BANK OF GHANA

Annual Report and Financial Statements 2021

The Year in Numbers

End-December 2021

Medium-Term Inflation Target

8±2%

Headline Inflation

12.6%

Monetary Policy Rate

14.50%

Real GDP Growth

5.4%

Balance of Payments

US$510.13 million

surplus

Gross International Reserves

4.4 months

of import cover

*Additional data can be found in the Annexes on pages 41 to 50.

BANK OF GHANA

Annual Report and Financial Statements 2021

Prepared and Edited
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Contents

Mandate

- To Formulate and Implement Monetary Policy to Attain Price Stability
- To Contribute to the Promotion and Maintenance of Financial Stability
- To Ensure a Sound Banking and Payment System

Photo: Bank of Ghana Regional Office, Takoradi

Abbreviations

AACB	Association of African Central Banks
ABHR	Alcohol-Based Hand Rub
ACH	Automated Clearing House
AERC	African Economic Research Consortium
AfCFTA	African Contineltal Free Trade Area
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AFRACA	African Rural and Agricultural Credit Association
AFRACA WACRAT	African Rural and Agricultural Credit Association - West Africa Centre for Rural and Agricultural Training
AFREXIMBANK	African Export-Import Bank
AGI	Association of Ghana Industries
AMCP	African Monetary Cooperation Programme
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
AML/CFT&P	Anti-Money Laundering/Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction
ATMs	Automated Teller Machines
AUC	African Union Commission
BCP	Business Continuity Plan
bpd	Barrels per day
bps	Basis points
BoG	Bank of Ghana
BoP	Balance of Payments
BSB	Business Sans Borders
BSSI	Banking Sector Soundness Index
CAR	Capital Adequacy Ratio
CBDC	Central Bank Digital Currency
CBWA	Central Bank of West Africa
CCB	Capital Conservation Buffer
CCC	Cheque Codeline Clearing
CCRT	Catastrophe Containment and Relief Trust
CET1	Common Equity Tier 1
CIEA	Composite Index of Economic Activity
CIR	Cost to Income Ratio
CISD	Cyber and Information Security Directive
CIT	Cash-in-Transit
COCLAB	Committee of Cooperation between Law Enforcement Agencies and the Banking Industry
CPI	Consumer Price Index
CRD	Capital Requirement Directive
CSR	Corporate Social Responsibility
CSSF	Community Solidarity Stabilisation Fund
CSWAMZ	College of Supervisors of the West African Monetary Zone
DC	Development Committee
DEMI	Dedicated Electronic Money Issuer
DMBs	Deposit Money Banks
DPO	Development Policy Operations
DSSI	Debt Service Suspension Initiative
E&CP	Ethics and Compliance Programme
ECB	European Central Bank
eFASS	Electronic Financial Analysis and Surveillance System
ECF	Extended Credit Facility
ECM	Enterprise Cash Management
ECOWAS	Economic Community of West African States
EMDEs	Emerging Markets and Developing Economies
EME	Emerging Market Economies
EMV	Europay Mastercard and Visa
ERM	Enterprise Risk Management
EPSP	Enhanced Payment Service Provider
ESRM	Environmental and Social Risk Management
EWP	Employee Wellbeing Programme
FATF	Financial Action Task Force
FDIs	Foreign Direct Investments
FHs	Finance Houses
FIC	Financial Intelligence Centre
FinTech	Financial Technology
FIO	FinTech and Innovation Office
FSC	Financial Stability Council
FSIs	Financial Soundness Indicators
FSPs	Financial Service Providers
GAB	Ghana Association of Bankers
GACH	Ghana Automated Clearing House
GAF	Ghana Air Force
GDP	Gross Domestic Product
GFIM	Ghana Fixed Income Market
GhIPSS	Ghana Interbank Payment and Settlement Systems Limited
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIP	GHIPSS Instant Pay
GIR	Gross International Reserves
GIS	Ghana Interbank Settlement
GoG	Government of Ghana
GSE	Ghana Stock Exchange
GSE-CI	GSE Composite Index
ICCOS	International Commercial Cash Operations Seminar
ICRG	International Co-operation and Review Group
ICT	Information Communication Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIF	Institute of International Finance
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee

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

Foreword

In Ghana, the growth momentum was encouraging, with GDP bouncing back to near pre-pandemic levels at 5.4 per cent in 2021, compared to 0.5 per cent growth in 2020. Non-oil GDP turned out even better at 6.9 per cent, indicating a strong rebound in economic activity from the COVID-related pandemic effects, although there were some strains in the manufacturing sector.

The inflation dynamics, characterised by a low-inflation environment in the first half-year and a second half of strong inflationary pressures, prompted a two-stage monetary policy implementation process. With risks to the inflation outlook muted in the first half-year, the Monetary Policy Committee (MPC) lowered the monetary policy rate in May by 100 basis points to 13.5 per cent to provide additional support to the growth recovery efforts. However, intensification of unforeseen price pressures in the second half-year prompted a monetary policy response with the MPC raising the policy rate by 100 basis points to 14.5 per cent in November 2021 to re-anchor inflation expectations. Headline inflation also ended the year at 12.6 per cent, above the medium-term target band of 8±2 per cent.

Developments in the external sector reflected an improved balance of payments surplus, compared to the year before, due to increased net inflows to the capital and financial account, which offset the deficit in the current account. The reserve position remained strong, and the Ghana cedi was broadly stable in the review year.

The Bank continued to monitor the effects of the COVID-19 pandemic on the banking sector, and broadly maintained the prudential regulatory reliefs introduced in 2020, to further strengthen the safety and soundness of

The year 2021 began with positive growth expectations, as economies reopened following the easing of COVID-19 restrictions by many Advanced Economies, a move which significantly led to a resurgence in private sector demand and boosted business and consumer confidence. Although sluggish at the early stages of the year, the economic recovery was sustained, supported by the mass COVID-19 vaccination programmes, and the prevailing accommodative monetary policy environment.

Notwithstanding efforts at sustaining the recovery, the effects of the pandemic lingered, reflected in persistent supply-chain bottlenecks, leading to higher input costs and weighed on manufacturing output in both Advanced and Emerging Market Economies. The resulting demand-supply mismatch triggered an upsurge in price pressures, which pushed inflation above target in several countries. The emergence of the more transmissible Omicron variant of the coronavirus in the fourth quarter reignited imposition of restrictions in some advanced countries, which moderated the pace of global growth. These developments challenged the policy making capabilities of monetary authorities, in the quest to tackle rising inflationary pressures amid slower growth momentum.

the industry. To further address the vulnerabilities resulting from the pandemic, the Guidelines on Credit Repayment Reliefs were extended. Quarterly stress-tests to credit, interest, and exchange rate shocks conducted during the year indicated that the banking sector remained resilient to moderate shocks, supported by the extension of the COVID-19 policy measures and the regulatory reliefs. Overall, the banking industry remained well-capitalised, liquid, and profitable despite the economic shocks from the pandemic. However, key risks remained, notably those emerging from cyber security. Consequently, the Bank conducted several system upgrades to ensure that its systems remained secure, resolute, and responsive, in line with information security procedures.

Developments within the FinTech ecosystem were also carefully monitored and the necessary steps taken to further promote vibrant, inclusive, safe, and efficient digital financial products and services. In furtherance of the Central Bank Digital Currency (CBDC) project, the Bank partnered with Giesecke+Devrient to pilot a general purpose CBDC to complement and serve as an alternative to banknotes and coins to be deployed in the future. The eCedi, when launched, is expected to facilitate electronic payment usage by households and businesses. This will boost the financial inclusion agenda and transform the Ghanaian payment systems landscape.

To further strengthen currency operations, the Bank acquired four additional Banknote Processing System Machines; procured and installed a currency forensic laboratory; and commenced the airlifting of currency to regional centres in the country in collaboration with the Ghana Airforce.

Pursuant to our financial inclusion agenda, the Bank conducted various sensitisation programmes for both licensed financial service providers and the general public. Financial literacy programmes were broadened to include issues bordering on disclosure, product transparency rules, recourse mechanism, secure banking, and prevention of financial fraud, among others. Also, the Bank established a new account categorisation for merchant payments to ensure that Small and Medium Enterprises (SMEs) that did not meet the stipulated merchant requirements stated under the Payment Systems and Services Act, 2019 (Act 987) could benefit from tailored merchant accounts. This three-tiered merchant account framework will promote a more inclusive digital payment acceptance.

The professional conduct of staff remained critical to the Bank's operations. To further strengthen and imbibe the culture of ethics and ethical conduct among staff, a comprehensive review of the Bank's Code of Ethics and eight ethics policies was undertaken in line with the high standards of international best practice. In addition, a set of separate ethics standards, named "Standards of Conduct for Supervisory Departments/Offices", which were tailored to address ethical dilemmas faced by staff within banking regulation and supervision was launched.

The COVID-19 pandemic posed a major health risk to the Bank during the year under review. Consequently, the Bank continued with its remote working policy in a bid to control the spread of the COVID outbreak within the Bank. In line with this, the Bank strengthened the implementation of its Healthcare Policy to manage occupational health risk. Quarterly Bank-wide mass testing and vaccination exercises for staff were conducted. In all, the Bank Hospital administered different doses of the COVID-19 vaccines throughout the year, to mitigate the spread of the virus among staff.

During the year, the Board was reconstituted. The Bank bid farewell to three members of the Board of Directors, namely, Mr. Keli Gadzekpo, Prof. (Sr.) Eugenia Amporfu, and Dr. Maria Hagan, whose tenure of service came to an end. I would like to thank them, and also Dr. John Kwakye, who completed his tenure as a member of the MPC. I wish them well in their future endeavours.

I wish to thank staff for the continued support and hard work during these challenging times of living and working within a pandemic environment. As we gradually emerge from the unprecedented events that have characterised the past two years, and return to normal working formats, I trust that staff will remain resolute as ever to address the challenges that confront us. I also take this opportunity to profoundly thank the members of the Board, the MPC, and Management of the Bank for their invaluable support during the year.

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

Board Members

Dr. Maxwell Opoku-Afari
First Deputy Governor

Dr. Ernest K. Y. Addison
Governor and Chairman

Mrs. Elsie Addo Awadzi
Second Deputy Governor

Mr. Charles Adu Boahen
Non-Executive Director

Mr. Joseph Blignam Alhassan
Non-Executive Director

Dr. Samuel Nii-Noi Ashong
Non-Executive Director

Dr. Kwame Owusu-Nyantekyi
Non-Executive Director

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

Mr. Andrew A. Boye-Doe
Non-Executive Director

Mr. Jude Kofi Bucknor
Non-Executive Director

Prof. Eric Osei-Assibey*
Non-Executive Director

Ms. Angela Kyerematen-Jimoh*
Non-Executive Director

Dr. Regina Ohene-Darko Adutwum*
Non-Executive Director

Ms. Sandra Thompson
Board Secretary

* Appointed on 27th July, 2021

Management of the Bank

TOP MANAGEMENT

Dr. Ernest K.Y. Addison
Governor

Dr. Maxwell Opoku-Afari
First Deputy Governor

Mrs. Elsie Addo Awadzi
Second Deputy Governor

Ms. Sandra Thompson
The Secretary

HEADS OF DEPARTMENT

Mr. Eric Koranteng
Governors Department

Mr. Philip Abradu-Otoo
Research Department

Mr. Osei Gyasi
Banking Supervision Department

Mr. Stephen Amoh
Internal Audit Department

Dr. Settor Amediku
Payment Systems Department

Mr. Yaw Sapong
Other Financial Institutions Supervision Department

Ms. Sandra Thompson
Secretary's Department

Mrs. Josephine Ami-Narh
Risk Management Department

Dr. Joseph France
Financial Stability Department

Mr. Stephen Opata
Financial Markets Department

Mr. John Gyamfi
Currency Management Department

Mr. Kennedy Akonnor Adu
Banking Department

Mrs. Abla Mawulolo Masoperh
Legal Department

Mrs. Gladys Awuku-Mills[2]
Human Resource & Capacity Development Department

Mr. Charles Elias Reindorf
Finance Department

Wg. Cdr. Kwame Asare-Boateng
Security Department

Mr. George Adu-Sefa
Corporate Management & Services Department

Mr. Fred Asiamah-Koranteng[4]
Collateral Registry Department

Mrs. Caroline Otoo
Office of Ethics and Internal Investigations

Mr. Charles Parker[3]
Information & Communication Technology Department

Dr. (Mrs.) Charlotte Osafo
Medical Department

Mr. Kobina Amenyi Richardson
Information Security Office

Mr. Kwame Agyapong Oppong
FinTech and Innovation Office

Mr. Joseph Akwasi Kuma
Project Management Office[1]

Mr. Elliot Adu Amoako
Resolution Office[1]

REGIONAL MANAGERS

Mr. Victor Kodjo Atta Akakpo
Hohoe, Volta Region

Mr. Emmanuel Adwini Boakye
Kumasi, Ashanti Region

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

Mr. Alex Kwasi Donkor
Sunyani, Bono Region

Mr. Kofi Okwaben Assan
Takoradi, Western Region

Mr. Abdul-Aziz Mohammed
Tamale, Northern Region

[1] Established in June, 2021
[2] Took over from Ms. Gloria Quartey on 1st October, 2021 as Acting Head
[3] Took over from Mr. Michael Mensah on 1st August, 2021 as Acting Head
[4] Took over from Mrs. Frances Van-Hein Sackey on 29th March, 2021 as Acting Head

Organisational Structure

Board of Directors

Governor

Monetary Policy Committee

First Deputy Governor

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

Governor

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

Second Deputy Governor

- Banking Supervision
- Other Financial Institutions Supervision
- Financial Stability
- Banking
- Finance
- Collateral Registry
- Medical
- *Regional Offices (6)

* All six Regional Offices under Banking Department

1 Governance

Photo: Bank of Ghana Regional Office, Sunyani

1.1 Board of Directors

The governing body of the Bank, as stipulated in the Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918), is the Board of Directors. The Board is composed of the Governor, who is also the Chairperson, the First and Second Deputy Governors, one representative of the Ministry of Finance not below the rank of a Director, and nine other Directors, including a Chartered Accountant.

The President of the Republic of Ghana appoints the members of the Board in accordance with Article 70 of the 1992 Constitution and Section 8 of the Bank of Ghana Act, 2002 (Act 612), as amended. The Governor and the two Deputy Governors are each appointed for a term of four years and eligible for re-appointment. Other members of the Governing Board are also appointed for a period of four years and are eligible for re-appointment for another term only.

1.1.1 Membership of the Board

Dr. Ernest K. Y. Addison	Governor and Chairman
Dr. Maxwell Opoku-Afari	First Deputy Governor
Mrs. Elsie Addo Awadzi	Second Deputy Governor
Dr. Samuel Nii-Noi Ashong	Non-Executive Director
Mr. Joseph Blignam Alhassan[5]	Non-Executive Director
Dr. Kwame Owusu-Nyantekyi	Non-Executive Director
Hon. Charles Adu Boahen[6]	Non-Executive Director
Mr. Andrew A. Boye-Doe	Non-Executive Director
Mrs. Comfort F. A. Ocran	Non-Executive Director
Mr. Jude Kofi Bucknor	Non-Executive Director
Ms. Angela Kyerematen-Jimoh	Non-Executive Director
Dr. Regina Adutwum	Non-Executive Director
Prof. Eric Osei-Assibey	Non-Executive Director

Secretary to the Board
Ms. Sandra Thompson

1.1.2 Mandate

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

1.1.3 Board Committees: Mandate and Membership

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

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

Audit Committee[7]

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

Membership

Mr. Joseph Blignam Alhassan	Chairman
Mrs. Comfort F. A. Ocran	Member
Dr. Samuel Nii-Noi Ashong	Member
Dr. Maxwell Opoku-Afari[8]	Executive In-Attendance
Mrs. Elsie Addo Awadzi[9]	Executive In-Attendance

Human Resource, Corporate Governance and Legal Committee

The Human Resource, Corporate Governance, and Legal Committee makes recommendations to the Board on policy matters relating to governance, human resource and legal issues, including regulation, supervision and operational processes to ensure compliance with statutory requirements and international standards.

Membership

Mr. Andrew A. Boye-Doe	Chairman
Mr. Jude Kofi Bucknor	Member
Ms. Angela Kyerematen-Jimoh	Member
Dr. Maxwell Opoku-Afari	Member
Mrs. Elsie Addo Awadzi	Member

Economy and Research Committee

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

Membership

Dr. Samuel Nii-Noi Ashong	Chairman
Prof. Eric Osei-Assibey	Member
Mr. Andrew A. Boye-Doe	Member
Mr. Charles Adu Boahen	Member
Dr. Maxwell Opoku-Afari	Member
Mrs. Elsie Addo Awadzi	Member

Strategic Planning and Budget Committee

The Strategic Planning and Budget Committee provides strategic policy direction and also has oversight responsibility for the budget of the Bank.

Membership

Dr. Kwame Owusu-Nyantekyi	Chairman
Mr. Jude Kofi Bucknor	Member
Dr. Regina Adutwum	Member

[5] Chartered Accountant | [6] Representative of the Ministry of Finance | [7] The Audit Committee is a Statutory Committee constituted by three directors appointed by the Board (Section 16 of Bank of Ghana Act, 2002 (Act 612), as amended. | [8] Per the practice and convention of the Bank, the First Deputy Governor participates in Audit Committee meetings as a non-voting Executive Attendee to assist the Committee in its deliberations. | [9] Per the practice and convention of the Bank, the Second Governor participates in Audit Committee meetings as a non-voting Executive Attendee to assist the Committee in its deliberations.

Mr. Joseph Blignam Alhassan	Member
Prof. Eric Osei-Assibey	Member
Mrs. Elsie Addo Awadzi	Member

Cyber and Information Security Committee

The Cyber and Information Security Committee has oversight responsibility for the Bank's cyber and information security policies in accordance with the requirements of ISO 27001:2013 Standards. This Committee oversees compliance with the Bank of Ghana Cyber and Information Security Directive, and other relevant laws and regulations.

Membership

Ms. Angela Kyerematen-Jimoh	Chairperson
Mr. Andrew A. Boye-Doe	Member
Dr. Samuel Nii-Noi Ashong	Member
Mrs. Comfort F. A. Ocran	Member
Dr. Maxwell Opoku-Afari	Member

1.2 Monetary Policy Committee

1.2.1 Mandate

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

1.2.2 Membership

The Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918), stipulates a seven-member MPC, comprising the Governor, the two Deputy Governors, the heads of the departments responsible for Economic Research and Treasury Operations of the Bank, and two other persons appointed by the Board, who are not employees of the Bank and possess knowledge and experience relevant to the functions of the MPC.

Members

Dr. Ernest K. Y. Addison	Governor and Chairman
Dr. Maxwell Opoku-Afari	First Deputy Governor
Mrs. Elsie Addo Awadzi	Second Deputy Governor
Mr. Philip Abradu-Otoo	Head, Research Department
Mr. Stephen Opata	Head, Financial Markets Department[10]
Prof. Joshua Abor	External Appointee
Dr. J. K. Kwakye	External Appointee

MEMBERS OF THE COMMITTEE

Dr. Ernest K. Y. Addison

Dr. Maxwell Opoku-Afari

Mrs. Elsie Addo Awadzi

Mr. Philip Abradu-Otoo

Mr. Stephen Opata

Dr. John Kwakye

Prof. Joshua Y. Abor

[10] Responsible for Treasury Operations

Governor of the Bank of Ghana, Dr. Ernest K. Y. Addison (left), received a leadership award, Central Bank of the Year 2021, on behalf of the Bank.

2

Developments in the Global Economy

2.1 Overview

Global economic activity was slow at the start of the year, largely reflecting uncertainties associated with the resurgence in COVID-19 infections in the fourth quarter of 2020, which spilled over to the first quarter of 2021. The slowdown was widespread, involving both Advanced and Emerging Markets and Developing Economies (EMDEs). However, global growth gathered momentum in the second quarter of the review year, supported by successful mass COVID-19 vaccination programmes, partial easing of restrictions, and continued accommodative monetary policies. The economic recovery continued in the third quarter, as many advanced economies eased COVID-19 restrictions, significantly improving private demand, and business and consumer confidence. In the fourth quarter, however, the continued effects of the pandemic, especially the discovery of the new Omicron variant, led to widespread re-imposition of restrictions, which slowed the pace of global growth. In addition, the persisting supply-chain bottlenecks led to higher input costs, which weighed on manufacturing output in both advanced and emerging market economies. The resulting demand-supply mismatch triggered price pressures that pushed up inflation above target in many countries.

2.2 World Output Growth

IMF estimates showed that the global economy grew by 6.1 per cent in 2021, a sharp reversal from the 3.3 per cent contraction recorded in 2020. (Annex Table 2.1)

2.2.1 United States

The United Sates (US) economy expanded by 5.7 per cent in 2021, a significant development compared with 3.4 per cent contraction in 2020. The sharp recovery was driven by a number of factors, including the partial easing of COVID-19 restrictions, increase in private demand, along with continued accommodative monetary policy. Despite the threat posed by the Omicron variant in the fourth quarter, the U.S. economy remained resilient.

2.2.2 United Kingdom

The United Kingdom (UK) economy rebounded in 2021, growing at 7.4 per cent, a significant improvement over the 9.3 per cent contraction in 2020. The strong growth was supported by strong private sector demand, mainly due to the partial removal of COVID-19 restrictions, and accommodative monetary policy.

2.2.3 Euro Area

Economic activity in the Euro area expanded by an estimated 5.3 per cent in 2021, compared to a contraction of 6.4 per cent in 2020. The sharp recovery in growth reflected continued monetary policy accommodation, pick-up in exports, and strong demand. Euro area growth was resilient, despite the spread of the Omicron variant across the continent, and labour shortages.

2.2.4 China

China's economy expanded by 8.1 per cent in 2021, significantly higher than the 2.2 per cent expansion in 2020. Growth was supported by a strong pick-up in economic activity ahead of the Beijing Winter Games, and the celebrations of the Lunar New Year. In the review year, the People's Bank of China maintained an accommodative monetary policy stance, which included cuts in some lending rates, and relaxed regulations on bank loans for low-cost rental housing, to support the economic recovery process.

2.2.5 Emerging Market and Developing Economies

Growth in EMDEs expanded strongly at 6.8 per cent in 2021, a reversal from the 2.0 per cent contraction recorded in 2020. However, growth was uneven across several EMDEs, driven by resurgence in COVID-19 cases, tighter global financial conditions, and limited fiscal policy support.

2.2.6 Sub-Saharan Africa

The IMF estimated growth for Sub-Saharan African (SSA) countries at 4.5 per cent in 2021, compared to the 1.7 per cent contraction in 2020. The expansion was on the back of firm external demand, and elevated commodity prices. The growth recovery, however weakened due to low vaccination coverage, pandemic-related scarring, and limited policy support.

2.3 Global Consumer Prices

During the review year, headline inflation rose above target in many advanced and emerging market economies, mainly due to the sharp rise in energy and food prices. Core inflation also increased, driven by strong demand amid supply constraints. On the whole, the elevated underlying inflation and inflation expectations, largely reflected the partial easing of COVID-19 restrictions, exchange rate depreciation, particularly in EMDEs, and the effects of supply-chain bottlenecks on input costs. Short-term inflation expectations heightened in advanced economies, but remained well anchored mainly due to the expectation that central banks would take the necessary steps to contain price pressures.

2.4 Commodity Markets

Crude Oil

The average price of benchmark Brent Crude rebounded strongly in 2021 to US$70.79 per barrel, driven by favourable market conditions on the demand side. Crude oil traded from a low price of US$55.33 per barrel in January 2021, to US$83.75 per barrel in October, on the back of voluntary production cut by Saudi Arabia, and a steep fall in US inventory. However, prices fell in the two successive months, as doubts over the efficacy of the COVID-19 vaccines in fighting against the Omicron variant heightened concerns about global demand. (Chart 2.1)

Gold

Spot gold price averaged US$1,799.79 per fine ounce in 2021, a marginal increase of 1.6 per cent, compared to US$1,770.77 per fine ounce recorded in 2020. During the review year, prices declined to US$1,722.49 per fine ounce in March, but rebounded to US$1,867.04 per fine ounce in May, on the back of concerns over the spread of the Omicron variant, boosting the metal's safe-haven appeal. (Chart 2.2)

Cocoa

In the review year, cocoa futures price averaged US$2,498.84 per tonne, due to favourable weather conditions, which raised prospects of higher output. Cocoa started the year at an average price of US$2,523.95 per tonne in January, on renewed concerns that increased COVID-19 cases would slowdown the global economic recovery. Prices peaked at US$2,632.62 per tonne in October, on account of a rebound in demand but fell to US$2,481.95 per tonne at end-December 2021. (Chart 2.3)

Chart 2.1: Trends in International Brent Crude Prices

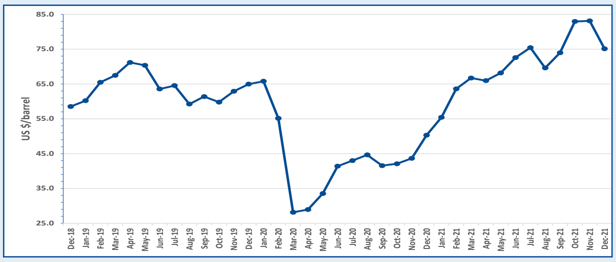


Chart 2.2: Trends in International Gold Prices

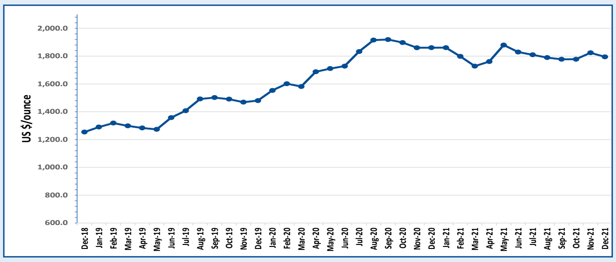
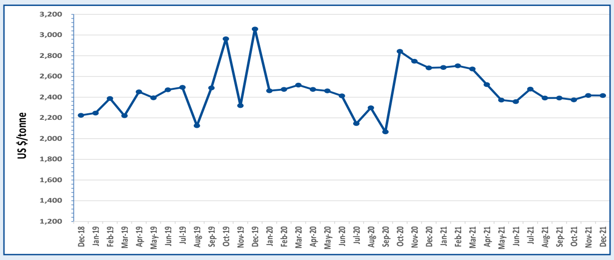


Chart 2.3: Trends in International Cocoa Prices



Charts 2.1, 2.2, 2.3 Source: Reuters

3

Developments in the Ghanaian Economy

3.1 Overview

Data released by the Ghana Statistical Service (GSS) indicated a provisional Real GDP growth outturn of 5.4 per cent in 2021, as against 0.5 per cent in 2020. The improvement in growth was reflected in all the components with the exception of industry, which contracted by 0.8 percent. Non-oil GDP grew by 6.9 per cent in 2021, up from 1.0 per cent in 2020 (Annex Table 3.1). The increase in growth was largely supported by the partial easing of COVID-19 pandemic restrictions, and the successful rollout of vaccination programmes.

Consumer price inflation increased to 12.6 per cent in December 2021, from 10.4 per cent in December 2020, representing the highest rate of annual inflation since the rebasing of the Consumer Price Index (CPI) basket in 2019. The pick-up in headline inflation was mainly due to rising crude oil prices, exchange rate depreciation, and upward adjustments in ex-pump prices. Food inflation in December 2021 was 12.8 per cent, compared with 14.1 per cent in December 2020. Non-food inflation went up to 12.5 per cent, from 7.7 per cent, over the same comparative period.

Annual growth in broad money supply (M2+) slowed down to 12.6 per cent in December 2021, from 29.6 per cent in December 2020. At end-December 2021, M2+ stood at GH¢135.60 billion. The slowdown in growth of M2+ was mainly driven by contraction in Net Foreign Assets (NFA) and moderated expansion in the Net Domestic Assets (NDA). In the review year, NFA contracted by 45.0 per cent, compared with a 12.1 per cent contraction in December 2020, while NDA grew by 23.1 per cent in 2021, relative to 42.0 per cent in 2020.

Deposit Money Banks' (DMBs) total outstanding credit stood at GH¢53.77 billion at end-December 2021, representing a nominal growth of 12.6 per cent, compared to a growth of 5.8 per cent at end-December 2020. Outstanding credit to the private sector grew by 11.2 per cent at end-December 2021, to GH¢48.39 billion, compared to growth of 10.6 per cent at end-December 2020. In real terms, outstanding credit to the private sector contracted by 1.3 per cent at end-December 2021, compared to a contraction of 0.1 per cent at end-December 2020.

Cumulatively, the interbank weighted average interest rate decreased by 87 basis points (bps), year-on-year, to 12.68 per cent in the period under review. The average lending rate of banks decreased by 106 bps, on a year-on-year basis, to 20.04 per cent in December 2021. The spread between the borrowing and lending rates narrowed by 106 bps, on year-on-year basis, to 8.54 per cent in December 2021.

The outturn of Government fiscal operations showed an overall broad cash budget deficit of 9.2 per cent of GDP in 2021, against the revised target of 9.4 per cent of GDP. Total Government revenue and grants amounted to 15.3 per cent of GDP, compared to 13.9 per cent in 2020, while total Government expenditure and net lending was 23.8 per cent, compared to 25.0 per cent over the same period. The fiscal deficit was largely financed by Eurobond proceeds, IMF Special Drawing Rights (SDR) allocation, and domestic loans. Total public debt at end-December 2021 stood at GH¢351.8 billion, representing 76.6 per cent of GDP, compared to GH¢291.60 billion, representing 74.4 per cent of GDP at end-December 2020.

The overall Balance of Payments (BOP) registered a surplus of US$510.13 million at end-December 2021, compared to a surplus of US$377.45 million at end-December 2020. The improvement was on account of increased net inflows in the capital and financial account, outweighing the deficit in the current account. Gross International Reserves (GIR) stood at US$9.70 billion at end-December 2021, compared to a stock of US$8.63 billion, at end-December 2020. This was sufficient to provide import cover of 4.4 months and 4.0 months, respectively.

During the review year, the Ghana cedi cumulatively depreciated by 4.1 per cent against the US dollar, compared to depreciation of 3.9 per cent in 2020. The relative stability of the Ghana cedi in 2021 reflected the strong reserve build-up supported by inflows from the US$3.0 billion Eurobond proceeds, and US$1.0 billion IMF SDR allocation.

3.2 Monetary Policy

3.2.1 Monetary Policy Committee Meetings

The Monetary Policy Committee (MPC) held six meetings in 2021 – January, March, May, July, September, and November – to assess macroeconomic developments, risks to the outlook for growth and inflation, and decided on the positioning of the Monetary Policy Rate (MPR). The MPR was maintained at 14.5 per cent at the January and March meetings. It was lowered to 13.5 per cent at the May meeting, and that rate was maintained at the July and September meetings as well. At the November meeting, the last for the year, the policy rate was increased by 100 bps to 14.5 per cent.

Table 3.2: Monetary Policy Decisions

Month	Policy Decision	MPR (%)
January	Maintained	14.5
March	Maintained	14.5
May	Reduced by 100 bps	13.5
July	Maintained	13.5
September	Maintained	13.5
November	Increased by 100 bps	14.5

Source: Bank of Ghana

3.2.2 Summary of MPC Deliberations

January

At the January meeting, the Committee noted that the global resurgence of the COVID-19 infections had elevated uncertainties in the outlook, posing significant risks to the pace of the global economic recovery. The Committee noted that global growth prospects remained positive, conditioned on the successful vaccine rollout, gradual easing of the COVID-19 restrictions, and assured fiscal and monetary policy support. According to the Committee, these policy measures would foster accommodative near-term monetary policies in advanced economies, and trigger a search for yield in emerging markets and developing economies. The Committee averred that rising debt vulnerabilities in emerging markets and frontier economies posed significant risks, potentially worsening investor risk appetite.

In the domestic economy, the Committee observed a pick-up in growth, noting that all the high frequency indicators of economic growth had rebounded, with consumer and business confidence back to pre-lockdown levels, and indications of steady growth in private sector credit. However, renewed threats from the second-wave of the pandemic heightened uncertainty and this, according to the Committee, could hamper the recovery process in the near-term.

The Committee noted that the banking sector remained well-positioned to support the growth recovery process, observing that banks would continue to sustain strong performances under mild to moderate stress conditions, barring any severe impact from the second wave of the pandemic.

In assessing the external sector performance, the Committee, however, noted that the outturn of the current account balance was better than anticipated, but the low Foreign Direct Investment (FDI) inflows and portfolio reversals had resulted in a slow build-up of reserves. The Committee noted that the gross reserves of US$8.6 billion, equivalent to 4.1 months of import cover, provided adequate cushion against potential external vulnerabilities.

The Committee was of the view that the prospects of a sharp fiscal correction in 2021 looked unlikely, amidst the second wave of the pandemic, which required additional spending. In the view of the Committee, returning debt to a sustainable path required some new revenue measures and expenditure rationalisation efforts within the context of the medium-term fiscal framework.

The Committee noted that headline inflation had moved outside the target band of 8±2 per cent, driven mainly by rising food prices. In its assessment, the Committee averred that risks to inflation in the near-term were broadly contained, but short to medium-term risks emanating from fiscal expansion and rising crude oil prices were emerging. Given the balance of risks to inflation and growth, the Committee maintained the policy rate at 14.5 per cent.

March

The Committee observed that sustained policy support to moderate the impact of the pandemic, and the massive rollout of COVID-19 vaccination programme in advanced economies, had significantly improved global growth prospects. Crude oil prices had rebounded, and that cost pressures had emerged due to resurgence in demand, but inflation was generally subdued due to the sizeable spare capacity and slack in labour and product markets in advanced economies. Near-term global financing conditions remained favourable, likely to benefit currencies in emerging market and frontier economies. In the view of the Committee, strong fiscal stimulus in the United States could trigger a rise in bond yields, leading to potential capital flow reversals.

The Committee noted that the Bank's high frequency indicators reflected a rebound in domestic economic activity, however, business and consumer sentiments had softened on the back of a surge in COVID-19 cases, while private sector credit growth had weakened.

The banking sector remained well-positioned to bolster effective financial intermediation to support the economic recovery process. The Committee also observed that the regulatory reliefs extended to the industry had helped banks to support the real sector.

The Committee also noted that the 2021 budget had set fiscal policy on an adjustment path, albeit slower than earlier anticipated, but achieving the high revenue targets and heavy reliance on the domestic market for budget financing were the main risks to the fiscal outlook.

On price developments, the Committee observed that inflation was slightly above the upper band of the medium-term target in February, driven mainly by non-food prices. However, the Bank's inflation forecast was broadly unchanged and headline inflation would return to the target band, barring any unanticipated shocks. The main risks to the inflation outlook were rising crude oil prices, and the direct and secondary price effects of the revenue measures. Under the circumstances, and given the balance of risks to inflation and output, the Committee decided to keep the policy rate at 14.5 per cent.

May

At the May meeting, the Committee observed that continued policy support and increased optimism about the effectiveness of COVID-19 vaccination programmes had significantly improved the outlook, and resulted in upward revisions of global growth forecasts. However, varying degrees of economic scarring, threatening new COVID-19 variants, and limited fiscal space in emerging market economies, among others, were risks to the global recovery process.

Global headline inflation had picked up on the back of a rebound in crude oil prices and supply constraints. However, underlying inflation remained subdued, due to sizeable spare capacity and the significant slack in labour and product markets. These global developments, in the view of the Committee, would continue to support favourable financing conditions in the near-term.

On the domestic front, the Committee observed that high frequency economic indicators showed a pick-up in economic activity. However, consumer and business confidence had softened, triggered by new revenue measures, and instability in power supply. According to the Committee, private sector credit growth remained below pre-pandemic levels. The banking sector remained resilient, with adequate capital buffers and liquidity to withstand moderate to severe shocks. In addition, growth in deposits, total assets, profits, and shareholder funds was sustained.

The Committee observed that the gap in revenue performance relative to target, was somewhat compensated for by expenditure containment measures. In the near-term, the Committee noted risks in the fiscal outlook, including the potential for scaled-up expenditures associated with the COVID-19 pandemic vaccination efforts.

The Committee noted that headline inflation had eased sharply to within the medium-term target band, driven mainly by lower food prices, base drift effects, and tight monetary policy stance. Risks to the inflation outlook appeared muted in the near-term, but pressures from rents and transport fares required monitoring to anchor inflation expectations. Under these circumstances, the Committee decided to lower the MPR by 100 bps, to 13.5 per cent.

July

At the July meeting, the Committee observed continued recovery in global growth, although the outlook remained uncertain, due to uneven vaccination drive across regions, rising COVID-19 infection rates, and the divergence in growth recoveries across countries. Headline inflation had risen sharply in many economies due to the increase in energy prices.

In the domestic economy, the Committee noted an estimated 3.1 per cent GDP growth for the first quarter of the year, indicating a strong recovery from the impact of the pandemic.

Key Financial Soundness Indicators (FSIs) of the banking sector remained healthy. Based on macro-prudential risk assessments, the banking sector was deemed strong to withstand mild to moderate credit risk shocks, although a new wave of the pandemic elevated credit risks. The Committee, however, expressed concern about the continued sluggishness in new lending by banks, which threatened the growth momentum.

The Committee observed that, on the back of revenue underperformance, the budget deficit had exceeded target, noting that expenditure had to be aligned to revenue to support the fiscal consolidation efforts, calling for strong vigilance and complementarity in fiscal and monetary policies.

Headline inflation eased sharply to within the medium-term target band, driven mainly by tight monetary policy stance and base drift effects. Underlying inflationary pressures broadly eased across all the Bank's core measures of inflation. The forecast showed that inflation would remain within the medium-term target band, and around the central path in the forecast horizon, barring any unanticipated shocks.

In line with these developments, the Committee assessed that risks to inflation and growth were broadly balanced, and decided to keep the policy rate at 13.5 per cent.

September

The Committee observed continued global economic recovery, albeit uneven, and that uncertainties regarding the sustained spread of the COVID-19 virus, variations in policy stimulus programmes, and low access to vaccines in emerging market and frontier economies threatened near-term growth prospects.

The Committee noted that global inflationary pressures was strong in the near-term. However, spare capacity and slackness in labour market conditions could restrain wage growth, and prevent sustained pick-up in underlying inflation. Inflation was expected to return to target over the medium-term as spare capacity erodes, alongside favourable financing conditions.

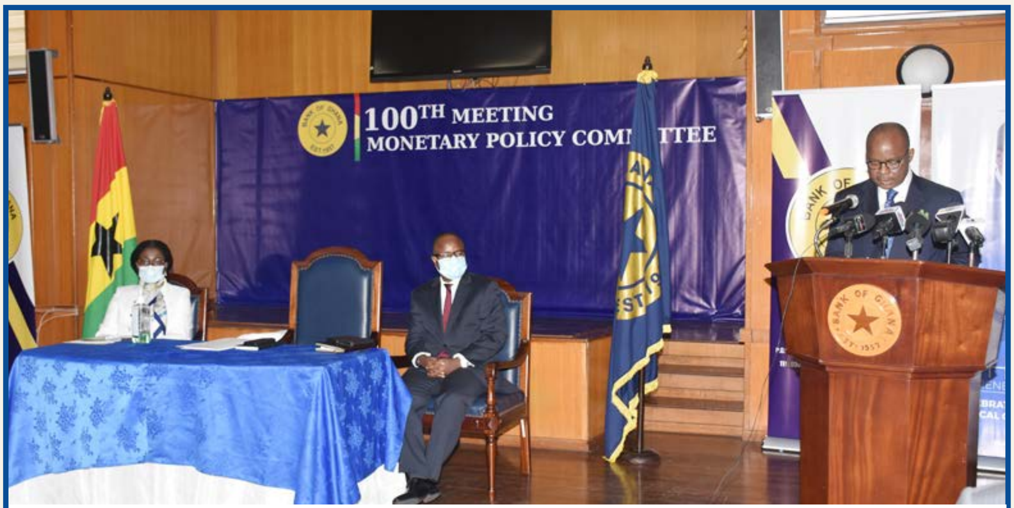
On the domestic front, the Committee noted that high frequency economic indicators pointed to continued recovery in economic activity, but below pre-pandemic levels. Although consumer confidence improved, business sentiments weakened due to supply chain disruptions. Credit to the private sector marginally picked up, but below expectations, necessitating the need for the Bank to continue with the macro-prudential measures introduced to contain the economic fallout from the COVID-19 pandemic.

The Committee noted that the banking sector remained broadly liquid, profitable, and well-capitalised. FSIs remained sound, although credit risk appeared elevated. Bolstered by strong capital and liquidity buffers, banks were well-positioned to withstand mild to moderate credit risk shocks.

On the external payments position, the Committee noted that despite a decline in the trade surplus, the current account deficit was adequately financed with inflows from portfolio and foreign direct investments.

The Committee observed that fiscal consolidation efforts were on track, but with inherent risks associated with wage commitments and energy sector payments. In addition, the Committee noted that debt sustainability was of major

BOX 3.1: 100TH MONETARY POLICY COMMITTEE MEETING



Governor Dr. Ernest Addison addressing the media during the 100th MPC press conference. Together with him (seated) are: the First Deputy Governor, Dr. Maxwell Opoku-Afari (middle) and the Second Deputy Governor, Mrs. Elsie Addo Awadzi.

The Bank's Monetary Policy Committee (MPC) reached a milestone in 2021 when it held its 100th meeting in May.

The Bank's MPC process began with the enactment of the Bank of Ghana Act, 2002 (Act 612), as amended by the Bank of Ghana (Amendment) Act, 2016 (Act 918), which refocused the Bank's primary objective on price stability, and granted operational independence to the Bank to deploy appropriate policy tools needed to pursue the price stability mandate. The Act also established the MPC as the responsible body for the formulation of monetary policy. The membership of the MPC is made up of: the Governor, who chairs the Committee; the First and Second Deputy Governors; the Head of the Department responsible for economic research; the Head of the Department responsible for Treasury operations; and two external members appointed by the Board.

Prior to the start of Inflation Targeting (IT), the conduct of monetary policy in Ghana had followed two distinct phases of monetary management. These were the controlled (prior to 1992) and liberalised (1992-2001) policy regimes. Associated with the controlled regime was the use of direct instruments of monetary policy such as interest rate ceilings, credit controls, and directed lending towards specific sectors of the economy. With the onset of the economic recovery programme, underpinned largely by liberalisation policies, the controlled regime gradually gave way to the deployment of market-based (indirect) instruments, alongside widespread financial sector reforms.

The Bank started IT lite in 2002 and transitioned into a fully-fledged IT framework in 2007. The framework is designed to ensure price stability over the medium term. To achieve this, the Bank put in place institutional, accountability, and operational structures to support the implementation of the IT framework.

The Committee meets bi-monthly over a three-day period to assess current economic conditions and the inflation outlook. After these deliberations, the key Policy Rate decision is finalised by the Committee in a closed-door meeting with each member stating clearly, and with reasons, the preferred decision. The final decision on the Policy Rate is made by consensus. The policy rate provides a signal on the stance of monetary policy and anchors short-term interest rates.

The Bank promotes transparency and accountability to anchor inflation expectations effectively within the medium-term inflation target band of 8±2 per cent. To start with, a day prior to the announcement of the policy decision, the Bank releases what is referred to as the MPC "DataPack", that is a summary of the macroeconomic and financial sector data used during the Committee's decision-making process. The MPC meeting concludes with a press conference, which highlights deliberations during the meetings, and announces the positioning of the policy rate.

At the 100th MPC press conference, the Chairman of the Committee, Dr. Ernest Addison, thanked his predecessors, including Dr. Paul Acquah, H.E. Kwesi Amissah-Arthur (late), Dr. Henry K. Wampah and Dr. Abdul-Nashiru Issahaku, for their contribution to the sustenance of the IT framework in the Bank over the past two decades. At that meeting, the MPC lowered the policy rate by 100 bps to 13.5 per cent.

concern and warranted additional fiscal consolidation efforts.

On price developments, the Committee observed that sustained food price increases had pushed headline inflation closer to the upper limit of the medium-term target band, but core inflation remained relatively subdued. In the view of the Committee, inflation would remain within the medium-term target band, but closer to the upper limit in the near-term, barring any unexpected shocks. Given these considerations, and the fairly balanced risks to inflation and growth in the outlook, the Committee decided to keep the policy rate at 13.5 per cent.

November

At this last MPC meeting of the year, the Committee observed that the global economic recovery effort was on track, but the intensity of supply chain constraints could moderate the pace of growth in the near-term. Concerns about the pace of the recovery and the stronger US dollar exerted currency pressures, leading to policy rate hikes in some emerging markets and frontier economies. Global inflation pressures remained heightened in most advanced and emerging market economies, while growth was expected to accelerate.

On the domestic economy the Committee observed that economic recovery had progressed at a steady pace. High frequency economic indicators reflected increased momentum in the pace of economic activity, close to pre-pandemic levels. Consumer and business sentiments had turned around, driven by improved economic prospects, but there were concerns about household finances. Credit to the private sector expanded, albeit at a slower pace. The COVID-19-related macro-prudential measures remained supportive of the recovery process.

Further, the Committee observed that the banking sector remained strong and liquid, and that key FSIs remained healthy, with an overall positive outlook, despite a slight decline in profitability and sluggish credit growth.

The country's sovereign bond spreads widened markedly due to fiscal and debt sustainability concerns, among others, prompting sell-offs by investors, with spillovers on the domestic foreign exchange market. This trigered some currency pressures as demand for the U.S. dollar increased. However, the pace of depreciation slowed due to the strong reserve position.

Headline inflation rose to 11.0 per cent in October 2021, above the upper limit of the medium-term target band, driven by both food and non-food price increases. Also, the Bank's core measures of inflation reflected heightened underlying price pressures, with the potential of de-anchoring inflation expectations. The Committee noted that the elevated inflationary risks required prompt policy action to re-anchor inflation expectations and therefore, decided to raise the policy rate by 100 bps to 14.5 per cent.

3.3 Money Supply and Credit

3.3.1 Broad Money Supply

Provisional data on monetary aggregates for December 2021 reflected a slower annual growth in M2+ to 12.6 per cent, from 29.6 per cent in December 2020. The decline in the growth of M2+ was mainly driven by contraction in NFA by 45.0 per cent, compared with 12.1 per cent contraction in December 2020. NDA expanded, albeit at a slower pace, by 23.1 per cent, compared with 42.0 per cent growth in December 2020.

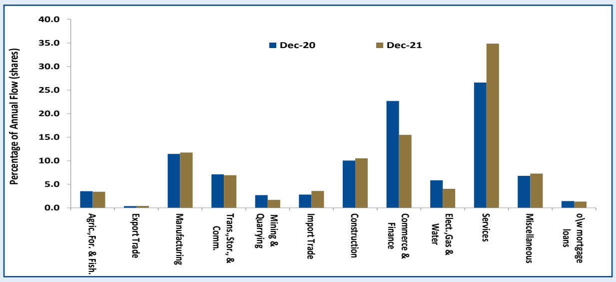
On a year-on-year basis, reserve money expanded by 20.0 per cent in December 2021, compared to 24.9 per cent in December 2020. (Annex Table 3.3)

3.3.2 Deposit Money Banks' Credit

Annual nominal growth in banks' total outstanding credit was 12.6 per cent in December 2021, compared to 5.8 per cent in December 2020. At end-December 2021, total outstanding credit stood at GH¢53.77 billion, compared to GH¢47.77 billion at end-December 2020. In real terms, total outstanding bank credit contracted by 0.1 per cent in December 2021 compared with 4.3 per cent in December 2020. The proportion of total outstanding credit to the private sector decreased to 90.0 per cent in December 2021, compared to 91.1 per cent in December 2020.

Nominal growth in credit to the private sector was 11.2 per cent in December 2021, compared to 10.6 per cent in December 2020. In real terms, outstanding credit to the private sector contracted by 1.3 per cent in December 2021, compared to a contraction of 0.1 per cent in December 2020. Outstanding credit to the private sector at end-December 2021 stood at GH¢48.39 billion, compared to GH¢43.53 billion at end-December 2020. (Chart 3.1) and (Annex Table 3.4)

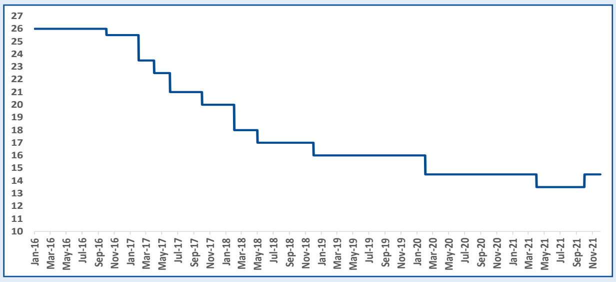
Chart 3.1: Allocation of Annual Flow of Credit to the Private Sector



3.4 Interest Rates

Interest rate developments in 2021 were mixed. The MPR ended the year at 14.5 per cent, same level as December 2020. However, during the year under review, the policy rate was lowered by 100 bps to 13.5 per cent in May, and increased by 100 bps to 14.5 per cent in November. (Chart 3.2)

Chart 3.2: Monetary Policy Rate



Source: Bank of Ghana

Rates on the 14-day and the 56-day BoG Bills remained unchanged throughout the review year.

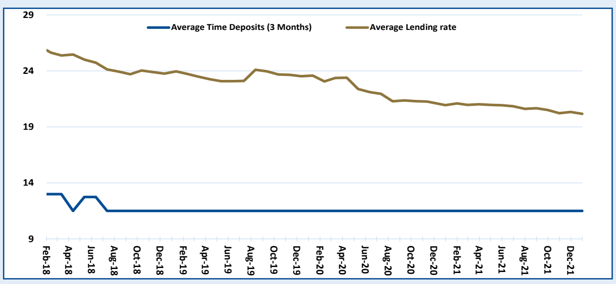
On the Money Market, interest rates trended downwards. The 91-day, 182-day, and 364-day Treasury-bill rates decreased to 12.49 per cent, 13.19 per cent, and 16.46 per cent, respectively, on year-on-year basis.
The rate on the 2-year Fixed Note was 19.75 per cent in December 2021, compared to 18.5 per cent in December 2020.
The interest rate on the 3-year Bond eased to 19.00 per cent in December 2021, from 19.25 per cent in December 2020, while the rate on the 5-year Bond increased to 21.00 per cent in December 2021, compared to 19.85 per cent over the same reference period.

On the secondary market, the rate on the 6-year Bond was 20.81 per cent in December 2021, up from 19.76 per cent in December 2020, and the rate on the 7-year Bond was 21.01 per cent in December 2021, compared to 19.74 per cent in December 2020. The rate on the 10-year Bond declined to 20.90 per cent, from 21.00 per cent in December 2020. The rate on the 15-year Bond remained broadly unchanged while that of the 20-year Bond eased to 20.85 per cent in December 2021, from 22.28 per cent in December 2020.

The interbank weighted average rate was 12.68 per cent in December 2021, compared to 13.56 per cent in December 2020.

The average interest rate on the DMBs' 3-month Time Deposit instruments remained unchanged at 11.50 per cent on year-on-year basis, while the Savings Deposit rate also remained unchanged at 7.63 per cent. The average DMBs lending rate was 20.04 percent in December 2021, compared to 21.10 per cent in December 2020. (Chart 3.3)

Chart 3.3: Nominal Savings and Lending Rates (%)



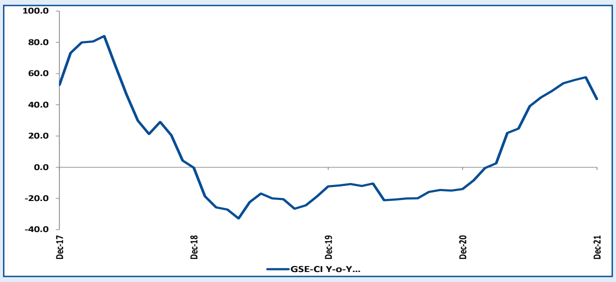
Source: Bank of Ghana

3.5 Capital Market

3.5.1 Equity Market

The Ghana Stock Exchange's Composite Index (GSI-CI) increased by 43.7 per cent during the year, to 2,789.34 points (Chart 3.4). In the review year, market capitalisation went up by 18.6 per cent, year-on-year to GH¢64.50 billion. The increase in market capitalisation was mainly on account of capital gains and the listing of Pesewa One Plc. (Annex Table 3.5 and Annex Table 3.6)

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



Source: Ghana Stock Exchange

3.5.2 Bond Market

The total value of GoG Notes and Bonds listed on the Ghana Fixed Income Market (GFIM) stood at GH¢152.72 billion at end-December 2021, compared to GH¢120.69 billion at end-December 2020. The total value of corporate bonds stood at GH¢11.93 billion compared to GH¢9.85 billion over the same comparative period. The cumulative volume of trade on the GFIM in 2021 stood at 208,807.92 million, with a value of GH¢216.04 billion, and the number of trades were 347,143.

3.6 Real GDP

In 2021, real GDP growth was estimated at 5.4 per cent, compared to 0.5 per cent in 2020, as the economy recovered strongly from the adverse effects of the COVID-19 pandemic. Growth was mainly driven by the Services and Agriculture sectors, which grew by 9.4 per cent and 8.4 per cent, respectively. Industry, however, contracted by 0.8 per cent. In terms of contribution to GDP, Services dominated with 48.9 per cent share, compared to 48.1 per cent in 2020. It was followed by Industry with 30.1 per cent share, compared to 30.8 per cent in 2020. The share of Agriculture improved to 21.0 per cent, compared to 20.1 per cent in 2020.

Table 3.7: GDP Growth by Sectors (2017-2021)

	2017	2018	2019	2020*	2021**
AGRICULTURE	6.2	4.9	4.7	7.3	8.4
INDUSTRY	15.6	10.5	6.4	-2.5	-0.8
SERVICES	3.4	2.8	7.6	0.7	9.4
Real GDP Growth(%)	8.1	6.2	6.5	0.5	5.4

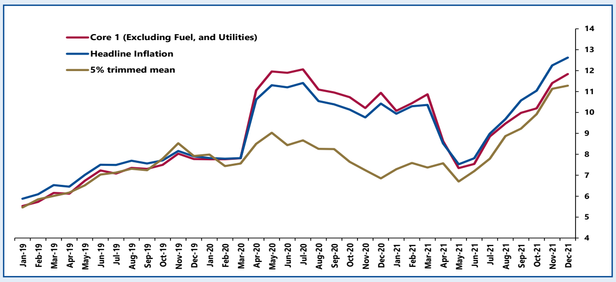
** Revised figures*
*** Provisional figures*

3.7 Prices

Headline inflation was 12.6 per cent in December 2021, from 10.4 per cent in December 2020, above the upper limit of the medium-term target band of 8±2 per cent. Inflation trended within the target band in the first half of the year, ending at 7.8 per cent in June on the back of tight monetary policy stance, and a relatively stable exchange rate. However, in the second half-year, inflation rose steadily to end at 12.6 per cent in December, driven by food price increases, upward adjustments in ex-pump prices of petroleum products, and some pass-through effects from the depreciation of the cedi. (Chart 3.6).

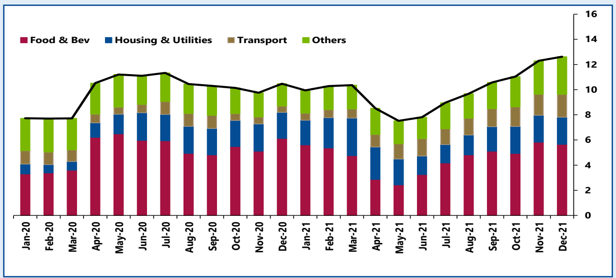
The Bank's main measure of core inflation, which excludes energy and utilities, increased to 11.8 per cent in December 2021, from 10.9 per cent in December 2020, indicating strong underlying inflationary pressures over the period. (Chart 3.5)

Chart 3.5: Headline and Core Inflation (%)



Source: Bank of Ghana and Ghana Statistical Service

Chart 3.6: Component Drivers of Headline Inflation (%)



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

3.8 Fiscal Sector

In 2021, fiscal policy objectives were geared towards balancing the fiscal consolidation agenda with efforts at restoring macroeconomic stability, and return the economy to its pre-COVID growth trajectory. With weak revenue performance, higher expenditures, and elevated debt levels as a result of COVID-19, a robust fiscal framework to expand domestic revenue mobilisation, was implemented. Government issued a historic foreign currency-denominated zero-coupon bond to create the needed fiscal space, to enhance financial resilience.

Fiscal Outturn

Government budgetary operations in 2021 recorded an overall deficit of 9.2 per cent of GDP, compared to 11.7 per cent in 2020, and lower than the target of 9.4 per cent. The deficit was financed from both domestic and foreign sources.

Total Government Revenue and Grants amounted to GH¢70.1 billion (15.3% of GDP), lower than the target of GH¢72.5 billion (16.5% of GDP). The major components were Tax Revenue of GH¢56.5 billion (80.7% of Total Receipts), Non-Tax Revenue of GH¢7.9 billion (11.3% of Total Receipts) and Grants of GH¢1.2 billion (1.7 % of Total Receipts).

Total Government Expenditure for the year amounted to GH¢109.3 billion (23.8% of GDP), which was below the target of GH¢110.1 billion (25.0% of GDP). Recurrent Expenditure was 84.4 per cent of Total Payments while Capital Expenditure constituted 15.5 per cent of the total. (Annex Table 3.9)

3.8.1 Composition of Domestic Debt

The stock of domestic debt at end-December 2021 was GH¢181.8 billion (39.6% of GDP) compared to GH¢149.8 billion (38.2% of GDP) at end-December 2020. The increase in the domestic debt stock in the review period was as a result of GH¢24.7 billion, and GH¢1.3 billion increase in the medium and long-term securities, respectively, as well as an increase of GH¢5.8 billion in the short-term securities. Total debt stock stood at GH¢351.8 billion at end-December 2021 (76.6% of GDP), higher than the stock of GH¢291.6 billion at end-December 2020 (74.4% of GDP). (Annex Table 3.10A)

3.8.2 Holdings of Domestic Debt

In the review year, the share of the Bank of Ghana's holdings of domestic debt decreased to 19.7 per cent at end-December 2021, from 22.4 per cent at end-December 2020. DMB's holdings increased to 31.5 per cent, from 29.9 per cent, while SSNIT's holdings decreased marginally to 0.3 per cent, from 0.4 per cent over the same comparative period. The share of Non-Resident's holdings decreased to 16.0 per cent at end-December 2021, from 18.5 per cent at end-December 2020. (Annex Table 3.10B)

3.9 External Sector

The overall Balance of Payments (BoP) recorded a surplus of US$510.13 million in 2021, compared to a surplus of US$377.45 million in 2020. The higher BoP surplus was on account of increase in net inflows into the capital and financial account, which outweighed the deficit in the current account. (Annex Table 3.11)

3.9.1 Current Account

The current account recorded a deficit of US$2.54 billion (3.2% of GDP) in 2021, compared to a deficit of US$2.13

billion (3.1% of GDP) in 2020. The increase in the deficit was on account of a lower trade surplus, and higher net investment income outflows, which outweighed the lower net services outflows.

3.9.2 Merchandise Trade Balance

The trade balance recorded a surplus of US$1.10 billion in 2021, compared to a surplus of US$2.04 billion in 2020. The lower surplus was due to a 9.7 per cent growth in imports, particularly in petroleum products, as the economy gradually recovered from the effects of the COVID-19 pandemic. Exports, however, grew by only 1.8 per cent primarily on account of shortfall in crude oil output.

Merchandise Exports

The value of merchandise exports for the year was estimated at US$14.73 billion, an increase of 1.8 per cent on the US$14.47 billion recorded in 2020.

Gold Exports

Gold exports receipts in 2021 amounted to US$5.08 billion, compared to US$6.80 billion in 2020. The decline was largely driven by a decrease in export volumes, even though prices were higher. The volume of gold exported decreased by 26.8 per cent, to 2,820,094 fine ounces, mainly due to a decline in small scale gold production, while the average realised price increased by 2.2 per cent to US$1,802.5 per fine ounce in 2021.

Crude Oil Exports

Crude oil export receipts amounted to US$3.95 billion in 2021, compared to US$2.91 billion in 2020, due to higher realised prices, despite decline in volume exported. The average realised price of crude oil increased by 65.1 per cent to US$71.24 per barrel in 2021, compared to US$43.15 per barrel in 2020. However, volume exported declined by 17.9 per cent year-on-year to 55,415,848 barrels in 2021, on account of a reduction in output from the Jubilee Oil Field.

Export of Cocoa Beans and Products

Exports of cocoa beans and products increased to US$2.84 billion in 2021, compared to US$2.33 billion in 2020. Cocoa beans exports amounted to US$1.78 billion, an increase of 20.3 per cent year-on-year. Whereas export volumes increased by 20.2 per cent to 704,177 tonnes in 2021, the average realised price remained flat at US$2,528.39 per tonne. Similarly, export earnings from cocoa products increased by 26.3 per cent to US$1.07 billion.

Timber Exports

The value of timber exports increased by 22.3 per cent to US$159.12 million in 2021, on the back of a 33.9 per cent increase in volume to 296,416 cubic meters. The average realised price decreased by 8.7 per cent to US$536.8 per cubic metre in 2021.

Other Exports

The value of "other exports", made up of non-traditional exports and other minerals (aluminium alloys, bauxite, diamond and manganese), was estimated at US$2.70 billion, US$399.28 million lower than the outturn in 2020.

Merchandise Imports

The total value of merchandise imports was US$13.63 billion in 2021, a 9.7 per cent increase year-on-year. The increase in imports reflected the pick-up in economic activity as the worse period of the pandemic eased.

Oil Imports and Non-Oil Imports

The value of oil imports (comprising crude oil, gas and refined petroleum products) was US$2.72 billion in 2021, higher than US$1.89 billion recorded in 2020. Non-oil imports in the review year amounted to US$10.91 billion, compared to US$10.54 billion in 2020.

3.9.3 Services, Income and Current Transfers

The services, income and transfers account recorded a net outflow of US$3.60 billion in 2021, an improvement of US$0.57 billion, compared to the position in 2020. Net payment for services declined by 29.9 per cent to US$3.16 billion, whereas net investment income outflows increased by 12.7 per cent to US$3.83 billion in 2021. Net inflow into the current transfers account (mostly private remittances) was US$3.39 billion in 2021, compared to US$3.73 billion in 2020.

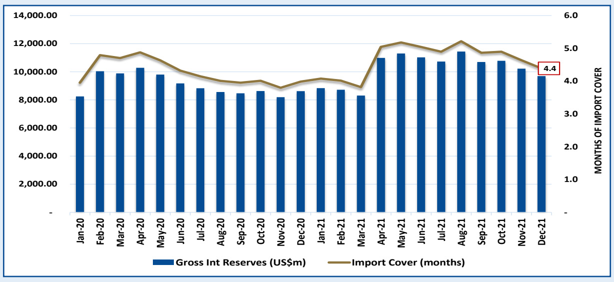
3.9.4 Capital and Financial Account

The capital and financial account recorded a net inflow of US$3.35 billion, compared to US$2.89 billion in 2020. During the review year, the capital account recorded a net inflow of US$203.95 million, as against a net inflow of US$250.14 million in 2020. The financial account also recorded a net inflow of US$3.10 billion in 2021, compared to US$2.64 billion in 2020, on account of higher foreign direct investment inflows and lower portfolio investment outflows.

3.9.5 International Reserves

In 2021, the stock of Net International Reserves (NIR) at end-December was US$6.08 billion, compared to US$5.57 billion at end-December 2020, a build-up of US$510.13 million. Gross International Reserves (GIR) increased by US$1.07 billion to US$9.70 billion at end-December 2021. This was sufficient to provide 4.4 months of import cover compared to 4.0 months at end-December 2020. (Chart 3.7)

Chart 3.7: Gross International Reserves (US$ M), 2021



Source: Bank of Ghana

3.9.6 Domestic Gold Purchase Programme

In the review year, the Bank launched a domestic gold purchasing programme to augment foreign reserves, with a view to increase gold holdings in foreign exchange reserves portfolio. This was a significant change in the Bank's foreign exchange reserves management operations.

As at end-December 2021, the total value of gold purchased by the Bank was US$24.65 million.

3.10 Foreign Exchange Market

The Ghana cedi cumulatively depreciated by 4.1 per cent against the US dollar in 2021, compared to 3.9 per cent in 2020. Similarly, it depreciated against the British pound by 3.1 per cent in 2021, compared to 7.1 per cent in the previous year. Against the euro, the Ghana cedi appreciated by 3.5 per cent in 2021, compared to a depreciation of 12.1 per cent in 2020.

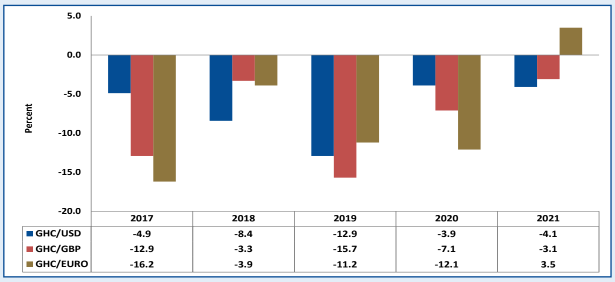
The relative stability of the Ghana cedi in 2021 was as a result of strong reserve position, which enabled the Bank to effectively support seasonal demand for foreign exchange to smoothen excessive volatilities in the currency markets. Also, the inflows from the US$3.0 billion Eurobond issuance and the US$1.0 billion IMF SDR allocation, as well as the Bank's enhanced forward forex auctions, provided assurances to the market and helped contain demand pressures. (Annex Table 3.12 and Chart 3.8)

3.11 External Debt

At end-December 2021, the stock of external debt stood at US$28.34 billion, compared to US$24.72 billion at end-December 2020, representing 37.0 per cent of GDP.

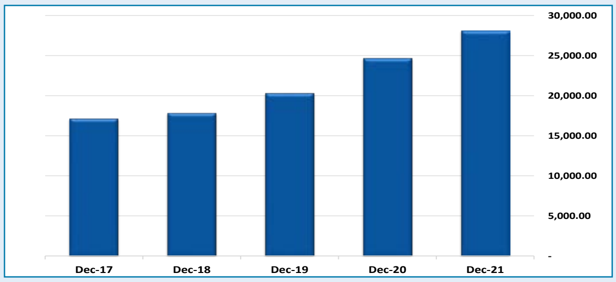
The share of external debt at end-December 2021 by creditor categories were as follows: International capital market, 46.3 per cent; multilateral holders, 28.9 per cent; commercial creditors, 11.0 per cent; other concessional 5.6 per cent; bilateral holders, 4.7 per cent; and export credit agencies, 3.5 per cent. (Chart 3.9 and 3.10; Annex Table 3.13)

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



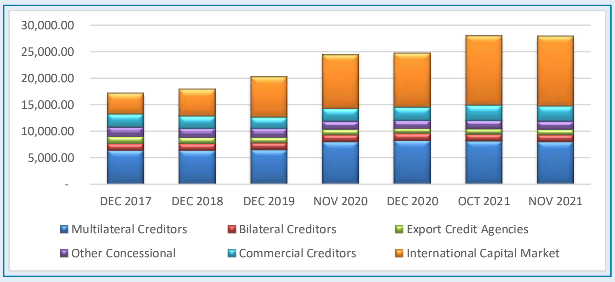
Source: Bank of Ghana

Chart 3.9 Total External Debt (US$ miilion)



Source: Ministry of Finance

Chart 3.10 External Debt by Creditor Category (US$ miilion)



Source: Ministry of Finance

BOX 3.2: GOLD PURCHASE PROGRAMME

On 17th June, 2021, the Bank of Ghana launched a domestic gold purchasing programme. The event marked the first time the Bank was embarking on domestic gold purchasing to augment foreign reserves with a view to increase gold holdings in foreign exchange reserves portfolio. The programme was a significant change in the Bank's foreign exchange reserves management operations.

IMPORTANCE OF GOLD AS A MONETARY ASSET

During the era of the Gold Standard, currency issued by central banks had to be fully backed by gold, measured in troy ounces at the time. This gold standard measure of assessing the strength of currencies was later abandoned at the turn of the 20th century, when economies begun printing currencies without the backing of gold. Since this transition, currencies have been backed by a variety of instruments, including gold, government bills and stocks, and first-class bills of exchange. In fact, when Ghana issued its jurisdictional currency in 1958, the original currency cover assets included gold, sterling, and call money in the United Kingdom, and British Treasury Bills with maturities not exceeding three months, among others.

A cross-country comparison shows that contrary to Ghana's static gold holdings, which has remained at 8.77 tonnes over the last 15 years, the USA and other industrialised countries in the Eurozone have continued to hold large gold reserves, post the gold standard era. Comparatively, major emerging markets and developing countries hold smaller gold reserves.

Available statistics show that the pandemic period saw a marginal decline in central banks' gold demand but the number of central bank buyers outweighed the number of sellers over the period. Most of the buyers were from emerging market countries, which had lower ratios of gold-to-total reserves.

The Gold Purchase Programme sets the stage for Ghana to purchase gold as part of efforts to improve its gold-to-total reserve ratio. This initial step will enable the Bank buy domestically produced gold from selected gold aggregators and mining firms, and pay in the local currency at the prevailing market price.

BENEFITS OF THE GOLD ACQUISITION PROGRAMME

Other than the diversification benefits of gold for the reserves portfolio, the domestic gold purchase programme will pave the way for the Bank to grow its foreign exchange reserves to foster confidence, enhance currency stability, create a more attractive environment for foreign direct investments and economic growth. The programme will also enable the Bank leverage its gold holdings to raise cheaper sources of financing to provide short-term foreign exchange liquidity.

THE GOLD ACQUISITION PROGRAMME PROCESS

Dore gold (unrefined gold) purchased from a Gold Aggregator will be assayed by the Precious Minerals Marketing Company (PMMC) - the national assayer. To assay is to simply test a metal to determine its ingredient and quality. Upon going through a satisfactory assaying process, the PMMC will submit an assay report to the Bank of Ghana on the day of delivery. Using the agreed pricing sources for gold and the Ghana cedi/US dollar exchange rate, the value of the gold supplied will be determined and paid for within 48 hours to the aggregator.

At the next stage, the Bank will aggregate the assayed Dore gold purchases at its vaults, and from time to time, send the validated Dore gold to an LBMA-certified refinery to be processed to the required international standard of good gold delivery (fineness of 99.99%).

Finally, the LBMA-certified gold will then be stored at designated locations as part of the Bank's reserves.

The Bank has engaged other domestic mining firms in collaboration with the Ghana Chamber of Mines, to buy refined gold from their refineries.

Among others, the gold purchasing programme will bring revolution to the small-scale gold mining sector, as it has the potential of improving the sector by guaranteeing a fair purchasing price for their gold, and provide an incentive to formalise and move away from damaging environmental and social practices. It would also create the opportunity for the small-scale gold mining actors to formalise and improve their ability to sell to formal gold markets, and thereby reduce their vulnerability to illegal actors in the domestic and international gold supply chains.

4
Developments in Banks and Other Bank of Ghana Licensed Financial Institutions

4.1 Overview

The banking industry performance in 2021 was an improvement over the previous year, in spite of the lingering effects of the COVID-19 pandemic. The industry remained well capitalised, liquid, and profitable, and supported growth recovery efforts. However, key risks remained, notably, those emanating from cyber security.

4.2 Regulatory Environment

In 2021, the Bank continued to monitor the effects of the pandemic on the industry, revised and also introduced policy measures aimed at strengthening the safety and soundness of individual banks and the industry as a whole. To further address asset quality risks resulting from the pandemic, the deadline for the Guidelines on Credit Repayment Reliefs was extended. The Notice on the Suspension of Distribution and Payment of Dividends, which was introduced as part of prudential and regulatory directives to enhance the stability of the industry to deal with the pandemic in 2020, was revised.

4.2.1 Regulation and Governance

4.2.1.1 Voluntary Winding-Up Directive

To ensure orderly exit of solvent banks and Specialised Deposit-Taking Institutions (SDIs), the Bank issued the Voluntary Winding-Up Directive. This Directive was also to ensure that exit from the industry did not prejudice the interests of depositors, creditors and other stakeholders, nor threaten the stability of the financial system.

4.2.1.2 Bank of Ghana Liquidity Assistance Directive

To promote transparency, and foster better liquidity planning by banks and SDIs, the Bank issued the Bank of Ghana Liquidity Assistance Directive. The Directive provides guidance on how eligible and solvent banks and SDIs facing temporary liquidity challenges are to be supported.

4.2.1.3 Revised Dud Cheque Notice

To further discourage the issuance of dud cheques, and sustain confidence in the payment system, the Bank issued the Revised Dud Cheque Notice in the review year.

4.2.1.4 Mergers and Acquisition Directive

In the review year, the Bank issued the Mergers and Acquisition Directive to provide guidance on the processes and procedures for evaluating applications for mergers and acquisitions.

4.2.1.5 Risk Management Directive

The Bank issued the Risk Management Directive to ensure that regulated financial institutions had a risk management framework that was appropriate to the size, business mix and complexity of the institution at all times. This Directive was also in compliance with Pillar 2 of Basel II/III Capital Requirements.

4.3 Regulated Institutions

At end-December 2021, licensed Bank and Non-Bank institutions comprised Universal Banks (23), Savings and Loan Companies (24), Finance Houses (15), Rural and Community Banks (144), Microfinance Institutions (180), Mortgage Finance Companies (1), Leasing Companies (2), and Foreign Exchange Bureaux (420).

Table 4.1: Structure of the Banking Industry

Institution Type	DEC-20 No.	DEC-20 Total Assets (GH¢'M)	DEC-20 Share (%)	DEC-21 No.	DEC-21 Total Assets (GH¢'M)	DEC-21 Share (%)
Banks	**23**	**149,322.26**	**91.1**	**23**	**179,803.64**	**91.7**
SDIs	**366**	**14,548.84**	**8.9**	**365**	**16,347.78**	**8.3**
S&Ls/FHs & Others*	42	7,482.43	4.6	41	8,502.96	4.3
RCBs	144	6,170.88	3.8	144	6,758.81	3.4
MFIs	180	895.53	0.5	180	1,086.01	0.6
Total	**389**	**163,871.10**	**100.00**	**388**	**196,151.42**	**100.00**

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

4.3.1 Banking Sector

4.3.1.1 Assets and Liabilities

At end-December 2021, total assets of the banking sector stood at GH¢179.80 billion, representing a year-on-year growth of 20.4 per cent. The strong growth in total assets was mainly due to increase in investments and credit by 29.0 per cent and 12.8 per cent, respectively. However, growth in loans slowed, mainly due to the effect of the COVID-19 pandemic on bank lending activities.

The funding sources of total assets were mainly from deposits, which grew, year-on-year, by 16.6 per cent to GH¢121.05 billion, and 51.9 per cent to GH¢22.04 billion, respectively in 2021. (Annex Table 4.2).

4.3.1.2 Financial Soundness Indicators

In 2021, the banking sector remained solvent, profitable, liquid, and sound, in spite of the economic shocks emanating from the COVID-19 pandemic. Overall, the Financial Soundness Indicators (FSIs) remained healthy supported by regulatory policy measures and reliefs.

Profitability

Profitability of the DMBs was broadly sustained in the review year, as highlighted by the key profitability indicators.

Table 4.3: Banks' Profitability Indicators (%), 2017 - 2021

Indicators (%)	2017	2018	2019	2020	2021
ROE	18.7	18.5	19.9	21.4	20.6
ROA	3.6	3.4	4.1	4.4	4.5
ROEA	4.7	4.6	5.6	5.9	6.0
Net interest margin	10.2	9.5	11.0	10.9	9.9
Cost to Income Ratio	59.0	58.3	54.8	51.4	50.3
Net interest Spread	11.0	9.5	10.5	10.5	10.3

Source: Bank of Ghana

BOX 4.1: SUSTAINABLE BANKING PRINCIPLES

In 2021, the Bank successfully rolled out the reporting template for banks to submit returns on the implementation of Ghana's Sustainable Banking Principles. The templates were designed to monitor progress made by banks following the signing-off of the Sustainable Banking Principles (SBPs) by banks and the subsequent launch in November, 2019.

The SBPs promote good environmental, social, and governance practices in the banking business, enhances financial inclusion, gender equality, resource efficiency, and sustainable consumption and production.

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

The Principles are as follows:

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

The SBPs apply to five sectors, which are:

- Agriculture and forestry;
- Mining, oil and gas;
- Construction and real estate;
- Energy and power; and
- Manufacturing.

To facilitate the implementation of the seven Principles and the five Sector Guidance Notes launched in 2019, the Bank embarked on capacity building and awareness programmes for banks and supervisory staff of the Bank of Ghana. The Bank of Ghana in 2021, collaborated with key stakeholders and developed training materials on Principle 1 for the banking industry to build capacity. This training programme is expected to be rolled out in 2022 for the banking industry.

Asset Quality

Non-Performing Loans (NPLs) ratio deteriorated to 15.2 per cent, in 2021, compared to 14.8 per cent in 2020. (Table 4.4)

Liquidity

In 2021, the banking sector remained broadly liquid. The ratio of liquid assets to total deposits increased to 93.1 per cent at end-December 2021, from 89.0 per cent at end-December 2020, while the ratio of liquid assets to volatile funds increased to 149.6 per cent, from 143.7 per cent.

Solvency

The Capital Adequacy Ratio (CAR) at end-December 2021 was 19.6 per cent, above the minimum regulatory threshold of 11.5 per cent. The strong CAR position in the review year strengthened the banks' ability to withstand the shocks emanating from the pandemic.

Table 4.4: Banks' Solvency Indicators (%), 2017 - 2021

Solvency Indicators	2017	2018	2019	2020	2021
CAR (%)	15.6	21.9	17.5	19.8	19.6
Net Worth (GHC'M)	12,271.00	16,928.00	18,947.13	22,632.85	24,810.57
NPL (%)	21.6	18.2	13.9	14.8	15.2

Table 4.5: Banks' Liquidity Indicators (%), 2017 - 2021

Indicators	2017	2018	2019	2020	2021
Liquid Assets/ Total Deposit (%)	85.3	91.5	92.1	89.0	93.1
Liquid Assets/ Volatile Funds (%)	156.0	162.0	150.2	143.7	149.6

4.4.2 SDIs and Other Licensed Institutions

In the review year, the Bank continued to strengthen regulation and supervision of the SDIs and other licensed institutions.

The sector comprises Savings and Loans Companies (S&L), Finance Houses (FHs), Mortgage Finance Companies (MFCs), Leasing Companies (LCs), Rural and Community Banks (RCBs), and Microfinance Institutions (MFIs). The combined assets of SDIs and Other Licensed Institutions at end-December 2021 stood at GH¢8.50 billion, increasing from the previous year's position of GH¢7.48 billion.

The major source of funding for the sector was deposits from the S&L sub-sector (Dec 2021: GH¢3.25 billion), which funded 64.3 per cent of the total assets. Deposits increased by 21.5 per cent, year-on-year, to GH¢5.06 billion.

4.4.2.1 Savings and Loans Sector

The total number of licensed S&Ls stood at 24 at end-December 2021. The sector recorded total assets of GH¢5.82 billion at end-December 2021, representing a year-on-year growth of 15.8 per cent. The Capital Adequacy Ratio (CAR) was 9.7 per cent at end-December 2021, below the prudential minimum requirement of 10.0 per cent. The Non-Performing Loans (NPL) ratio increased to16.4 per cent at end-December 2021, from 16.7 per cent at end-December 2020.

4.4.2.2 Finance House Sector

In 2021, the total number of licensed FHs stood at 15. Total assets of the sector was GH¢2.62 billion at end-December 2021, representing a year-on-year growth of 9.5 per cent. The Capital Adequacy Ratio (CAR) at end-December 2021 was 5.8 per cent, below the prudential minimum of 10.0 per cent. The NPLs ratio decreased to 18.4 per cent at end-December 2021, from 19.0 per cent at end-December 2020.

4.4.2.3 Leasing Sector

In the review year, one more LC was licensed, bringing the total number of licensed institutions to two. Total assets of the sector stood at GH¢59.59 million at end-December 2021, while the Capital Adequacy Ratio (CAR) was 35.6 per cent, above the prudential minimum requirement of 10.0 per cent. The NPLs ratio remained unchanged at 9.9 per cent at end-December 2021, as compared to the position at end-December 2020.

4.4.2.4 Foreign Exchange Bureaux

The total number of licensed Foreign Exchange Bureaux at end-December 2021 was 420, compared to 426 at end-December 2020. During the review year, there was consolidation of related bureaux, which hitherto had operated as separate entities. This led to the reduction in the number of licensed institutions. The trading in foreign currencies in the bureaux market, which was sluggish in 2020, picked up significantly in the review year as a result of the waning effects of the pandemic, and improved market conditions. in the foreign exchange market broadly. The Ghana cedi equivalent of purchases and sales of traded foreign currencies in the forex bureaux market for 2021 was GH¢1.55 billion and GH¢1.58 billion, representing a year-on-year growth of 73.47 per cent and 73.52 per cent, respectively.

4.5 Collateral Registry

A total of 151,415 security interests were registered in the year under review, as compared to 102,089 registered in 2020. Also, there was a total of 290,828 registered collaterals, 34.3 per cent increase in 2021, compared to 2020. A total of 57,661 searches were conducted during the year, compared to 34,947 in 2020. (Annex Table)

4.6 Financial Stability

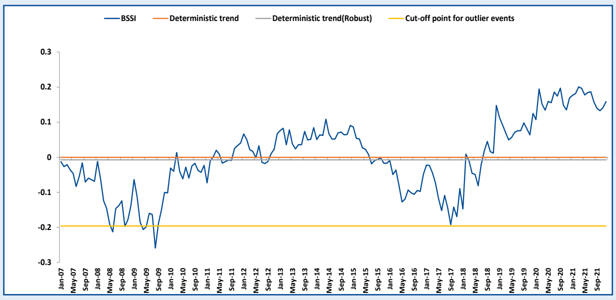
During the review year, the Bank continued to undertake surveillance of the financial system to assess and monitor potential systemic risks, market conduct breaches, and AML/CFT&P deficiencies for prompt remedial action.

4.6.1 Systemic Risks Surveillance

4.6.1.1 Developments in Core Financial Soundness Indicators

The Banking Sector Soundness Index (BSSI)[11], the composite indicator, which tracks the financial soundness of the banking sector, recorded significant improvement in 2021, compared to 2020. The upward trend of the BSSI, amidst the pandemic, was driven by increases in capital buffers, broad liquidity, earnings and efficiency. (Chart 4.1 and Table 4.7 in the Annexes)

Chart 4.1: Banking Sector Soundness Index (BSSI)



Source: Bank of Ghana

4.6.1.2 Stress Testing of the Banking Sector

The Bank conducted quarterly stress tests to evaluate the resilience of the banking sector to credit, interest rate, and exchange rate shocks. The results from the stress-tests showed that the banking sector remained robust and resilient to mild to moderate shocks. The extension of the COVID-19 policy measures and regulatory reliefs introduced by the Bank in 2020 strengthened the industry's capacity to withstand the shocks emanating from the pandemic. (Chart 4.2)

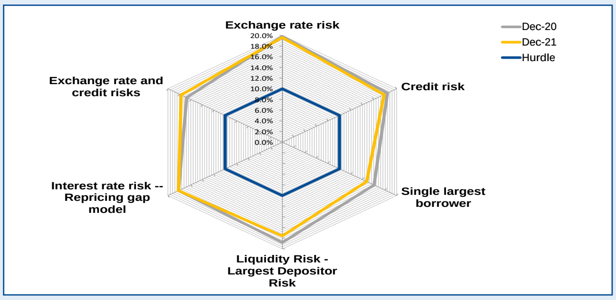
4.6.2 Market Conduct

4.6.2.1 Consumer Protection

In 2021, the Bank continued to strengthen consumer protection recourse mechanisms to ensure fair treatment

[11] The BSSI is developed from the core FSIs: Capital Adequacy Ratio, Asset Quality Ratio, Management Efficiency Ratio, Earning Ratio and Liquidity Ratio. An upward trend in the BSSI connotes an improvement in the soundness of the banking system. The data used is subject to revision.

Chart 4.2: The Banking Sector Resilience Map



Source: Bank of Ghana

of consumers of financial services. Market surveillance exercises were conducted through off-site and on-site examination of licensed institutions. Further, to enhance market confidence, the Bank facilitated the resolution of disputes between financial service providers and their customers.

During the year, the Bank published Guidelines and Notices to further strengthen consumer protection. These included the following:

- Unclaimed Balances and Dormant Accounts Directive;
- Sanctions for the Issuance of Dud Cheques;
- Abolition of unfair Fees, Charges and other Practices in the Banking Sector; and
- Treatment of Captured Payment Cards in Automated Teller Machines (ATMs).

4.6.2.2 Complaints

To promote public confidence in financial service delivery, the Bank promptly resolved complaints received from the general public regarding the conduct of banks and SDIs towards customers. A total of 857 complaints received from customers of banks, SDIs and Non-Deposit Taking Financial Institutions were recorded, as compared to 876 in 2020.

4.6.2.3 Credit Reporting

In 2021, to ensure compliance with regulatory requirements and promote responsible lending, the Bank intensified its supervisory oversight role on the credit reporting system through enhanced offsite and onsite supervision. The Bank issued a Notice on the Credit Reporting Regulations, 2020 (LI 2394) to inform the general public about the requirements of the regulation, and the need for strict compliance with the credit reporting system by sectors involved in the provision of goods and services to the public.

4.6.3 Financial Inclusion

During the review year, the Bank conducted various sensitisation programmes for both licensed Financial Service Providers (FSPs) and the general public to promote financial inclusion. To further strengthen financial inclusion, the Bank's financial literacy programmes were broadened to include issues bordering on disclosure, product transparency rules, recourse mechanism, secure banking, prevention of financial fraud, responsible borrowing, responsible savings and Investment, among others.

4.6.4 Financial Integrity

In 2021, Ghana successfully rectified all the strategic deficiencies that were identified in the country's second round of Mutual Evaluation in 2016, and exited the ''Grey List'' of the Financial Action Task Force (FATF). This followed enhanced supervisory approach to onsite and offsite examination of the country's AML/CFT regime.

In all, the Bank conducted AML/CFT&P examination on 148 institutions, organised series of training programmes to ensure compliance with AML/CFT regulations. The Bank also hosted the Committee of Cooperation between Law Enforcement Agencies and the Banking Industry (COCLAB) to discuss emerging issues in the banking industry. Furthermore, to improve the analysis and dissemination of financial intelligence to the relevant institutions and the general public, the Bank organised a number of workshops in collaboration with other stakeholder institutions.

4.6.5 Financial Stability Council

During the review year, the Financial Stability Council (FSC), chaired by Dr. Ernest K. Y. Addison, Governor of the Bank of Ghana, held four quarterly meetings to assess market vulnerabilities, with a focus on financial stability risks emanating from the lingering effects of the pandemic on the financial system. The meetings assessed: (i) Policies by member institutions to mitigate the adverse effects of the COVID-19 pandemic, (ii) Determinants of foreign investor participation in the capital market, and (iii) Corporate governance frameworks in the financial sector.

To enhance the operations of the FSC, work commenced on a centralised database where Financial Sector Risk Indicators (FSRI) from member institutions would be stored and accessed. The project is intended to provide a central access point for Council members to effectively identify and monitor emerging risks within the financial system.

4.7 Payment Systems

In 2021, the key strategic initiatives within the payment and settlement ecosystem were as follows:

- Strengthening Prudential and Regulatory Framework;
- Improving oversight of Payment Service Providers;
- Enhancing Product Innovation and Development;
- Strengthening Financial Inclusion and Digital Finance; and
- Improving Non-Cash Payment Streams.

4.7.1 Strengthening Prudential and Regulatory Framework

Cheque Printer Accreditation Standard

To promote standardisation of cheques and cheque security features, in line with section 85 of the Payment Systems and Services Act, 2019 (Act 987), the Bank published the

Cheque Printer Accreditation Standard. The Standard is a regulatory and supervisory framework for the assessment of cheque printers' compliance with the required standards.

Payment Systems Advisory Committee

Pursuant to section 5(1) of the Payment Systems and Services Act, 2019 (Act 987), the Payment Systems Advisory Committee (PSAC) in 2021, organised two meetings to review reports of the various Working Groups, and deliberated on the status of implementation of the Payment Systems Strategy (2019-2024).

The PSAC acts in advisory capacity to the Bank on regulation, oversight, operational and technical standards of payment, clearing and settlement systems in accordance with section 4(2) of Act 987.

4.7.2 Improving oversight of Payment Service Providers

In 2021, the Bank conducted onsite and offsite examination of the operations and activities of the payment service providers to determine their level of compliance with the requirements of the Payment Systems and Services Act, 2019 (Act 987), other Directives, as well as Guidelines issued by the Bank.

4.7.3 Enhancing Product Innovation and Development

In 2021, the Bank approved 26 products and services for various financial institutions, compared to 32 products in 2020. The approved products and services related to digital micro savings, cross-border banking services, card issuance, agency banking, remittance, digital microloan, social media banking, mobile banking, ATM services and sub-agency banking.

4.7.4 Strengthening Financial Inclusion and Digital Finance

In response to the challenges posed by the COVID-19 pandemic, a significant number of inactive mobile money wallets were re-activated, together with an increase in the use of mobile money and other digital channels. This was evident in the increase in mobile money transactional data at end-December 2021. (Chart 4.3)

4.7.4.1 Financial Inclusion Commitment under MAYA Declaration

In 2021, Bank of Ghana, as a member of the Alliance for Financial Inclusion (AFI), made new commitments under the MAYA Declaration. The MAYA Declaration is a global initiative for responsible and sustainable financial inclusion that aims at reducing poverty and ensuring financial stability.

4.7.5 Improving Non-Cash Payment Streams

The Bank implemented a number of policy interventions and strategies to further promote and strengthen the adoption of digital channels in financial services delivery. This was in line with the Government of Ghana's vision of building a highly digitised economy to drive inclusive growth. Notably, the PSAC begun initiatives aimed at driving up digital payments and services, and ensuring a smooth functioning of the Ghanaian payment system. Recommendations from the PSAC Working Groups resulted in some changes to the Mobile Money Interoperability (MMI) pricing structure.

4.7.6 Non-Cash Payment Streams

Ghana Interbank Settlement (GIS) System

The total volume of Ghana Inter-bank Settlement (GIS) transactions in 2021 increased by 4.4 per cent to 1,505,523, whereas the total value of transactions declined by 21 per cent to GH¢1,992.87 billion. The average value per transaction at end-December 2021 was GH¢1,227,207.63, compared to GH¢1,687,399.70 at end-December 2020. (Chart 4.4)

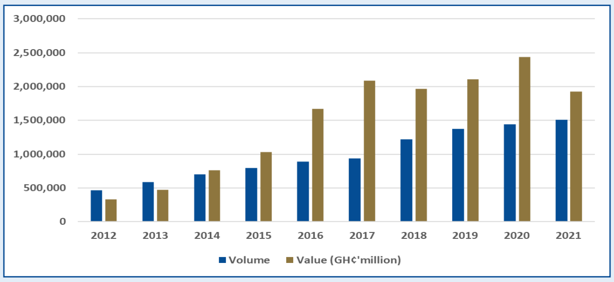
Cheque Codeline Clearing (CCC)

Total volume of inter-bank cheques cleared increased to 5,975,750, from 5,903,331 in 2020, while total value of transactions increased by 14.8 per cent to GH¢203.85 billion at end-December 2021. (Chart 4.5)

Chart 4.3: Mobile Money Transactions

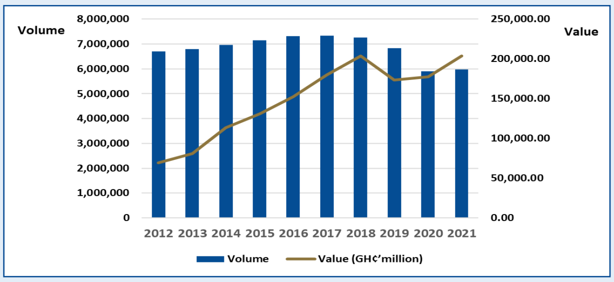
Source: Mobile Money Operators & National Communications Authority

Chart 4.4: Ghana Interbank Settlement Transactions (RTGS)



Source: GhIPPS

Chart 4.5: Cheque Codeline Clearing (CCC)



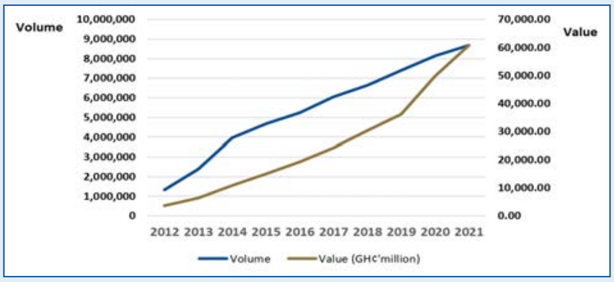
Source: GhIPPS

4.7.7 Ghana Automated Clearing House

(a) Direct Credit

In the review year, total volume of transactions cleared through the direct credit system increased by 6.8 per cent to 8,688,154. Total value of direct credit transfers also increased by 22 per cent to GH¢60.73 billion. Express ACH direct credit recorded a growth of 14.2 per cent and 25.9 per cent in both volume and value of transfers over the 2020 positions of 1,229,629 and GH¢15.55 billion, respectively. (Chart 4.6)

Chart 4.6: GACH Direct Credit Transactions

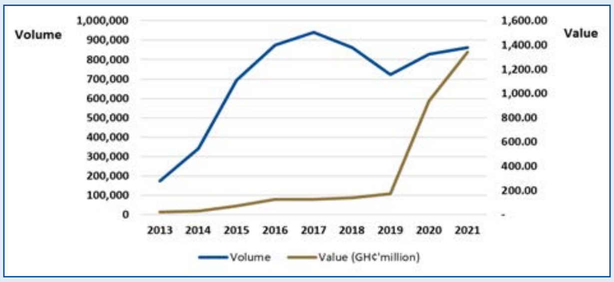


Source: GhIPPS

(b) Direct Debit

In 2021, total volume of direct debit transactions increased to 860,858, from 827,901 in 2020. The total value of transactions also increased by GH¢403.87 million to GH¢1.34 billion at end-December 2021. Average value per transaction also increased to GH¢1,556.55 in 2021 from GH¢1,130.69 in 2020, and Near Real Time ACH Direct volumes and values increased significantly to 559,509 and GH¢9.63 billion in 2021, from 109,259 and GH¢1.35 billion in 2020, respectively. (Chart 4.7)

Chart 4.7: GACH Direct Debit Transactions



Source: GhIPPS

4.7.8 E-Zwich Transactions

During the review period, the number of e-zwich card holders increased by 6.7 per cent to 3,468,894, compared to 2020. However, the total volume of e-zwich transactions declined by 25.0 per cent to 7,856,107, while total value of transactions decreased by 12.4 per cent to GH¢7.91 billion over the same comparative period. (Chart 4.8)

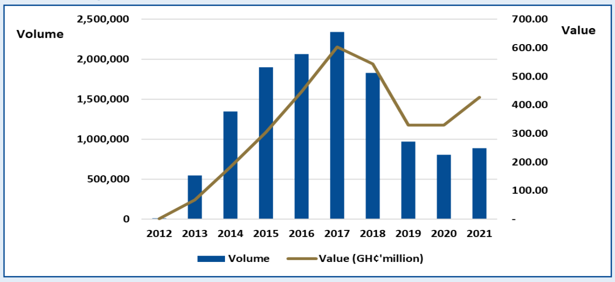
Chart 4.8: E-zwich Transactions

Source: GhIPPS

4.7.9 Gh-Link™ (National Switch)

During the year under review, the gh-link™ platform recorded a total volume of 889,266 transactions with a value of GH¢427.30 million, compared to a total volume of 806,486 with a value of GH¢329.70 million in 2020. ATM transactions continued to dominate on the platform and constituted more than 99.0 per cent of the transactions. (Chart 4.9)

Chart 4.9: gh-link™ Transactions

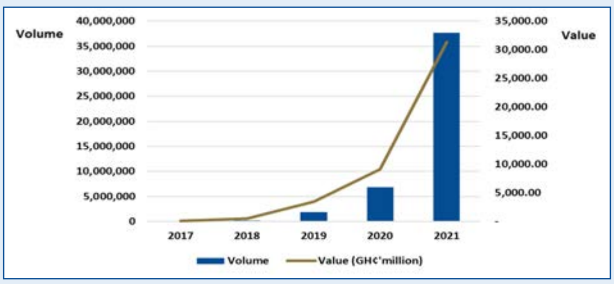


Source: GhIPPS

4.7.10 GhIPSS Instant Pay

In 2021, GhIPSS Instant Pay (GIP) recorded a total volume of 37,672,319 transactions with a value of GH¢31.36 billion, compared to 6,804,754 and GH¢9.15 billion in 2020. (Chart 4.10)

Chart 4.10: GIP Transactions



Source: GhIPPS

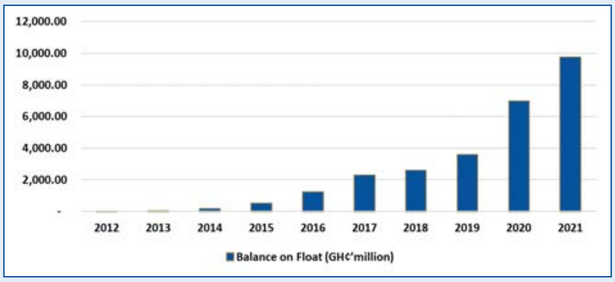
4.7.11 Merchant Account Categorisation

The Bank established a new account categorisation for merchant payments, which was aimed at ensuring that Small and Medium Enterprises (SMEs) that did not meet the stipulated merchant requirements stated under the Payment Systems and Services Act, 2019 (Act 987) got the opportunity to access a merchant account tailored to their needs. This three-tiered merchant account framework would promote a more inclusive digital payment acceptance.

4.8 Fintech and Innovation

In 2021, the Bank continued to monitor developments

Chart 4.11: Mobile Money Balance on Float



Source: Mobile Money Operators & National Communications Authority

in the FinTech ecosystem and took the necessary steps to further promote a vibrant, inclusive, safe, and efficient digital financial services sector.

4.8.1 Central Bank Digital Currency

The Bank continued to explore the feasibility and appropriateness of a Central Bank Digital Currency (CBDC). In line with this, the Bank partnered with Giesecke+Devrient to pilot a general purpose CBDC to complement and serve as an alternative to bank notes and coins. The eCedi would facilitate electronic payment by households and businesses, and also advance the financial inclusion agenda.

4.8.2 Policy on Crowd Funding

In the review year, the Bank issued a policy to promote innovative digital crowd funding solutions that comply with data protection and customer privacy regulations, good governance and accountability, relevant AML/CFT norms, liquidation procedures and the protection of contributors' interest. The policy is expected to deepen the involvement of clubs, associations, market women, farmers, and the general public with entities approved by the Bank in crowd funding activities.

4.8.3 Regulatory Sandbox Pilot Project

The Bank, in line with its commitment to develop an enabling and inclusive regulatory environment that promotes FinTechs and support innovation within the ecosystem, collaborated with EMTECH Services LLC to pilot a regulatory and innovation sandbox. This project provides the Bank with data on usefulness, safety and viability of innovations, and also plays a pivotal role in driving financial inclusion with preference given to products and services that target initiatives for women.

4.8.4 Mobile Money Services

In 2021, registered mobile money accounts increased to 48,308,945, from 38,473,734 in 2020, and the number of registered agents also increased to 579,672, compared to 423,892, over the comparative period.

The number of active mobile money accounts increased marginally to 17,948,480, from 17,142,677 in 2020, while the number of active mobile money agents increased significantly to 442,475 in 2021, from 328,329 in 2020.

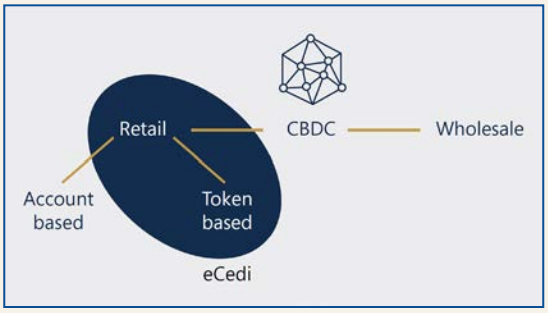
Total value of mobile money transactions amounted to GH¢978.32 billion in 2021, a significant growth of 73.4 per cent over the 2020 position. Total float balance increased to GH¢9.74 billion in 2021, from GH¢6.98 billion in 2020. (Table 4.8)

Table 4.8: Mobile Money Service

Indicators	2015	2016	2017	2018	2019	2020	2021	2021 % Growth
Total number of mobile voice subscription (Cumulative)[1]	35,008,387	38,305,078	37,445,048	40,934,875	40,173,115	40,173,115	40,454,073*	0.70
Registered mobile money accounts (Cumulative)	13,120,367	19,735,098	23,947,437	32,554,346	32,470,793	38,473,734	48,308,945	25.56
Active mobile money accounts[2]	4,868,569	8,313,283	11,119,376	13,056,978	14,459,352	17,142,677	17,948,480	4.70
Registered Agents (Cumulative)	79,747	136,769	194,688	396,599	306,346	423,892	579,672	36.75
Active Agents[3]	56,270	107,415	151,745	180,664	226,298	328,329	442,475	34.77
Total volume of transactions	266,246,537	550,218,427	981,564,563	1,454,470,801	2,009,989,300	2,859,624,191	4,246,799,232	48.51
Total value of transactions (GH¢'million)	35,444.38	78,508.90	155,844.84	223,207.23	309,352.25	564,156.00	978,324.00	73.41
Balance on Float (GH¢'million)	547.96	1,257.40	2,321.07	2,633.93	3,633.83	6,980.03	9,744.38	39.60

**Total mobile voice subscription figure is as at December 2021 (NCA)*
[1] Source: National Communications Authority (NCA)
[2] The number of accounts which transacted at least once in the 90 days prior to reporting
[3] The number of agents who transacted at least once in the 30 days prior to reporting

BOX 4.2: CENTRAL BANK DIGITAL CURRENCY (eCedi)



The payments landscape is changing, due to the adoption of digital and mobile technologies. The Bank of Ghana is one of the few African central banks to declare its intention to pilot a Central Bank Digital Currency (CBDC) within the framework of its financial sector digitisation program and the digitisation agenda of the Government of Ghana. The digital Cedi, otherwise known as eCedi, is a retail token-based CBDC designed to address the risk of unregulated privately issued digital "currencies" or virtual assets. The eCedi has two types of wallets, namely; hosted wallets managed by financial institutions and hardware wallets, which are secure portable storage devices to be held by individuals. Hosted wallets will require access to the internet, while hardware wallets work in offline mode. Payment is done by transferring the value note from one person to another. The concept is similar to cash payment transactions, where payment is done by transferring banknotes and/ or coins from person A to person B.

The core principles of the eCedi`s design are built around Governance, Accessibility, Interoperability, Infrastructure and Cyber security. The eCedi will be under the full control of the Bank, which is the only entity to create and destroy digital cash. Also, the ecosystem of the eCedi will include key players, such as banks, and payment service providers, to provide access to end-consumers. The eCedi will be integrated into the existing interbank payment systems and mobile money interoperability platforms operated by the Ghana Interbank Payment and Settlement Systems (GhIPSS).

The eCedi would be an alternative to cash, promote competition in the payment market, and facilitate the provision of innovative value-added services to individuals and businesses. It is designed to meet the following strategic goals:

- Balance transparency of transactions with the privacy of consumer data while being fully compliant with the KYC and AML/CFT regulations and requirements;
- Boost financial inclusion in an increasingly digital Ghanaian society by involving financially excluded people in financial services;
- Support programmable use cases to enable innovation and new business models while maintaining the trust of the users;
- Scalable to handle large volumes of transactions and provide 24/7 availability and support instant payments; and
- Facilitate cross-border trade, particularly under the AfCFTA.

5

Internal Developments

To ensure that business operations were not curtailed by the pandemic, the Bank strengthened remote working structures in 2021.

5.1 Overview

In 2021, the Bank further strengthened staff capacity and workplace safety to maximise employee performance. To ensure continuity of business operations, the Bank continued with the remote working policy introduced in 2020. Targeted staff training and career development programmes were deployed to ensure that staff remained motivated and committed to the mandate of the Bank. The Bank recruited qualified personnel to key positions and continued to improve work ethics, staff welfare, and information security.

5.2 Human Resource Activities

5.2.1 Policies

In 2021, the Bank reviewed the Handbook on Human Resource Policies. Notably the Bank introduced the Remote Working Policy to govern teleworking as an alternative working arrangement to ensure business continuity in the face of the pandemic.

5.2.2 Staff Strength

The total staff strength of the Bank was 2,202 at end-December 2021, representing 4.2 per cent increase on the position at end-December 2020. The categorisation of staff by grade and gender is summarised as follows:

Table 5.1: Staff Position, 2021

	Male	Female	Total	% of Total
Management Staff	222	99	321	**14.6**
Middle Level Staff	744	598	1,342	**60.9**
Junior Staff	454	85	539	**24.5**
Total	**1,420**	**782**	**2,202**	**100**

Source: Bank of Ghana

The total number of staff recruited in 2021 was 148, comprising 145 permanent staff and three contract staff, while a total of 61 exited the service of the Bank. This resulted in a net intake of 87.

5.2.3 Capacity Development

In the review year, the Bank implemented various local and foreign training programmes to strengthen staff capacity, so as to achieve its strategic objectives set out in the Strategic Plan – STAR 2022. Both virtual and in-person training and staff development programmes were sponsored. The breakdown is as follows:

Table 5.2: Staff Training, 2021

Programmes Attended	No. of Participants
Local Training	**5,613**
In-House	2,126
In-Country	3,487
Foreign Training	**287**
Total	**5,900**

Source: Bank of Ghana

5.2.4 Creation of New Offices

In 2021, to further enhance effective management of projects within the Bank, and also ensure that the Bank was well positioned to successfully resolve failing or failed institutions to minimise contagion effect on the financial system, two new offices were established - Project Management Office (PMO) and the Resolution Office (RO).

The PMO was to ensure that projects were accomplished through the application of project management process guide, appropriate project management skills, and the required risk management processes. Since its establishment, the PMO has developed a project management policies and other project management templates for the execution and monitoring of the Bank's projects.

The RO was set up in the review year in line with provisions in the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), which makes the Bank the resolution authority in Ghana for all deposit-taking Regulated Financial Institutions (RFIs). Independent of the Supervisory Departments of the Bank, the RO has the sole mandate of managing bank resolutions and its related activities, including the orderly exit of a failing or failed institution. The activities of the RO are guided by relevant provisions of Act 930 and international best practice.

5.3 Ethics and Professionalism

In the review year, the Bank initiated and implemented a number of activities and programmes to further strengthen and ensure that the culture of ethics and ethical conduct is imbibed by staff. The Bank conducted a comprehensive review of its Code of Ethics and eight ethics policies to ensure that they remained relevant, practicable and properly contextualised to meet the high standards of international best practice. A new set of ethics standards, "Standards of Conduct for Supervisory Departments/Offices", tailored to address ethical dilemmas within banking regulation and supervision was launched.

As part of the Bank's agenda to strongly mitigate misconduct risks, it introduced the Ethics Ambassadors' Programme to create a network of champions for the Bank's Ethics and Compliance Programme. In this regard, a group of 40 highly motivated members of staff across all Departments/Offices were selected, trained, appointed and deployed as Ethics Ambassadors to champion ethics sensitisation and accountability. This programme was aimed at engendering a culture of ethics and compliance in the Bank.

5.4 Health Issues

COVID-19 was the major health risk to the Bank in 2021. Therefore, quarterly Bank-wide mass testing and vaccination exercises were conducted. A total of 2,697 doses of vaccines comprising AstraZeneca, Moderna, Pfizer and Johnson & Johnson's Janssen were administered to staff in 2021. To manage occupational health risk and promote the adoption of healthy lifestyle among staff, the Bank strengthened the implementation of its healthcare policy.

The Bank also undertook the following key health related activities:

- Drafted a Medical Emergency Response Plan (MERP) to strengthen healthcare delivery;
- Periodic health education programmes for staff;
- Annual medical examination for staff to identify health risk and provide appropriate management; and
- Organised workshops for Health Promotion Champions to build capacity.

5.5 Corporate Social Responsibility

In the review year, the Bank continued to engage in a number of activities in communities across the nation as part of its corporate social responsibility strategy. Areas covered included education, health, humanitarian and social services.

5.6 Currency Management

In 2021, the Bank undertook a number of strategic initiatives to further strengthen currency operations. The following were the key highlights:

- Acquired four additional Banknote Processing System Machines;
- Procured and installed a currency forensic laboratory;
- Commenced the airlifting of currency to and from remote Bank of Ghana offices in collaboration with the Ghana Airforce; and
- Procured the services of Messrs Giesecke+Devrient Currency Technology Limited to provide consultancy services for the piloting of a Central Bank Digital Currency.

5.7 Risk Management

In the review year, the Bank continued to put in place the necessary measures to mitigate COVID-19 pandemic effects, and other emerging risks that could impact on its operations. To raise the level of risk awareness, the Bank launched a quarterly newsletter on risk related issues for staff. The Bank also reviewed and updated its Business Continuity Plan (BCP) to ensure a coordinated response to extraordinary events, such as the COVID-19 pandemic. The Bank-wide ML/FT Risk Assessment, which commenced in 2019, was completed in 2021.

5.8 ICT – Innovation and Software Implementation

In the review year, the Bank continued to strengthen operational processes through the adoption of innovative and ICT-enabled services.

5.8.1 Petroleum Revenue Receipts and Allocation System

The Bank completed and launched the Petroleum Revenue Receipts and Allocation (PRRA) System, which commenced in 2018, to resolve delays in petroleum revenue distribution.

5.8.2 System Integrity

In 2021, the Bank took measures to mitigate information security risks. Several system upgrades were undertaken to ensure that the security of the infrastructure remained resolute and responsive, in line with information security procedures.

Also, to ensure confidentiality and data integrity, and prevent data breaches and intrusions on the Bank's mobile devices, the Bank commenced the implementation of Microsoft BitLocker Solution. The project is expected to be completed in 2022.

5.8.3 ISO 27001:2013 Certification

The Bank reviewed and implemented Information Security Management System (ISMS) policies and procedures, and passed the external ISO27001:2013 surveillance audit in 2021.

5.9 Legal Developments

During the year, the Bank issued the following Notices, Directives and Guidelines, among others, to strengthen its legal and regulatory functions in the exercise of its mandate:

i. Unclaimed Balances and Dormant Accounts Directive;
ii. Guidelines on the Treatment of Unclaimed and Dormant Electronic Money Accounts;
iii. Draft Internal Operational Procedures for Treatment of Unclaimed Balances and Dormant Accounts Transferred to the Bank of Ghana;
iv. Directive on the Treatment of Captured Payment Cards in Automated Teller Machines;
v. Collateral Registry Rules;
vi. Corporate Governance Directives for Rural and Community Banks;
vii. Outsourcing Directive;
viii. Directive for the Licensing of Banks and Specialised-Deposit Taking Institutions; and
ix. Anti-Money Laundering/Combating the Financing of Terrorism & Proliferation of Weapons of Mass Destruction Guideline (AML/CFT & P Guideline).

The Bank continued to pursue bank resolution cases in the courts.

5.10 Audit

In 2021, in line with best practice, the Bank continued to strengthen its internal audit functions to safeguard its assets. Deloitte & Touche remained the external auditors of the Bank.

6

External Relations

6.1 Overview

In 2021, the Bank continued to strengthen relations with sub-regional, regional and international financial institutions, participated in meetings, and facilitated missions of multilateral institutions, such as the:

- International Monetary Fund (IMF);
- World Bank;
- Financial Stability Board (FSB);
- African Development Bank (AfDB);
- Association of African Central Banks (AACB);
- African Export–Import Bank (AFREXIMBANK);
- African Rural and Agricultural Credit Association (AFRACA);
- African Continental Free Trade Area (AfCFTA);
- Joint Multilateral Surveillance missions by ECOWAS-WAMI-WAMA teams;
- West African Institute for Financial and Economic Management;
- The College of Supervisors of WAMZ (CSWAMZ); and,
- African Union Commission.

6.2 IMF and World Bank

In August 2021, the Board of Governors of the IMF approved a general allocation of Special Drawing Rights (SDRs) of about SDR456 billion, (equivalent to US$650 billion) to boost global liquidity and stabilise the global economy due to the socio-economic challenges brought about by the pandemic. Out of this allocation, about SDR193 billion, (equivalent to US$275 billion) was made available to emerging markets and developing countries. Ghana received about SDR707 million, (equivalent to about US$1.0 billion) as its share of the allocation to support the post COVID-19 economic recovery plan.

In the review year, the IMF concluded Article IV Consultations with Ghana. The IMF observed that monetary policy stance remained broadly appropriate, and urged the Bank to safeguard external buffers. Although the IMF noted the various interventions taken to support the economy against the effects of the pandemic, it raised concerns about the elevated fiscal deficit and debt levels. Further, the IMF stressed on the need for authorities to entrench prudent macroeconomic policies, ensure debt sustainability, and to press ahead with structural reforms.

Also, in 2021, the World Bank approved US$103.4 million for Ghana to deal with issues bordering on land degradation, and to strengthen integrated natural resource management. About 3 million hectares of degraded landscapes, mainly in the Northern Savannah zone and the cocoa forest areas, would benefit from the programme.

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

In the review year, the Bank participated in both the Spring (April 5-11) and Annual (October 11-17) Meetings, of the IMF and the World Bank, which were held virtually.

The Spring Meetings, among others, discussed the growing debt levels amid the pandemic. The meetings discussed various strategies, which included the provision of comprehensive support to low income countries and the pursuit of domestic resource mobilisation programmes by governments. Further, stakeholders were urged to take early actions to help countries in debt distress return to sustainable paths.

During the Annual Meetings, stakeholders noted the importance of expanding trade flows and innovative policies in addressing global challenges in the face of the pandemic. Countries were urged to undertake reforms to facilitate and boost trade levels within regions. It was also observed that growth in the use of digital assets, such as digital currencies and private e-money, could positively impact economies.

6.2.2 The International Monetary and Financial Committee Meetings

The International Monetary and Financial Committee (IMFC) meetings took place virtually on April 8 and October 14, 2021, and was chaired by Ms. Magdalena Andersson, the Minister for Finance of Sweden. The meetings focused on three themes, which were: Vaccine Access, Climate Change and Debt Sustainability.

The April meeting emphasised on the need for global stakeholders to accelerate COVID-19 vaccine production, and take the necessary steps to ensure that vaccines were not only affordable but also equitably distributed. The IMFC noted that, in spite of the encouraging signs of the global economic recovery, there was a great deal of uncertainties across countries, which could extend scarring, and erode economic gains, should global financing conditions tighten swiftly. This, the IMFC noted, could heighten inequality and exacerbate poverty. The meeting agreed on the need for the promotion of open, stable and fair trade policies, and urged the modernisation of rules-based trading at the World Trade Organisation, in order to boost global economic growth.

Also, at the April meetings, the IMFC noted the importance of strong economic fundamentals and sound policies to the stability of the international monetary system. To this end, the IMFC urged governments to refrain from competitive currency devaluations which had the potential of affecting exchange rates, leading to imbalances in global trade. The meetings urged governments to prioritise spending on health and assistance for the vulnerable, whilst preserving long-term fiscal sustainability. The meetings noted the important role the IMF plays in helping member countries identify and manage the macro-critical implications of climate change and inequality.

At the October meetings, the IMFC noted that the stark differences in vaccine access reflected divergence and inequality in the global economy, and urged stronger international cooperation to foster inclusion and expedite vaccine distribution. The Committee also agreed to collaborate to unlock the potential of the digital economy, whilst managing associated risks. It also welcomed new pledges received from members with respect to the Poverty Reduction and Growth Trust (PRGT), and reaffirmed commitments to scale it up and work to preserve its financial soundness in the long term. With a view to preserving the reserve asset characteristics of the SDRs, the Committee expressed its support for the establishment of the Resilience and Sustainability Trust (RST) at the IMF to provide affordable long-term financing to support countries.

6.2.3 The Development Committee

The Development Committee (DC) held its meetings virtually on April 9 and October 15, 2021, and was chaired by Ms. Mia Amor Mottley, the Prime Minister and Minister of Finance, Barbados.

The Committee noted the adverse effects of COVID-19 on the global economy, expressing that the pandemic had heightened poverty and caused decelerations in economic growth. Therefore, the Committee called for a coordinated policy response to contain the pandemic, whilst achieving the twin goals of poverty reduction and green development. The Committee welcomed the progress made by the Debt Service Suspension Initiative (DSSI), which had enabled International Development Association (IDA) countries to expend funds needed to shield their economies, as the pandemic threatened. The DC supported the decision by the G20 to extend the DSSI for an additional six months to enable beneficiary countries to mobilise more resources to address challenges faced, and where appropriate, to undertake structural reforms to address debt vulnerabilities.

Further, the Committee commended the WBG for the commitment of US$157 billion to support global economic recovery, and urged the WBG, the IMF, WHO and WTO task force to leverage global partnerships to scale up the production and disbursement of COVID-19 vaccines, and finance critical testing, diagnostics and treatment.

6.3 Financial Stability Board

Co-chaired by Dr. Ernest Addison, the Governor of the Bank of Ghana, and Mr. Lesetja Kganyako, the Governor of the South African Reserve Bank, the Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held virtual meetings in June and December to discuss trends in global and regional macroeconomic conditions, as well as implications of the COVID-19 pandemic on financial stability in the region.

At the June meeting, discussions focused on regulatory and supervisory challenges heightened by the pandemic. The group shared experiences on adjustments made to individual countries' regulatory and supervisory frameworks to contain the pandemic, and reviewed adjustments needed to identify longer-term and institutional resilience issues. Members also explored the best approach to unwind the supportive policy measures related to COVID-19, when conditions allowed.

At the December meeting, discussions focused on lessons learned from the COVID-19 pandemic, and considered policy challenges stemming from the crisis. Trade-offs between preserving policy space against keeping in place economic recovery stimulus measures was considered. The RCG also reviewed vulnerabilities relating to global financing conditions, which had distorted financial systems and economies of emerging markets.

6.4 African Development Bank

During the review year, the 56th meeting of the Board of Governors of African Development Bank (AfDB), and the 47th meeting of the Board of Governors of African Development Fund were held on 23rd and 25th June, 2021, respectively. The virtual meetings were chaired by Hon. Kenneth Ofori-Atta, Chairman of the Board of Governors, and Minister for Finance, Ghana.

6.5 Association of African Central Banks

In 2021, the 43rd Ordinary Meeting of Assembly of Governors of the Association of African Central Banks (AACB) was held virtually in August. The meeting reviewed the implementation status of various AACB Bureau meetings, and noted that 29 out of 32 decisions had been implemented.

Also, the Assembly of the AACB reviewed the status of the African Monetary Cooperation Programme (AMCP) implementation and noted that the performance of the sub-region as against the AMCP criteria deteriorated in 2020, such that only 10 out of 42 countries met all the primary convergence criteria, compared to 24 out of 50 countries in 2019. It also observed that only one out of 45 countries met all the four secondary criteria in 2020, compared to three out of 49 in 2019.

The Assembly adopted the amendment of the AACB Statutes to incorporate provisions for terms and conditions for observer status to be granted to a central bank whose country is outside the African continent. The Assembly approved the reports of the AACB Task Force on Payment Systems Integration Working Group (PSIWG) and the Mobile Integration Strategy Working Group (MISWG) for Africa.

6.6 Afreximbank

In the review year, the African Export-Import Bank (Afreximbank), in collaboration with the Bank of Ghana and the Ghana Interbank Payment and Settlement Systems, connected the Bank's financial market infrastructure to the Pan-African Payment and Settlement System (PAPSS). PAPSS is a continental financial market payment infrastructure for central banks, commercial banks, payment service providers, card schemes and other intermediaries for undertaking cross-border payments in real-time and in local currency aimed at promoting intra-African trade, payments and remittances. It is estimated that a platform such as this, would annually reduce payment transaction costs by US$5 billion when fully implemented. Afreximbank is the main settlement agent, in partnership with African central banks.

6.7 African Rural and Agricultural Credit Association

In 2021, African Rural and Agricultural Credit Association (AFRACA) organised two virtual Executive Committee Meetings (EXCOM). The 84th AFRACA EXCOM meeting, which took place in April, tasked AFRACA to build a framework for measuring its impact on agricultural finance in Africa as a whole, as well as on Member Institutions. The highlight of the meeting was the election of a new EXCOM, chaired by Dr. Jesimen Chipika, Deputy Governor of the Reserve Bank of Zimbabwe. Bank of Ghana was elected Chair of the Anglophone West African sub-region. In addition, the EXCOM approved AFRACA's constitutional amendments, and launched a new strategic plan for the Association.

In June, the Bank of Ghana, in collaboration with AFRACA, launched the Ghana Local Chapter of the Association. The aim of this initiative was to bring AFRACA's Ghanaian Member Institutions under one umbrella, and create a platform for sharing ideas on financial inclusion and rural agricultural finance.

At the 85th EXCOM held in October, discussions focused on the impact of COVID-19 on the Association's finances and the need to revise membership subscription fees. The meeting was also informed about new strategic partnership agreements that the Association had made with the Food and Agricultural Organisation (FAO) and Small Foundation, based in Ireland.

6.8 African Continental Free Trade Area

On January 1, 2021, trading officially commenced under the African Continental Free Trade Area (AfCFTA) modalities. At end-December 2021, 36 African States had ratified the agreement establishing AfCFTA, an improvement on the 34 African States that had ratified the Treaty as at end-December 2020.

To explore the opportunities of this flagship project of the African Union's Agenda 2063, two Ghanaian companies pioneered the trading and exporting of products within the African free trade area. AfCFTA is expected to promote Africa as a major player in global trade.

6.9 ECOWAS Single Currency Programme

In 2021, as a result of the impact of COVID-19, ECOWAS Member States postponed the launch of the ECOWAS single currency (ECO), which was originally scheduled for 2020, and also deferred compliance with the convergence criteria. The Authority of Heads of States and Governments adopted a new Macroeconomic Convergence and Stability Pact and Roadmap to guide the implementation of the ECOWAS Monetary Cooperation Programme (EMCP) at its Ordinary Session held in Accra, Ghana, in June. The new pact covers 2021-2027, an extension believed to be adequate for Member States to meet the convergence criteria.

The Management Board of the Special Fund also held two meetings in 2021, one virtually, and the other in-person in Togo, to review the accounts of the Fund and budget performance by beneficiary institutions.

6.10 Sub-Regional Institutions

6.10.1 West African Monetary Institute (WAMI)

In 2021, the 46th Meeting of the Convergence Council (CC) of Ministers and Governors of ECOWAS was held virtually in August, following the 43rd Meeting of the Committee of Governors. The Meeting of the CC took decisions relating to integration of the West African Monetary Zone (WAMZ). Among others, the decisions included Member States' adoption of Single-Track Approach to ECOWAS Monetary Cooperation Programme (EMCP), the enhanced collaboration and cooperation among ECOWAS, West African Monetary Agency (WAMA), and West African Monetary Institute (WAMI), to execute the New Roadmap for the ECOWAS Single Currency Programme (2021 – 2027).

The CC reviewed the performance of Member States towards the attainment of the macroeconomic primary Convergence Criteria. The review indicated that only The Gambia had met all the four primary Convergence Criteria, while Guinea had met two, Ghana, Nigeria, Liberia and Sierra Leone met one each.

Also, the CC approved the establishment of a College of Insurance Supervisors for the WAMZ, in addition to the existing College of Supervisors of the WAMZ (CSWAMZ), and the College of Supervisors of Non-Bank Financial Institutions. The CC also adopted the Pan-African Payment and Settlement System (PAPSS) as the preferred platform for cross-border payments and settlement in the WAMZ, and directed WAMI to finalise arrangements to secure a grant of US$9.5 million from the African Development Bank (AfDB) for the unique bank identifier project in The Gambia, Ghana, Guinea, Liberia and Sierra Leone.

WAMI also held meetings of the Legal and Institutional Issues Committee (LIIC), which among others, discussed rules governing FinTechs.

6.10.2 West African Monetary Agency

In 2021, the West African Monetary Agency (WAMA) organised its 58th Ordinary Meeting of the Committee of Governors of Central Banks of ECOWAS Member States, virtually in August. However, the regular bi-annual surveillance missions could not take place due to the COVID-19 related travel restrictions.

WAMA played an important role in the development of the new Roadmap and Pact adopted by the Authority of ECOWAS Heads of States and Governments, and also signed an MOU with AfDB in respect of a project aimed at establishing gender-sensitive digital financial services regulations in the ECOWAS.

The Bank of Ghana, in collaboration with WAMA, organised a seminar on "Policy Responses to Emerging Extreme Events, and Lessons from the European Monetary Integration Process".

6.10.3 West African Institute for Financial and Economic Management

The West African Institute for Financial and Economic Management (WAIFEM) held two statutory meetings virtually during the year. Also, WAIFEM held its regular training programs virtually in the course of the year, apart from some demand-driven courses that were organised for some institutions in Nigeria and Liberia.

6.10.4 CSWAMZ

The College of Supervisors of the West African Monetary zone (CSWAMZ), as part of commitment to maintain cross-border relationships with central banks in the zone for cooperation, mutual assistance and exchange of valuable information, held virtual meetings during the year. Topics discussed included: Cross-border supervision issues; Joint examination exercises; Basel II and III capital requirements; Impact of IFRS 9 and 16 on financial reporting; COVID-19 unwinding measures; Update on the implementation of automated banking regulation processes; and Recent developments in Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) compliance, as well as other relevant financial stability concerns of the sub-region, in line with the mandate of the College.

6.11 African Union Commission

In 2021, the African Union Commission organised a consultative workshop for Ministers and Central Bank Governors on the progress made towards the establishment of the African Union Financial Institutions. The Commission also held the second Extraordinary session of the Specialised Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration, which discussed the African Union Financial Institutions, the reallocation of the Special Drawing rights, vaccine acquisition and financing, and the establishment of the African Financial Stability Mechanism.

6.12 African Union Financial Institutions

In the review year, His Excellency, Nana Addo Dankwa Akufo-Addo, the President of the Republic of Ghana, and Champion for the African Union Financial Institutions, (AUFIs), delivered the opening statement at a workshop of the African Union Ministers of Finance and Central Bank Governors on "Galvanising the roadmap towards the establishment of AUFIs and Africa's recovery from the COVID-19 pandemic". The Abuja Treaty, which established the African Economic Community (AEC), set up the AUFIs, comprising the African Central Bank (ACB), African Monetary Fund (AMF), African Investment Bank (AIB) and the Pan-African Stock Exchange (PASE). In terms of location of the Headquarters of AUFIs, the African Union, in collaboration with the AACB, decided that the headquarters of the ACB, AMF and AIB should be in Nigeria, Cameroon and Libya, respectively, while PASE would be hosted virtually.

6.13 Visits to Bank of Ghana

Staff of other central banks visited the Bank in 2021. Specifically, the Bank of Uganda and the Bank of Burundi paid working visits to understudy "Benchmarking Exercises on Central Banking Communication", and "FinTech Regulations and Financial Inclusion", respectively. Also, Ambassador Albert Muchanga, the Commissioner for Economic Development, Trade, Industry and Mining of the African Union Commission paid a working visit to the Bank.

6.14 MoU with Bank of Mauritius

In the review year, the Bank of Ghana signed a historic Cooperation Memorandum of Understanding (MoU) with the Bank of Mauritius in Port Louis, to deepen the existing ties of engagement between the two central banks. The objectives of the MoU were to establish an arrangement for the exchange of information concerning the stability and development of their respective banking systems, and to establish a framework for capacity building in the financial services industry. The MoU is also expected to strengthen areas of compliance with international standards and regulations related to the financial market and the performance and development of the payments system.

Annexes

Table 2.1: World Economic Indicators

REAL GDP GROWTH (%)	2017	2018	2019	2020**	2021**
			ESTIMATES (%, Year-on-Year)		
World	**3.7**	**3.6**	**2.9**	**-3.3**	**6.1**
Advanced Economies	**2.5**	**2.3**	**1.7**	**-4.5**	**5.2**
United States	2.3	2.9	2.3	-3.4	5.7
Euro Area	2.6	1.8	1.6	-6.4	5.3
Germany	2.7	1.1	1.1	-4.6	2.8
France	2.4	1.8	1.8	-8.0	7.0
Italy	1.7	0.9	0.5	-9.0	6.6
Spain	3.0	2.3	2.1	-10.8	5.1
Japan	1.7	0.6	-0.2	-4.5	1.6
United Kingdom	2.1	1.7	1.7	-9.3	7.4
Emerging and Developing Economies	**4.7**	**4.6**	**3.7**	**-2.0**	**6.8**
Russia	1.8	2.8	2.2	-2.7	4.7
China	6.9	6.8	6.0	2.2	8.1
India	6.8	6.5	3.7	-6.6	8.9
Brazil	1.3	1.8	1.2	-3.9	4.6
Sub-Saharan Africa	**3.0**	**3.3**	**3.1**	**-1.7**	**4.5**
Ghana	8.1	6.2	6.5	0.4	4.2
Nigeria	0.8	1.9	2.2	-1.8	3.6
South Africa	1.2	1.5	0.1	-6.4	4.9
Memorandum					
Commodity Price Inflation					
Oil	23.4	29.4	-10.1	–32.7	67.3
Non-Fuel	6.4	1.3	0.8	6.8	26.8
Consumer Price Inflation					
Advanced Economies	1.7	2.0	1.4	0.7	3.1
Emerging Markets and Developing Economies	4.3	4.8	5.0	5.2	5.9

Source: IMF WEO

Table 3.1: Selected Economic Indicators

Indicators	2016	2017	2018	2019	2020	2021
(Annual percentage change; unless otherwise indicated)						
National Income and Prices						
Agriculture	2.9	6.2	4.9	4.7	7.3	8.4
Industry	4.3	15.6	10.5	6.4	-2.5	-0.8
Services	2.8	3.4	2.8	7.6	0.7	9.4
Real GDP Growth (incl. Oil)	**3.4**	**8.1**	**6.2**	**6.5**	**0.5**	**5.4**
Real GDP Growth (excl. Oil)	**4.5**	**4.6**	**6.1**	**5.8**	**1.0**	**6.9**
Nominal GDP (GH₵ Million)	**219,595**	**262,798**	**308,587**	**356,544**	**391,941**	**459,131**
Consumer price index (end period, year-on-year)						
Headline	15.4	11.8	9.4	7.9	10.4	12.6
Food	9.7	8.0	8.7	7.2	14.1	12.8
Non-food	18.2	13.6	9.8	8.5	7.7	12.5
Exchange Rates (End of period)						
GH₵/US$	4.2	4.4	4.8	5.5	5.8	6.0
Depreciation (%)	-9.7	-4.9	-8.4	-12.9	-3.9	-4.1
GH₵/Pound Sterling	5.2	6.0	6.2	7.3	7.9	8.1
Depreciation (%)	8.3	-12.9	-3.3	-15.7	-7.1	-3.1
GH₵/Euro	4.4	5.3	5.5	6.2	7.0	6.8
Depreciation (%)	-6.4	-16.2	-3.9	-11.2	-12.1	3.5
Monetary Aggregates Annual Growth Rates (%)						
Reserve Money	29.6	13.2	4.6	34.4	25.0	20.0
Broad Money Supply (M2)	24.6	19.8	16.1	16.1	25.0	12.0
Broad Money Supply (M2+)	22.0	16.7	15.7	21.7	29.6	12.5
Private Sector Credit	14.4	13.4	10.6	18.0	10.6	11.2
Real Credit to the private sector	-0.8	0.9	1.1	9.4	-0.1	-1.3
Interest Rates (%)						
Monetary Policy rate	25.5	20.0	17.0	16.0	14.5	14.5
Interbank rate	25.3	19.3	16.1	15.2	13.6	12.7
91-Day treasury bill rate	16.8	13.3	14.5	14.7	14.1	12.5
182-day treasury bill rate	18.5	10.4	15.0	15.1	14.1	13.2
364-Day treasury bill rate				17.9	17.0	16.5

** Provisional*

Table 3.1: Selected Economic Indicators continued

Indicators	2015	2016	2017	2018	2019	2020
(Annual percentage change; unless otherwise indicated)						
Interest Rates (%)						
1-year treasury note rate	21.5	15.0	15.5			
2-year treasury note rate	22.5	17.5	19.5	21.0	18.5	19.8
Average lending rate	31.2	29.3	24.0	23.6	21.1	20.0
3-month average deposit rate	13.0	13.0	11.5	11.5	11.5	11.5
lending-deposit rate spread	18.2	16.3	12.5	12.1	9.6	8.5
External Sector (Cummulative)						
Exports of Goods and Services (US$ m)	11,138.3	13,834.8	14,942.7	15,667.5	14,471.5	14,736.2
Imports of Goods and Services (US$ m)	12,920.1	-12,647.8	-13,134.1	-13,410.7	-12,428.6	-13,628.7
Trade balance (US$' m)	-1,781.8	1,187.1	1,808.7	2,256.8	2,043.0	1,107.6
Current Accout Balance (US$' m)	-2,840.7	-2,003.7	-2,043.9	-1,864.0	-2,134.0	-2,497.3
per cent of GDP	-6.7	-4.4	-3.1	-2.8	3.1	3.3
Overall Balance of Payments (US$' m)	247.4	1,091.4	-671.5	1,341.0	377.5	510.1
Gross International Reserves	6,161.8	7,554.8	7,024.8	8,418.1	8,624.4	9,695.2
months of imports cover	3.5	4.3	3.6	3.9	4.0	4.4
Gross International Reserves (excl Oil Funds, Encumbered Assets) (US$' m)	4,862.1	5,491.0	5,317.2	6,607.9	6,961.8	7,906.0
months of imports cover	2.8	3.1	2.7	3.2	3.3	3.6
Net International Reserves (US$' m)	3,431.0	4,522.5	3,851.0	5,192.0	5,559.5	6,079.5
months of imports cover	2.0	2.5	2.0	2.4	2.6	2.8
External Debt (US$'m)	16,461.0	17,157.0	17,868.5	20,349.4	24,715.8	28,160.6
Government Budget (% of GDP)						
Domestic Revenue	14.8	15.2	15.1	14.7	14.1	15.2
Tax Revenue	11.7	12.3	12.2	12.0	11.6	12.6
Total Revenue and Grant	15.3	15.8	15.4	15.0	14.4	15.4
Total Expenditure	23.3	19.8	18.9	19.0	25.1	24.5
Domestic Primary Balance	0.4	2.6	2.2	1.8	-3.3	0.6
Overall Balance (Including Divestiture)	-6.0	-4.7	-3.8	-4.7	-11.7	-9.5
Public Debt	55.6	54.2	56.1	61.2	76.0	79.8

** Provisional*

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

Table 3.3: Monetary Indicators

				Variations (year-on-year)					
	GH¢ Millions			As at end-Dec 2019		As at end-Dec 2020		As at end-Dec 2021	
Indicator	**Dec-19**	**Dec-20**	**Dec-21**	**abs**	**per cent**	**abs**	**per cent**	**abs**	**per cent**
Reserve Money	28,896.02	36,082.06	43,300.02	7,394.98	34.39	7,186.03	24.87	7,217.96	20.00
Narrow Money (M1)	43,495.72	60,783.45	69,431.59	8,850.10	25.54	17,287.74	39.75	8,648.13	14.23
Broad Money (M2)	69,973.10	94,449.03	105,779.55	9,718.27	16.13	24,475.93	34.98	11,330.52	12.00
Broad Money (M2+)	**92,975.47**	**120,479.09**	**135,598.03**	**16,595.08**	**21.73**	**27,503.62**	**29.58**	**15,118.93**	**12.55**
Currency with the Public	14,358.06	20,889.63	21,816.17	2,417.15	20.24	6,531.57	45.49	926.54	4.44
Demand Deposits	29,137.66	39,893.82	47,615.41	6,432.96	28.33	10,756.17	36.92	7,721.59	19.36
Savings & Time Deposits	26,477.38	33,665.58	36,347.96	868.16	3.39	7,188.19	27.15	2,682.39	7.97
Foreign Currency Deposits	23,002.37	26,030.07	29,818.48	6,876.82	42.65	3,027.69	13.16	3,788.41	14.55
Sources of M2+									
Net Foreign Assets (NFA)	**21,293.01**	**18,721.06**	**10,302.96**	**7,256.28**	**51.69**	**(2,571.94)**	**(12.08)**	**(8,418.11)**	**(44.97)**
BOG	20,622.55	14,244.49	11,018.62	7,859.78	61.58	(6,378.06)	(30.93)	(3,225.87)	(22.65)
DMBs	670.46	4,476.57	(715.67)	(603.51)	(47.37)	3,806.12	567.69	(5,192.24)	(115.99)
Net Domestic Assets (NDA)	**71,682.47**	**101,758.03**	**125,295.07**	**9,338.80**	**14.98**	**30,075.56**	**41.96**	**23,537.04**	**23.13**
Claims on Government (net)	**34,214.54**	**68,965.59**	**75,314.27**	**6,663.03**	**24.18**	**34,751.06**	**101.57**	**6,348.68**	**9.21**
BOG	8,468.74	31,731.12	29,389.54	(1,740.24)	(17.05)	23,262.38	274.69	(2,341.58)	(7.38)
DMBs	25,745.80	37,234.47	45,924.73	8,403.27	48.45	11,488.67	44.62	8,690.26	23.34
Claims on Public Sector	**6,661.34**	**4,962.45**	**6,266.45**	**2,666.69**	**66.76**	**(1,698.89)**	**(25.50)**	**1,303.99**	**26.28**
BOG	974.82	931.34	966.11	(723.21)	(42.59)	(43.48)	(4.46)	34.78	3.73
DMBs	5,686.52	4,031.12	5,300.33	3,389.89	147.60	(1,655.41)	(29.11)	1,269.22	31.49
Claims on Private Sector	**40,069.70**	**44,263.86**	**49,171.40**	**6,253.84**	**18.49**	**4,194.16**	**10.47**	**4,907.54**	**11.09**
BOG	704.78	730.67	785.82	241.07	51.99	25.89	3.67	55.15	7.55
DMBs	39,364.91	43,533.19	48,385.58	6,012.78	18.03	4,168.27	10.59	4,852.39	11.15
Other Items (Net) (OIN) \2	**(9,263.10)**	**(16,433.87)**	**(5,457.05)**	**(6,244.75)**	**206.89**	**(7,170.77)**	**77.41**	**10,976.82**	**(66.79)**
o/w BOG OMO (Sterilisation)	(4,793.50)	(5,658.81)	(5,654.59)	852.51	(15.10)	(865.31)	18.05	4.22	(0.07)

Source: Bank of Ghana

Table 3.4: Sectoral Distribution of Banks' Outstanding Credit

				Year-on-Year-Variations			
		GH¢ Millions		As at end-Dec 2020		As at end-Dec 2021	
Indicator	**Dec-19**	**Dec-20**	**Dec-21**	**abs**	**per cent**	**abs**	**per cent**
a Public Sector	**5,805.11**	**4,235.86**	**5,381.75**	**(1,569.25)**	**(27.03)**	**1,145.89**	**27.05**
b Private Sector	**39,364.91**	**43,533.19**	**48,385.58**	**4,168.27**	**10.59**	**4,852.39**	**11.15**
Agriculture, Forestry & Fisheries	2,224.67	1,538.39	1,656.64	(686.28)	(30.85)	118.25	7.69
Export Trade	157.52	162.83	200.54	5.30	3.37	37.71	23.16
Manufacturing	4,816.83	4,985.44	5,688.17	168.62	3.50	702.73	14.10
Transport, Storage & Communication	2,481.30	3,096.58	3,353.27	615.29	24.80	256.68	8.29
Mining & Quarrying	1,192.20	1,178.63	817.41	(13.56)	(1.14)	(361.22)	(30.65)
Import Trade	1,141.37	1,232.21	1,733.00	90.84	7.96	500.79	40.64
Construction	3,476.18	4,377.23	5,089.74	901.05	25.92	712.51	16.28
Commerce & Finance	7,595.49	9,875.24	7,498.53	2,279.75	30.01	(2,376.71)	(24.07)
Electricity, Gas & Water	1,923.67	2,544.21	1,961.31	620.54	32.26	(582.91)	(22.91)
Services	9,972.19	11,580.86	16,867.22	1,608.67	16.13	5,286.36	45.65
Miscellaneous	4,383.51	2,961.57	3,519.76	(1,421.94)	(32.44)	558.19	18.85
c Grand Total	**45,170.02**	**47,769.04**	**53,767.32**	**2,599.02**	**5.75**	**5,998.28**	**12.56**

Source: Bank of Ghana

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

	SECTOR											
MONTH	**F&B**	**MAN**	**FINANCE**	**DISTR**	**MINING**	**IT**	**AGRIC**	**OIL**	**ETFund**	**EDUC**	**AD. & PROD.**	**GSE-CI**
Dec-18	1928.48	1730.62	2153.74	3786.94	134.54	28.64	1018.00	38.52	171.97	100.00	100.00	**2572.22**
Dec-19	1227.34	1600.71	2019.65	2375.45	134.54	25.38	572.00	38.52	171.97	100.00	100.00	**2257.15**
Dec-20	556.84	825.53	1782.76	2148.80	135.06	23.20	400.00	39.51	4.20	100.00	100.00	**1941.59**
Dec-21	1250.50	613.36	2151.85	3000.37	135.22	40.24	1330.00	40.07	4.32	100.00	100.00	**2789.34**
2020 (y/y)												
ABS	-670.50	-775.19	-236.89	-226.66	0.52	-2.17	-172.00	1.00	-167.77	0.00	0.00	-315.56
(%)	-54.63	-48.43	-11.73	-9.54	0.39	-8.57	-30.07	2.59	-97.56	0.00	0.00	-13.98
2021 (y/y)												
ABS	**693.66**	**-212.17**	**369.09**	**851.57**	**0.16**	**17.04**	**930.00**	**0.56**	**0.12**	**0.00**	**0.00**	**847.75**
(%)	**124.57**	**-25.70**	**20.70**	**39.63**	**0.12**	**73.43**	**232.50**	**1.41**	**2.86**	**0.00**	**0.00**	**43.66**

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

Source: Ghana Stock Exchange

Table 3.6: Sectoral Contribution to Market Capitalisation

	SECTOR											
MONTH	**F&B**	**MAN**	**FINANCE**	**DISTR**	**MINING**	**IT**	**AGRIC**	**OIL**	**ETFund**	**EDUC**	**AD. & PROD.**	**MKT. CAP**
Dec-18	1656.36	1240.88	14584.48	1627.18	15692.86	9710.49	177.13	16404.24	21.60	10.57	10.70	**61136.53**
Dec-19	1054.16	1149.55	12555.51	1020.69	15860.36	8604.35	99.53	16404.24	21.60	10.57	10.70	**56791.25**
Dec-20	478.27	592.85	11671.26	923.30	15921.65	7866.92	69.60	16829.22	0.53	10.57	10.70	**54374.88**
Dec-21	1074.05	440.48	14788.91	1289.20	15940.22	13643.45	231.42	17065.66	0.54	10.57	10.70	**64495.20**
2020 (y/y)												
ABS	-575.89	-556.70	-884.25	-97.39	61.29	-737.43	-29.93	424.98	-21.07	0.00	0.00	**-2416.37**
(%)	-54.63	-48.43	-7.04	-9.54	0.39	-8.57	-30.07	2.59	-97.56	0.00	0.00	**-4.25**
2021 (y/y)												
ABS	**595.78**	**-152.37**	**3117.65**	**365.90**	**18.57**	**5776.53**	**161.82**	**236.44**	**0.01**	**0.00**	**0.00**	**10120.32**
(%)	**124.57**	**-25.70**	**26.71**	**39.63**	**0.12**	**73.43**	**232.50**	**1.40**	**2.37**	**0.01**	**0.00**	**18.61**

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

Source: Ghana Stock Exchange

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

	Headline Inflation (%)			Monthly Changes in CPI (%)		
	Combined	Food	Non-food	Combined	Food	Non-food
2018 Dec	**9.4**	**8.7**	**9.8**	**1.1**	**1.3**	**1.0**
2019 Dec	**7.9**	**7.2**	**8.5**	**0.3**	**-0.6**	**1.0**
2020						
Jan	7.8	7.8	7.9	1.4	2.3	0.8
Feb	7.8	7.9	7.7	0.4	0.5	0.4
Mar	7.8	8.4	7.4	0.8	1.6	0.3
Apr	10.6	14.4	7.7	3.2	6.4	0.8
May	11.3	15.1	8.4	1.7	2.3	1.3
Jun	11.2	13.8	9.2	1.0	0.1	1.8
Jul	11.4	13.7	9.7	0.5	0.0	0.9
Aug	10.5	11.4	9.9	-0.4	-1.1	0.2
Sept	10.4	11.2	9.8	-0.2	-0.5	0.1
Oct	10.1	12.6	8.3	0.2	0.1	0.3
Nov	9.8	11.7	8.3	0.3	0.3	0.3
Dec-20	10.4	14.1	7.7	0.9	1.5	0.4
2021						
Jan	9.9	12.8	7.7	0.9	1.2	0.7
Feb	10.3	12.3	8.8	0.8	0.0	1.4
Mar	10.3	10.8	10.0	0.9	0.2	1.4
Apr	8.5	6.5	10.2	1.5	2.3	1.0
May	7.5	5.4	9.2	0.8	1.3	0.4
Jun	7.8	7.3	8.2	1.3	1.8	0.8
Jul	9.0	9.5	8.6	1.6	2.0	1.3
Aug	9.7	10.6	8.7	0.3	0.2	0.3
Sept	10.6	11.5	9.9	0.6	0.0	1.2
Oct	11.0	11.0	11.0	0.6	0.3	1.3
Nov	12.2	13.1	11.6	1.4	2.1	0.9
Dec-21	12.6	12.8	12.5	1.2	1.2	1.2

Source: Ghana Statistical Service

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

		2020	2021											
	Weights (%)	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
Overall	100.0	10.1	9.9	10.3	10.3	8.5	7.5	7.8	9.0	9.7	10.6	11.0	12.2	12.6
Food and Beverages	43.1	14.1	12.8	12.3	10.8	6.5	5.4	7.3	9.5	10.6	11.5	11.0	13.1	12.8
Non-food	56.9	7.7	7.7	8.8	10.0	10.2	9.2	8.2	8.6	8.7	9.9	11.0	11.6	12.5
Alcoholic Beverages, Tobacco	3.7	6.0	7.4	7.2	7.0	8.0	7.3	6.5	7.9	6.4	8.1	10.0	9.2	9.6
Clothing and footwear	8.1	7.9	7.2	6.2	6.0	7.1	6.5	6.0	7.0	6.5	6.8	7.7	8.4	8.6
Housing and Utilities	10.2	20.1	19.0	23.4	29.0	25.0	19.9	14.2	14.1	15.2	18.7	20.6	20.5	20.7
Furnishing, Household Equip. etc	3.2	4.7	4.5	5.0	4.7	4.9	4.6	4.7	5.7	6.0	6.3	7.3	8.4	9.6
Health	0.7	6.0	6.9	6.9	7.1	7.4	8.4	6.0	6.3	6.3	4.6	5.2	7.5	6.0
Transport	10.1	4.8	5.4	6.2	6.8	9.6	11.7	13.4	12.1	12.1	13.6	14.9	16.0	17.6
Communications	3.6	7.0	6.7	8.4	8.1	7.4	5.1	4.9	6.2	6.2	6.6	7.8	8.0	9.0
Recreation & Culture	3.5	1.8	3.0	3.9	4.0	5.1	3.6	3.6	4.7	4.7	6.8	7.2	10.6	11.4
Education	6.5	0.2	0.3	0.4	0.4	0.6	0.8	0.9	1.8	1.8	0.9	0.9	1.0	1.0
Hotels, Cafes & Restaurants	4.6	5.4	4.8	5.4	6.1	6.7	6.0	4.8	5.7	5.7	3.2	4.0	4.4	8.9
Insurance and Finacial services	0.2	3.3	3.3	7.4	7.8	9.0	9.0	5.5	7.2	7.2	7.1	7.1	7.1	6.3
Miscellaneous goods & services	2.4	3.8	5.1	4.3	4.5	4.4	4.5	4.5	5.5	5.5	7.2	8.5	9.1	10.6

Source: Ghana Statistical Service

Table 3.8A: Selected Fiscal Indicators 2017-2021 (GH¢ millions)

	2017 Prov.	2018 Prov.	2019 Prov.	2020 Prov.	2021 Prov.	2021 Prog
Taxes on income and property	13,398.10	18,776.40	22,683.10	23,728.60	27,969.70	29,932.70
Taxes on goods and services	13,344.80	15,030.40	17,151.70	17,792.10	23,567.00	22,711.90
Taxes on international trade	5,484.70	6,102.10	5,410.00	5,513.80	6,752.50	6,613.50
Tax revenue including oil	32,227.60	37,784.20	42,774.60	44,447.80	55,172.60	55,834.80
Tax revenue excluding oil	31,413.30	35,835.30	40,597.20	42,404.80	52,916.00	53,632.20
Nontax revenue	5,325.20	6,523.70	7,567.60	6,667.30	7,369.30	10,302.20
Domestic revenue including oil	39,963.00	46,501.90	52,393.50	53,899.70	66,696.40	71,012.20
Domestic revenue excluding oil	39,148.80	44,553.10	50,216.10	51,856.80	64,439.80	68,717.80
Grants	1,534.90	1,134.80	986.1	1,228.70	1,182.20	1,465.10
Total revenue and grants	41,497.90	47,636.70	53,379.60	55,128.40	67,878.70	72,477.40
Compensation of Employees	16,776.20	19,612.00	22,219.00	28,268.90	31,663.30	31,490.80
Goods and services	2,482.10	5,127.90	6,169.60	7,388.30	8,624.10	8,523.20
Interest payments	13,572.10	15,821.80	19,769.30	24,599.30	33,619.30	32,528.00
Subsidies	-	125.3	124.2	168.1	135.9	247.7
Non-Financial Assets (Capital Expenditure)	6,331.40	4,738.30	6,151.80	12,082.90	15,541.50	12,222.10
Total expenditure & net lending	51,985.90	58,197.00	67,856.10	96,400.40	107,436.00	110,050.20
Overall Budget Balance	-12,244.70	-11,672.70	-16,891.80	-44,897.90	-41,900.90	-41,272.90
Domestic Expenditure	33,102.00	39,573.70	45,591.50	66,712.20	64,227.50	69,409.80
Domestic Primary Balance	6,861.00	6,928.30	6,244.60	-12,812.40	2,468.90	1,602.40
Stock of Domestic Debt	66,542.60	86,776.00	105,356.80	150,710.10	182,491.30	
Nominal GDP (Including Oil)	262,797.97	308,587.40	356,544.27	391,940.73	459,130.92	439,381.40
Nominal GDP (Excluding oil)	253,775.38	291,616.31	335,209.58	378,147.92	437,975.17	426,704.80

Source: Ministry of Finance and Bank of Ghana

Table 3.8B: Selected Fiscal Indicators 2017-2021 (Per cent of GDP)

	2017 Prov.	2018 Prov.	2019 Prov.	2020 Prov.	2021 Prov.	2021 Prog
Taxes on income and property	5.1	6.1	6.4	6.1	6.1	6.8
Taxes on goods and services	5.1	4.9	4.8	4.5	5.1	5.2
Taxes on international trade	2.1	2.0	1.5	1.4	1.5	1.5
Tax revenue including oil	12.3	12.2	12.0	11.3	12.0	12.7
Tax revenue excluding oil	12.0	11.6	11.4	10.8	11.5	12.2
Nontax revenue	2.0	2.1	2.1	1.7	1.6	2.3
Domestic revenue including oil	15.2	15.1	14.7	13.8	14.5	16.2
Domestic revenue excluding oil	14.9	14.4	14.1	13.2	14.0	15.6
Grants	0.6	0.4	0.3	0.3	0.3	0.3
Total revenue and grants	15.8	15.4	15.0	14.1	14.8	16.5
Compensation of Employees	6.4	6.4	6.2	7.2	6.9	7.2
Goods and services	0.9	1.7	1.7	1.9	1.9	1.9
Interest payments	5.2	5.1	5.5	6.3	7.3	7.4
Subsidies	0.0	0.0	0.0	0.0	0.0	0.1
Non-Financial Assets (Capital Expenditure)	2.4	1.5	1.7	3.1	3.4	2.8
Total expenditure & net lending	19.8	18.9	19.0	24.6	23.4	25.0
Overall Budget Balance	-4.7	-3.8	-4.7	-11.7	-9.2	-9.4
Domestic Expenditure	12.6	12.8	12.8	17.0	14.0	15.8
Domestic Primary Balance	2.6	2.2	1.8	-3.3	0.5	0.4
Stock of Domestic Debt	25.3	28.1	29.5	38.5	39.7	
Nominal GDP (Including Oil)	262,797.97	308,587.40	356,544.27	391,940.73	459,130.92	439,381.40
Nominal GDP (Excluding oil)	253,775.38	291,616.31	335,209.58	378,147.92	437,975.17	426,704.80

Source: Ministry of Finance and Bank of Ghana

Table 3.9: Composition of Domestic Debt (GH¢ millions), 2017 – 2021

	2017	2018	2019	2020	2021
A. Short-Term Instruments	**11,996.8**	**11,031.9**	**16,341.0**	**16,861.0**	**22,617.0**
91-Day Treasury Bill	5,444.7	5,576.6	7,153.4	10,030.7	9,634.1
182-Day Treasury Bill	2,867.0	3,049.8	2,842.7	2,856.5	4,653.1
364-Day Treasury Bill	0.0	0.0	6,344.9	3,973.8	8,329.7
1-Year Treasury Note	3,685.2	2,405.5	0.0	0.0	0.0
B. Medium-Term Instruments	**36,698.3**	**48,429.8**	**59,519.0**	**90,385.7**	**115,074.3**
2-Year Fixed Treasury Note	6,400.6	13,049.8	13,526.1	17,441.5	20,145.4
2-year USD Domestic Bond	418.1	0.0	0.0	0.0	0.0
3-Year Fixed Treasury Note	7,255.5	10,930.3	12,929.6	27,342.7	27,174.3
3-year USD Domestic Bond	978.1	1,067.7	2,056.3	2,241.3	2,781.6
3-Year Stock(SSNIT)	881.8	502.9	172.5	0.0	0.0
4-Year GOG Bond	0.0	0.0	0.0	0.0	541.4
5-Year GOG Bond	11,204.0	12,160.7	15,808.0	22,499.6	30,019.8
5-Year USD Domestic Bond	0.0	0.0	0.0	0.0	1,015.4
6-Year GOG Bond	0.0	0.0	1,780.7	2,870.6	8,671.4
7-Year GOG Bond	2,150.5	2,857.4	4,580.8	5,388.1	8,826.6
10-Year GOG Bond	7,409.6	7,861.2	8,665.1	12,601.8	15,898.4
C. Long-Term Instruments	**17,846.5**	**27,313.3**	**29,496.8**	**42,375.6**	**43,712.3**
15-Year GOG Bond	4,793.8	4,793.8	5,812.7	15,342.6	15,805.7
20-Year GOG Bond	0.0	0.0	162.1	338.6	1,546.8
Long Term Government Stocks	11,987.4	21,568.5	22,685.5	25,972.3	25,752.1
GOG Petroleum Finance Bond	80.0	80.0	80.0	80.0	80.0
TOR Bonds	514.8	400.4	286.0	171.6	57.2
Telekom Malaysia Stocks	109.5	119.5	137.3	142.2	148.7
Revaluation Stock	361.1	394.3	453.0	469.0	490.5
TOTAL(A+B+C)	**66,769.1**	**87,023.9**	**105,644.3**	**149,908.4**	**181,706.8**

Source: Ministry of Finance and Bank of Ghana

Table 3.10A: Holding Structure of Domestic Debt (GH¢ millions), 2017– 2021

	2017	2018	2019	2020	2021
A. Banking system	**23,619.3**	**39,192.1**	**47,380.4**	**78,404.7**	**93,038.9**
Bank of Ghana	13,002.6	13,933.3	15,598.7	33,621.9	35,861.7
Deposit Money Banks (DMBs)	10,616.7	25,258.8	31,781.6	44,782.8	57,177.2
B. Non-Bank Sector	**17,256.2**	**21,506.8**	**31,685.7**	**43,520.4**	**59,363.0**
SSNIT	1,402.6	795.6	313.1	661.4	537.1
Insurance Companies	340.5	462.4	581.8	858.2	1,094.6
Other Holders	15,513.2	20,248.8	30,790.7	42,000.8	57,731.3
Rural Banks	300.7	412.8	697.5	1,689.0	2,006.7
Firms & Institutions	10,807.8	14,577.0	21,976.6	29,864.0	41,013.8
Individuals	4,705.4	5,671.9	8,679.0	12,136.8	16,517.4
C. Foreign sector (Non-Residents)	**25,665.6**	**26,076.2**	**26,292.3**	**27,687.2**	**28,995.3**
TOTAL(A+B+C)	**66,769.1**	**86,899.7**	**105,481.2**	**149,833.9**	**181,777.2**

Source: Ministry of Finance and Bank of Ghana

Table 3.10B: Holding Structure of Domestic Debt (%), 2017– 2021

	2017	2018	2019	2020	2021
A. Banking system	**35.4**	**45.1**	**44.9**	**52.3**	**51.2**
Bank of Ghana	19.5	16.0	14.8	22.4	19.7
Deposit Money Banks (DMBs)	15.9	29.1	30.1	29.9	31.5
B. Non-Bank Sector	**25.8**	**24.8**	**30.0**	**29.1**	**32.7**
SSNIT	2.1	0.9	0.3	0.4	0.3
Insurance Companies	0.5	0.5	0.6	0.6	0.6
Other Holders	23.2	23.3	29.2	28.0	31.8
Rural Banks	0.5	0.5	0.7	1.1	1.1
Firms & Institutions	16.2	16.8	20.9	19.8	22.5
Individuals	7.1	6.5	8.2	8.1	9.1
C. Foreign sector (Non-Residents)	**38.4**	**30.0**	**24.9**	**18.5**	**16.0**
TOTAL(A+B+C)	**100**	**100**	**100**	**100**	**100**

Source: Ministry of Finance and Bank of Ghana

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

	2017	2018	2019	2020**	2021*
A. Current Account	**-2,002.59**	**-2,044.57**	**-1,863.97**	**-2,133.97**	**-2,497.33**
Merchandise Trade balance	**1,187.07**	**1,808.67**	**2,256.83**	**2,042.97**	**1,107.55**
Exports (f.o.b)	**13,834.84**	**14,942.75**	**15,667.53**	**14,471.53**	**14,736.20**
Cocoa beans & products	2,661.36	2,180.00	2,288.41	2,328.16	2,851.12
Gold	5,786.16	5,435.70	6,229.69	6,799.09	5,083.14
Timber & timber products	214.98	221.47	169.00	134.00	159.12
Crude oil	3,114.93	4,573.43	4,493.07	2,910.62	3,947.72
Other exports	2,057.41	2,532.15	2,487.36	2,299.65	2,695.10
Imports (f.o.b)	**-12,647.77**	**-13,134.08**	**-13,410.70**	**-12,428.56**	**-13,628.65**
Non-oil	-10,655.62	-10,553.17	-10,990.44	-10,538.02	-10,909.50
Oil	-1,992.15	-2,580.91	-2,420.26	-1,890.54	-2,719.16
Balance on Services, Income and Transfers	**-3,189.65**	**-3,853.24**	**-4,120.80**	**-4,176.93**	**-3,604.88**
Services (net)	**-2,872.97**	**-2,514.45**	**-3,572.75**	**-4,511.26**	**-3,164.32**
Credit	6,602.02	7,572.04	9,924.81	7,605.55	9,173.91
Debit	-9,474.99	-10,086.48	-13,497.56	-12,116.81	-12,338.23
Income (net)	**-2,740.89**	**-3,921.82**	**-3,952.13**	**-3,398.55**	**-3,830.62**
Credit	309.32	598.27	482.94	738.45	719.09
Debit	-3,050.21	-4,520.09	-4,435.07	-4,137.00	-4,549.71
Transfers (net)	**2,424.21**	**2,583.02**	**3,404.08**	**3,732.88**	**3,390.06**
Private (net)	2,424.21	2,564.32	3,386.43	3,564.76	3,354.92
Official (net)	0.00	18.70	17.65	168.12	35.14
B. Financial and Capital Account	**3,015.72**	**1,500.37**	**3,067.63**	**2,887.19**	**3,268.81**
Capital Transfers	242.20	257.76	257.08	250.14	168.84
Direct investments	3,239.09	2,908.16	3,292.07	1,333.37	2,413.88
Other investments	-3,001.66	-2,594.51	-2,779.25	-257.51	-1,383.24
C. Net Errors and Omissions	**78.30**	**-127.32**	**137.34**	**-375.78**	**-261.35**
Overall Balance	**1,091.44**	**-671.52**	**1,340.99**	**377.45**	**510.13**

** Provisional*
*** Revised*

Source: Bank of Ghana and various sources

Table 3.12: Interbank Exchange Rate Developments

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation
2019									
Jan	4.9506	-2.6	-2.64	6.5121	-5.2	-5.24	5.6824	-3.0	-2.98
Feb	5.1752	-4.3	-6.86	6.8703	-5.2	-10.18	5.8799	-3.4	-6.24
Mar	5.0834	1.8	-5.18	6.6166	3.8	-6.73	5.7084	3.0	-3.42
Apr	5.0881	-0.1	-5.27	6.6318	-0.2	-6.95	5.7001	0.1	-3.28
May	5.2011	-2.2	-7.33	6.5640	1.0	-5.99	5.7973	-1.7	-4.90
June	5.2590	-1.1	-8.35	6.6787	-1.7	-7.60	5.9831	-3.1	-7.86
July	5.2570	0.0	-8.31	6.4267	3.9	-3.98	5.8528	2.2	-5.80
Aug	5.2814	-0.5	-8.74	6.4296	0.0	-4.02	5.8094	0.7	-5.10
Sep	5.3161	-0.7	-9.33	6.5412	-1.7	-5.66	5.7956	0.2	-4.87
Oct	5.3372	-0.4	-9.69	6.9010	-5.2	-10.58	5.9445	-2.5	-7.26
Nov	5.5254	-3.4	-12.77	7.1322	-3.2	-13.48	6.0785	-2.2	-9.30
Dec	5.5337	-0.1	-12.90	7.3164	-2.5	-15.66	6.2114	-2.1	-11.24
2020									
Jan	5.5274	0.1	0.11	7.1924	1.7	1.72	6.0476	2.7	2.71
Feb	5.2949	4.4	4.51	6.7881	6.0	7.78	5.8048	4.2	7.00
Mar	5.4423	-2.7	1.68	6.7583	0.4	8.26	5.9752	-2.9	3.95
Apr	5.6010	-2.8	-1.20	7.0584	-4.3	3.66	6.1276	-2.5	1.37
May	5.6203	-0.3	-1.54	6.9186	2.0	5.75	6.2406	-1.8	-0.47
June	5.6674	-0.8	-2.36	7.0038	-1.2	4.46	6.3613	-1.9	-2.36
July	5.6782	-0.2	-2.54	7.4050	-5.4	-1.20	6.6944	-5.0	-7.21
Aug	5.6848	-0.1	-2.66	7.5997	-2.6	-3.73	6.7916	-1.4	-8.54
Sep	5.7027	-0.3	-2.96	7.3585	3.3	-0.57	6.6786	1.7	-7.00
Oct	5.7100	-0.1	-3.09	7.3913	-0.4	-1.01	6.6703	0.1	-6.88
Nov	5.7139	-0.1	-3.15	7.6426	-3.3	-4.27	6.8559	-2.7	-9.40
Dec	5.7602	-0.8	-3.93	7.8742	-2.9	-7.08	7.0643	-3.0	-12.07

Depreciation (-)/ Appreciation (+)

Table 3.12: Interbank Exchange Rate Developments (continued)

	US$/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	GBP/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation	Euro/GHC*	Monthly depreciation/ appreciation	Year-to-Date depreciation/ appreciation
2021									
Jan	5.7604	0.0	0.00	7.8996	-0.3	-0.32	6.9929	1.0	1.02
Feb	5.7374	0.4	0.40	7.9945	-1.2	-1.50	6.9545	0.6	1.58
Mar	5.7288	0.2	0.55	7.8717	1.6	0.03	6.7122	3.6	5.25
Apr	5.7322	-0.1	0.49	7.9222	-0.6	-0.61	6.8958	-2.7	2.44
May	5.7473	-0.3	0.22	8.1672	-3.0	-3.59	7.0268	-1.9	0.53
June	5.7626	-0.3	-0.04	7.9590	2.6	-1.07	6.8333	2.8	3.38
July	5.8011	-0.7	-0.71	8.0633	-0.1	-2.35	6.8808	-0.7	2.67
Aug	5.8517	-0.9	-1.56	8.0482	0.2	-2.16	6.9068	-0.4	2.28
Sep	5.8863	-0.6	-2.14	7.9140	1.7	-0.50	6.7952	1.6	3.96
Oct	5.9009	-0.2	-2.38	8.0816	-2.1	-2.57	6.8231	-0.4	3.54
Nov	5.9172	-0.3	-2.65	7.9054	2.2	-0.39	6.7346	1.3	4.90
Dec	6.0061	-1.5	-4.09	8.1272	-2.7	-3.11	6.8281	-1.4	3.46

Depreciation (-)/ Appreciation (+)

Source: Bank of Ghana

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

Indicator	2015	2016	2017	2018	2019	2020	2021
Multilateral Creditors	5,379.45	5,547.96	6,387.70	6,390.46	6,555.47	8,280.17	8,192.45
Bilateral Creditors	1,096.32	1,136.47	1,210.28	1,204.79	1,227.90	1,297.36	1,336.02
Export Credit Agencies	1,176.29	1,315.22	1,461.23	1,235.56	1,048.99	966.12	981.11
Other Concessional	1,791.28	1,706.81	1,782.85	1,701.17	1,657.03	1,541.66	1,594.91
Commercial Creditors	2,788.00	2,782.20	2,437.04	2,365.37	2,165.25	2,415.37	3,114.87
International Capital Market	3,530.51	3,949.01	3,879.12	4,978.09	7,694.73	10,215.09	13,119.86

Source: Ministry of Finance

Table 4.2: Assets and Liabilities of Banks

	GH₵ million			Y-O-Y Growth		Shares (%)	
	Dec-19	**Dec-20**	**Dec-21**	**Dec-20**	**Dec-21**	**Dec-20**	**Dec-21**
Cash & ST Funds	30,907.43	31,585.96	35,955.77	2.20	13.83	21.15	20.08
Investments	48,473.79	64,453.89	83,149.77	32.97	29.01	43.16	46.24
Loans (Net)	39,959.56	41,804.42	47,297.85	4.62	13.14	28.00	26.31
Other Assets	5,071.78	6,463.25	8,117.32	27.44	25.59	4.33	4.51
PPE	4,652.09	5,014.75	5,282.92	7.80	5.35	3.36	2.94
Total Assets	**129,064.65**	**149,322.26**	**179,803.64**	**15.70**	**20.41**	**100.00**	
Deposits	83,459.78	103,807.88	121,056.66	24.38	16.62	69.52	67.33
Borrowings	20,446.90	14,512.05	22,039.97	(29.03)	51.87	9.72	12.26
Other Liabilities	7,577.84	9,753.29	11,896.44	28.71	21.97	6.53	6.62
Sub-Total	111,484.52	128,073.22	154,993.07	14.88	21.02	85.77	86.20
Paid-Capital	9,633.24	9,757.21	10,165.11	1.29	4.18	6.53	5.65
Reserves	7,946.90	11,491.83	14,645.46	44.61	27.44	7.70	8.15
Net Worth	17,580.13	21,249.04	24,810.57	20.87	16.76	14.23	13.80
Total Liabilities & Equity	**129,064.65**	**149,322.26**	**179,803.64**	**15.70**	**20.41**	**100.00**	**100.00**

Source: Bank of Ghana

Table 4.3: Statement of financial position as at end December 2021 Assets and Liabilities of Banks and SDIs

	2020						2021					
	BANKS	SDI	NBFIs	RCBs	MFIs		BANKS	SDI	NBFIs	RCBs	MFIs	
	Banks	Deposit-Taking	Non-Deposit Taking	RCBs	Deposit-Taking	Non-Deposit Taking	Banks	Deposit-Taking	Non-Deposit Taking	RCBs	Deposit-Taking	Non-Deposit Taking
	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M	GH¢ 'M
TOTAL ASSETS	**149,322.26**	**7,422.84**	**59.59**	**6,170.88**	**680.40**	**215.13**	**179,803.64**	**8,443.38**	**59.59**	**6,758.81**	**770.51**	**315.50**
Cash and Bank Balances	30,907.43	493.86	22.28	683.21	47.344	27.24	31,585.96	518.70	1.04	870.46	64.215	34.94
Investments	48,473.79	1,040.58	3.04	1,829.60	212.16	23.96	64,453.89	1,191.27	1.82	2,894.45	236.09	14.69
Loans & Advances	39,959.56	4,524.75	19.30	1,499.16	215.17	119.91	41,804.42	4,875.32	15.36	1,688.76	262.05	139.07
Other Assets and PPE	9,723.87	809.90	58.63	676.34	109.3236	28.28	11,478.00	837.55	41.37	717.22	118.0387	26.43
LIABILITIES AND SHAREHOLDERS' FUND	**129,064.65**	**6,869.09**	**103.26**	**4,688.32**	**584.00**	**199.39**	**149,322.26**	**7,422.79**	**59.59**	**6,170.88**	**680.40**	**215.13**
Liabilities	111,484.52	6,002.63	79.07	4,257.30	455.07	138.12	128,073.22	6,929.28	43.63	5,794.91	548.95	141.50
Deposits	83,459.78	3,521.62	-	3,908.99	342.08	4.81	103,807.88	4,164.05	-	5,353.11	433.88	5.51
Borrowings and other Liabilities	28,024.74	2,481.01	79.07	348.32	112.99	133.31	28,024.74	2,765.23	43.63	441.80	115.07	136.00
Shareholders' Funds	17,580.13	866.46	24.19	431.02	128.92	61.27	21,249.04	493.51	15.96	375.98	131.45	73.63
Paid-Up Capital	9,633.24	732.28	15.00	223.16	152.13	30.86	9,757.21	729.28	15.00	234.40	186.52	34.32
Reserves	7,946.90	134.18	9.19	207.86	28.42	29.82	11,491.83	(235.77)	0.96	141.58	(55.07)	39.31

Table 4.6: Performance Indicators of the Collateral Registry

Indicator (%)	2019	2020	2021
Registered security interests	96,148	102,089	151,415
Searches conducted	48,086	34,947	57,661
Collaterals	239,705	216,617	290,828
Realisation of security interests	826	755	734
Discharges	942	857	4,375

Source: Bank of Ghana

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

CORE FSIs	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Capital Adequacy									
Regulatory capital to risk weighted assets	17.48	19.33	21.25	20.28	19.83	21.06	20.82	19.89	19.60
Regulatory Tier I capital to risk-weighted assets	15.53	17.71	19.36	18.35	17.88	19.33	18.92	17.95	17.66
Asset Quality									
Nonperforming loans net of loan-loss provision to capital	5.74	5.21	5.12	5.51	5.24	4.14	7.30	7.48	6.16
Nonperforming loans to total gross loans	13.94	14.49	15.65	15.77	14.82	15.49	17.04	16.83	15.12
Earnings									
Return on assets*	4.14	4.30	4.13	4.22	4.36	4.70	4.66	4.60	4.57
Return on equity**	19.87	21.20	20.58	21.01	21.40	22.48	21.23	21.07	20.91
Liquidity									
Core Liquid asset to total assets	22.53	21.53	19.25	21.86	20.06	19.38	19.63	17.23	18.50
Core Liquid asset to short-term liabilities	28.96	28.76	25.88	29.30	26.32	25.71	26.15	22.75	23.98
Core Liquid assets/total deposits	35.22	34.20	29.72	32.90	28.85	28.41	29.00	25.76	27.48
Broad Liquid assets to total assets	59.34	60.10	61.38	64.20	63.04	64.00	65.97	64.82	64.61
Broad Liquid assets to short-term liabilities	76.27	80.28	82.49	86.04	82.72	84.92	87.86	85.60	83.73
Efficiency									
Interest margin to Gross income	52.42	54.60	53.61	54.56	54.91	56.34	55.57	55.50	54.50
Noninterest expenses to gross income	45.85	44.32	45.96	44.99	44.70	42.17	42.11	42.20	42.19
Personnel Expenses to Gross income	19.56	19.45	18.77	18.42	17.99	17.61	17.79	17.96	18.06

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

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

Source: Bank of Ghana

Financial Statements

Financial Statements

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 52. 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 109.

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 dematerialisation 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.

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 GH¢'000	**2020 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

IMPACT OF THE COVID-19 PANDEMIC

The continuous uncertainty presented by the Covid-19 pandemic required the Bank to re-strategise 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.

IMPACT OF THE COVID-19 PANDEMIC - Continued

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. Recognising 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;
- 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 31st March, 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 61 to 127, 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.

Key Audit Matter	*How the matter was addressed in the audit*
Impairment of financial assets Significant judgement is required by the Directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting. With the concept of a significant increase in credit risk arising as a result of the COVID-19 pandemic in determining expected credit losses, this assessment must consider all reasonable and supportable historic and forward-looking information. The Group's credit exposures and respective impairment, where applicable, as at 31 December 2021 were as follows:	In evaluating the impairment of financial assets, we reviewed and tested the data used in the ECL calculations prepared by the Directors, with a particular focus on the probability of default (PD), loss given default (LGD) and discount rate. We performed various procedures, including the following: • Testing the key controls relating to the preparation of the impairment model including the competence and authority of person(s) performing the control, frequency, and consistency with which the control is performed; • Critically evaluated whether the impairment model used to measure the amount of the ECL for specific accounts and portfolio impairments complies with the requirements of IFRS 9; • Testing of assumptions, inputs and formulas into the ECL model against historical performance

Key Audit Matter	*How the matter was addressed in the audit*

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;
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.

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

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

Key Audit Matter	*How the matter was addressed in the audit*
Impairment of financial assets **Fair valuation of financial instruments**	
Bank of Ghana and its subsidiaries have various financial instruments in the form of foreign securities and other forms of financial instruments, including short-term securities valued at GH¢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.

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.

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
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Daniel Kwadwo Owusu (ICAG/P/1327)**.

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

13th April, 2021

Deloitte.

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS

	NOTE	The Bank 2021 GH¢'000	2020 GH¢'000	The Group 2021 GH¢'000	2020 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 67 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

		The Bank		The Group	
		2021	2020	**2021**	2020
	Note	**GH¢'000**	GH¢'000	**GH¢'000**	GH¢'000
Operating profit/(loss) 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	**1,689,976**	2,321,407

The notes on pages 67 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

		The Bank		The Group	
		2021	2020	**2021**	2020
	NOTE	**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**

The financial statements on pages 61 to 127 were approved by the Board of Directors on 31st March 2022 and signed on its behalf by:

Chairman (Governor) ____________ Director ____________

The notes on pages 67 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

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 Bank Year ended 31 December 2020	Stated Capital (note 28) GH¢'000	Asset Revaluation Reserves (note 29) GH¢'000	Statutory Reserves (note 30) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Other Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000
At 1 January 2020	10,000	115,522	28,760	(121,574)	1,620,115	-	1,652,823
Profit for the Year	-	-	-	-	-	1,572,794	1,572,794
Other comprehensive income - loss on							
Loss on FVOCI financial instruments	-	-	-	(349,556)	-	-	(349,556)
Revaluation of property, plant and equipment	-	1,055,689	-	-	-	-	1,055,689
Total comprehensive income	-	1,055,689	-	(349,556)	-	1,572,281	2,278,927
Exchange movement in gold and other foreign assets	-	-	-	-	564,663	(564,663)	-
Price movement in gold	-	-	-	-	604,764	(604,764)	-
Provision for contingencies	-	-	-	-	(134,380)	-	(134,380)
Movement in emergency intervention fund	-	-	-	-	(60,000)	-	(60,000)
Transfer to other reserves	-	-	-	-	403,367	(403,367)	-
At 31 December 2020	**10,000**	**1,171,211**	**28,760**	**(471,130)**	**2,998,529**	**-**	**3,737,370**

The notes on pages 67 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

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 Group

Year ended 31 December 2020	Stated Capital (note 28) GH¢'000	Asset Revaluation reserve (note 29) GH¢'000	Statutory Reserve (note 30) GH¢'000	Other Reserve (note 31) GH¢'000	Foreign Currency Translation Reserve (note 31) GH¢'000	Fair valuation Reserves (note 31) GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Total GH¢'000
At 1 January 2020	10,000	115,522	28,760	1,620,203	272,566	(113,992)	196,338	2,129,397	509,895	2,639,292
Profit for the year	-	-	-	-	-	-	1,589,073	1,589,073	(11,335)	1,577,738
Other comprehensive income – gain on foreign currency translation	-	-	-	-	38,367	-	-	38,367	19,828	58,195
Revaluation of property, plant and equipment	-	1,055,689	-	-	-	-	-	1,055,689	-	1,055,689
Loss on FVOCI financial instruments	-	-	-	-	-	(354,428)	-	(354,428)	-	(354,428)
Total comprehensive income	-	1,055,689	-	-	38,367	(354,428)	1,589,073	2,328,701	8,493	2,337,194
Gain on translation of foreign operation	-	-	-	-	-	-	1,405	1,405	10,543	11,948
Dividend paid by group	-	-	-	-	-	-	-	-	(1,347)	(1,347)
Net revaluation surplus	-	-	-	-	-	-	-	-	-	-
Provision for contingencies	-	-	-	(134,380)	-	-	-	(134,380)	-	(134,380)
Emergency Intervention Fund	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
NFA reserves	-	-	-	-	-	-	-	-	-	
Price movement in gold	-	-	-	604,764	-	-	(604,764)	-	-	-
Exchange movement in gold and other foreign assets	-	-	-	564,663	-	-	(564,663)	-	-	-
Transfer from other reserves	-	-	-	403,367	-	-	(403,367)	-	-	-
At 31 December 2020	**10,000**	**1,171,211**	**28,760**	**2,998,617**	**310,933**	**(468,420)**	**214,022**	**4,265,123**	**527,584**	**4,792,707**

The notes on pages 67 to 127 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

		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 67 to 127 form an integral part of these financial statements.

1. STATUTE AND PRINCIPAL ACTIVITIES

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

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

In order to meet the above objectives, the Bank:

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

The financial statements for the year ended 31 December 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.

c. Changes in accounting policies and disclosures

(i) New and amended standards and interpretations

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

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

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.

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.

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.

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.

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.

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:
  - 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.

Derivatives

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

Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward contracts and commodity forward contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity. Details on fair value determination and the fair value hierarchy have been disclosed in note 35.

Hold to collect financial assets

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

Taxes

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

Pension benefits

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

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

Impairment losses on loans and advances

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

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

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

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

Provisions and contingencies

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

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

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

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

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

Lease term

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

The following factors are normally the most relevant:

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

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

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

e. Basis of Consolidation

(i) Subsidiaries

The financial statements of the Group comprise the financial statements of the Bank and its subsidiaries as at 31 December 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.

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

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

(iv) Disposal of subsidiaries

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

f. Dividends Received

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

g. Interest Income and Expense

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

The effective interest rate is the rate that exactly discounts estimated future receipts or payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability.

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

h. Fees and Commissions

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

i. Other operating income

Other operating income includes gains or losses arising on fair value changes in trading assets and liabilities and penalty charges to commercial banks and other financial institutions for not complying with various sections of the Banks and Specialised 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 recognised 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

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

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

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

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

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

- Restoration costs.

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

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

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

m. Financial assets and liabilities

(i) Financial Assets

Measurement methods

Amortised cost and effective interest rate

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

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

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

Initial recognition and measurement

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

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

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

Classification and subsequent measurement

From 1 January 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.
-

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset;

and
- The cash flow characteristics of the asset.

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

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

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

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

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

Equity instruments

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

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

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

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

Impairment

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

Modification of loans

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

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

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

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

Derecognition other than on a modification

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

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

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

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

(ii) Financial Liabilities

Classification and subsequent measurement

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

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).

This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

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

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

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

(iii) Amortised Cost Measurement

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

(iv) Financial Guarantee Contracts and Loan Commitments

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

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

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

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

(v) Determination of Fair Value

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

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

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

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

(vi) Financial Guarantee Contracts and Loan Commitments

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

(vii) Determination of Fair Value

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

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

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

(viii) Repurchase and Reverse Repurchase Agreements

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

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

(ix) Offsetting financial instruments

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

(x) Derivatives

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

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

n. Gold

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

o. Loans and Advances

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

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

p. Securities

- *Domestic securities*

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

- *Foreign short term internally managed securities*

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

- *Foreign short term externally managed securities*

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

- *Long-term Government securities*

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

q. Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials, labour and, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

The annual depreciation rates are as follows:

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

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

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

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

(iv) Revaluation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset after revaluation.

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

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

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

r. 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.

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.

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.

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.

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.

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 recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell 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
Assets		
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%
Liabilities		
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 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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 equalisation	**(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 equalisation represents the sum of gains and losses on daily revaluation of assets and liabilities denominated in foreign currency.

5(c) INTEREST EXPENSE AND SIMILAR CHARGES

	The Bank		The Group	
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
IMF & SDR allocations	-	6,447	-	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 recognised was on financial instruments measured at amortised cost.

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

	The Bank		The Group	
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Financial assets measured at amortised cost	**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

5(d) FEE AND COMMISSION INCOME

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

5(e) OTHER OPERATING INCOME

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

5(f) DIVIDEND INCOME

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

6. OTHER OPERATING EXPENSES

	The Bank		The Group	
	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

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 recognised	**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) GH¢'000	Other Assets (note 17) GH¢'000	Government Securities (note 14) GH¢'000	Other Liabilities (note 25) GH¢'000	Total 2021 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					
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 (CONTINUED)

The Bank

Year ended 31 December 2020	Loans and Advances (note 15) GH¢'000	Other Assets (note 17) GH¢'000	Securities (note 14) GH¢'000	Other Liabilities (note 25) GH¢'000	Total 2020 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)
(b) The charge for the year can be reconciled to the profit or loss as follows:		
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

10. TAXATION (CONTINUED)

(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:

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**	-

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)

	The Bank 2021	The Bank 2020	The Group 2021	The Group 2020
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				
(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) Available-for-sale securities

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

15. LOANS AND ADVANCES

	The Bank		The Group	
	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)

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

	The Bank		The Group	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
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.

	Gross amounts GH¢'000	Gross amounts set off in the balance sheet GH¢'000	Net amounts presented in the balance sheet GH¢'000
2021			
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 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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.

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	**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 2021 GH¢'000	2020 GH¢'000	The Group 2021 GH¢'000	2020 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:

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%).

19 PROPERTY, PLANT AND EQUIPMENT

The Bank

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 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

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	1,390,166	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**

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Bank

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 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

Cost	Land and Buildings GH¢'000	Motor Vehicles GH¢'000	Furniture and Fittings GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
At 1 January 2020	709,314	95,748	25,609	406,766	356,940	1,594,377
Additions	113,397	10,170	847	15,648	33,771	173,833
Transfers to the Bank Hospital Limited	(345,918)	(3,994)	(2,762)	(82,435)	(475)	(435,584)
Reclassification	-	-	-	-	(685)	(685)
Revaluation	913,050	(47,051)	(5,531)	(99,410)	(203,676)	557,382
Disposals			(176)	(491)	-	(667)
Translation adjustment	323	84	259	445	-	1,112
At 31 December 2020	1,390,166	54,957	18,246	240,523	185,875	1,889,767
Accumulated depreciation						
At 1 January 2020	116,921	68,703	19,202	244,799	-	449,625
Charge for the Year	39,672	12,768	6,047	29,381	-	87,867
Transfers to The Bank Hospital Limited	(42,883)	(1,950)	(1,657)	(76,337)	-	(122,827)
Disposals	-	-	(129)	(491)	-	(620)
Release on revaluation	(64,677)	(63,480)	(13,005)	(126,656)	-	(267,818)
Translation adjustment	295	70	247	201	-	814
At 31 December 2020	49,328	16,111	10,705	70,897	-	147,040
Net book amount						
At 31 December 2020	1,340,838	38,846	7,542	169,627	185,875	1,742,727

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

Profit on disposal

	The Bank		The Group	
	2021 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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 valuesuse

19a. INVESTMENT PROPERTY

	The Bank		The Group	
	2021 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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.

20. INTANGIBLE ASSETS

	The Bank		The Group	
	2021 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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				
Poverty Reduction and Growth 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 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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 GH¢'000	2020 GH¢'000	**2021 GH¢'000**	2020 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

27. 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
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
Authorised Number of shares	**700,000,000**	700,000,000	-	-
Issued and paid				
For Cash Consideration	**100**	100	**10**	10
Consideration other than for Cash	**99,900**	99,900	**9,990**	9,990
	100,000	100,000	**10,000**	10,000

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

29. ASSET REVALUATION RESERVE

This represents surplus arising on the revaluation of the Bank's property, plant and equipment. Movement in the reserve are shown in the statement of changes in equity on pages 64-65.

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).

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**
The Bank 2020				
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 gricultural 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

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 Group 2021	**Foreign currency Translation Reserve GH¢'000**	**Price Movement GH¢'000**	**General and Revaluation Reserve GH¢'000**	**Fair valuation Reserve GH¢'000**	**Total GH¢'000**
At 1 January	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**
The Group 2020					
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	2020
	GH¢'000	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%

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:		
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:		
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

	2021	2020
Right of use assets		
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

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 summarised below:

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						
ash 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	**732,266**	**9,103,084**	**111,104,142**	**111,814,704**
31 December 2020						
Cash and balances with correspondent banks	11	9,465,221	-	-	9,465,221	9,465,221
Balances with IMF	13	5,762,281	-	-	5,762,281	5,762,281
Government securities	14	12,445,261	-	-	12,445,261	12,538,600
Money market instruments	14	12,693,988	-	8,020,136	20,714,124	20,248,056
Short-term securities	14	8,045,166	25,651,378	-	33,696,544	33,754,469
Other securities	14	-	-	577,052	577,052	577,052
Loans and advances	15	13,028,324	-	-	13,028,324	13,744,882
Other assets (less prepayments)	17	1,304,061	-	-	1,304,431	1,304,431
Investments	18	-	-	156,563	156,563	156,563
		62,744,672	**25,651,378**	**8,753,751**	**97,149,801**	**97,551,555**

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				
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.

34. FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities

The Group

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	-	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				
Government deposits	21	-	9,790,077	9,790,077
Due to Banks and Financial Institutions	21	-	16,095,392	16,095,392
Other Short-Term Deposits	21	-	593,110	593,110
Bridge facilities	22	-	14,059,478	14,059,478
Derivative financial liabilities	16	610,414	-	619,922
Money Market Instruments	23	-	6,673,568	6,673,568
Allocation of special drawing rights	24a	-	2,692,510	2,692,510
Liabilities to IMF	24b	-	16,016,769	16,016,769
Lease liabilities	33	-	18,365	18,365
Other liabilities	25	-	7,745,351	7,745,351
		610,414	73,684,620	74,304,542

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)

The Bank

	Quoted prices in active market (Level 1)		Significant observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
	2021 GH¢'000	**2020 GH¢'000**	**2021 GH¢'000**	**2020 GH¢'000**	**2021 GH¢'000**	**2020 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

	Level 1 The Group		Level 2 The Group		Level 3 The Group	
	2021 GH¢'000	**2020 GH¢'000**	**2021 GH¢'000**	**2020 GH¢'000**	**2021 GH¢'000**	**2020 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	-	-

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	**2021 GH¢'000 Equity investment**	2020 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 on 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	2020
	% ownership	% ownership
Ghana International Bank	51	51
Ghana Interbank Payments and Settlement Systems	100	100
Central Securities Depository(CSD)	70	70
The Bank Hospital	100	100

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

Deposit by Subsidiaries

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

Deposit with subsidiary

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

Ghana International Bank	-	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.

A risk-based framework, which evaluates key business risks and internal controls, is used to determine the extent and frequency of internal audits conducted. All the Bank departments are subject to periodic internal audit review. The Heads of Risk Management and Internal Audit Departments have direct and independent access to the Audit Committee of the Board of Directors, comprising three of the Bank's non-executive directors. Summary information on the outcomes of internal audits is reported to the Audit Committee.

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

Credit risk

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

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

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

Credit risk measurement

Loans and advances

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

Cash and amounts due from banks

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

Securities

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

Risk limit control and mitigation policy

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

Impairment and provisioning policy

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

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

Write off policy

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

Modification of financial assets

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

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for three consecutive months or more. There were no such assets held as at 31 December 2021.

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.

Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

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

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

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

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

The Lifetime PD is developed by applying a maturity profile to the current 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 2020 are set out below:

Scenario	Weight %
Base Case	**50**
Upside	**15**
Downside	**35**

Exposure to Credit Risks

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

Bank	**2021** GH¢'000	Percentage of financial assets	2020 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				
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.

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).

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**	**Stage 2**	**Stage 3**	**Total**
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**

Group

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

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:

Group and Bank **31 December 2021**	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
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**

The Group	Stage 1	Stage 2	Stage 3	Total
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:

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**

31 December 2020

	Cash and amounts due from banks GH¢ '000	Balances with IMF GH¢'000	Securities GH¢ '000	Loans and advances GH¢'000	Other assets GH¢ '000
Stage 1 (performing exposures)	6,057,121	5,762,281	66,684,897	9,659,718	1,282,487
Stage 2	-	-	-	1,384,203	-
Stage 3 (non-performing exposures)	-	-	-	4,567,401	109,486
Gross	6,057,121	5,762,281	66,684,897	15,611,322	1,391,973
Less: Allowance for impairment	-	-	(16,656)	(3,129,937)	(109,486)
Carrying value	6,057,121	5,762,281	66,668,126	12,481,384	1,282,487

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**
31 December 2020					
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

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk

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

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

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

Liquidity risk management process

The liquidity management processes, as carried out within the Finance Department and monitored by executive management and the Treasury Section include:

- Preparing cash-based budgets and periodic variance reports to ensure management of future cash flows in order to meet payment demands when they come due;
- Managing the concentration and profile of debt maturities;
- Monitoring the Statement of financial position, liquidity ratios against internal requirements; and
- Managing the concentration and profile of asset maturities.

Monitoring and reporting take the form of cash flow measurement and projection for the next day, week and months respectively, as these are key periods for liquidity management. The basis for the projection is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Financial liabilities and assets held for managing liquidity risk

The table below presents the Central Bank's financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are contractual undiscounted cash outflows, whereas the Central Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

BANK

31 December 2021

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	5,775,436	-	-	-	-	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**

BANK

31 December 2020

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	6,057,121	-	-	-	-	6,057,121
Gold	-	2,163,875	907,997	-	-	3,071,872
Balances with IMF	146,997	5,615,284	-	-	-	5,762,281
Securities	33,509,782	5,942	4,662	6,007,003	27,140,737	66,668,126
Loans and Advances	5,070,802	5,489,594	69,663	232,179	1,619,147	12,481,385
Other assets	1,282,487	-	-	-	-	1,282,487
Investments	-	-	-	-	156,563	156,563
At 31 December 2020	46,067,189	13,274,695	982,322	6,239,182	28,916,447	95,479,835
LIABILITIES						
Deposits	23,163,981	-	-	-	-	23,163,981
Allocations of SDR	2,692,510	-	-		-	2,692,510
Liabilities to IMF	65,108	-	4,847,189	11,104,472	-	16,016,769
Derivative financial liabilities	610,414	-	-	-	-	610,414
Bridge Facilities	-	-	7,026,749	7,032,729	-	14,059,478
Liabilities under Money Market Operations	974,328	880,714	4,809,820	8,706	-	6,673,568
Currency in circulation	-	-	-	-	23,360,822	23,360,822
Other liabilities	7,492,878	-	-	-	-	7,492,878
At 31 December 2020	34,999,219	880,714	16,683,758	18,145,907	23,360,822	94,070,420
Maturity surplus/(shortfall)	11,067,970	12,393,981	(15,701,436)	(11,906,725)	5,555,625	1,409,415

37. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

GROUP

31 December 2021

ASSETS	**Up to 1 month GH¢ '000**	**Between 1-3 months GH¢ '000**	**Between 3 months &1 year GH¢ '000**	**Between 1 year & 5 years GH¢ '000**	**>5years GH¢ '000**	**Total GH¢ '000**
Cash and balances with correspondent banks	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**

GROUP

31 December 2020

ASSETS	Up to 1 month GH¢ '000	Between 1-3 months GH¢ '000	Between 3 months &1 year GH¢ '000	Between 1 year & 5 years GH¢ '000	>5years GH¢ '000	Total GH¢ '000
Cash and balances with correspondent banks	9,465,221	-	-	-	-	9,465,221
Gold	-	2,163,875	907,997	-	-	3,071,872
Balances with IMF	146,997	5,615,284	-	-	-	5,762,281
Securities	33,509,782	178,954	451,899	6,057,531	27,234,816	67,432,982
Loans and Advances	5,070,807	5,493,913	299,190	429,502	1,734,912	13,028,324
Other assets	1,328,736	-	-	-	-	1,328,736
Investments	-	-	-	-	156,563	156,563
At 31 December 2020	49,521,543	13,452,026	1,659,086	6,487,033	29,126,291	100,245,979
LIABILITIES						
Deposits	24,632,127	826,187	963,788	56,477	-	26,478,579
Allocations of Special Drawing Rights	2,692,510	-	-	-	-	2,692,510
Derivative financial liabilities	610,414	-	-	-	-	610,414
Liabilities to IMF	65,108	-	4,847,189	11,104,472	-	16,016,769
Bridge facilities	-	-	7,026,749	7,032,729	-	14,059,478
Liabilities under Money Market Operations	974,328	880,714	4,809,820	8,706	-	6,673,568
Currency in Circulation	-	-	-	-	23,360,822	23,360,822
Lease liabilities	-	-	1,653	16,712	-	18,365
Other liabilities	7,492,878	97,787	154,686	-	-	7,745,351
At 31 December 2020	36,467,365	1,804,688	17,803,885	18,219,096	23,360,822	97,655,856
Maturity surplus/(shortfall)	13,054,178	11,647,338	(16,144,799)	(11,732,063)	5,765,469	2,590,123

Assets held for managing liquidity risk

The Bank manages its liquidity risks through appropriate structuring of its investment portfolios to ensure that the maturity profiles of assets adequately match those commitments. This is monitored and managed on a daily basis. In addition, the Group's investment portfolio comprises mainly highly liquid investment instruments. Maturity shortfalls are managed by putting in place short term borrowing arrangements before they are due. The Bank can also call on the Government to make funds available to manage the shortfalls.

37. RISK MANAGEMENT (CONTINUED)

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

- Cash and balances with central banks and other operating banks;
- Loans and advances to operating banks, non-bank financial institutions and Government of Ghana;
- Investment securities;
- Amount due from IMF; and
- Other assets.

Market Risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on assets.

Market risk arises from open positions in interest rates and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

The Central Bank's primary exposure to market risk lies with its deposits held overseas which are exposed to changes in interest and exchange rates.

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments or entering into offsetting positions.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date will have an increase/decrease on profit or loss, and equity by amounts shown below. Each analysis assumes all other variables; in particular foreign currency rates remain constant. The analysis is performed on the same basis for 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.

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.

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Bank

31 December 2021

ASSETS	3 months or less GH¢ '000	Between 3 & 12 months GH¢ '000	Over 1 year GH¢ '000	Non-Interest bearing GH¢ '000	Total GH¢ '000
Cash and Amounts due from Banks	5,055,741	-	-	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**

31 December 2020

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

37. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (Continued)

The Group

31 December 2021

ASSETS	3 months or less GH¢ '000	Between 3 & 12 months GH¢ '000	Over 1 year GH¢ '000	Non-Interest bearing GH¢ '000	Total GH¢ '000
Cash and Amounts due from Banks	9,342,891	-	-	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**

31 December 2020

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

Foreign Currency Risk

Foreign exchange risk arises from:

- maintenance of a portion of foreign currency reserves for liquidity management purposes;
- currency intervention to meet monetary policy objectives; and
- active management undertaken in trading portfolios.

37. RISK MANAGEMENT (CONTINUED)

Foreign Currency Risk (Continued)

The US dollar is the base currency for the entire foreign reserves portfolio. However, investments of the foreign reserves in other approved currencies is permissible.

Foreign exchange risk is managed as follows:

- Positions in securities not denominated in the base currency (i.e. USD) should be hedged to the extent reasonably practicable into the base currency. Foreign currency exposures other than the United States dollar are all managed from the United States dollar perspective;
- A portfolio may also hold foreign exchange forward contracts in non-permissible currencies whose bonds are in a portfolio's benchmark only to the extent that it can be fully hedged to the base currency. A maximum allowance of +/- 0.25% of market value is permitted for fully hedged exposure to allow for market drift; and
- The internally managed portfolio has determined currency limits that take into consideration the Bank's expected foreign exchange liquidity needs. Since the majority of foreign exchange liabilities are in U.S. dollars it carries the most weight in this currency distribution.

The Bank also prepares and presents its financial statements in Ghana cedi. As a result movement in the exchange rates of the various foreign currencies in which the Bank maintains selected assets and liabilities impacts these financial statements.

The Bank owns a foreign subsidiary and therefore it is also exposed to foreign currency translation risk. The Group's foreign currency denominated transactions and balances give rise to exchange gains and losses that are recognised in the financial statements in accordance with note 2(j). The translation risk resulting from the consolidation of the foreign subsidiary are accounted for in the foreign currency translation reserves in equity.

As at 31st December, the foreign currency exposures were as follows:

Currency Exposure Analysis

	The Bank		The Group	
	2021	2020	**2021**	2020
ASSETS	**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
OTHER	**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)
OTHER	**(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:

	Average rate		Closing rate	
	2021	2020	**2021**	2020
Currency	**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
Currency	**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)

(b) The Group

	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)

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 page 55.

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.

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