,364	**4,912,297**	4,557,364

25. OTHER LIABILITIES

	The Bank 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Accruals and accounts payable	**1,582,275**	1,136,523	**1,611,355**	1,169,647
Eurobond proceeds payable	**5,736,703**	-	**5,736,703**	-
Defined pension fund liability	**53,503**	15,942	**53,503**	15,942
Impairment Losses	**5,311**	2,810	**5,311**	2,810
Other payables	**115,086**	530,139	**333,655**	603,385
	7,492,878	1,685,414	**7,745,351**	1,787,041
Current	**7,275,206**	1,916,411	**7,506,279**	2,066,469
Non-current	**217,672**	217,672	**239,072**	238,152

The Eurobonds represent proceeds from US$1 billion bonds issued but yet to be transferred to the Ghana Investment Infrastructure Fund (GIIF) to help address the Government's indebtedness to the energy sector.

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 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Defined benefit obligation	**(2,771,334)**	(2,345,139)	**(2,771,334)**	(2,345,139)
Plan assets	**3,266,982**	2,750,800	**3,266,982**	2,750,800
Total recognised benefit (liability) asset	**495,648**	405,661	**495,648**	405,661

Where the defined benefit obligation exceeds the plan assets, the excess liability is recognised as part of other liabilities. For the year 2020, 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 2020 GH¢'000	The Bank 2019 GH¢'000	The Group 2020 GH¢'000	The Group 2019 GH¢'000
Plan assets				
Balance at 1 January	**2,750,800**	2,361,714	**2,750,800**	2,361,714
Contributions by employer during the year	**516,182**	389,086	**516,182**	389,086
Fund assets in investments	**3,266,982**	2,750,800	**3,266,982**	2,750,800
Fund obligation at 31 December	**3,266,982**	2,750,800	**3,266,982**	2,750,800
Fund Liability				
Balance at 1 January	**2,345,139**	2,039,251	**2,345,139**	2,039,251
Pension payments	**(136,955)**	(102,129)	**(136,955)**	(102,129)
Interest expense	**563,150**	408,017	**563,150**	408,017
Fund obligation at 31 December	**2,771,334**	2,039,251	**2,771,334**	2,039,251

26. EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

	2020	2019
Actuarial assumptions		
Discount rate at 31 December	13.5%	18%
Salary increment rate	15%	15%
Mortality Rate (SSNIT)	75%	75%

The sensitivity of the present values of the defined benefit obligations when it was last performed by the Actuary in 2019 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)	13.50%	14.50%	12.0%	16.0%	14.0%	85.0%	65.0%
Salary Rate (s)	15.0%	15.0%	20.0%	21.0%	19.0%	20.0%	20.0%
Mortality Rate (µ)	75%	75%	75%	75%	75%	85%	65%
Change in Actuarial liability	-	(16.21)%	23.12%	22.74%	(16.34)%	(10.73)%	15.12%

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 2020 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%	9.0%	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)	75%	75%	75%	75%	75%	85%	65%
Change in Actuarial liability	-	(5.45)%	28.40%	27.15%	(5.97)%	(6.91)%	9.98%

27. CURRENCY IN CIRCULATION

	The Bank		The Group	
	2020 GH¢'000	2019 GH¢'000	2020 GH¢'000	2019 GH¢'000
Notes and Coins Issued	40,089,088	31,589,198	40,089,088	31,589,198
Less: Cash Account & Agencies	(16,728,266)	(15,326,308)	(16,728,266)	(15,326,308)
	23,360,822	16,262,890	23,360,822	16,262,890

27. CURRENCY IN CIRCULATION BY DENOMINATION

	The Bank		The Group	
DENOMINATION	**2020**	2019	**2020**	2019
Notes in circulation	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
GH¢200	**4,323,789**	276,708	**4,323,789**	276,708
GH¢100	**3,395,084**	149,049	**3,395,084**	149,049
GH¢50	**5,718,156**	5,921,257	**5,718,156**	5,921,257
GH¢20	**5,420,849**	5,083,599	**5,420,849**	5,083,599
GH¢10	**2,900,371**	2,826,857	**2,900,371**	2,826,857
GH¢5	**1,047,581**	1,358,984	**1,047,581**	1,358,984
GH¢2	**88,901**	219,883	**88,901**	219,883
GH¢1	**179,036**	179,854	**179,036**	179,854
Total notes in circulation	**23,073,767**	16,016,191	**23,073,767**	16,016,191
Coins in circulation				
GH¢2	**19,808**	1,894	**19,808**	1,894
GH¢1	**31,743**	28,053	**31,743**	28,053
50GP	**89,224**	87,139	**89,224**	87,139
20GP	**91,812**	79,604	**91,812**	79,604
10GP	**43,170**	38,847	**43,170**	38,847
5GP	**10,175**	10,056	**10,175**	10,056
1GP	**1,123**	1,106	**1,123**	1,106
Total coins in circulation	**287,055**	246,699	**287,055**	246,699
Total currency in circulation	**23,360,822**	16,262,890	**23,360,822**	16,262,890

28. STATED CAPITAL

	Number of Shares		Proceeds	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	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. Movement in the reserve are shown in the statement of changes in equity on pages 68-70.

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 2020 (2019: Nil).

31. OTHER RESERVES

The Bank 2020	Gold Price Movement GH¢'000	General Reserve GH¢'000	Fair valuation Reserve GH¢'000	Total GH¢'000
At 1 January	1,276,153	343,962	(121,574)	1,498,541
Exchange movement in gold and other foreign assets		564,663	-	564,663
Price movement in gold	604,764	-	-	604,764
Provision for Contingencies	-	(134,380)	-	(134,380)
Movement in Emergency Intervention Fund	-	(60,000)	-	(60,000)
Decrease during the year	-	-	(349,556)	(349,556)
Transfer of residual gain from retained earnings	-	403,367	-	403,367
At 31 December	1,880,917	1,117,612	(471,130)	2,527,399
The Bank 2019				
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

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.

The Group 2020

	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	**272,566**	**1,276,155**	**344,048**	**(113,992)**	**1,778,777**
Provision for Contingencies			**(134,380)**	-	**(134,380)**
Price movement in gold	-	**604,764**	-	-	**604,764**
Movement in Emergency Intervention Fund	-	-	**(60,000)**	-	**(60,000)**
Exchange movement in gold and other foreign assets	-	-	**564,663**	-	**564,663**
Increase in the year	**38,367**	-		**(354,428)**	**(316,061)**
Transfer of residual loss from retained earnings	-	-	**403,367**	-	**403,367**
At 31 December	**310,933**	**1,880,919**	**1,117,698**	**(468,420)**	**2,841,130**
The Group 2019					
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 price and exchange component of other reserves is used to account for price movement in the gold reserve 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; and
- 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	
	2020	2019
	GH¢'000	GH¢'000
At 1 January	**509,895**	428,786
(Loss)/Profit for the year	**(11,335)**	5,837
Other comprehensive income	**19,828**	5,709
Losses on translation of foreign operation	**10,543**	76,541
Dividend paid by the group	**(1,347)**	(6,978)
At 31 December	**527,584**	509,895

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	**2020**	2019
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-group eliminations.

Summarised statement of comprehensive income:	**2020**	2019
	GH¢'000	GH¢'000
Operating income	**133,278**	149,831
(Loss)/profit for the year	**(39,120)**	4,311
Other comprehensive income	**120,413**	91,598
Total comprehensive income	**81,293**	95,909
Attributable to Non-controlling interest	**39,834**	46,995
Dividends paid to non-controlling interest	**1,347**	7,263
Summarised statement of financial position as at:		
Total assets	**5,876,345**	4,949,995
Total Liabilities	**4,840,014**	3,947,633
Total equity	**1,036,331**	1,002,362
Attributable to:		
Equity holders of parent	**528,529**	511,205
Non-controlling interest	**507,802**	491,157
Summarised cash flow information for the year:		
Cash flows from operating activities	**864,387**	(298,358)
Cash flows from investing activities	**(7,088)**	(5,359)
Cash flows from financing activities	**(108)**	(16,427)
Forex on cash and cash equivalents	**26,012**	561
Net increase in cash and cash equivalents	**(883,203)**	(319,583)

33. LEASES

Amounts recognised in the statement of financial position

	2020	2019
Right of use assets		
Leasehold premises	14,779	17,248
Office furniture and equipment	1,916	286
	16,695	17,534
Lease liabilities		
Current	4,102	2,653
Non-current	14,263	15,835
	18,365	18,488
Amounts recognised in profit or loss		
Depreciation charge of right of use of assets - Buildings	3,937	3,028
Interest expense on lease liabilities	1,701	1,660
Expense relating to short term and low value assets leases (included in administrative expenses)	15	65

Additions to the right of use assets during the year were GH¢2,056,000 and GH¢4,167,000 (2019: GH¢2,125,000) to lease liabilities. The total cash outflow for leases in 2020 was GH¢5,686,000 (2019: 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 summarised below:

Assets
The Bank

At 31 December 2020	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	6,057,121	-	-	6,057,121	6,057,121
Balances with IMF	13	5,762,281	-	-	5,762,281	5,762,281
Government securities	14	12,445,261	-	-	12,445,261	12,538,600
Money market instruments	14	12,693,988	-	8,020,136	20,714,124	20,248,056
Short-term securities	14	7,857,363	25,651,378	-	33,508,741	33,565,314
Loans and advances	15	12,481,385	-	-	12,481,385	13,167,861
Derivative financial asset	16	-	-	-	-	-
Other assets (less prepayments)	17	1,282,487	-	-	1,282,487	1,282,487
Investments (less investment in subsidiary)	18	-	-	156,563	156,563	156,563
		58,579,886	25,651,378	8,176,699	92,407,963	92,778,283
At 31 December 2019						
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

34. FINANCIAL INSTRUMENTS (CONTINUED)

Assets
The Group

At 31 December 2020	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	9,465,221	-	-	9,465,221	9,465,221
Balances with IMF	13	5,762,281	-	-	5,762,281	5,762,281
Government securities	14	12,445,261	-	-	12,445,261	12,538,600
Money market instruments	14	12,693,988	-	8,020,136	20,714,124	20,248,056
Short-term securities	14	8,045,166	25,651,378	-	33,696,544	33,754,469
Other securities	14	-	-	577,052	577,052	577,052
Loans and advances	15	13,028,324	-	-	13,028,324	13,744,882
Other assets (less prepayments)	17	1,304,061	-	-	1,304,431	1,304,431
Investments	18	-	-	156,563	156,563	156,563
		62,744,672	25,651,378	8,753,751	97,149,801	97,551,555
31 December 2019						
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

Liabilities

The Bank

At 31 December 2020	Notes	Designated at Fair Value through profit or loss GH¢'000	Financial Liabilities at amortised cost GH¢'000	Total GH¢'000
Government deposits	21	-	9,790,077	9,790,077
Due to Banks and Financial Institutions	21	-	12,780,794	12,780,794
Other Short-Term deposits	21	-	593,110	593,110
Derivative financial liabilities	16	610,414	-	610,414
Bridge facilities	22	-	14,059,478	14,059,478
Money Market Instruments	23	-	6,673,568	6,673,568
Allocation of special drawing rights	24a	-	2,692,510	2,692,510
Liabilities to IMF	24b	-	16,016,769	16,016,769
Other liabilities	25	-	7,492,878	7,492,878
		610,414	70,099,184	70,709,598
At 31 December 2019				
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

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

34. FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities

The Group

At 31 December 2020	Notes	Designated at Fair Value through profit or loss GH¢'000	Financial Liabilities at amortised cost GH¢'000	Total GH¢'000
Government deposits	21	-	9,790,077	9,790,077
Due to Banks and Financial Institutions	21	-	16,095,392	16,095,392
Other Short-Term Deposits	21	-	593,110	593,110
Bridge facilities	22	-	14,059,478	14,059,478
Derivative financial liabilities	16	610,414	-	619,922
Money Market Instruments	23	-	6,673,568	6,673,568
Allocation of special drawing rights	24a	-	2,692,510	2,692,510
Liabilities to IMF	24b	-	16,016,769	16,016,769
Lease liabilities	33	-	18,365	18,365
Other liabilities	25	-	7,745,351	7,745,351
		610,414	73,684,620	74,304,542
At 31 December 2019				
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

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, while 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; and
- Level 3 – Inputs for the assets and liabilities 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 2020 and 31 December 2019, 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 2020 and 31 December 2019 were 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)	
	2020 GH¢'000	**2019 GH¢'000**	**2020 GH¢'000**	**2019 GH¢'000**	**2020 GH¢'000**	**2019 GH¢'000**
Assets measured at fair value:						
Gold	**3,071,872**	2,370,047	-	-	-	-
Short-term securities	-	-	**25,651,378**	26,992,753	-	-
Equity investment	-	-	-	-	**156,563**	184,400
Derivative financial asset	-	-	-	80,944	-	-
Liabilities measured at fair value:						
Derivative financial liability	-	-	**610,414**	-	-	-

The Group

	Level 1 The Group		Level 2 The Group		Level 3 The Group	
	2020 GH¢'000	**2019 GH¢'000**	**2020 GH¢'000**	**2019 GH¢'000**	**2020 GH¢'000**	**2019 GH¢'000**
Assets measured at fair value:						
Gold	**3,071,872**	2,370,047	-	-		184,400
Short-term securities	-	-	**25,651,378**	26,992,753		-
Equity investment	-	-	577,052	397,664	**156,563**	
Derivative financial asset	-	-	-	80,944	-	-
Liabilities measured at fair value:						
Derivative financial liability	-	-	**610,414**	-	-	-

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 was 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 2020 and 31 December 2019:

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.

The Bank and Group	**2020 GH¢'000 Equity investment**	2019 GH¢'000 Equity investment
At 1 January	**184,400**	142,744
(Loss)/Gains recognised in other comprehensive income	**(27,837)**	41,656
At 31 December	**156,563**	184,400

Description	Fair value at		Unobservable inputs	Range of inputs (probability weighted average)		Relationship on unobservable inputs to fair value
	31 December 2020 GH¢'000	31 December 2019 GH¢'000		**2020**	2019	
Unlisted equity securities	**156,563**	184,400	USD/GHS rate	**5% - 10%**	5% - 10%	A change in the USD/GHS rate by 100bps would increase/decrease the fair value by GH¢15.65million.

36. RELATED PARTY TRANSACTIONS

a) 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.

b) Key management personnel compensation

	The Bank		The Group	
	2020	2019	**2020**	2019
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Short-term employee benefits	**11,042**	7,098	**40,215**	12,071
Post-employment benefits	**1,774**	1,201	**3,653**	1,656
	12,816	8,299	**43,868**	13,727

Key management personnel include the Governor, the two Deputy Governors and top-level management.

c) Transactions with non-executive directors

No loans were advanced to Non executive Directors during the year. There were no balances outstanding on account of loans due from Non executive Directors at the year end.

Fees and allowances paid to Non executive directors during the year amounted to GH¢2.63 million (2019: GH¢1.96 million).

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

Name of subsidiary

	2020	2019
	% ownership	**% ownership**
Ghana International Bank	51	51
Ghana Interbank Payments and Settlement Systems	100	100
Central Securities Depository(CSD)	70	70
The Bank Hospital	100	-

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

Deposit by Subsidiaries

	2020	2019
	GH¢'000	GH¢'000
Ghana International Bank	**192**	56
Ghana Interbank Payments and Settlement Systems	**6,403**	2,813
Central Securities Depository	**4,435**	4,258
	11,030	7,127

Deposit with subsidiary

Ghana International Bank	**1,343,256**	1,314,146
Interest paid on deposit	**26,001**	29,543
Payment of issues charges to CSD	**19,873**	15,048

Loans and advances to subsidiaries

Ghana International Bank	**21,096**	24,901

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 Financial Markets 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 the 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 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 Financial Markets Department manages the credit risk exposure by assessing the counterparties' performance.

Risk limit control and mitigation policy

The 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 2020.

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; and
- 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; and
- 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 2020.

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; and
- 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.

For the Quasi institutions, subsidiary loans, staff loans and off-balance sheet items, the bank used external ratings by Standard and Poor. Ghana's ratings for the past three years (2018, 2019, 2020) were obtained from Fitch, Moody's and Standard & Poor. A rating of "B" was considered for the country.

The Bank adopted the average PD of the country for its subsidiary and Off-balance sheet items. The subsidiary is not directly under the central government; hence, the country's PD was adjusted upwards to cater for other risks. The average of the higher and the lower of stage 1 loss rating for Other Financial Institutions in the published regulatory guidelines was used to adjust the country's PD of 2 to 3. The Off-balance sheet items are under the central government, hence, no adjustment was made to the country's PD.

For quasi-governmental institutions in Stage 2, the average of higher (12.4%) and lower (6.5%) lifetime loss rating for the industry in the regulatory guidelines published by the Bank of Ghana to the commercial banks was used, as lifetime loss rate.

The Bank also adopted the PD of staff loans in the regulatory guidelines published January 1, 2018 by the Bank to the Banking Industry for Staff loans. The lower of lifetime loss rate was adopted for staff loans, though staff loans are at minimal risk.

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 2020 are set out below:

Scenario	Weight %	GDP Growth %	USD/GHS	Inflation %
Base Case	**50**	**5.00**	**5.68**	**8.60**
Upside	**15**	**6.50**	**5.48**	**8.51**
Downside	**35**	**3.00**	**5.88**	**9.03**

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; and
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 2020 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	3,254,935	3,261,390	3,267,845
USD/GHS	3,284,119	3,261,390	3,238,661
Inflation	3,260,603	3,261,390	3,262,177

Exposure to Credit Risks

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

Bank	2020 GH¢'000	Percentage of financial assets	2019 GH¢'000	Percentage of financial assets
Assets				
Cash and balances with correspondent banks	**6,057,121**	7%	7,356,446	11%
Balances with IMF	**5,762,281**	6%	5,343,926	8%
Securities	**66,668,126**	72%	46,219,969	72%
Other assets (excluding prepayments)	**1,282,487**	1%	1,171,445	2%
Loans and advances	**12,481,385**	14%	4,532,428	7%
	92,251,400	100	64,624,214	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**4,869,624**		3,388,928	

GROUP	2020 GH¢'000	Percentage of financial assets	2019 GH¢'000	Percentage of financial assets
Assets				
Cash and amounts due from banks	**9,465,221**	**10%**	9,988,658	15%
Balances with IMF	**5,762,281**	**6%**	5,343,926	8%
Securities	**67,432,982**	**70%**	46,712,219	68%
Other assets (excluding prepayments)	**1,304,431**	**1%**	1,194,204	2%
Loans and advances	**13,028,324**	**13%**	5,093,640	7%
	96,993,239	**100%**	68,332,647	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**5,453,588**		3,958,555	

The above table represents a worst-case scenario of credit risk exposure to the Group and the Bank at 31 December 2020, 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, thirteen per cent (13%) (2019: seven per cent (7%)) of the total maximum exposure is derived from loans and advances while securities represent seventy per cent (70%) (2019: sixty-eight per cent (68%)).

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 2020, 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 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and balances with correspondence banks				
(less notes and coins holdings)	5,056,375	-	-	5,056,375
Balances with IMF	5,762,281	-	-	5,762,281
Securities	66,684,782	-	-	66,684,782
Loans and advances	9,659,718	1,384,203	4,567,401	15,611,322
Other assets	1,282,487	-	109,486	1,391,973
Gross carrying amount	**88,445,643**	**1,384,203**	**4,676,887**	**94,397,733**
Loss allowance	(37,455)	(130,806)	(3,087,818)	(3,256,079)
Carrying amount	**88,408,188**	**1,253,397**	**1,589,069**	**91,250,654**

Group

At 31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and balances with correspondence banks				
(less notes and coins holdings)	8,464,475	-	-	8,464,475
Balances with IMF	5,762,281	-	-	5,762,281
Securities	67,449,638	-	-	67,449,638
Loans and advances	10,217,090	1,384,203	4,567,401	16,168,694
Other assets	1,328,736	-	109,486	1,438,222
Gross carrying amount	**93,222,220**	**1,384,203**	**4,676,887**	**99,283,310**
Loss allowance	(42,473)	(136,221)	(3,087,818)	(3,266,512)
Carrying amount	**93,179,747**	**1,247,982**	**1,589,069**	**96,016,798**

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

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; and
- 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 2020	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Individually impaired				
Emergency Liquidity Assistance	2,821,100	(1,732,970)	1,088,130	1,119,130
Overnight lending	1,746,301	(1,245,362)	500,939	501,767
Total credit impaired assets	**4,567,401**	**(2,978,332)**	**1,589,069**	**1,620,897**

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 Bank	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Loss allowance as at 1 January 2020	131,572	-	3,629,483	3,761,055
Movements with P&L impact				
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	(72,289)	130,806	(541,655)	(483,138)
Other movements	(16,517)	-	-	(16,517)
Total net P&L charge during the year	(88,806)	130,806	(541,665)	(499,665)
Loss allowance as at 31 December 2020	**42,766**	**130,806**	**3,087,818**	**3,261,390**
The Group				
Loss allowance as at 1 January 2020	131,572	-	3,632,576	3,764,148
Movements with P&L impact				
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	(70,617)	135,486	(541,665)	(476,796)
Other movements	(15,418)	-	-	(15,418)
Transfer between stages	2,358	735	(3,093)	-
Total net P&L charge during the year	(83,677)	136,221	(544,758)	(492,214)
Other movements with no P&L impact Exchange difference	(111)	-	-	(111)
Loss allowance as at 31 December 2020	**47,784**	**136,221**	**3,087,818**	**3,271,823**

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 2020

	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)	6,057,121	5,762,281	66,684,897	9,659,718	1,282,487
Stage 2	-	-	-	1,384,203	-
Stage 3 (non-performing exposures)	-	-	-	4,567,401	109,486
Gross	6,057,121	5,762,281	66,684,897	15,611,322	1,391,973
Less: Allowance for impairment	-	-	(16,656)	(3,129,937)	(109,486)
Carrying value	**6,057,121**	**5,762,281**	**66,668,126**	**12,481,384**	**1,282,487**

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

THE GROUP

31 December 2020

	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)	9,465,221	5,762,281	67,449,638	10,217,090	1,304,431
Stage 2	-	-	-	1,384,203	-
Stage 3 (non-performing exposures)	-	-	-	4,567,401	109,486
Gross	9,465,221	5,762,281	67,449,638	16,168,694	1,413,917
Less: Allowance for impairment	-	-	(16,656)	(3,140,370)	(109,486)
Carrying value	**9,465,221**	**5,762,281**	**67,432,982**	**13,028,324**	**1,304,431**
31 December 2019					
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

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 2020

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	6,057,121	-	-	-	-	6,057,121
Gold	-	2,163,875	907,997	-	-	3,071,872
Balances with IMF	146,997	5,615,284	-	-	-	5,762,281
Securities	33,509,782	5,942	4,662	6,007,003	27,140,737	66,668,126
Loans and Advances	5,070,802	5,489,594	69,663	232,179	1,619,147	12,481,385
Other assets	1,282,487	-	-	-	-	1,282,487
Investments	-	-	-	-	156,563	156,563
At 31 December 2020	**46,067,189**	**13,274,695**	**982,322**	**6,239,182**	**28,916,447**	**95,479,835**
LIABILITIES						
Deposits	23,163,981	-	-	-	-	23,163,981
Allocations of SDR	2,692,510	-	-		-	2,692,510
Liabilities to IMF	65,108	-	4,847,189	11,104,472	-	16,016,769
Derivative financial liabilities	610,414	-	-		-	610,414
Bridge Facilities	-	-	7,026,749	7,032,729	-	14,059,478
Liabilities under Money Market Operations	974,328	880,714	4,809,820	8,706	-	6,673,568
Currency in circulation	-	-	-	-	23,360,822	23,360,822
Other liabilities	7,492,878	-	-	-	-	7,492,878
At 31 December 2020	**34,999,219**	**880,714**	**16,683,758**	**18,145,907**	**23,360,822**	**94,070,420**
Maturity surplus/(shortfall)	**11,067,970**	**12,393,981**	**(15,701,436)**	**(11,906,725)**	**5,555,625**	**1,409,415**

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)**

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

GROUP

31 December 2020

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	9,465,221	-	-	-	-	9,465,221
Gold	-	2,163,875	907,997	-	-	3,071,872
Balances with IMF	146,997	5,615,284	-	-	-	5,762,281
Securities	33,509,782	178,954	451,899	6,057,531	27,234,816	67,432,982
Loans and Advances	5,070,807	5,493,913	299,190	429,502	1,734,912	13,028,324
Other assets	1,328,736	-	-	-	-	1,328,736
Investments	-	-	-	-	156,563	156,563
At 31 December 2020	**49,521,543**	**13,452,026**	**1,659,086**	**6,487,033**	**29,126,291**	**100,245,979**
LIABILITIES						
Deposits	24,632,127	826,187	963,788	56,477	-	26,478,579
Allocations of Special Drawing Rights	2,692,510	-	-	-	-	2,692,510
Derivative financial liabilities	610,414	-	-	-	-	610,414
Liabilities to IMF	65,108	-	4,847,189	11,104,472	-	16,016,769
Bridge facilities	-	-	7,026,749	7,032,729	-	14,059,478
Liabilities under Money Market Operations	974,328	880,714	4,809,820	8,706	-	6,673,568
Currency in Circulation	-	-	-	-	23,360,822	23,360,822
Lease liabilities	-	-	1,653	16,712	-	18,365
Other liabilities	7,492,878	97,787	154,686	-	-	7,745,351
At 31 December 2020	**36,467,365**	**1,804,688**	**17,803,885**	**18,219,096**	**23,360,822**	**97,655,856**
Maturity surplus/(shortfall)	**13,054,178**	**11,647,338**	**(16,144,799)**	**(11,732,063)**	**5,765,469**	**2,590,123**

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**

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 2019.

Effects in Cedis

	100bp Increase GH¢'000	100bp Decrease GH¢'000
The Bank 2020		
Average for the Period	**376,072**	**(376,072)**
Maximum for the Period	**427,944**	**(427,944)**
Minimum for the Period	**562,811**	**(562,811)**
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)

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.

The following show the extent to which the Bank's interest rate exposures on assets and liabilities are matched. These are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing date and maturity.

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Bank

31 December 2020

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	5,056,375	-	-	1,000,746	6,057,121
Gold	-	-	-	3,071,872	3,071,872
Balances with IMF	-	5,615,284	-	146,997	5,762,281
Securities	33,498,555	4,662	20,719,648	12,445,261	66,668,126
Loans and Advances	10,560,396	69,663	1,851,326	-	12,481,385
Other assets	1,282,487	-	-	-	1,282,487
At 31 December 2020	**50,397,813**	**5,689,609**	**22,570,974**	**16,664,876**	**95,323,272**
LIABILITIES					
Deposits	-	-	-	23,163,981	23,163,981
Allocations of Special Drawing Rights	-	-	-	2,692,510	2,692,510
Derivative financial liabilities	-	-	-	610,414	610,414
Liabilities to IMF	65,108	4,847,189	11,104,472	-	16,016,769
Bridge Facilities	-	4,809,820	9,249,658	-	14,059,478
Liabilities under Money Market Operations		6,673,568	-		6,673,568
Currency in circulation	-	-	-	23,360,822	23,360,822
Other Liabilities	-	-	-	7,492,878	7,492,878
At 31 December 2020	**65,108**	**16,330,577**	**20,354,130**	**57,320,605**	**94,070,420**
Total interest rate re-pricing gap	**50,332,705**	**(10,640,968)**	**2,216,844**	**(40,655,729)**	**1,252,852**

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)**

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Group

31 December 2020

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	8,464,475	-		1,000,746	9,465,221
Gold	-	-		3,071,872	3,071,872
Balances with IMF	-	5,615,284		146,997	5,762,281
Securities	33,859,370	264,097	20,864,254	12,445,261	67,432,982
Loans and Advances	10,558,895	299,190	2,170,239	-	13,028,324
Derivative asset	-	-	-	-	-
Other assets	1,328,736	-	-	-	1,328,736
At 31 December 2020	**54,211,476**	**6,178,571**	**23,034,493**	**16,664,876**	**100,089,416**
LIABILITIES					
Deposits	826,187	963,788	56,477	24,632,127	26,478,579
Bridge facilities		4,809,820	9,249,658	-	14,059,478
Derivative financial liabilities	-	-	-	619,922	619,922
Liabilities under Money Market Operations	-	6,673,568	-	-	6,673,568
Allocations of Special Drawing Rights				2,692,510	2,692,510
Liabilities to IMF	65,108	4,847,189	11,104,472		16,016,769
Currency in circulation	-	-	-	23,360,822	23,360,822
Lease liabilities		1,517	15,332	-	16,848
Other liabilities	97,787	154,686	-	7,492,878	7,745,351
At 31 December 2020	**989,082**	**17,450,568**	**20,425,939**	**58,798,259**	**97,663,848**
Total interest rate re-pricing gap	**53,222,394**	**(11,271,997)**	**2,608,554**	**(42,134,409)**	**2,424,542**

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**

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; and
- 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	
	2020	2019	**2020**	2019
ASSETS	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
USD	**50,669,405**	40,963,058	**50,673,320**	43,793,385
GBP	**210,290**	126,906	**211,847**	331,870
EUR	**640,984**	136,084	**641,387**	516,073
SDR	**6,283,025**	5,845,101	**6,283,025**	5,845,101
OTHERS	**453,269**	404,847	**456,342**	406,656
GHS	**35,822,955**	21,215,815	**44,185,424**	21,369,683
Total	**94,079,928**	68,691,811	**102,451,345**	72,262,768
LIABILITIES & EQUITY				
USD	**23,255,912**	22,795,496	**50,673,320**	25,842,975
GBP	**321,166**	200,992	**211,847**	407,975
EUR	**262,066**	17,089	**641,387**	397,089
SDR	**8,292,062**	7,648,102	**6,283,025**	7,648,102
OTHER	**501,477**	380,581	**456,342**	381,968
GHS	**61,447,245**	37,649,551	**44,185,424**	37,584,659
TOTAL	**94,079,928**	68,691,811	**102,451,345**	72,262,768
NET POSITION				
USD	**27,413,493**	18,167,562	**27,413,470**	17,950,410
GBP	**(110,875)**	(74,086)	**(110,873)**	(76,105)
EUR	**378,917**	118,995	**378,917**	118,984
SDR	**(2,009,037)**	(1,803,001)	**(2,009,037)**	(1,803,001)
OTHER	**(48,208)**	24,266	**(45,138)**	24,688
GHS	**(25,624,290)**	(16,433,736)	**(25,627,359)**	(16,214,976)
TOTAL	**-**	-	**-**	-

37. RISK MANAGEMENT (CONTINUED)

Currency Exposure Analysis (Continued)

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2020	2019	**2020**	2019
Currency	**GH¢**	GH¢	**GH¢**	GH¢
US Dollar	**5.6470**	5.1769	**5.7602**	5.5337
GBP	**7.5953**	6.7438	**7.8742**	7.3164
EURO	**6.6379**	5.8623	**7.0643**	6.2114
SDR	**7.6737**	6.6943	**8,2964**	7.6520

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 2019.

	Profit or (Loss)/Equity	
	2020	2019
Currency	**GH¢'000**	GH¢'000
US Dollar	**(2,741,349)**	(1,816,756)
GBP	**11,088**	7,409
EURO	**(37,892)**	(11,900)
SDR	**200,904**	180,300

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	2020 GH¢'000	2019 GH¢'000
Profit before tax		1,572,794	1,800,906
Adjustments for:			
Depreciation of property, plant and equipment	19	81,058	106,424
Amortisation of intangible assets	20	10,750	9,736
Impairment on financial instruments	9a	2,501	568,247
Loss on disposal of property and equipment	19	-	579
Interest expense on bridge facilities	22	440,149	403,558
Exchange loss on foreign denominated borrowings	22	463,024	1,179,116
Effect of exchange rate fluctuations on cash held	31	(195,094)	(695,592)
Refund of unutilised Agricultural funds	31	-	100,000
Movement in Emergency Intervention Fund	31	(134,380)	-
Provision for contingencies	31	(60,000)	-
Utilisation of CSR funds	31	-	(24,305)
Change in loans and advances	15	(7,948,957)	(114,122)
Change in securities	14	(20,572,227)	(8,552,166)
Change in gold	12	(701,825)	(634,845)
Change in derivative instruments	16	691,358	(109,263)
Change in other assets	17	(111,042)	1,802,062
Change in IMF receivable	13	(418,355)	(485,274)
Change in investments	18	27,179	89,109
Change in deposit	21	3,778,238	4,932,405
Change in liabilities under Money Market Operations	23	952,984	(5,019,212)
Change in allocations of Special Drawing Rights	24a	197,418	252,380
Change in other liabilities	25	5,804,964	(286,698)
Change in currency in circulation	27	7,097,932	2,706,538
Cash flows used in operating activities		(9,021,531)	(1,970,417)

(b) The Group

Profit before tax		1,584,092	1,826,207
Adjustments for:			
Depreciation of property, plant and equipment	19	87,867	111,113
Depreciation Rights of use-assets	33	3,937	3,028
Amortisation of intangible assets	20	38,409	13,977
Impairment on loans and advances	9a	9,841	566,085
(Profit)/loss on disposal of property and equipment	19	(135)	579
Interest expense on bridge facilities	22	440,149	403,558
Exchange loss on foreign denominated borrowings	22	463,024	1,179,116
Movement in Emergency Intervention Fund	31	(134,380)	-
Provision for contingencies	31	(60,000)	-
Translation difference		50,017	157,546
Effect of exchange rate fluctuations on cash held		(336,137)	(1,041,645)
Refund of unutilised Agricultural funds		-	100,000
Utilisation of CSR funds	31	-	(24,305)
Change in loans and advances	15	(7,609,877)	(45,292)
Change in securities	14	(21,160,100)	(8,655,571)
Change in gold	12	(701,825)	(634,845)
Change in derivative instruments	16	691,358	(109,263)
Change in other assets	17	(118,536)	1,794,424
Change in IMF receivable	13	(418,355)	(485,274)
Change in investments	18	27,179	158,344
Change in deposit	21	4,629,024	5,170,352
Change in liabilities under Money Market Operations	23	952,984	(5,019,212)
Change in allocations of Special Drawing Rights	24a	197,418	252,380
Change in other liabilities	25	5,955,810	(335,129)
Change in currency in circulation	27	7,097,932	2,706,538
Cash flows used in operating activities		(8,310,304)	(1,907,290)

39. FIDUCIARY ACTIVITIES

Bank of Ghana was mandated as Fund Managers by the Petroleum Revenue Management Act, 2011 (Act 815) to collect and distribute petroleum funds to various stakeholders and to undertake investment activities with the funds (Ghana Petroleum Funds) based on the provisions of the Petroleum Revenue Management Act, 2011 (Act 815) as amended by the Petroleum Revenue Management (Amendment) Act, 2015 (Act 893).

40. EVENTS AFTER REPORTING DATE

There was no significant event after the report period. However, the presence of COVID 19 requires management to continue to assess the impact of the pandemic on the Banks operations and the economy. There remains considerable uncertainty regarding the Covid-19 situation as shown by the on-going second wave of the spread of the virus in many countries, which means that forecasts can change rapidly.

During the year, the Bank conducted an extensive assessment on the impact and has provided information on their assessment as part of the Report of the Directors. Refer to the Report of the Directors (Impact of the Covid-19 pandemic on pages 5-7) for further details on COVID-19.

The Directors do not recommend transfers into the consolidated fund for the year ended 31 December 2020 (2019: Nil).

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.

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