Bank of Ghana

Report and Financial Statements

31 December 2021

Bank of Ghana

Consolidated and Separate Financial Statements

Contents **Page**

General Information

Board of Directors:

Dr. Ernest Yedu Addison	-	Governor	(Renewal	30/03/2021)
Dr. Maxwell Opoku-Afari	-	1st Deputy Governor	(Renewal	07/08/2021)
Mrs. Elsie Addo Awadzi	-	2nd Deputy Governor		
Mr. Joseph Blignam Alhassan	-	Non-Executive Director	(Renewal	27/07/2021)
Dr. Samuel Nii-Noi Ashong	-	Non-Executive Director	(Renewal	27/07/2021)
Dr. Kwame Owusu-Nyantekyi	-	Non-Executive Director	(Renewal	27/07/2021)
Mrs. Comfort F. Ocran	-	Non-Executive Director	(Renewal	27/07/2021)
Mr. Andrew Boye-Doe	-	Non-Executive Director	(Renewal	27/07/2021)
Mr. Jude Kofi Bucknor	-	Non-Executive Director	(Renewal	27/07/2021)
Mr. Charles Adu Boahen	-	Non-Executive Director	(Renewal	27/07/2021)
Prof. Eric Osei-Assibey	-	Non-Executive Director	(Appointed	27/07/2021)
Ms. Angela Kyerematen-Jimoh	-	Non-Executive Director	(Appointed	27/07/2021)
Dr. Regina Ohene-Darko Adutwum	-	Non-Executive Director	(Appointed	27/07/2021)
Mr. Keli Gadzekpo	-	Non-Executive Director	(Exited	07/01/2021)
Prof. Eugenia Amporfu	-	Non-Executive Director	(Exited	07/01/2021)
Dr. Maria Hagan	-	Non-Executive Director	(Exited	07/01/2021)

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 2021.

Nature of Business

The Bank of Ghana is the Central Bank of Ghana and is regulated in terms of the Bank of Ghana Act (Act 612) of 2002 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 2021 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 2021 is reported on page 2 of the financial statements. In 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 86 of the financial statements.

Report of the Directors to the Minister for Finance

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. The Bank Hospital financial statements have not been consolidated because it is in transition and still in the process of developing appropriate structures to enable the Bank consolidate the accounts in 2022.

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 2021 (2020: 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.

Report of the Directors to the Minister for Finance

Financial Results

The financial results of the Bank and Group for the year ended 31 December 2021 are set out in the financial statements, highlights of which are as follows:

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Profit for the year	**1,236,861**	1,572,794	**1,246,024**	1,589,073
to which is added the balance brought forward on retained earnings of	**-**	-	**214,022**	196,338
	1,236,861	1,572, 794	**1,460,046**	1,785,411
Out of which is transferred:				
Exchange movement in gold and other foreign assets	**(981,421)**	(564,663)	**(981,421)**	(564,663)
Price movement in gold	**116,673**	(604,764)	**116,673**	(604,764)
Gain on translation of foreign operation	**-**	-	**-**	1,405
Transfer (to)/from other reserves	**(372,113)**	(403,367)	**(372,113)**	(403,367)
Leaving a balance to be carried forward on retained earnings of	**-**	**-**	**223,185**	214,022

Reserve Appropriations

An amount of GH¢372.11 million (2020: GH¢403.37million) has been set aside as approved appropriations from reserves for gold acquisition, asset replacement, contingencies, emergency interventions, corporate social responsibility, and others. Details are as follows:

	2021	2020
	GH¢'000	GH¢'000
Contingencies	**20,000**	50,000
Emergency intervention	**60,000**	50,000
General Purpose Loan	**20,000**	100,000
Housing Loan Scheme	**-**	20,000
Motor vehicle loan	**30,000**	-
Corporate Social Responsibility Fund	**62,113**	91,887
Gold acquisition	**-**	40,000
Pension Fund	**-**	51,480
Gold Acquisition Fund	**180,000**	-
Total	**372,113**	403,367

Bank of Ghana

Report of the Directors to the Minister for Finance

Impact of the COVID-19 Pandemic

The continuous uncertainty presented by the Covid-19 pandemic required the Bank to re-strategize its operations towards ensuring resilience (as an institution and as a regulator/supervisor) and to ensure a non-collapse of economic activity. The Bank has been successful in building resilience through effective risk governance, prudent regulatory oversight and timely risk informed interventions. The Bank's three lines of defense approach contributed immensely to the effective management of key risks of cyber security, third party and other regulatory risks.

The Bank of Ghana, in response to management of the Covid-19 related risks to the Ghanaian economy, put in place appropriate regulatory relief measures aimed at supporting economic activity and growth of the economy. Recognizing the scale of potential damage of the pandemic to the economy, the Bank took adequate steps to pursue sound macroeconomic policies and financial sector reforms provided enough policy space for the Bank of Ghana to activate additional monetary policy tools to moderate the COVID-19 impact on the economy.

Monetary Policy tools used were broadly classified under the following:

Interest rate tool, Macroprudential Policies, Bond Purchase Programs; and
Market Liquidity Support.

Specific regulatory and policy actions taken included the following:

- Reduction of Monetary Policy Rate by 150 basis points to 14.5 percent - to lower lending rates to support credit extension;
- Reduction of the Cash Reserve Requirement (CRR) from 10 percent to 8 percent for Banks – to make liquidity available for banks to on-lend to critical sectors of the economy;
- Reduction of CRR from 8 percent to 6 percent for RCBs, S&Ls, Finance Houses; and from 10 percent to 8 percent for microfinance companies – to make liquidity available to low-income households and small and medium-sized enterprises;
- Reduced the Capital Conservation Buffer (CCB) from 3 percent to 1.5 percent to sustain lending activities in the midst of COVID pandemic;
- Reduced provisioning from 10 percent to 5 percent for loans in the OLEM category for banks to support bank loan provisioning in the OLEM category for businesses hard hit by the pandemic;
- Restriction on dividends and other capital distributions for the financial years 2019 & 2020 to preserve liquidity and capital buffers;
- New capital requirements deadline for SDIs (MFIs and RCBs) extended to December 2021 from the February 28,2020 deadline to provide temporary relief to SDIs, given current economic conditions;

Report of the Directors to the Minister for Finance

Impact of the COVID-19 Pandemic – continued

- Six-month moratorium on principal payments granted customers in the worst pandemic-hit sectors – Airline and Hospitality Industries;

- Provided various intervention within the Mobile Money Space (e.g. temporarily suspended transaction fees on minimum transactions (GH¢100) and increased wallet limits) to promote electronic transactions as part of COVID protocols;

- Activation of Section 46A of the BOG Act 2002 (Act 612); to provide liquidity support to savings and loans and finance house companies facing temporary liquidity challenges in line with the BoG liquidity support framework;

- Triggering of the Bank of Ghana Asset Purchase Programme, in line with provisions of the BOG Act 2002 (Act 612), as amended Act 918, to provide Govt with GH¢10 billion through the purchase of Government of Ghana COVID-19 relief bond; to complement government's efforts at closing the widened financing gap; and

These measures were designed to improve liquidity in the banking system to ensure the provision of adequate support to the private sector of the economy, support job-losses and foster stable growth conditions.

Approval of the Financial Statements

The financial statements of the Bank and the Group were approved by the Board of Directors on 31/03/2022 and were signed on their behalf by:

Chairman (Governor) ________ Director ________

Independent Auditor’s Report
To the Minister for Finance
Report on the Audit of the Financial Statements
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 114, which comprise the consolidated and separate statement of financial position as at 31 December 2021, 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 2021, 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.

Independent Auditor's Report
To the Minister for Finance

Key Audit Matter
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 2021 were as follows:

Exposures assessed for expected credit loss under IFRS 9	Gross balance	Impairment
	GH¢'000	GH¢'000
Cash and balances with correspondence banks	10,062,586	-
Balances with IMF	11,833,913	-
Securities	70,163,617	24,689
Loans and advances	21,192,827	3,328,718
Other assets	857,870	109,486
Off balance sheet exposures	5,013,785	4,298

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;

How the matter was addressed in the audit

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 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;

Independent Auditor's Report
To the Minister for Finance

Key Audit Matter Impairment of financial assets	How the matter was addressed in the audit
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.	• 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 Impairment of financial assets Fair valuation of financial instruments	How the matter was addressed in the audit
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¢35.18 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.

Independent Auditor’s Report
To the Minister for Finance

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), 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.

Independent Auditor’s Report
To the Minister for Finance

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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

Independent Auditor’s Report
To the Minister for Finance

- 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)**.

Deloitte Touche

For and on behalf of Deloitte & Touche (ICAG/F/2022/129)
Chartered Accountants
The Deloitte Place, Plot No. 71
Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

13th April **2022.**

Bank of Ghana

Consolidated and Separate Statement of Profit or Loss

For the year ended 31 December 2021

		The Bank		The Group	
		2021	2020	**2021**	2020
	Note	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Operating Income					
Interest and similar income	5(a)	**3,466,318**	3,210,344	**3,556,192**	3,292,950
Price and exchange differences	5(b)	**1,067,842**	1,811,203	**1,079,379**	1,834,071
Fee and commission income	5(d)	**209,690**	171,466	**245,542**	201,904
Other operating income	5(e)	**248,259**	663,161	**434,519**	786,244
Dividend income	5(f)	**3,675**	2,885	**-**	-
Total operating income		**4,995,784**	5,859,059	**5,315,632**	6,115,169
Operating Expenses					
Interest expense and similar charges	5(c)	**(1,533,526)**	(1,831,351)	**(1,529,006)**	(1,825,474)
Other operating expenses	6	**(1,677,513)**	(1,735,748)	**(1,995,882)**	(1,963,422)
Premises and equipment expenses	7	**(181,570)**	(368,786)	**(197,164)**	(384,461)
Currency issue expenses	8	**(179,646)**	(347,879)	**(179,646)**	(347,879)
Impairment loss	9(a)	**(186,668)**	(2,501)	**(195,368)**	(9,841)
Total operating expense		**(3,758,923)**	(4,286,265)	**(4,097,066)**	(4,531,077)
Profit before taxation		**1,236,861**	1,572,794	**1,218,566**	1,584,092
Taxation	10(a)	**-**	-	**2,016**	(6,354)
Operating profit for the year		**1,236,861**	1,572,794	**1,220,582**	1,577,738
Profit attributed to:					
Equity shareholders of the Bank		**1,236,861**	1,572,794	**1,246,024**	1,589,073
Non-controlling interest	32	**-**	-	**(25,442)**	(11,335)
Controlling interest		**1,236,861**	1,572,794	**1,220,582**	1,577,738

The notes on pages 24 to 114 form an integral part of these financial statements.

Bank of Ghana

Consolidated and Separate Statement of Other Comprehensive Income

For the year ended 31 December 2021

	Note	The Bank		The Group	
		2021	2020	**2021**	2020
		GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Operating profit for the year		**1,236,861**	1,572,794	**1,220,582**	1,577, 738
Foreign currency translation reserve		**-**	-	**10,989**	38,367
Tax effect		**-**	-	**-**	-
		-	-	**10,989**	38,367
Revaluation of property, plant and equipment		**13,816**	1,055,689	**13,816**	1,055,689
Items that will not be reclassified subsequently to profit or loss:		**13,816**	1,055,689	**13,816**	1,055,689
Profit/(loss) on FVOCI financial instruments		**427,879**	(349,556)	**404,234**	(347,907)
Tax effect		**-**	-	**2,134**	- 450
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	31	**427,879**	(349,556)	**406,368**	(347,457)
Total comprehensive income for the year, net of tax		**1,678,556**	2,278,927	**1,651,756**	2,324,337
Attributable to:					
Equity holders of the parent		**1,678,556**	2,278,927	**1,689,976**	2,321,407
Non-controlling interest		-	-	**(38,220)**	2,930
Controlling Interest		**1,678,556**	2,278,927	**1,651,756**	2,324,337

The notes on pages 24 to 114 form an integral part of these financial statements.

Bank of Ghana

Consolidated and Separate Statement of Financial Position

As at 31 December 2021

		The Bank		The Group	
	Note	**2021**	2020	**2021**	2020
		GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Assets					
Cash and balances with correspondent banks	11	**5,775,436**	6,057,121	**10,062,586**	9,465,221
Gold	12	**3,086,780**	3,071,872	**3,086,780**	3,071,872
Balances with International Monetary Fund	13	**11,833,913**	5,762,281	**11,833,913**	5,762,281
Securities	14	**70,486,858**	66,668,126	**70,138,928**	67,432,982
Loans and advances	15	**17,137,212**	12,481,385	**17,864,109**	13,028,324
Other assets	17	**687,500**	1,282,487	**748,384**	1,328,736
Investments	18	**1,154,697**	770,372	**487,354**	551,613
Property, plant and equipment	19	**2,028,380**	1,692,090	**2,543,209**	1,742,727
Investment property	19a	**176,804**	-	**176,804**	-
Intangible assets	20	**26,621**	22,056	**55,942**	40,025
Rights of use - Assets	33	**-**	-	**18,451**	16,695
Current income tax assets	10	**-**	-	**1,444**	1,437
Deferred tax assets	10	**-**	-	**41,230**	9,530
Total Assets		**112,394,201**	97,807,790	**117,059,134**	102,451,443
Liabilities					
Deposits	21	**30,670,860**	23,163,981	**34,155,220**	26,478,579
Derivative financial liability	16	**838,712**	610,414	**838,712**	610,414
Bridge Facilities	22	**17,047,062**	14,059,478	**17,047,062**	14,059,478
Liabilities under money market operations	23	**6,005,101**	6,673,568	**6,005,101**	6,673,568
Allocations of special drawing rights	24a	**8,733,674**	2,692,510	**8,733,674**	2,692,510
Liabilities to International Monetary Fund	24b	**16,639,440**	16,016,769	**16,639,440**	16,016,769
Lease liabilities	33	**-**	-	**20,392**	18,365
Current income tax liabilities	10	**-**	-	**-**	2,880
Other liabilities	25	**2,024,562**	7,492,878	**2,144,493**	7,745,351
Currency in circulation	27	**25,263,506**	23,360,822	**25,263,506**	23,360,822
Total Liabilities		**107,222,917**	94,070,420	**110,847,600**	97,658,736
Shareholders' funds					
Stated capital	28	**10,000**	10,000	**10,000**	10,000
Asset revaluation reserve	29	**1,185,027**	1,171,211	**1,185,027**	1,171,211
Statutory reserves	30	**28,760**	28,760	**28,760**	28,760
Other reserves	31	**3,947,497**	2,527,399	**4,271,813**	2,841,130
Retained earnings		**-**	-	**223,185**	214,022
Total Equity Attributable to Equity Holders of the Bank		**5,171,284**	3,737,370	**5,718,785**	4,265,123
Non-Controlling Interest	32	**-**	-	**492,749**	527,584
Total Equity		**5,171,284**	3,737,370	**6,211,534**	4,792,707
Total Liabilities and Equity		**112,394,201**	97,807,790	**117,059,134**	102,451,443

Consolidated and Separate Statement of Financial Position

As at 31 December 2021

The financial statements on pages 15 to 114 were approved by the Board of Directors on 31 March, 2022 and signed on its behalf by:

Chairman (Governor)________________ Director________________

The notes on pages 24 to 114 form an integral part of these financial statements.

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2021

The Bank

Year ended 31 December 2021	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 2021	10,000	1,171,211	28,760	(471,130)	2,998,529	-	3,737,370
Profit for the Year	-	-	-	-	-	1,236,861	1,236,861
Other comprehensive income: Profit on FVOCI financial instruments	-	-	-	427,879	-	-	427,879
Revaluation of property, plant and equipment	-	13,816	-	-	-	-	13,816
Total comprehensive income	-	13,816	-	427,879	-	1,236,861	1,678,556
Exchange movement in gold and other foreign assets	-	-	-	-	981,421	(981,421)	-
Transfer to gold purchase account	-	-	-	-	(200,000)	-	(200,000)
Price movement in gold	-	-	-	-	(116,673)	116,673	-
NFA reserves	-	-	-	-	(44,642)	-	(44,642)
Movement in emergency intervention fund	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	-	372,113	(372,113)	-
At 31 December 2021	**10,000**	**1,185,027**	**28,760**	**(43,251)**	**3,990,748**	**-**	**5,171,284**

The notes on pages 24 to 114 form an integral part of these financial statements.

Bank of Ghana

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2021

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 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 notes on pages 24 to 114 form an integral part of these financial statements.

Bank of Ghana

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2021

The Group

Year ended 31 December 2021	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 2021	10,000	1,171,211	28,760	2,998,617	310,933	(468,420)	214,022	4,265,123	527,584	4,792,707
Profit for the year	-	-	-	-	-	-	1,246,024	1,246,024	(25,442)	1,220,582
Other comprehensive income:										
Gain on foreign currency translation	-	-	-	-	10,989	-	-	10,989	5,385	16,374
Revaluation of property, plant and equipment	-	13,816	-	-	-	-	-	13,816	-	13,816
Profit on FVOCI financial instruments	-	-	-	-	-	416,909	-	416,909	(10,541)	406,368
Total comprehensive income	-	13,816	-	-	10,989	416,909	1,246,024	1,687,738	(30,598)	1,657,140
Gain on translation of foreign operation	-	-	-	-	-	-	-	-	(2,663)	(2,663)
Dividend paid by Group	-	-	-	-	-	-	-	-	(1,574)	(1,574)
Net revaluation surplus	-	-	-	-	-	-	-	-	-	-
Provision for contingencies	-	-	-		-	-	-		-	-
Transfer to gold purchase account	-	-	-	(200,000)	-	-	-	(200,000)	-	(200,000)
NFA reserves	-	-	-	(34,076)	-	-	-	(34,076)	-	(34,076)
Price movement in gold	-	-	-	(116,673)	-	-	116,673	-	-	-
Exchange movement in gold and other foreign assets	-	-	-	981,421	-	-	(981,421)	-	-	-
Transfer to other reserves	-	-	-	372,113	-	-	(372,113)	-	-	-
At 31 December 2021	**10,000**	**1,185,027**	**28,760**	**4,001,402**	**321,922**	**(51,511)**	**223,185**	**5,718,785**	**492,749**	**6,211,534**

The notes on pages 24 to 114 form an integral part of these financial statements.

Consolidated and Separate Statement of Changes in Equity

For the year ended 31 December 2021

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 to 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 notes on pages 24 to 114 form an integral part of these financial statements.

Bank of Ghana

Consolidated and Separate Statement of Cash Flows

For the year ended at 31 December 2021

		The Bank		**The Group**	
	Note	**2021 GH¢'000**	2020 GH¢'000	**2021 GH¢'000**	2020 GH¢'000
Cash flows used in operating activities	38	**(2,617,439)**	(9,021,531)	**(1,824,591)**	(8,310,304)
Interest paid on bridge facilities	22	**(343,022)**	(397,837)	**(343,022)**	(397,837)
Tax paid	10 (c)	**-**	-	**(29,502)**	(12,317)
Net cash flows used in operating activities		**(2,960,461)**	(9,419,368)	**(2,197,115)**	(8,720,458)
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	19	**-**	-	**117**	182
Purchase of intangible assets	20	**(10,347)**	(9,280)	**(24,640)**	(40,078)
Purchase of property, plant and equipment	19	**(629,688)**	(147,417)	**(705,953)**	(173,833)
Net cash used in investing activities		**(640,035)**	(156,697)	**(730,476)**	(213,729)
Cash flows from financing activities					
Increase in IMF liabilities	24b	**622,671**	5,920,646	**622,671**	5,920,646
Drawdown in bridge facilities	22	**7,453,073**	7,157,140	**7,453,073**	7,157,140
Principal repayment of bridge facilities	22	**(5,154,880)**	(4,996,140)	**(5,154,880)**	(4,996,140)
Finance lease payments	33	**-**	-	**(7,030)**	(5,686)
Dividend paid to non-controlling interest	32	**-**	-	**(1,575)**	(1,347)
Net cash generated from financing activities		**2,920,864**	8,081,646	**2,912,259**	8,074,613
Net change in cash and cash equivalents		**(679,632)**	(1,494,419)	**(15,332)**	(859,574)
Cash and cash equivalents at 1 January		**6,057,121**	7,356,446	**9,465,221**	9,988,658
Net foreign exchange difference		**397,947**	195,094	**612,696**	336,137
Cash and cash equivalents at 31 December	11	**5,775,436**	6,057,121	**10,062,586**	9,465,221

The notes on pages 24 to 114 form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

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 2021 comprise the separate financial statements of the Bank and that of its subsidiaries, together referred to as "The Group".

2. Summary of Significant Accounting Policies

a. Statement of Compliance and basis of preparation

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

Going Concern

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

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures
c. (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

Impact of the initial application of Interest Rate Benchmark Reform
In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform — Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform — Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period.

Both the Phase 1 and Phase 2 amendments did not have an impact on the Group.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted *Covid-19-Related Rent Concessions* (*Amendment to IFRS 16*) that provided 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. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. This amendment did not have a material impact on the Group.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has not applied the amendment to IFRS 16 (as issued by the Board in May 2021).

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 applying IFRS 16 as 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:

- 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
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).

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

2. Summary of Significant Accounting Policies (continued)

c. Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective

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.
These standards issue but not yet effective are not expected to have a material impact on future financial position and performance to the Group.

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued *Amendments to IFRS 17* to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued *Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)* that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint

Ventures—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 remeasurement 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 Group anticipate that the application of these amendments may have an impact on The Group consolidated financial statements in future periods should such transactions arise.

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures (continued)
c. (i) New and amended standards and interpretations (continued)

Amendments to IAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent*

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 *Business Combinations—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.

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures (continued)
c. (i) New and amended standards and interpretations (continued)

Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use - continued*

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 *Provisions, Contingent Liabilities and Contingent Assets—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.

Annual Improvements to IFRS Standards 2018-2020—Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture*

The Annual Improvements include amendments to four 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.

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures (continued)
c. (i) New and amended standards and interpretations (continued)

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.

IAS 41 *Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

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

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

2.2.7 Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements—Disclosure of Accounting Policies - continued*

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures (continued)
c. (i) New and amended standards and interpretations (continued)

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:
- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

2.2.9 Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.
Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

2. Summary of Significant Accounting Policies (continued)
c. Changes in accounting policies and disclosures (continued)
c. (i) New and amended standards and interpretations (continued)

Amendments to IAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction - continued*

– Right-of-use assets and lease liabilities
– Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

● 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 that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted

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.

2. Summary of Significant Accounting Policies (continued)
d. Use of Significant Estimates, Assumptions and Judgements (continued)

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.

2. Summary of Significant Accounting Policies (continued)
d. Use of Significant Estimates, Assumptions and Judgements (continued)

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).

2. Summary of Significant Accounting Policies (continued)
d. Use of Significant Estimates, Assumptions and Judgements (continued)

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 2021. 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.

2. Summary of Significant Accounting Policies (continued)

e. Basis of Consolidation (continued)

(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. Dividend 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 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.

2. Summary of Significant Accounting Policies (continued)

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	5.7699	6.0061
GBP	7.9765	8.1272
EURO	6.5198	6.8281

2. Summary of Significant Accounting Policies (continued)

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 2021, 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.

2. Summary of significant accounting policies (continued)
l. Leases (continued)

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

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.

2. Summary of Significant Accounting Policies (continued)

m. Financial assets and liabilities (continued)
(i) Financial Assets (continued)

Measurement Methods (continued)

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 2021, 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.

2. Summary of Significant Accounting Policies (continued)
m. Financial assets and liabilities (continued)
(i) Financial Assets (continued)

Measurement Methods (continued)
Classification and subsequent measurement (continued)
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.

2. Summary of Significant Accounting Policies (continued)
m. Financial assets and liabilities (continued)
(i) Financial Assets (continued)

Measurement methods (continued)

Debt Instruments (continued)

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:

2. Summary of Significant Accounting Policies (continued)

m. Financial assets and liabilities (continued)
(i) Financial Assets (continued)
Measurement Methods (continued)

- 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.

2. Summary of Significant Accounting Policies (continued)
m. Financial assets and liabilities (continued)
(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).

2. Summary of Significant Accounting Policies (continued)
m. Financial assets and liabilities (continued)

(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.

2. Summary of Significant Accounting Policies (continued)
m. Financial Assets and Liabilities (continued)

(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.

2. Summary of Significant Accounting Policies (continued)
m. Financial assets and liabilities (continued)

(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.

2. Summary of Significant Accounting Policies (continued)

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.

2. Summary of Significant Accounting Policies (continued)
q. Property, plant and equipment (continued)
(i) Recognition and measurement
(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) Investment property

Property held for rental purposes and capital appreciation is classified as investment property. Such property is not owner occupied. Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the statement of comprehensive income. Property located on land that is held under operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

(s) 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.

2. Summary of Significant Accounting Policies (continued)

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.

t. 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.

u. 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.

Distributions

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

v. 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.

2. Summary of Significant Accounting Policies (continued)

v. Employee Benefits (continued)

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.

Summary of Significant Accounting Policies (continued)

w. 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.

2. Summary of Significant Accounting Policies (continued)

x. 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.

y. 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.

z. Financial Guarantees and Performance Bonds

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

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

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

za. 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.

zb. 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¢245.35 million not provided for in the financial statements as at 31 December 2021 (2020:GH¢¢31.19 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, development of the new Bank of Ghana Head Quarters project and development of a guest house project in Tamale.

(b) Pending Legal Claims

There are contingent liabilities in respect of pending legal suits against the Group amounting to GH¢94.47 million (2020: GH¢2.94 billion). 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¢5.01 billion (2020: GH¢937 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 2021 was GH¢3.40 billion (2020:GH¢3.26 billion).

(e) Securities and Pledges

The Bank has pledged GH¢6.65 billion (2020: GH¢15.46 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:

	2021	2020
<u>Assets</u>		
Securities – Government	**0-21.0%**	0-21.7%
External securities	**0.02-1.45%**	0.02-3.2%
Loans and Advances	**13.5-14.5%**	14.5-16%
<u>Liabilities</u>		
Deposits	**0%**	0%
Liabilities under Money Market Operations	**11.74-26.82%**	11.74-26.82%

5(a) Interest and Similar Income

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Interest on overnight lending, government securities, medium/long-term notes and bonds	**3,212,159**	2,239,925	**3,222,808**	2,244,546
Interest on foreign accounts and foreign investments	**-**	803,131	**-**	815,559
Total interest on hold to collect instruments	**3,212,159**	3,043,056	**3,222,808**	3,060,105
Interest on loans and advances	**226,391**	164,119	**305,616**	229,676
Total interest income	**3,438,550**	3,207,175	**3,528,424**	3,289,781
Discount on treasury bill	**27,768**	3,169	**27,768**	3,169
	3,466,318	3,210,344	**3,556,192**	3,292,950

5(b) Price and Exchange Differences

Transactional exchange differences	**1,044,734**	358,766	**1,056,271**	381,634
Exchange rate equalization	**(841,640)**	283,009	**(841,640)**	283,009
Exchange difference in gold and other foreign assets	**981,421**	564,664	**981,421**	564,664
Price movement in gold	**(116,673)**	604,764	**(116,673)**	604,764
	1,067,842	1,811,203	**1,079,379**	1,834,071

Exchange rate equalization 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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
IMF & SDR allocations	**-**	6,447	**-**	6,447
Foreign loans and credits	**363,116**	355,055	**363,116**	355,055
Interest on money market instruments	**721,791**	1,087,073	**715,640**	1,079,484
Repo expense	**335,891**	382,776	**335,891**	382,776
Loss on foreign accounts and investments	**112,728**	-	**112,728**	-
Lease finance charge	**-**	-	**1,631**	1,712
	1,533,526	1,831,351	**1,529,006**	1,825,474

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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Financial assets measured at amortised cost	**3,092,334**	2,356,937	**3,182,208**	**2,356,937**
Financial assets measured at FVOCI	**427,879**	-	**449,390**	-
Financial assets measured at FVPL	**373,984**	853,407	**373,984**	**936,013**
	3,894,197	3,210,344	**4,005,582**	**3,292,950**
Financial liabilities measured at amortised cost	**1,533,526**	1,831,351	**1,529,006**	1,825,474

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

5(d) Fees 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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Personnel costs	**1,260,127**	1,013,260	**1,461,172**	1,152,132
Foreign and domestic travel	**28,176**	20,768	**28,176**	20,768
Motor vehicle maintenance/running	**61,510**	48,046	**61,510**	48,046
Communication expenses	**30,574**	24,526	**30,574**	24,526
Banking college and monetary institutes expenses	**9,424**	13,068	**9,424**	13,068
Computer related expenses	**28,632**	39,164	**28,632**	39,164
Banking supervision expenses	**77,489**	297,191	**77,489**	297,191
Auditor's remuneration	**1,373**	754	**2,860**	2,139
Directors' fees	**4,615**	4,241	**17,091**	16,329
External fund manager charges	**21,561**	25,129	**21,561**	25,129
International bodies subscriptions	**5,860**	36,061	**5,860**	36,061
Expense on foreign currency importation	**3,340**	-	**3,340**	-
Amortisation of intangible assets	**16,306**	10,750	**15,844**	13,947
Depreciation – motor vehicles	**19,865**	11,755	**23,173**	12,301
Other administrative expenses	**108,661**	191,035	**209,176**	262,621
	1,677,513	1,735,748	**1,995,882**	1,963,422

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

Directors	**13**	13	**24**	23
Staff	**2190**	2,101	**2,390**	2,223
	2,203	2,114	**2,414**	2,246

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

7. Premises and Equipment Expenses

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Rent and rates	**5,705**	6,359	**5,705**	6,359
Electricity, water and conservancy	**18,344**	17,135	**18,344**	17,135
Repairs and renewals	**47,730**	50,276	**47,730**	50,276
Insurance – premises and equipment	**1,135**	725	**1,135**	725
Depreciation – premises & equipment	**84,391**	69,303	**99,889**	75,100
Generator running expenses	**723**	375	**723**	375
General premises and equipment expenses	**23,542**	224,613	**23,638**	234,491
	181,570	368,786	**197,164**	384,461

8. Currency Issue Expenses

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Agency fees	**3,255**	2,400	**3,255**	2,400
Notes printing	**174,324**	337,508	**174,324**	337,508
Other currency expenses	**2,067**	7,971	**2,067**	7,971
	179,646	347,879	**179,646**	347,879

9(a) Impairment Losses

Balance at 1 January	**3,261,390**	3,761,055	**3,271,823**	3,764,148
Impairment losses recognized	**186,668**	2,501	**195,368**	9,841
Recovery of impaired facilities	**-**	(502,166)	**-**	(502,166)
Balance at 31 December	**3,448,058**	3,261,390	**3,467,191**	3,271,823

9(b) Reconciliation of Changes in Impairment Losses

The Bank

Year ended 31 December 2021	Loans and advances (note 15)	Other assets (note 17)	Government Securities (note 14)	Other liabilities (note 25)	Total 2021
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2021	3,129,937	109,486	16,656	5,311	3,261,390
Impairment losses recognised	180,009	-	8,033	(1,374)	186,668
At 31 December 2021	**3,309,946**	**109,486**	**24,689**	**3,937**	**3,448,058**

The Group

Year ended 31 December 2021	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2021	3,140,370	109,486	16,656	5,311	3,271,823
Impairment losses recognised	188,348	-	8,033	(1,013)	195,368
At 31 December 2021	**3,328,718**	**109,486**	**24,689**	**4,298**	**3,467,191**

9(b) Reconciliation of changes in impairment losses

The Bank

Year ended 31 December 2020	Loans and advances (note 15)	Other assets (note 17)	Government Securities (note 14)	Other liabilities (note 25)	Total 2020
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At 1 January 2020	3,469,424	265,218	23,603	2,810	3,761,055
Impairment losses recognised	-	-	-	2,501	2,501
Recovery of impairment losses	(339,487)	(155,732)	(6,947)	-	(502,166)
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)
At 31 December 2020	3,140,370	109,486	16,656	5,311	3,271,823

10. Taxation – The group

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/(credit)	**2021 GH¢'000**	2020 GH¢'000
Current income tax		
Current year	**25,299**	(13,475)
Adjustment	**1,326**	6
Total current tax charge	**26,625**	(13,469)
Deferred tax (credit)/charge		
Current year	**(27,708)**	7,115
Prior year adjustment	**(933)**	-
Total deferred tax (credit)/charge	**(28,641)**	7,115
Total credit	**(2,016)**	(6,354)

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

10. Taxation (continued)

(b) The charge for the year can be reconciled to the profit or loss as follows:

	2021 GH¢'000	2020 GH¢'000
Profit on ordinary activities before tax	**1,233,162**	2,781,197
Tax at 25% (2020: 25%)	**313,291**	698,187
Depreciation of non-qualifying assets	**109**	150
Expenses disallowed for other tax purposes	**238**	293
Effect of change in tax rate of subsidiary	**(9,030)**	(147)
Prior year adjustment	**498**	94
Tax effect on capital allowance	**(490)**	(469)
Results of the Bank not subject to tax	**(306,632)**	(691,754)
	(2,016)	6,354

(c) The movement in the current income tax balance is as follows:

	GH¢'000	GH¢'000
At 1 January	**1,443**	105
Charge to statement of profit or loss	**26,625**	13,475
Payment	**(29,502)**	(12,317)
Translation difference	**(10)**	180
At 31 December	**(1,444)**	1,443

The net current income tax balance of GH¢1,444,000(2020:GH¢1,443,000) consists of nil current income tax asset/liability (2020: Asset GH¢1,310,000) in Ghana International Bank Plc, current income tax asset of GH¢951,000 (2020: GH¢1,310,000) in Ghana Interbank Payment System and current income tax liability of GH¢493,000 (2020: Liability - GH¢2,880,000) in Central Securities Depository (Ghana) Limited.

(d) The movement in the deferred tax balance is as follows:	2021 GH¢'000	2020 GH¢'000
At 1 January	**(9,530)**	(1,623)
Release to statement of profit or loss	**(28,641)**	(7,115)
Translation difference	**(3,059)**	(792)
At 31 December	**(41,230)**	(9,530)

Deferred tax (assets)/liabilities are attributable to:		
Property, plant and equipment	**9,856**	67
Other short term timing differences	**952**	(9,597)
Trading losses	**28,270**	-
Timing differences on FVOCI	**2,152**	-

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

11. Cash and balances with correspondent banks

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Correspondent bank balances	**5,055,741**	5,056,375	**9,342,891**	8,464,475
Notes and coins holdings	**719,695**	1,000,746	**719,695**	1,000,746
	5,775,436	6,057,121	**10,062,586**	9,465,221

Cash and bank balances by currency

(Ghana cedi equivalent)	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
US Dollar	**4,801,075**	5,466,821	**7,705,328**	8,427,322
Pound Sterling	**121,482**	13,466	**988,451**	57,103
Euro	**852,468**	302,887	**1,330,158**	623,564
Others	**411**	273,947	**38,649**	357,232
Total	**5,775,436**	6,057,121	**10,062,586**	9,465,221

12. Gold

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Bank of England Gold set aside	**1,213,597**	1,207,918	**1,213,597**	1,207,918
Federal Reserve Bank NY Gold	**848,147**	844,178	**848,147**	844,178
UBS Gold investment	**912,731**	907,997	**912,731**	907,997
Gold-local holdings	**112,305**	111,779	**112,305**	111,779
	3,086,780	3,071,872	**3,086,780**	3,071,872

Gold balances consist of **280,872.44** fine ounces of gold at the indicative market price of USD1,829.20 per ounce (2020: 280,872.44 fine ounces at USD1,892.78 per ounce).

13. Balances with International Monetary Fund (IMF)

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Holdings	**5,760,223**	146,997	**5,760,223**	146,997
Quota	**6,073,690**	5,615,284	**6,073,690**	5,615,284
	11,833,913	5,762,281	**11,833,913**	5,762,281

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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Long-term Government securities	**12,548,491**	12,444,235	**12,548,491**	12,444,235
Money market instruments	**21,844,308**	20,714,124	**21,844,308**	20,714,124
Short-term securities	**36,118,748**	33,526,423	**35,175,224**	33,714,227
Other securities	**-**	-	**595,594**	577,052
Gross amount	**70,511,547**	66,684,782	**70,163,617**	67,449,638
Less: Impairment losses (note 9b)	**(24,689)**	(16,656)	**(24,689)**	(16,656)
	70,486,858	66,668,126	**70,138,928**	67,432,982
Current	**36,083,867**	33,520,386	**36,897,701**	34,140,637
Non-current	**34,402,991**	33,147,740	**33,241,227**	33,292,345

Securities by Currency

	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
(Ghana cedi equivalent)				
Cedi	**33,641,656**	32,510,913	**33,837,589**	32,510,913
US Dollar	**36,324,827**	33,754,359	**35,498,175**	34,519,215
Pound Sterling	**110,239**	43,814	**315,375**	43,814
Others	**410,136**	359,040	**487,789**	359,040
Total	**70,486,858**	66,668,126	**70,138,928**	67,432,982

(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) Other Securities

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

15. Loans and Advances

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**10,119,648**	7,973,950	**10,119,648**	7,973,950
Financial Institutions	**6,620,252**	5,490,422	**7,365,921**	6,047,794
Other Quasi-governmental Institutions	**2,746,549**	1,405,298	**2,746,549**	1,405,298
Staff Loans	**960,709**	741,652	**960,709**	741,652
Gross Amount	**20,447,158**	15,611,322	**21,192,827**	16,168,694
Less: Impairment losses (9b)	**(3,309,946)**	(3,129,937)	**(3,328,718)**	(3,140,370)
Carrying amount	**17,137,212**	12,481,385	**17,864,109**	13,028,324
Current	**13,510,016**	10,630,059	**14,055,568**	10,863,910
Non-current	**3,627,196**	1,851,326	**3,808,541**	2,164,414
	17,137,212	12,481,385	**17,864,109**	13,028,324

Included in the Government of Ghana component of Loans and Advances is an amount of US$300 million (GHS1,779 million) which represents IMF SDR allocations transferred to the Government of Ghana.

Loans and advances by currency (gross amount) (Ghana cedi equivalent)

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cedi	**8,820,054**	7,615,448	**8,820,054**	7,751,750
US Dollar	**8,317,158**	7,995,874	**8,587,682**	8,137,000
Pound Sterling	-	-	**456,373**	279,944
Total	**17,137,212**	15,611,322	**17,864,109**	16,168,694

16. Derivatives

Foreign currency swap	**838,712**	610,414	**838,712**	610,414

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¢18.69 billion (2020: GH¢14.88 billion) from these local banks and GH¢19.53 billion payable to those local banks (2020: GH¢15.49 billion). The balance also includes the fair value of the foreign currency forward contracts included in the arrangements of GH¢1.06 billion (2020: GH¢610.41 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 2021 and 31 December 2020. The column 'net amount' shows the impact on the group's balance sheet if all set-off rights were exercised.

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

16. Derivatives (continued)

2021	**Gross amounts GH¢'000**	**Gross amounts set off in the balance sheet GH¢'000**	**Net amounts presented in the balance sheet GH¢'000**
Derivative Financial Instruments	**18,690,949**	**(19,529,661)**	**(838,712)**
2020			
Derivative financial instruments	14,879,965	(15,490,379)	(610,414)

Derivatives are current.

17. Other Assets

	The Bank		**The Group**	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Items in course of Collection	**2,621**	6,589	**2,621**	6,589
Other receivables	**794,365**	1,385,384	**855,249**	1,431,633
	796,986	1,391,973	**857,870**	1,438,222
Less: Impairment losses (note 9b)	**(109,486)**	(109,486)	**(109,486)**	(109,486)
	687,500	1,282,487	**748,384**	1,328,736
Current	**687,500**	1,282,487	**736,215**	1,328,736
Non-current	**-**	-	**12,169**	-

Included in other receivables are imprest and sundry receivables.

18. Investments

		The Bank		**The Group**	
		2021 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 GH¢'000
Investment in Subsidiaries	18.a	**667,343**	613,809	**-**	395,050
Other Investments	18.b	**487,354**	156,563	**487,354**	156,563
		1,154,697	770,372	**487,354**	551,613
Less: Impairment Losses		**-**	-	**-**	-
		1,154,697	770,372	**487,354**	551,613

18.a Subsidiaries

The investment in subsidiaries is made up of:

- GH¢70,164,525 (2020: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 (2020: 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 (2020: 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.

18.a Subsidiaries (continued)

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

	Holding		
	2021	2020	**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 Limited	**100**	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		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Equity investment in Afrexim	**487,354**	156,563	**487,354**	156,563

All other investments above are measured at fair value through other comprehensive income (FVOCI). The movement in other investments is as follows:

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
At 1 January	**156,563**	266,036	**156,563**	266,036
Additions/(write off)	**236,891**	(81,636)	**236,891**	(81,636)
	393,454	184,400	**393,454**	184,400
Fair value gain/(loss) on equity investment measured at FVOCI	**93,900**	(27,837)	**93,900**	(27,837)
At 31 December	**487,354**	156,563	**487,354**	156,563

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 2021, the Bank had a total value of GH¢487.35 million (2020: GH¢156.56 million) as equity in AFREXIM. The balance includes a fair value surplus on the equity instrument of GH¢93.90 million. The proportion of the Bank's equity interest to the total holding in AFREXIM is 2.41 per cent (2020:0.97%).

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

19. Property, Plant and Equipment

The Bank

2021 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 2021	1,375,284	48,925	12,637	172,365	163,937	1,773,148
Additions	46,303	40,824	1,286	97,808	443,467	629,688
Transfers	(10,390)	(73)	73	148	(173,247)	(183,489)
Revaluations	13,816	-	-	-	-	13,816
Disposal	(19,324)	(1,179)	(61)	(34)	-	(20,598)
At 31 December 2021	**1,405,689**	**88,497**	**13,935**	**270,287**	**434,157**	**2,212,565**
Accumulated Depreciation						
At 1 January 2021	39,039	11,756	5,699	24,564	-	81,058
Charge for the year	38,043	25,426	2,060	44,305	-	109,834
Transfer	(12)	(5,579)	-	-	-	(5,591)
Disposal	(773)	(295)	(34)	(14)		(1,116)
At 31 December 2021	**76,297**	**31,308**	**7,725**	**68,855**	**-**	**184,185**
Net Book Amount						
At 31 December 2021	**1,329,392**	**57,189**	**6,210**	**201,432**	**434,157**	**2,028,380**

The Group

	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 2021	1,390,166	54,957	18,246	240,523	185,875	1,889,767
Additions	46,920	43,872	1,452	105,415	508,294	705,953
Transfers	418,919	3,112	2,835	82,598	(173,247)	334,217
Revaluation	13,816	-	-	-	-	13,816
Disposals	(19,324)	(2,506)	(112)	(38)	-	(21,980)
Adjustment	-	-	-	3,809	-	3,809
At 31 December 2021	1,850,497	99,435	22,421	432,307	520,922	2,925,582
Accumulated depreciation						
At 1 January 2021	49,328	16,111	10,705	70,896	-	147,040
Charge for the Year	42,047	26,376	2,263	49,879	-	120,565
Transfer	43,201	(3,920)	1,657	76,012	-	116,950
Disposals	(773)	(1,308)	(85)	(16)	-	(2,182)
At 31 December 2021	133,803	37,259	14,540	196,771	-	382,373
Net Book Amount						
At 31 December 2021	**1,716,694**	**62,176**	**7,881**	**235,536**	**520,922**	**2,543,209**

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

19. Property, Plant and Equipment (continued)

The Bank

2020 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

The Group

	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
Transfer 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	-	1,111
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	29,380	-	87,867
Transfer 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	200	-	814
At 31 December 2020	49,328	16,111	10,705	70,896	-	147,040
Net Book Amount						
At 31 December 2020	1,340,838	38,846	7,541	169,627	185,875	1,742,727

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.

19. Property, Plant and Equipment (continued)

Property, plant & equipment disposal schedule

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cost	**20,598**	-	**21,980**	667
Accumulated depreciation	**(1,116)**	-	**(2,182)**	(620)
Carrying amount	**19,482**	-	**19,798**	47
Proceeds from disposals	**-**	-	**117**	182
(Loss)/gain on disposals	**(19,482)**	-	**(19,681)**	135

Revaluation

The property, plant and equipment of the Bank were revalued by an independent valuer who is a member of the Ghana Institute of Surveyors. This resulted in additional revaluation gain. The details are:

Valuer	Property revalued	Valuation method and assumptions
Assenta Property Consulting	Valuation of landed property in London	Market, insurance and rental values

19. a Investment property

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Investment in Takoradi Guest House	**176,804**	-	**176,804**	-

This represents the Bank's investment in a guest house located at Takoradi. The value of the property was transferred from property, plant and equipment in the current year. The fair value of the investment property was determined in the prior year by an independent valuer. The Group has determined a policy of valuing its investment property every 2 years. The guest house is yet to commence operations.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

20. Intangible Assets

	The Bank		The Group	
	2021	2020	**2021**	2020
Cost	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
At 1 January	**61,392**	58,669	**123,242**	89,721
Additions	**10,347**	9,280	**24,640**	40,078
Transfers	**10,599**	-	**10,636**	-
Adjustment	**(75)**	(6,557)	**4,356**	(6,557)
At 31 December	**82,263**	61,392	**162,874**	123,242
Accumulated Amortisation				
At 1 January	**39,336**	40,766	**83,217**	56,988
Charge for the year	**16,306**	10,750	**23,273**	38,409
Adjustment	**-**	(12,180)	**442**	(12,180)
At 31 December	**55,642**	39,336	**106,932**	83,217
Net book amount at 31 December	**26,621**	22,056	**55,942**	40,025

Intangible assets relate to computer software.

21. Deposits

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Government of Ghana	**12,794,766**	9,790,077	**12,794,766**	9,790,077
Financial Institutions/Banks	**17,048,082**	12,780,794	**20,532,442**	16,095,392
Other deposits	**828,012**	593,110	**828,012**	593,110
	30,670,860	23,163,981	**34,155,220**	26,478,579
Current	**30,670,860**	23,163,981	**33,723,564**	26,115,380
Non-current	**-**	-	**431,656**	363,199

Deposits by Various Currencies (Ghana cedi equivalent)	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Cedi	**22,386,282**	17,583,630	**22,380,508**	17,572,600
US Dollar	**5,289,270**	4,553,096	**8,538,920**	7,664,845
Pound Sterling	**454,847**	320,089	**165,710**	211,288
Euro	**2,527,018**	693,175	**3,054,134**	1,013,847
Others	**13,443**	13,991	**15,948**	15,999
Total	**30,670,860**	23,163,981	**34,155,220**	26,478,579

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%)(2020: eight per cent (8%)) 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

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Term loans	**17,047,062**	14,059,478	**17,047,062**	14,059,478

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 2-year facility of USD 0.533 billion from JP Morgan Chase due to expire in November, 2023 at 0.9 per cent;
- A 12-months facility of USD 0.500 billion from JP Morgan Chase due to expire in November, 2022 at 4.11 per cent;
- A 2-years repo facility of USD 0.5 billion from Standard Chartered Bank at 0.65 per cent;
- A 2-year credit of USD 0.5 billion facility from Citibank at Libor plus 2.95 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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
1 January	**14,059,478**	11,393,142	**14,059,478**	11,393,142
Drawdown	**7,453,073**	7,157,140	**7,453,073**	7,157,140
Interest	**332,206**	440,149	**332,206**	440,149
Repayment:				
Principal	**(5,154,880)**	(4,996,140)	**(5,154,880)**	(4,996,140)
Interest	**(343,022)**	(397,837)	**(343,022)**	(397,837)
Exchange loss	**700,207**	463,024	**700,207**	463,024
31 December	**17,047,062**	14,059,478	**17,047,062**	14,059,478
Current	**4,946,239**	7,026,749	**4,946,239**	7,026,749
Non-current	**12,100,823**	7,032,729	**12,100,823**	7,032,729

23. Liabilities under money market operations

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Bank of Ghana instruments	**6,005,101**	6,673,568	**6,005,101**	6,673,568

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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
1 January	**2,692,510**	2,495,092	**2,692,510**	2,495,092
New allocations	**5,869,503**	-	**5,869,503**	-
Exchange loss	**171,661**	197,418	**171,661**	197,418
31 December	**8,733,674**	2,692,510	**8,733,674**	2,692,510

Allocations of SDRs are non-current.

24b. Liabilities to International Monetary Fund

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
(a) IMF Currency Holdings				
Operational Account	**70,423**	65,108	**70,423**	65,108
IMF Securities	**5,242,877**	4,847,189	**5,242,877**	4,847,189
(b) IMF Facilities				
Extended Credit Facility	**11,326,140**	11,104,472	**11,326,140**	11,104,472
	16,639,440	16,016,769	**16,639,440**	16,016,769
Current	**11,326,140**	11,104,472	**11,326,140**	11,104,472
Non-current	**5,313,300**	4,912,297	**5,313,300**	4,912,297

25. Other Liabilities

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Accruals and accounts payable	**1,233,373**	1,582,275	**1,264,036**	1,611,355
Eurobond proceeds payable	**-**	5,736,703	**-**	5,736,703
Defined pension fund liability	**47,176**	53,503	**47,176**	53,503
Impairment losses	**3,937**	5,311	**3,937**	5,311
Other payables	**740,076**	115,086	**829,344**	338,479
	2,024,562	7,492,878	**2,144,493**	7,745,351
Current	**2,024,562**	7,275,206	**2,144,304**	7,506,279
Non-current	**-**	217,672	**-**	239,072

26. Employee Benefit Obligation

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

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Defined benefit obligation	**(3,209,200)**	(2,771,334)	**(3,209,200)**	(2,771,334)
Plan assets	**3,785,879**	3,266,982	**3,785,879**	3,266,982
Total recognised benefit (liability) asset	**576,679**	495,648	**576,679**	495,648

Where the defined benefit obligation exceeds the plan assets, the excess liability is recognised as part of other liabilities. For the year 2021, 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 Government's securities which are traded on the secondary market.

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Plan Assets				
Balance at 1 January	**3,266,985**	2,750,803	**3,266,985**	2,750,803
Contributions by employer during the year	**518,894**	516,182	**518,894**	516,182
Fund assets in investments	**3,785,879**	3,266,985	**3,785,879**	3,266,985
Fair value of planned assets	**3,785,879**	3,266,985	**3,785,879**	3,266,985
Fund Liability				
Balance at 1 January	**2,771,334**	2,345,139	**2,771,334**	2,345,139
Pension payments	**159,308**	(136,955)	**159,308**	(136,955)
Interest expense	**278,558**	563,150	**278,558**	563,150
Fund obligation at 31 December	**3,209,200**	2,771,334	**3,209,200**	2,771,334

	2021	2020
Actuarial assumptions		
Discount rate at 31 December	17.09%	13.5%
Salary increment rate	15.00%	15%
Mortality Rate(SSNIT)	75%	75%

26. Employee Benefit Obligation (continued)

The sensitivity of the present values of the defined benefit obligations as estimated by management for 2021 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)	17.09%	18.09%	16.09%	17.09%	17.09%	17.09%	17.09%
Salary Rate (s)	15.00%	15.00%	15.00%	16.00%	14.00%	15.00%	15.00%
Mortality Rate (μ)	75.00%	75.00%	75.00%	75.00%	75.00%	85.00%	65.00%
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 when it was last performed by the Actuary in 2020 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%	12.5%	13.50%	13.50%	13.50%	13.50%
Salary Rate (s)	15.00%	15.00%	15.00%	16.00%	14.00%	15.00%	15.00%
Mortality Rate (μ)	75.00%	75.00%	75.00%	75.00%	75.00%	85.00%	65.00%
Change in Actuarial liability	-	(16.21)%	23.12%	22.74%	(16.34)%	(10.73)%	15.12%

27. Currency in Circulation

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Notes and coins issued	**36,478,479**	40,089,088	**36,478,479**	40,089,088
Less: Cash account & agencies	**(11,214,973)**	(16,728,266)	**(11,214,973)**	(16,728,266)
	25,263,506	23,360,822	**25,263,506**	23,360,822

Currency in Circulation by Denomination

	The Bank		The Group	
Denomination	**2021**	2020	**2021**	2020
Notes in circulation	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
GH¢200	**6,553,534**	4,323,789	**6,553,534**	4,323,789
GH¢100	**4,315,231**	3,395,084	**4,315,231**	3,395,084
GH¢50	**5,565,680**	5,718,156	**5,565,680**	5,718,156
GH¢20	**4,895,532**	5,420,849	**4,895,532**	5,420,849
GH¢10	**2,447,622**	2,900,371	**2,447,622**	2,900,371
GH¢5	**874,314**	1,047,581	**874,314**	1,047,581
GH¢2	**6,508**	88,901	**6,508**	88,901
GH¢1	**239,972**	179,036	**239,972**	179,036
Total notes in circulation	**24,898,393**	23,073,767	**24,898,393**	23,073,767
Coins in circulation				
GH¢2	**38,290**	19,808	**38,290**	19,808
GH¢1	**42,899**	31,743	**42,899**	31,743
50GP	**111,867**	89,224	**111,867**	89,224
20GP	**110,724**	91,812	**110,724**	91,812
10GP	**49,903**	43,170	**49,903**	43,170
5GP	**10,284**	10,175	**10,284**	10,175
1GP	**1,146**	1,123	**1,146**	1,123
Total coins in circulation	**365,113**	287,055	**365,113**	287,055
Total currency in circulation	**25,263,506**	23,360,822	**25,263,506**	23,360,822

28. Stated Capital

	Number of Shares		Proceeds	
	2021	2020	**2021**	2020
	'000	'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 19-22.

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 2021 (2020: Nil).

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

31. Other Reserves
The Bank 2021

	Gold price movement GH¢'000	General reserve GH¢'000	Fair valuation reserve GH¢'000	Total GH¢'000
At 1 January	1,880,917	1,117,612	(471,130)	2,527,399
Exchange movement in gold and other foreign assets		981,421	-	981,421
Price movement in gold	(116,673)	-	-	(116,673)
NFA reserves	-	(44,642)	-	(44,642)
Transfer to Gold purchase Fund Account	-	(200,000)	-	(200,000)
Increase during the year	-	-	427,879	427,879
Transfer of residual gain from retained earnings	-	372,113	-	372,113
At 31 December	**1,764,244**	**2,226,504**	**(43,251)**	**3,947,497**

An amount of GH¢372.11 million has been set aside as approved appropriations from reserves for gold acquisition, asset replacement, emergency interventions, corporate social responsibility and contingencies.

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
Refund of unutilised Agricultural funds	604,764	-	-	604,764
Utilisation of Corporate Social Responsibility (CSR) funds	-	(134,380)	-	(134,380)
Price movement in gold	-	(60,000)	-	(60,000)
Decrease in the year	-	-	(349,556)	(349,556)
Transfer of residual loss from retained earnings	-	403,367	-	403,367
At 31 December	1,880,917	1,117,612	(471,130)	2,527,399

The Group 2021

	Foreign currency translation Reserve GH¢'000	Gold price movement GH¢'000	General reserve GH¢'000	Fair valuation reserve GH¢'000	Total GH¢'000
At 1 January	310,933	1,880,919	1,117,698	(468,420)	2,841,130
Provision for Contingencies			-	-	-
Price movement in gold	-	(116,673)	-	-	116,673
Gold Purchase Fund Account	-	-	(200,000)	-	(200,000)
Exchange movement in gold and other foreign assets	-	-	981,421	-	981,421
NFA reserves	-	-	(34,076)	-	(34,075)
Increase/(decrease) in the year	10,989	-		416,909	427,898
Transfer of residual gain from retained earnings	-	-	372,113	-	372,113
At 31 December	**321,922**	**1,764,246**	**2,237,156**	**(51,511)**	**4,271,813**

31. Other Reserves (continued)

The Group 2020

	Foreign currency Translation Reserve GH¢'000	Gold price Movement GH¢'000	General and Revaluation Reserve GH¢'000	Fair valuation Reserve GH¢'000	Total GH¢'000 Total
At 1 January	272,566	1,276,155	344,048	(113,992)	1,778,777
Refund of unutilised Agricultural funds			(134,380)	-	(134,380)
Utilisation of Corporate Social Responsibility (CSR) funds	-	604,764	-	-	604,764
Price movement in gold	-	-	(60,000)	-	(60,000)
Exchange movement in gold and other foreign assets	-	-	564,663	-	564,663
Increase/(decrease) 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 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 2021 GH¢'000	The Group 2020 GH¢'000
At 1 January	**527,584**	509,895
Loss for the year	**(25,442)**	(11,335)
Other comprehensive income	**(5,156)**	19,828
Losses on translation of foreign operation	**(2,662)**	10,543
Dividend paid by the group	**(1,575)**	(1,347)
At 31 December	**492,749**	527,584

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	2021	2020
Ghana International Bank Plc	United Kingdom	**49%**	49%

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

32. Non-controlling Interest (continued)

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:

	2021	2020
	GH¢'000	GH¢'000
Operating income	**150,865**	133,278
Loss for the year	**(72,111)**	(39,120)
Other comprehensive income	**(10,522)**	120,413
Total comprehensive income	**(82,633)**	81,293
Attributable to Non-controlling interest	**(40,490)**	39,834
Dividends paid to non-controlling interest	**-**	1,347

Summarised statement of financial position as at:

	2021	2020
	GH¢'000	GH¢'000
Total assets	**6,218,997**	5,876,345
Total Liabilities	**5,254,741**	4,840,014
Total equity	**964,256**	1,036,331
Attributable to:		
Equity holders of parent	**491,771**	528,529
Non-controlling interest	**472,485**	507,802

Summarised cash flow information for the year:

	2021	2020
	GH¢'000	GH¢'000
Cash flows from operating activities	**(261,850)**	864,387
Cash flows from investing activities	**(16,711)**	(7,088)
Cash flows from financing activities	**(106)**	(108)
Forex on cash and cash equivalents	**11,632**	26,012
Net increase in cash and cash equivalents	**(267,035)**	883,203

33. Leases

Amounts recognised in the statement of financial position

Right of use assets	**2021**	2020
	GH¢'000	GH¢'000
Leasehold premises	**17,285**	14,779
Office furniture and equipment	**1,166**	1,916
	18,451	16,695

***Lease* Liabilities**		
Current	**19,319**	4,102
Non-current	**1,073**	14,263
	20,392	18,365

Amounts Recognised in Profit or Loss

Depreciation charge of right of use of assets – Buildings	**1,134**	3,937
Interest expense on lease liabilities	**285**	1,701
Expense relating to short term and low value assets leases (included in administrative expenses)	**-**	15

33. Leases (continued)

Additions to the right of use assets during the year were GH¢1,799,000(2020:GH¢2,056,000) and GH¢2,037,000 (2020: GH¢4,167,000) to lease liabilities. The total cash outflow for leases in 2021 was GH¢7,030,000 (2020: GH¢5,686,000).

34. Financial Instruments

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

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

34. Financial Instruments (continued)
Assets

The Bank

At 31 December 2021	**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	5,775,436	-	-	5,775,436	5,775,436
Balances with IMF	13	11,833,913	-	-	11,833,913	11,833,913
Government securities	14	12,573,180	-	-	12,573,180	12,667,479
Money market instruments	14	13,824,172	-	8,020,136	21,844,308	21,352,811
Short-term securities	14	18,337,104	17,732,266	-	36,069,370	36,201,397
Loans and advances	15	17,137,212	-	-	17,137,212	18,079,759
Derivative financial asset	16	-	-	-	-	-
Other assets (less prepayments)	17	687,500	-	-	687,500	687,500
Investments (less investment in subsidiary)	18	-	-	487,354	487,354	487,354
		80,168,517	**17,732,266**	**8,507,490**	**106,408,273**	**107,085,649**

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

34. Financial instruments (continued)

Assets

The Group

At 31 December 2021	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	10,062,586	-	-	10,062,586	10,051,434
Balances with IMF	13	11,833,913	-	-	11,833,913	11,833,913
Government securities	14	12,573,180	-	-	12,573,180	12,667,479
Money market instruments	14	13,824,172	-	8,020,136	21,844,308	21,352,811
Short-term securities	14	17,393,580	17,732,266	-	35,125,846	35,251,080
Other securities	14	-	-	595,594	595,594	595,594
Loans and advances	15	17,864,109	-	-	17,864,109	18,846,635
Other assets (less prepayments)	17	717,252	-	-	717,252	717,252
Investments	18	-	-	487,354	487,354	487,354
		84,268,792	**17,732,266**	**9,103,084**	**111,104,142**	**111,814,704**

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	1,304,431	-	-	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

34. Financial Instruments (Continued)

Liabilities

The Bank

At 31 December 2021	**Notes**	**Designated at fair value through profit or loss GH¢000**	**Financial liabilities at amortised cost GH¢000**	**Total GH¢000**
Government deposits	21	-	12,794,766	12,794,766
Due to Banks and Financial Institutions	21	-	17,048,082	17,048,082
Other Short-Term deposits	21	-	828,012	828,012
Derivative financial liabilities	16	838,712	-	838,712
Bridge facilities	22	-	17,047,062	17,047,062
Money Market Instruments	23	-	6005,101	6,005,101
Allocation of special drawing rights	24a	-	8,733,674	8,733,674
Liabilities to IMF	24b	-	16,639,440	16,639,440
Other liabilities	25	-	2,024,562	2,024,562
		838,712	**81,120,699**	**81,959,411**

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

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

The Group

At 31 December 2021	**Notes**	**Designated at Fair Value through profit or loss GH¢000**	**Financial Liabilities at amortized cost GH¢000**	**Total GH¢000**
Government deposits	21	-	12,794,766	12,794,766
Due to Banks and Financial Institutions	21	-	20,532,442	20,532,442
Other Short-Term Deposits	21	-	828,012	828,012
Bridge facilities	22	-	17,047,062	17,047,062
Derivative financial liabilities	16	838,712	-	838,712
Money Market Instruments	23	-	6,005,101	6,005,101
Allocation of special drawing rights	24a	-	8,733,674	8,733,674
Liabilities to IMF	24b	-	16,639,440	16,639,440
Lease liabilities	33	-	20,392	20,392
Other liabilities	25	-	2,144,493	2,144,493
		838,712	**84,745,382**	**85,584,094**

At 31 December 2020	Notes	Designated at Fair Value through profit or loss GH¢000	Financial Liabilities at amortized 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
Derivative liabilities	16	-	14,059,478	14,059,478
Bridge facilities	22	610,414	-	610,414
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	74,295,034

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 2021 and 31 December 2020, 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 2021 and 31 December 2020 were classified as follows:

35. Fair value hierarchy (continued)

Fair value measurement using

The Bank	Quoted prices in active market (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
	2021	2020	**2021**	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Assets measured at fair value:						
Gold	**3,086,780**	3,071,872	**-**	-	**-**	-
Short-term securities	**-**	-	**17,732,266**	25,651,378	**-**	-
Equity investment	**-**	-	**-**	-	**487,354**	156,563
Liabilities measured at fair value:						
Derivative financial liability	**-**	-	**838,712**	610,414	**-**	-

The Group	Quoted prices in active market (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
	2021	2020	**2021**	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Assets measured at fair value:						
Gold	**3,086,780**	3,071,872	**-**	-	**-**	-
Short-term securities	**-**	-	**17,732,266**	25,651,378		-
Equity investment	**-**	-	**-**	577,052	**487,354**	156,563
Liabilities measured at fair value:						
Derivative financial liability	**-**	-	**838,712**	610,414	**-**	-

35. Fair value hierarchy (continued)

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 2021 and 31 December 2020:

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**	2019
	GH¢'000 Equity investment	GH¢'000 Equity investment
At 1 January	**156,563**	266,036
Additions/(disposal)	**236,891**	(81,636)
Gains/(loss) recognised in other comprehensive income	**93,900**	(27,837)
At 31 December	**487,354**	156,563

Description	**Fair value at**		**Unobservable inputs**	**Range of inputs (probability weighted average)**		**Relationship of unobservable inputs to fair value**
	31 December 2021 GH¢'000	31 December 2020 GH¢'000		**2021**	2020	
Unlisted equity securities	**487,354**	156,563	USD/GHS rate	5% -10%	5% - 10%	A change in the USD/GHS rate by 100bps would increase/decrease the fair value by GH¢27.65million.

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	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Short-term employee benefits	**14,167**	11,042	**43,045**	40,215
Post-employment benefits	**2,162**	1,774	**4,731**	3,653
	16,329	12,816	**47,776**	43,868

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¢3.17 million** (2020: GH¢2.63 million).

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

Name of Subsidiary	**2021 % ownership**	2020 % ownership
Ghana International Bank (GHIB) PLC	51	51
Ghana Interbank Payments and Settlement Systems (GhIPSS) Limited	100	100
Central Securities Depository (CSD)	70	70
The Bank Hospital Limited	100	100

36. Related Party Transactions - continued

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

Deposit by Subsidiaries

	2021 GH¢'000	2020 GH¢'000
Ghana International Bank PLC	**456**	192
Ghana Interbank Payments and Settlement Systems Limited	**264**	6,403
Central Securities Depository Limited	**5,054**	4,435
	5,774	11,030

Deposit with subsidiary

	2021 GH¢'000	2020 GH¢'000
Ghana International Bank	**1,465,570**	1,343,256
Interest paid on deposit	**11,705**	26,001
Payment of issues charges to CSD	**19,872**	19,873

Loans and advances to subsidiaries

	2021 GH¢'000	2020 GH¢'000
Ghana Interbank Payments and Settlement Systems	**-**	21,096

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.

37. Risk Management (continued)

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.

37. Risk Management (continued)

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 2021.

37. Risk Management (continued)

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 2021.

37. Risk Management (continued)

Expected Credit Loss Measurement (continued)

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.

37. Risk Management (continued)
Expected Credit Loss Measurement (continued)

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 12-month 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 ratings from recognised external agencies.by Standard and Poor. Ghana's ratings for the past three years (2019, 2020, 2021) were obtained from these Agencies. 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 SICR and determination of ECL both incorporated forward-looking information based on supportable forecasts of future economic conditions. The Group considered three different scenarios of macroeconomic conditions in estimating the probability of default. These were the base case, upside and downside. This was to ensure that the impairment estimates were not biased due to cyclicality of economic conditions.

Economic Variable Assumptions

The most significant period end assumptions used for the ECL estimate as at 31 December 2021 are set out below:

Scenario	**Weight %**
Base Case	**50**
Upside	**24**
Downside	**26**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk management (continued)

Exposure to Credit Risks

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

Bank	**2021**		2020	
	GH¢ '000	**Percentage of financial assets**	GH¢ '000	Percentage of financial assets
Assets				
Cash and balances with correspondent banks	**5,775,436**	5%	6,057,121	7%
Balances with IMF	**11,833,913**	11%	5,762,281	6%
Securities	**70,486,858**	67%	66,668,126	72%
Other assets (excluding prepayments)	**687,500**	1%	1,282,487	1%
Loans and advances	**17,137,212**	16%	12,481,385	14%
	105,920,919	**100%**	92,251,400	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**6,647,877**	**-**	4,869,624	-

Group	**2021**		2020	
	GH¢ '000	**Percentage of financial assets**	GH¢ '000	Percentage of financial assets
Assets				
Cash and amounts due from banks	**10,062,586**	**9%**	9,465,221	10%
Balances with IMF	**11,833,913**	**11%**	5,762,281	6%
Securities	**70,138,928**	**63%**	67,432,982	70%
Other assets (excluding prepayments)	**717,252**	**1%**	1,304,431	1%
Loans and advances	**17,864,109**	**16%**	13,028,324	13%
	110,616,788	**100%**	96,993,239	100%
Off balance sheet				
Documentary credit, guarantees and performance bonds	**7,436,614**	**-**	5,453,588	-

The above table represents a worst-case scenario of credit risk exposure to the Group and the Bank at 31 December 2021, 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, sixteen per cent (16%) (2020: thirteen per cent (13%)) of the total maximum exposure is derived from loans and advances while securities represent sixty-three per cent (63%) (2020: seventy per cent (70%)).
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.

37. Risk management (continued)

Exposure to Credit Risks (continued)

At 31 December 2021, 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).

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk management (continued)

Exposure to Credit Risks (continued)

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 2021	**Stage 1 GH¢'000**	**Stage 2 GH¢'000**	**Stage 3 GH¢'000**	**Total GH¢'000**
Cash and balances with correspondence banks (less notes and coins holdings)	5,055,741	-	-	5,055,741
Balances with IMF	11,833,913	-	-	11,833,913
Securities	70,511,547	-	-	70,511,547
Loans and advances	13,971,476	2,746,550	3,729,132	20,447,158
Other assets	796,986	-	-	796,986
Gross carrying amount	**102,169,663**	**2,746,550**	**3,729,132**	**108,645,345**
Loss allowance	(170,059)	(271,577)	(3,002,486)	(3,444,122)
Carrying amount	**101,999,604**	**2,474,973**	**726,646**	**105,201,223**

Group

At 31 December 2021	**Stage 1 GH¢'000**	**Stage 2 GH¢'000**	**Stage 3 GH¢'000**	**Total GH¢'000**
Cash and balances with correspondence banks (less notes and coins holdings)	9,342,891	-	-	9,342,891
Balances with IMF	11,833,913	-	-	11,833,913
Securities	70,163,617	-	-	70,163,617
Loans and advances	14,717,145	2,746,550	3,729,132	21,192,827
Other assets	857,870	-	-	857,870
Gross carrying amount	**106,915,436**	**2,746,550**	**3,729,132**	**113,391,118**
Loss allowance	(177,970)	(282,437)	(3,002,486)	(3,462,893)
Carrying amount	**106,737,466**	**2,464,113**	**726,646**	**109,928,225**

Bank

At 31 December 2020	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
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	94,506,733
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

37. Risk Management (continued)

Exposure to Credit Risks (continued)

Group At 31 December 2020	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
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

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¢21.16 billion (2020: GH¢14.4 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:

37. Risk management (continued)

Exposure to Credit Risks (continued)

Group and Bank

31 December 2021	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Individually impaired				
Emergency Liquidity Assistance	2,605,900	(1,549,372)	1,056,528	570,181
Overnight lending	1,463,051	(1,488,998)	(25,947)	-
Total credit impaired assets	**4,068,951**	**(3,038,370)**	**1,030,581**	**570,181**

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 2021	42,766	130,806	3,087,818	3,261,390
Movements with P&L impact:				
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	21,744	140,769	24,155	186,668
Other movements	-	-	-	-
Total net P&L charge during the year	21,744	140,769	24,155	186,668
Loss allowance as at 31 December 2021	**64,510**	**271,575**	**3,111,973**	**3,448,058**

37. Risk Management (continued)
Exposure to Credit Risks (continued)

The Group

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	Total GH¢'000
Loss allowance as at 1 January 2021	47,784	136,221	3,087,818	3,271,823
Movements with P&L impact:				
New financial assets originated or purchased	-	-	-	-
Changes in PDs/LGDs/EADs	26,864	144,351	24,155	195,370
Other movements:				
Transfer between stages	(514)	514	-	-
Total net P&L charge during the year	26,350	144,865	24,155	195,370
Other movements with no P&L impact	-	-	-	-
Loss allowance as at 31 December 2021	**74,134**	**281,086**	**3,111,973**	**3,467,193**

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:

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk Management (continued)

Exposure to Credit Risks (continued)
The Bank
31 December 2021

	Cash and amounts due from banks GH¢ '000	**Balances with IMF GH¢ '000**	**Securities GH¢ '000**	**Loans and advances GH¢ '000**	**Other assets GH¢ '000**
Stage 1 (performing exposures)	5,775,741	11,833,913	70,511,547	13,971,476	796,986
Stage 2	-	-	-	2,746,550	-
Stage 3 (non-performing exposures)	-	-	-	3,729,132	-
Gross	5,775,741	11,833,913	70,511,547	20,447,158	796,986
Less: Allowance for impairment	-	-	(24,689)	(3,309,946)	(109,486)
Carrying value	**5,775,741**	**11,833,913**	**70,486,858**	**17,137,212**	**687,500**

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	66,684,782	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	66,684,782	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	12,481,385	1,282,487

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk Management (continued)

Exposure to Credit Risks (continued)

The Group
31 December 2021

	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)	10,062,586	11,833,913	70,163,617	14,717,145	857,870
Stage 2	-	-	-	2,746,550	-
Stage 3 (non-performing exposures)	-	-	-	3,729,132	-
Gross	10,062,586	11,833,913	70,163,617	21,192,827	857,870
Less: Allowance for impairment	-	-	(24,689)	(3,328,718)	(109,486)
Carrying value	**10,062,586**	**11,833,913**	**70,138,928**	**17,864,109**	**748,384**

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

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)
The Bank

31 December 2021

Assets	**Up to 1 month**	**Between 1-3 months**	**Between 3 months &1 year**	**Between 1 year & 5 years**	**>5years**	**Total**
	GH¢ `000	**GH¢ `000**	**GH¢ `000**	**GH¢ `000**	**GH¢ `000**	**GH¢ `000**
Cash and balances with correspondent banks	5,775,436	-	-	-	-	5,775,436
Gold	-	2,174,049	912,731	-	-	3,086,780
Balances with IMF	5,760,223	6,073,690	-	-	-	11,833,913
Securities	36,069,370	8,000	6,497	5,648,424	28,754,567	70,486,858
Loans and advances	6,887,055	6,620,252	2,709	299,374	3,327,822	17,137,212
Other assets	687,500	-	-	-	-	687,500
Investments	-	-	-	-	1,154,697	1,154,697
At 31 December 2021	**55,179,584**	**14,875,991**	**921,937**	**5,947,798**	**33,237,086**	**110,162,396**
Liabilities						
Deposits	30,670,860	-	-	-	-	30,670,860
Allocations of SDR	8,733,674	-	-		-	8,733,674
Liabilities to IMF	70,423	-	5,242,877	11,326,140	-	16,639,440
Derivative financial liabilities	-	838,711	-	-	-	838,711
Bridge Facilities	-	-	-	17,047,062	-	17,047,062
Liabilities under Money Market Operations	2,473,840	517,286	2,886,692	127,283	-	6,005,101
Currency in circulation	-	-	-	-	25,263,506	25,263,506
Other liabilities	2,024,562	-	-	-	-	2,024,562
At 31 December 2021	**43,973,359**	**1,355,997**	**8,129,569**	**28,500,485**	**25,263,506**	**107,222,916**
Maturity surplus/(shortfall)	**11,206,225**	**13,519,994**	**(7,207,632)**	**(22,560,315)**	**7,973,580**	**2,939,480**

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2021

31 December 2020

The Bank

Assets	Up to 1 month	Between 1-3 months	Between 3 months &1 year	Between 1 year & 5 years	>5years	Total
	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	GH¢ '000	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

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk Management (continued)

Liquidity Risk (continued)

The Group

31 December 2021

	Up to 1 month	Between 1 month& 3 months	Between 3 months& 1 year	Between 1 year& 5 years	>5years	Total
	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH¢ '000
Assets						
Cash and balances with correspondent banks	10,062,586	-	-	-	-	10,062,586
Gold	-	2,174,049	912,731	-	-	3,086,780
Balances with IMF	5,760,223	6,073,690	-	-	-	11,833,913
Securities	36,069,370	226,421	601,910	5,695,156	27,546,071	70,138,928
Loans and advances	6,887,221	6,694,238	458,516	434,360	3,389,774	17,864,109
Other assets	748,384	-	-	-	-	748,384
Investments	-	-	-	-	487,354	487,354
At 31 December 2021	**59,527,784**	**15,168,398**	**1,973,157**	**6,129,516**	**31,423,199**	**114,222,054**
Liabilities						
Deposits	31,914,260	742,628	1,066,676	431,657	-	34,155,220
Allocations of Special Drawing Rights	-	838,712	-	-	-	838,712
Derivative financial liabilities	8,733,674	-	-	-	-	8,733,674
Liabilities to IMF	70,423	-	5,242,877	11,326,140	-	16,639,440
Bridge facilities	-	-	-	17,047,062	-	17,047,062
Liabilities under Money Market Operations	2,473,840	517,286	2,886,692	127,283	-	6,005,101
Currency in Circulation	-	-	-	-	25,263,506	25,263,506
Lease liabilities	-	-	-	20,392	-	20,392
Other liabilities	2,024,562	42,547	77,384	-	-	2,144,493
At 31 December 2021	**45,216,759**	**2,141,173**	**9,273,629**	**28,952,534**	**25,263,506**	**110,847,600**
Maturity surplus/(shortfall)	**14,311,025**	**13,027,225**	**(7,300,472)**	**(22,823,018)**	**6,159,693**	**3,374,454**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

The Group 31 December 2020	Up to 1 month	Between 1 month& 3 months	Between 3 months& 1 year	Between 1 year& 5 years	>5years	Total
	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH ¢ '000	GH¢ '000
Assets						
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

37. Risk Management (continued)

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.

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 2020.

Effects in Cedis	**100bp Increase GH¢'000**	**100bp Decrease GH¢'000**
The Bank 2021		
Average for the Period	**172,767**	**(172,767)**
Maximum for the Period	**166,597**	**(166,597)**
Minimum for the Period	**178,937**	**(178,937)**
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 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.

37. Risk Management (continued)
Interest Rate Risk

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.

The Bank 31 December 2021	**3 months or less**	**Between 3 & 12 months**	**Over 1 year**	**Non-Interest bearing**	**TOTAL**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**	**GH¢'000**
Assets					
Cash and Amounts due from Banks	5,055,741	-	-	719,695	5,775,436
Gold	-	-	-	3,086,780	3,086,780
Balances with IMF	-	6,073,690	-	5,760,223	11,833,913
Securities	36,060,021	6,497	21,846,980	12,573,180	70,486,858
Loans and Advances	13,507,307	10,337	3,619,568	-	17,137,212
Investments	-	-	-	1,154,697	1,154,697
Other assets	687,500	-	-	-	687,500
At 31 December 2021	**55,310,569**	**6,090,524**	**25,466,548**	**23,294,575**	**110,162,396**
Liabilities					
Deposits	-	-	-	30,670,860	30,670,860
Allocations of Special Drawing Rights	-	-	-	8,733,674	8,733,674
Derivative financial liabilities	-	-	-	838,712	838,712
Liabilities to IMF	70,423	5,242,877	11,326,140	-	16,639,440
Bridge Facilities	-	2,886,692	14,160,370	-	17,047,062
Liabilities under Money Market Operations	2,767,899	3,237,202	-		6,005,101
Currency in circulation	-	-	-	25,263,506	25,263,506
Other Liabilities	-	-	-	2,024,562	2,024,562
At 31 December 2021	**2,838,322**	**11,366,771**	**25,486,510**	**67,531,314**	**107,222,917**
Total interest rate re-pricing gap	**52,472,427**	**(5,276,247)**	**(19,962)**	**(44,236,739)**	**2,939,479**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk Management (continued)
Interest Rate Risk (continued)

The Bank

The Bank 31 December 2020	3 months or less	Between 3 & 12 months	Over 1 year	Non-Interest bearing	TOTAL
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Assets					
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

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

37. Risk Management (continued)
Interest Rate Risk (continued)

The Group **31 December 2021**	**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**
Assets					
Cash and Amounts due from Banks	9,342,891	-	-	719,695	10,062,586
Gold	-	-	-	3,086,780	3,086,780
Balances with IMF	-	6,073,690	-	5,760,223	11,833,913
Securities	36,474,065	406,466	20,685,218	12,573,180	70,138,928
Loans and Advances	13,581,459	481,737	3,800,913	-	17,864,109
Investments	-	-	-	487,354	487,354
Other assets	748,384	-	-	-	748,384
At 31 December 2021	**60,146,799**	**6,961,893**	**24,486,131**	**22,627,232**	**114,222,055**
Liabilities					
Deposits	742,628	1,066,676	431,657	31,914,260	34,155,220
Bridge facilities		2,886,692	14,160,370	-	17,047,062
Derivative financial liabilities	-	-	-	838,712	838,712
Liabilities under Money Market Operations	2,767,899	3,237,202	-	-	6,005,101
Allocations of Special Drawing Rights	-	-	-	8,733,674	8,733,674
Liabilities to IMF	70,423	5,242,877	11,326,140	-	16,639,440
Currency in circulation	-	-	-	25,263,506	25,263,506
Lease liabilities		-	18,708	-	18,708
Other liabilities	42,547	77,384	-	2,024,562	2,144,493
At 31 December 2021	**3,623,497**	**12,510,642**	**25,936,875**	**68,774,714**	**110,845,917**
Total interest rate re-pricing gap	**56,523,302**	**(5,548,938)**	**(1,450,744)**	**(46,147,482)**	**3,376,137**

37. Risk Management (continued)
Interest Rate Risk (continued)

The Group 31 December 2020	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
Assets					
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	-	-	-	610,414	610,414
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	58,788,751	97,654,340
Total interest rate re-pricing gap	53,222,394	(11,271,997)	2,608,554	(42,123,875)	2,435,076

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.

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.

37. Risk Management (continued)

Foreign Currency Risk (continued)

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**	
Assets	**2021**	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
USD	**51,946,125**	50,669,405	**55,493,579**	50,673,320
GBP	**232,016**	210,290	**65,174**	211,847
EUR	**853,101**	640,984	**1,425,316**	641,387
SDR	**12,087,226**	6,283,025	**12,087,226**	6,283,025
Others	**488,580**	453,269	**492,193**	456,342
GHS	**46,787,058**	35,822,955	**47,132,258**	44,185,424
Total	**112,394,106**	94,079,928	**116,695,746**	102,451,345
Liabilities & Equity				
USD	**20,116,807**	23,255,912	**23,643,325**	50,673,320
GBP	**457,412**	321,166	**286,644**	211,847
EUR	**2,074,370**	262,066	**2,646,396**	641,387
SDR	**12,542,379**	8,292,062	**12,542,379**	6,283,025
Others	**581,983**	501,477	**584,701**	456,342
GHS	**76,621,155**	61,447,245	**76,992,301**	44,185,424
Total	**112,394,106**	94,079,928	**116,695,746**	102,451,345
Net Position				
USD	**31,829,318**	27,413,493	**31,850,254**	27,413,490
GBP	**(225,396)**	(110,875)	**(221,470)**	(110,873)
EUR	**(1,221,269)**	378,917	**(1,221,080)**	378,917
SDR	**(455,153)**	(2,009,037)	**(455,153)**	(2,009,037)
Others	**(93,403)**	(48,208)	**(92,508)**	(45,138)
GHS	**(29,834,097)**	(25,624,290)	**(29,860,043)**	(25,627,359)
Total	**-**	-	**-**	-

37. Risk management (continued)

Currency Exposure Analysis (continued)
The following significant exchange rates applied during the year:

Currency	Average rate		Closing rate	
	2021	2020	**2021**	2020
	GH¢	GH¢	**GH¢**	GH¢
US Dollar	**5.7699**	5.6470	**6.0061**	5.7602
GBP	**7.9744**	7.5953	**8.1272**	7.8742
EURO	**6.5198**	6.6379	**6.8281**	7.0643
SDR	**8.2632**	7.6737	**8.2299**	8.2964

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 2020.

	Profit or (loss)/equity	
	2021	2020
	GH¢'000	GH¢'000
US Dollar	**(3,182,932)**	(2,741,349)
GBP	**22,540**	11,088
EURO	**122,127**	(37,892)
SDR	**45,515**	200,904

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 2021

(a) The Bank

Reconciliation of operating profit to net cash flow from operating activities

	Note	2021 GH¢'000	2020 GH¢'000
Profit before tax		**1,236,861**	1,572,794
Adjustments for:			
Depreciation of property, plant and equipment	19	**109,834**	81,058
Amortisation of intangible assets	20	**16,306**	10,750
Transfer of plant and equipment to expenses	19	**5,516**	-
Impairment on financial instruments	9a	**186,668**	2,501
Asset modification - intangibles	20	**75**	-
Loss on disposal of property and equipment	19	**19,482**	-
Interest expense on bridge facilities	22	**700,207**	440,149
Exchange loss on foreign denominated borrowings	22	**332,206**	463,024
Effect of exchange rate fluctuations on cash held	31	**(397,947)**	(195,094)
Transfer to Gold Purchase Fund Account	31	**(200,000)**	**-**
Transfer to NFA reserves	31	**(44,642)**	**-**
Movement in Emergency Intervention Fund	31	**-**	(134,380)
Provision for contingencies	31	**-**	(60,000)
Utilisation of CSR funds	31	**-**	-
Change in loans and advances	15	**(4,835,836)**	(7,948,957)
Change in securities	14	**(3,413,907)**	(20,572,227)
Change in gold	12	**(14,908)**	(701,825)
Change in derivative instruments	16	**228,298**	691,358
Change in other assets	17	**594,987**	(111,042)
Change in IMF receivable	13	**(6,071,632)**	(418,355)
Change in investments	18	**(384,325)**	27,179
Change in deposit	21	**7,506,879**	3,778,238
Change in liabilities under Money Market Operations	23	**(668,467)**	952,984
Change in allocations of Special Drawing Rights	24a	**6,041,164**	197,418
Change in other liabilities	25	**(5,466,942)**	5,804,964
Change in currency in circulation	27	**1,902,684**	7,097,932
Cash flows used in operating activities		**(2,617,439)**	(9,021,531)

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

38. Notes to cash flow statement for the year ended 31 December 2021 (continued)

(b) The Group

Reconciliation of operating profit to net cash flow from operating activities

	Note	2021 GH¢'000	2020 GH¢'000
Profit before tax		**1,218,566**	1,584,092
Adjustments for:			
Depreciation of property, plant and equipment	19	**120,564**	87,867
Depreciation Rights of use-assets	33	**1,629**	3,937
Amortisation of intangible assets	20	**23,273**	38,409
Transfer of plant and equipment to expenses	19	**(9,490)**	-
Asset modification - intangibles	20	**(3,951)**	-
Impairment on loans and advances	9a	**195,368**	9,841
Loss on disposal of property and equipment	19	**19,681**	(135)
Interest expense on bridge facilities	22	**332,206**	440,149
Exchange loss on foreign denominated borrowings	22	**700,207**	463,024
Movement in Emergency Intervention Fund	31	**-**	(134,380)
Provision for contingencies	31	**-**	(60,000)
Transfer to NFA reserves	31	**(34,075)**	-
Translation difference		**8,327**	50,017
Effect of exchange rate fluctuations on cash held	31	**(612,696)**	(336,137)
Transfer to Gold Purchase Fund Account	31	**(200,000)**	-
Change in loans and advances	15	**(5,024,133)**	(7,609,877)
Change in securities	14	**(2,303,561)**	(21,160,100)
Change in gold	12	**(14,908)**	(701,825)
Change in derivative instruments	16	**228,298**	691,358
Change in other assets	17	**580,352**	(118,536)
Change in IMF receivable	13	**(6,071,632)**	(418,355)
Change in investments	18	**(330,791)**	27,179
Change in deposit	21	**7,676,641**	4,629,024
Change in liabilities under Money Market Operations	23	**(668,467)**	952,984
Change in allocations of Special Drawing Rights	24a	**6,041,164**	197,418
Change in other liabilities	25	**(5,599,845)**	5,955,810
Change in currency in circulation	27	**1,902,684**	7,097,932
Cash flows used in operating activities		**(1,824,591)**	**(8,310,304)**

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2021

39. Fiduciary Activities

Bank of Ghana is 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 Bank's operations and the economy.
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. Further details on the impact of the COVID-19 Pandemic on the Bank has been provided in the Report of the Directors on pages 6-7.

The Directors do not recommend transfers into the consolidated fund for the year ended 31 December 2021 (2020: 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.