Surviving COVID-19
Through Resilience and Digital Innovation

2020 ANNUAL REPORT

FIDELITY BANK

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Notice of Virtual Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Fidelity Bank Ghana Limited, whose registered place of business is No. 10 Ambassadorial Enclave, Ridge Tower, West Ridge, Accra, Ghana, will be held **virtually on Friday 11th June 2021 at 11:00 am (GMT) via Microsoft® Teams** to transact the following business:

By Ordinary Resolution:

1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2020;

2. To declare a final dividend for the year ended 31st December 2020;

3. To appoint Non-Executive Director, Skander Khalil Oueslati;

4. To re-elect Directors, Emmanuel Barima Manu and Laureen Kouassi-Olsson retiring by rotation;

5. To authorize the Directors to fix the remuneration of the Auditors.

By Special Resolution:

6. To authorize the Directors to take such steps as are required to sell, voluntarily liquidate, transfer, dissolve or otherwise dispose of all shares held by Fidelity Bank Ghana Limited in Mustard Capital Partners Limited at a nominal share price and to authorize the Directors to execute all legal documents as the Directors may consider appropriate and to take such other actions as may be necessary or desirable to give effect to the sale, voluntary liquidation, transfer, dissolution or disposal of the shares.

7. Pursuant to Section 18(2)(a) of the Bank's Constitution and Section 71(1) of the Banks and Specialised Deposit-Taking Institutions Act 2016 (Act 930):

a) To establish and incorporate a wholly owned subsidiary of Fidelity Bank Ghana Limited in Ghana whose purpose is to develop digital solutions for activities as are permissible under section 18 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) under such name as the Board of Directors of Fidelity Bank may approve; and

b) To authorise the Directors to take such steps as are required to incorporate the subsidiary and obtain such approvals from the regulator, the Bank of Ghana and such other authorisations and licenses required under the Laws of Ghana and to authorize the Directors to execute all legal documents as the Directors may consider appropriate and to take such other actions as may be necessary or desirable.

Dated, this 14th day of May, 2021

BY ORDER OF THE BOARD

MAATAA OPARE
(COMPANY SECRETARY)

Members and/or their proxies may attend and participate in the Annual General Meeting of Fidelity Bank Ghana Limited virtually. A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend the virtual meeting and vote instead of him. A Proxy need not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting it must be completed and emailed to **companysecretary@myfidelitybank.net** or deposited at the offices of the Company Secretary, Fidelity Bank Ghana Limited, 2nd Floor, Ridge Tower, Accra not less than 48 hours before the appointed time of the meeting.

Agenda

ANNUAL GENERAL MEETING
OF FIDELITY BANK GHANA LIMITED

Friday 11th June, 2021 at 11:00 am (GMT)
via Microsoft® Teams

1.	Opening Prayer
2.	Chairman and Managing Director's Speech
3.	Q&A
4.	Adoption of Minutes of AGM of 26th June, 2020.
5.	Notice of Meeting
6.	To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2020;
7.	To declare a final dividend for the year ended 31st December 2020;
8.	To appoint Non-Executive Director, Skander Khalil Oueslati;
9.	To re-elect Directors retiring by rotation, Mr. Emmanuel Barima Manu and Mrs. Laureen Kouassi-Olsson;
10.	To authorize the Directors to fix the remuneration of the Auditors.
11.	By special resolution to authorize the Directors to take such steps as are required to sell, voluntarily liquidate, transfer, dissolve or otherwise dispose of all shares held by Fidelity Bank Ghana Limited in Mustard Capital Partners Limited at a nominal share price and to authorize the Directors to execute all legal documents as the Directors may consider appropriate and to take such other actions as may be necessary or desirable to give effect to the sale, voluntary liquidation, transfer, dissolution or disposal of the shares.
12.	By special resolution Pursuant to section 18(2)(a) of the Bank's Constitution and section 71(1) of the Banks and Specialised Deposit-Taking Institutions Act 2016, Act 930, a) To establish and incorporate a wholly owned subsidiary of Fidelity Bank Ghana Limited in Ghana whose purpose is to develop digital solutions for activities as are permissible under section 18 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) under such name as the Board of Directors of Fidelity Bank may approve; and b) To authorise the Directors to take such steps as are required to incorporate the subsidiary and obtain such approvals from the regulator, the Bank of Ghana and such other authorisations and licenses required under the Laws of Ghana and to authorize the Directors to execute all legal documents as the Directors may consider appropriate and to take such other actions as may be necessary or desirable.
13.	Closing Prayer

Contents

Financial Highlights

For the year ended 31 December 2020

[All amounts are expressed in thousands of Ghana cedis]

	GROUP		BANK	
	December	December	December	December
As at	2020	2019	2020	2019
Total assets	9,278,252	10,507,977	9,250,849	10,478,022
Loans and advances to customers	2,444,268	2,503,989	2,392,426	2,454,186
Deposits	6,517,015	5,222,640	6,511,922	5,216,783
Shareholders' equity	1,035,100	903,388	1,000,424	877,048
For the year ended				
Operating income	996,765	920,320	978,462	902,924
Profit before tax	389,812	329,354	381,580	321,792
Profit after tax	259,116	267,657	252,097	260,927
Dividend per share	3.24	2.37	3.24	2.37
Earnings per share	10.26	10.60	9.98	10.33
Return on average equity (%)	26.73	33.22	26.85	33.27
Return on average assets (%)	2.62	3.05	2.62	3.05
Number of staff	1,151	1,141	1,142	1,134
Number of branches	77	76	77	76
Number of ATMs	124	111	124	111

Corporate Profile

Fidelity commenced business in October 1998 as a discount house. Fidelity Discount House attracted a rich client base and was noted for its innovative and attractive investment product offerings, making us the discount house of choice. With the quality of services offered, our customers requested for a deeper and richer business relationship, making it logical to move into the banking sector. On the 28th of June 2006, we obtained a universal banking license.

Investment banking has always been a key pillar in the overall strategy of the Bank, thus, Fidelity Securities Limited (FSL), a fully owned subsidiary of the Bank, was incorporated as the investment banking arm of the Bank. Formerly known as Fidelity Asset Management, FSL's business includes providing advisory services, issuing securities, raising capital and undertaking portfolio investment management for clients.

In 2012, the Bank established Fidelity Asia Bank Limited (FABL) in Labuan, Malaysia as a wholly owned Asian subsidiary in Malaysia. FABL provides offshore banking services. The continued growth of the Bank culminated in Fidelity's acquisition of ProCredit Savings and Loans Company Limited (PCSL) from ProCredit Holding Germany (PCH) and the DOEN Foundation of the Netherlands in 2014.

Currently, a Tier 1 Bank, Fidelity continues to perform its primary role of financial intermediation through our Wholesale Banking and Retail Banking divisions to meet the banking needs of our diverse customer base.

Our successful journey to the top tier of the banking sector has been largely driven by good governance, superior products, well trained staff and key investments in technology. As the largest privately-owned Ghanaian bank, our focus is on continuing to innovate and provide value-added products and services to our growing customer base.

Subsidiaries

Fab
FIDELITY ASIA BANK

Fidelity Asia Bank Limited (FABL) was established in July 2012 as a wholly owned Asian subsidiary in Malaysia. FABL provides offshore banking services.

FIDELITY SECURITIES

Fidelity Securities Limited (FSL), a fully owned subsidiary of Fidelity Bank Ghana Limited, is the investment banking arm of the Bank. Formerly known as Fidelity Asset Management, FSL's business includes providing advisory services, issuing securities, raising capital and undertaking portfolio investment management for clients.

Mission

To become an established top three (3) bank in Ghana by 2024 based on the following key performance indicators: Quality of Deposits; Operating Income; Quality of Loan Book; Return on Equity and Cost to Income Ratio. Anchored on three key pillars:

- our people
- our service and processes, and
- return to stakeholders.

This will be premised on exceptional corporate governance standards and risk management practices, knowledge of the local market, professionalism, proactivity, innovation and above all, a customer-centric culture.

Vision

Fidelity Bank's vision is to become a world-class financial institution that provides superior returns for all stakeholders as follows:

Our Customers:
The best place to bank

Our Shareholders:
The best place to invest

Our Employees:
The best place to work

Our Regulators:
The best place to benchmark

Corporate Information

Board of Directors

Edward Effah
Chairman

Julian Kingsley Opuni
Managing Director

Ambassador (Mrs.) Johanna Svanikier
Non-Executive Director

Emmanuel Barima Manu
Non-Executive Director

Laureen Kouassi-Olsson
Non-Executive Director

Adwoa Nyantakyiwa Annan
Non-Executive Director

Sulemana Abubakar
Independent Non-Executive Director

Lisa Mensah
Independent Non-Executive Director

Harold Richardson
Independent Non-Executive Director

Company Secretary

Ms. Maataa Opare

Registered Office

Fidelity Bank Ghana Limited,
Ridge Tower,
10 Ambassadorial Enclave,
West Ridge, Accra,
Ghana

Solicitors

Bari & Co.
Suite No. 1, 1st Floor No. 27,
Castle Road,
Adabraka, Accra

Independent Auditor

Ernst and Young
Chartered Accountants,
G15. White Avenue,
Airport Residential Area,
P. O. Box 16009,
Airport, Accra

Bankers

Citibank N. A.
Oddo BHF Bank
Ghana International Bank
Bank of China
JP Morgan Chase Bank
Banque De Commerce Et Placements
ABSA
SMBC Bank International Plc
The Mauritius Commercial Bank Ltd
International Finance Corporation
KBC Bank, Belgium
Bank of Beirut (UK) Ltd
Standard Bank

I topped up my loan on the Fidelity Bank website
Need a little extra cash? Visit **www.fidelitybank.com.gh** to request a top up on your existing Fidelity loan.
Make it happen with Fidelity Bank because **together we're more**
Together, let's top-up your loan
Click Here
Products & Services

We are driven by a truly dynamic

Board of Directors

Edward Effah
Founder and Chairman

Edward established the Fidelity group of financial services companies in October 1998 after a successful career as a senior finance executive. The Fidelity group of financial services companies is comprised of Fidelity Bank Ghana Limited (Fidelity Bank), Fidelity Asia Bank Limited (Malaysia), Fidelity Securities Limited (FSL) and Fidelity Capital Partners Limited (now Mustard Capital Partners Limited or MCPL). Fidelity Bank was set up in October 2006 and has grown to become the largest privately-owned Ghanaian bank with total assets in excess of 9 billion Cedis (US$1.6 billion), over 2 million customers and 77 branches in every region of the country.

Edward served as the Chief Executive Officer of Fidelity Bank from its inception in 2006 to 2016 and he is currently the Board Chairman of Fidelity Bank. Under Edward's leadership, Fidelity has been able to establish itself as a leader in its markets in Ghana in terms of reputation, profitability and assets under management and Fidelity Bank has won more than 100 awards for customer service, its technology and excellence.

Edward has extensive experience in business strategy formulation, calculated risk taking, strategy execution, team building, mentoring, business innovation, finance, technology strategy, capital raising, investor relations, managing boards and effective communication with key stakeholders. Edward brought to Fidelity over fifteen years of experience in senior executive positions in finance and treasury management. Previous positions held prior to establishing Fidelity include: Country Director of Global Emerging Markets (GEM) Ghana Limited (1995-1998), Chief Finance Officer of Inter-Afrique Group (1995 – 1997), Risk Manager (1990 – 1995) of Rudolf Wolff, the City of London based derivatives and foreign exchange trader and an auditor and management consultant with Coopers and Lybrand, London (1987 – 1990).

In November 2011, Edward was a finalist in the Ernst & Young's premier Entrepreneur of the Year West Africa Awards. In November 2014, Edward won the Chartered Institute of Marketing Ghana (CIMG) Marketing Man of the Year Award. In May 2019, Edward won the awards of CEO of the Decade, CEO of the Year and was also inducted into the Hall of Fame by the CEO Network for his immense contribution towards the banking industry in Ghana. In October 2020, Edward again won the ultimate award of CEO of the Decade at the Ghana Business Awards for his outstanding leadership over the decade.

Edward is currently the Board Chairman of Unilever Ghana Limited and he is also a board member of Fidelity Securities Limited, Fidelity Asia Bank Limited and Africa Capital LLC.

Previous directorships held by Edward include: Chairman, College of Health Sciences, University of Ghana (2009 – 2011); Council Member, University of Ghana (2009 – 2011); Chairman, Fidelity Capital Partners Limited; Council Member, Ghana Stock Exchange (2006 – 2007), Director, Ghana Agro Food Complex (2005 – 2006); Director, Golden Beach Hotels Limited (2001 – 2004); and Executive Council Member, Africa Venture Capital Association (2000 – 2005).

Edward is a Chartered Accountant by profession and he is a member of the Institute of Chartered Accountants in England and Wales.

Julian Kingsley Opuni

Managing Director

Julian Opuni is the Managing Director of Fidelity Bank and serves as an executive member of the Board. He joined the bank as the Head of Commercial Banking at the inception of the unit. After incubating and building the new business line, he led the growth and consolidation of the wider Commercial & SME Banking segments and ultimately the entire Retail Banking Directorate.

Julian has over 25 years of experience in the financial services sector both locally and internationally. He has extensive experience in business development, credit analysis, and sales management and has also participated in various youth entrepreneurship & business mentoring projects.

Prior to joining Fidelity Bank, Julian had a successful career with Lloyds Bank in the United Kingdom where he worked for over 18 years. He joined Lloyds as a member of their Expedited Management Training Program, holding various roles in Operations and Retail Banking which included Branch Management. Additionally, he held several senior positions in both Business & Corporate Banking, finally leaving as a Senior Manager with responsibility for various business centres in the west of London.

His great leadership skills and business acumen have earned him recognition both locally and internationally. He was the recipient of the Ghana Business Awards' Outstanding Leadership Award in 2020. He was also adjudged the Best Banking CEO of the Year in Ghana by International Business Magazine while Global Banking and Finance Magazine adjudged him as the Best Banking CEO in Ghana.

He is an Associate of the Institute of Financial Services (Aifs) and holds a B.Sc. in Banking & Financial Services from the University of Manchester Institute of Science & Technology. Julian is also an accredited specialist in Manufacturing, Legal and Property Lending and he was recently conferred a fellowship by the Chartered Institute of Bankers, Ghana.

Ambassador Johanna Odonkor Svanikier

Non-Executive Director

Ambassador Johanna Odonkor Svanikier is Founder, President and CEO of the Heritage and Cultural Society of Africa Foundation and HACSA-USA. HACSA Foundation is an NGO, non-profit, social enterprise with the mission to preserve, advocate for and promote the use of African heritage and culture for social and economic progress and development in Africa and the Diaspora. In March 2017, she organised the hugely influential African Diaspora Homecoming Conference to celebrate Ghana's 60th independence anniversary in a memorable and meaningful way. This was followed by the HACSA Summit 2019, a symbolic commemoration of 400 Years since the transatlantic slave trade began. She is Ghana's recent past Ambassador to France & Portugal and Permanent Delegate to UNESCO and La Francophonie. During her tour of duty in Paris, she initiated Ghana's membership of the OECD Development Centre where she represented Ghana on the Governing Board. Ambassador Svanikier chaired the ECOWAS group at UNESCO from 2014 to 2015 and successfully campaigned to win Ghana a seat on the UNESCO Executive Board.

She is a non-executive director of Fidelity Bank Ghana and Fidelity Asia Bank, where she initiated and chairs the subcommittee on Remuneration and Staff Welfare. She also initiated the Fidelity Bank Women's Forum which evolved into the Orange Women's Network and which other institutions have been inspired to follow. She recently became a non-executive member of the board of Dream Oval, the fastest growing indigenous FinTech company in Ghana. In 2012, she was appointed to serve as a Commissioner on the National Development Planning Commission (NDPC). She has also served on the Petroleum Revenue Advisory Committee of the Ministry of Finance and on the Advisory Board of the Ministry of Lands and Natural Resources under two different administrations. She was appointed to the board of the National Commission on Culture in 2017 and invited to sit on the Council of Patrons of the Ghana Culture Forum. She is also a member of the Board of the Economic Club of Ghana and chairs the Advisory Board of the Oxford University Africa Society in the U.K.

Ambassador Svanikier is a barrister by profession and was called to the Bar of England and Wales at the Inner Temple in 1990. She is also Solicitor and Advocate of the Supreme Court of Ghana. She has previously been a university lecturer with the Faculty of Law at the University of Ghana, Legon, and a legal and development consultant. She was the founder and first Director of the Human Rights Study Centre at the University of Ghana. She holds Bachelors and Master's Degrees in law from the London School of Economics, UK, a Master's in Public Administration from the Harvard Kennedy School, U.S.A. and a Masters in Political Science and International Relations Research from the University of Oxford, U.K. She was also a Fulbright Scholar during her time at Harvard University. She is the author of several publications including "Women's Rights and the Law in Ghana."

Ambassador Svanikier is a regular speaker at conferences and events particularly on the importance, value and socioeconomic benefits of promoting, preserving and investing in African heritage and culture. She is also passionate about technology and innovation, women's education and empowerment and environmental protection.

Emmanuel Barima Manu, LLM

Non-Executive Director

Emmanuel Barima Manu, holds a Master's Degree in International Commercial Law and is a co-founding member and Managing Partner of Bari & Co. He has extensive experience in corporate, investment and commercial practice including negotiating complex commercial and business contracts and other varied agreements. Mr. Manu was called to the Ghana Bar in October 1989 and has worked with other firms like Naoferg Chambers and Law Trust Company.

Mr. Manu has advised many clients on commercial transactions, contracts, corporate business and energy and oil and gas laws including Springfield E & P Limited, Asky Airlines, African Gold Group Inc(Canada), Bulk Oil Storage and Transportation Company Limited, Elmina Beach Resort, Millicom Ghana Limited, Allterrain Services Ghana Limited, Minexco Petroleum Limited, Sonitra Ghana Limited, Cayco Ghana Limited, West Africa Diamonds Company Limited(Nevada, U.S.A), Atholl Energy Limited and Altrom Ltd, (Switzerland). He has also represented Fidelity Bank Ghana Limited on numerous occasions as Lead Legal Adviser.

Mrs. Laureen Kouassi-Olsson

Non-Executive Director

Laureen Kouassi-Olsson is the Founder and CEO of Birimian Holding, an operational investment company dedicated to luxury and premium African heritage Brands.
She is a seasoned executive in the African financial services and private equity industries.

She has over a decade of experience in investing in private companies and financial institutions on the African Continent. Her professional achievements and commitments have gained significant recognition within the African financial services and private equity industries. Mrs Kouassi-Olsson was identified as one of the 100 most influential African Women by Avance Media and was nominated twice on the Choiseul Institute list of Emerging Economic Leaders.

Leveraging on her track record and expertise, she serves as a Non-Executive Director to the board of financial institutions such as Fidelity Bank, Ghana 4th largest Bank and most recently, Orange Abidjan Participations, Holding in charge of the commercial Banking activities of the Orange Group in West Africa.

She is also a Member of the Advisory Board of ARISE IIP, a leading institutional investor developing integrated industrial platforms across Africa and serves as an Independent Director to the board of the African Venture Philanthropy Alliance.

Until September July 2020, Mrs Kouassi-Olsson was Investment Director at Amethis. She headed Amethis' practice in the Financial services industry in Sub-Saharan-Africa as well as Amethis regional office based in Abidjan.

Mrs. Kouassi-Olsson was responsible for Amethis' investment strategy in the financial sector, including the sourcing, structuring and supervision of deals execution as well as the management of the Financial Institutions investment portfolio.

As part of her duties, she served as board member for different blue-chip financial institutions on the continent: the NSIA Group, regional Banking insurance Group in Western & Central Africa; Fidelity Bank, 4th largest bank in Ghana; Ciel Finance Limited, diversified financial platform based in Mauritius.

She was deeply involved in the governance of these institutions, sitting at their respective Strategic and Risk Committees. She indeed for instance chaired the Risk Committee of Fidelity Bank, Ghana's largest indigenous independent bank.

Mrs. Kouassi-Olsson also oversaw Amethis West Africa, Amethis' investment vehicle dedicated to Francophone Western and Central Africa, for which she led the structuring and fund raising. She was thus responsible for the monitoring of Amethis' major investments in the region, and essentially Côte d'Ivoire.

Mrs. Kouassi-Olsson is founding member and General Secretary of the Ivorian Venture Capital Association created in 2017 and gathering the main actors of the Private Equity in Côte d'Ivoire.

She is personally involved in various initiatives promoting women Empowerment, fostering entrepreneurship and philanthropy on the continent.

Prior to joining Amethis in 2013, Ms. Kouassi-Olsson was Investment Officer in the Financial Institutions Group of Proparco, based in Paris, where she was responsible for the appraisal and structuring of investment opportunities in the Sub-Saharan Africa financial services industry. Previously, she worked in Mergers and Acquisitions for Lehman Brother's Investment Banking Department in London.

Mrs. Kouassi-Olsson holds a dual French and Ivorian Citizenship.

Mrs. Adwoa Nyantakyiwa Annan
Non-Executive Director

Mrs. Adwoa Annan is the co-founder of Geothermal Management Services Ltd, a green technology company. She is also a non-executive director of Waveline Growth Partners Limited, a finance company in Nigeria and a consulting Advisor at Alfie Designs, a garment manufacturing company.

Prior to that, Mrs. Annan had a successful 30 year career in the financial services sector having worked in both the main stream banking and microfinance sectors. She has extensive experience in banking operations, customer service, sales management and strategic management.

She started her career with Barclays as a management trainee where she worked for 23 years, holding various senior management roles in operations, internal audit, branch management and business development.

Following a passion to empower women, she joined Women's World Banking in 2007 as the Chief Operations Officer overseeing all aspects of business strategy growth with specific concentration on the banking operations, credits, IT, Human Resources and Administration units. In 2011, she became the CEO and voluntarily retired after 4 years of implementing a successful turnaround program.

She holds an International Baccalaureate diploma from United World College of the Atlantic (U.K), a Bachelor's Degree in Economics from the University of Kent at Canterbury (UK) and a professional graduate diploma in management (International Professional Managers Association). She is also a graduate member of the Chartered Institute of Administration and Management Consultancy.

Sulemana Abubakar
Independent Non-Executive Director

Sulemana Abubakar (Abu) is the General Electric (GE) Corporate CoreTech Chief Information Officer (CIO) for Europe, Middle East and Africa region and the Chief Executive Officer for GE Ghana.

He is a growth-focused and execution-oriented ICT leader with over 28 years of executive and hands-on experience in digitizing multibillion-dollar Fortune 100 organization. He has a solid track record in delivering ICT solutions in both matured and emerging markets. He has a proven ability in establishing and directing global program teams, and planning and deploying business systems in various industries and countries. Abu has also established Project Management Centers of Excellence, managed rescued efforts of multimillion-dollar programs and delivered business solutions across the US, Canada, Western Europe, Brazil, Russia, China and Africa. Sulemana Abubakar holds a BSc in Civil Engineering from the Kwame Nkrumah University of Science & Technology, an MBA from Imperial College London, and he is currently enrolled in a Post Graduate Diploma course in Data Science at the Harvard University Extension School.

Lisa Mensah
Independent Non-Executive Director

Lisa Afua Serwah Mensah is a US citizen who is the President and CEO of Opportunity Finance Network (OFN) a network of community development financial institutions that manage over $27 billion of investments in housing, business, and facilities in low-income areas throughout America. She is a development finance expert with experience using public and private sector financial tools to improve economic security. She previously served as President Obama's Under Secretary of Agriculture for Rural Development and founded the Initiative on Financial Security at The Aspen Institute. She was educated at Harvard and Johns Hopkins and has worked extensively on small and micro business development, housing, and financial and savings policy. Ms. Mensah began her career in commercial banking at Citibank before joining the Ford Foundation where she was responsible for the country's largest philanthropic grant and loan portfolio of investments in rural America. She serves on the board of the Heritage and Cultural Society of Africa, U.S.A.

Harold Richardson
Independent Non-Executive Director

Harold Richardson is a Ghanaian with over 30 years' experience as a Chartered Accountant and currently serves as the Principal at Harry Richardson Consult, an Accounting firm he owns.

Harold is a member of professional bodies including the Institute of Chartered Accountants Ghana (ICAG), the Chartered Institute of Taxation Ghana (CITG) and the Ghana Association of Restructuring and Insolvency Advisors (GARIA). Harold has served as the General Manager (Finance & Admin.) of Vanef STC, Chief Financial Officer of Regimanuel Gray Ltd and Deputy Director of Finance, Ghana Airways Ltd. He has also served in various capacities at the Old Achimotan Association (Achimota School), where he was Treasurer, and became the Vice President. He served as a Trustee of the Achimota School Endowment Trust, a member of the Board of Governors of Achimota School, and a member of the Board of Governors of Christ the King School, He was a director of Vanef STC. Harold currently sits on the board of Chapel Hill School Limited and North Ridge Lyceum Limited, both educational institutions.

Our **Executive Committee** and overall management is comprised of prominent individuals with a diverse range of relevant skills to guide and support our vision of becoming a world class financial institution that provides superior returns for all stakeholders.

Edward Opare-Donkor

Deputy Managing Director
(Operations and Support Functions)

Edward is a Chartered Accountant with over 23 years' experience in the Financial Service Sector.

As an astute Business Executive, Edward has strong agile transformational skills and has honed these skills in senior executive roles over the years.

His remit includes Banking Operations & Business Optimization, Customer Experience, Marketing, Facilities & Properties, Information Security, Physical Security, Internal Control and Data & Analytics.

Until his appointment as the Deputy Managing Director, he served in various capacities including Finance Director and Director of Banking Operations & Business Optimization.

Prior to joining Fidelity, Edward had served in various roles at Enterprise Insurance Co. Ltd and CDH Insurance Ltd where his career in Finance began.

Edward holds an Executive MBA degree from the University of Ghana Business School and a BA (Hons) in Economics from the same University. He is a member of the Institute of Chartered Accountants, Ghana and has contributed in various finance-based workshops in both Ghana and overseas.

Edward currently serves on Fidelity Security Limited's (FSL) board of directors.

Sam Aidoo

Deputy Managing Director
(Wholesale Banking)

Sam has over 15 years' experience in Financial Markets and Treasury Management, with a strong focus and understanding of Sub-Saharan African markets. He has worked across Africa and in the UK with structuring, origination, trading and execution experience in several African markets including but not limited to Nigeria, Ghana, Kenya, Tanzania, Uganda, Egypt, Ethiopia and Botswana.

He joined Fidelity Bank in October 2016 as Director of Treasury and Markets. In December 2018, Sam was appointed Group Head, Wholesale Banking with responsibility for the banks Corporate Banking, Financial Markets and Treasury, Capital Markets businesses as well as Fidelity Bank's subsidiaries – Fidelity Asia Bank and Fidelity Securities Limited. Sam sits on the board of Fidelity Securities Limited.

Prior to joining Fidelity Bank, Sam worked with Barclays Bank across Africa and in England for 10 years. In his time with Barclays Africa, Sam was initially the Director, Regional Head, Global Markets – Distribution looking after the North Africa and East African region out of Nairobi-Kenya and subsequently looking after the West African business out of Lagos Nigeria. He started his banking career with Standard Chartered Bank.

Sam is devoted to the continuous growth of businesses and people, with a passion to leaving things better than he found them.

Kwabena Boateng
Divisional Director, Corporate & Institutional Banking

Kwabena joined Fidelity Bank in August 2017 as Divisional Director, Corporate & Institutional Banking with 16 years experience in the Banking Industry.

Prior to joining Fidelity, he was Executive Director, Commercial Banking of Standard Chartered Bank Ghana Ltd. He joined Standard Chartered Bank in 2006 as Senior Relationship Manager, Corporate Banking and rose through the ranks to become General Manager, SME Banking and Director, Local Corporate.

He has vast experience in the industry especially SME and Corporate Banking. He made significant impact on Standard Chartered Bank Ghana's SME business by developing it to be a major part of the SME franchise in Africa.

Prior to joining Standard Chartered Bank, he was with The Trust Bank (now Ecobank) and Amalgamated Bank (now Bank of Africa) where he was Senior Relationship Manager, Corporate Banking.

Kwabena practiced Civil Engineering for 6 years before joining the banking industry.

He holds an MBA (Finance) and BSc Civil Engineering from University of Ghana and University of Science & Technology, Kumasi respectively.

Nana-Esi Idun-Arkhurst
Divisional Director, Retail Banking

Nana Esi Idun-Arkhurst is currently the Divisional Director for Retail Banking at Fidelity Bank where she is responsible for leading the Bank's strategy to address the financial needs of Individual, SME and Commercial Banking clients. She joined Fidelity Bank in November 2016, as the Director for Commercial and SME Banking.

Prior to joining Fidelity Bank, Nana Esi worked with Standard Chartered Bank for 12 years. She joined the Bank in 2003 on the International Graduate Program after National Service. After the 2 year international training she took up various roles in Commercial and SME Banking and in 2012 moved to the regional office in Dubai as the Regional Product Manager for Wealth Management, Africa. In 2014, she progressed to become Regional Head of Bancassurance for Africa, managing the Bancassurance business across 8 markets in East, West and Southern Africa. She has worked in 14 different markets.

She holds a BSc. in Chemical Engineering from the Kwame Nkrumah University of Science and Technology. She holds an MBA from the University of Edinburgh Business School where she was awarded the School's 25th Anniversary Scholarship as well as the Chevening Scholarship.

George Mensah
Group Chief Information Officer

George has worked in the IT world for the past twenty five years in various capacities and management levels. He is an experienced IT professional who has worked with Multinational companies like Deloitte and Touch Consultants, Standard Chartered Bank Ghana Limited, and Stanbic Bank Ghana (a member of the Standard Bank Group) where he held various positions within the Technology and Operation units.

He was the Regional Chief Information Officer (West Africa) for Standard Bank Group prior to joining Fidelity Bank.

He holds a Bachelor of Science degree in Computer Science, an Executive Master of Business administration Degree (EMBA) in Entrepreneurial Management, a certificate in Digital Money, Corporate Governance and a member of the Ghana institute of Directors. He brings a wealth of experience to provide strategic vision, IT governance, Operational leadership and Technology solutions for the Fidelity Bank Group.

Dr. Shirley-Ann Awuletey-Williams
Chief Risk Officer

Shirley-Ann joined Fidelity Bank in May 2008 as a Corporate Account Manager responsible for the Manufacturing & Distribution Desk in the Corporate Banking Department. She was transferred to the Risk Management Department as the Acting Head in January 2009 and is currently the Chief Risk Officer.

Prior to joining Fidelity, Shirley-Ann worked with Merchant Bank (Ghana) Limited (now UMB Bank) for 13 years in various departments/ roles including Domestic Banking, Foreign Operations, Corporate & Institutional Banking and SME Banking. She also managed the Credit Analysts Unit as well as the Business Support function and was a Senior Relationship Manager responsible for various account portfolios. With over 25 years of experience in banking, her core competencies include Account Relationship Management, Credit Analysis & Monitoring and Risk Management.

Shirley-Ann holds a Doctorate Degree in Business Administration and a Masters Degree in Applied Business Research both from SBS Swiss Business School. She also holds an MBA (Finance) from the University of Leicester School of Management, UK and BSc. (Hons) Agricultural Economics from the University of Ghana, Legon. She is a Chartered Banker and an Associate Member of the Chartered Institute of Bankers, Ghana.

Atta Yeboah Gyan
Chief Financial Officer

Atta Gyan is a hands-on executive with over eighteen years of experience in financial and corporate strategy, financial risk management, financial analysis and reporting, budgeting and forecasting, mergers and acquisitions, banking operations, audit and control. Atta joined Fidelity Bank in September 2007 and held many senior roles in Audit and Finance before he was appointed Finance Director in March 2016 and subsequently named Chief Financial Officer in September 2019.

Atta began his banking career at SG-SSB Ltd (now Société Generale Ghana) as an Inspector after a stint at Ghana Airways. At SG-SSB, he was a key member of the task force of Operations and Control staff that led the bank's transition from a locally controlled bank to a foreign owned entity.

Prior to joining Fidelity Bank, he worked at Multimedia Group Ltd as the Finance Manager for Joy FM. In that role, he set up the Finance function at the station, coordinated the station's strategy and budget, and had oversight responsibility for credit control and client service.

Atta is a certified Financial Risk Manager (FRM®) and a member of the Global Association of Risk Professionals (GARP), USA. He is a Chartered Accountant and a member of the Institute of Chartered Accountants, Ghana. He holds a Masters degree in Finance and a Bachelors degree in Accounting from the University of Ghana Business School, Legon. Atta also holds a post-chartered diploma certificate in International Financial Reporting Standards (IFRS).

Maataa Opare
Group Head of Legal
& Company Secretary

Maataa's career in Fidelity began as a Legal Officer, Legal Counsel, then Head of Legal and Company Secretary. Prior to joining the Bank, she was a Specialist Contract Manager at Santander Private Banking UK where she provided astute legal guidance to its offshore entity, share dealing service and private banking. The previous six years were spent in Bank of Cyprus UK where she was instrumental in effecting changes brought in by the Consumer Credit Act and the Payment Services Directive. Maataa has had over fifteen years of experience as an in-house lawyer in financial institutions and has also worked in Property Litigation and Product Liability in Hogan Lovells, London. As a Solicitor of the Supreme Court of England & Wales and called to the Bar in Ghana, she is dual jurisdiction qualified.

Maataa holds a B.Sc. in Politics and International Relations from the University of Southampton. She also took the CPE and Legal Practice Course at the College of Law, Store Street. Her Post-Call was completed at the Ghana School of Law. She was recently awarded the Best Achiever in Legal Services Award, Banking Category and inducted into the Ghana Feminine Hall of Fame for her outstanding contributions and achievements in the banking industry. She has been named as one of Ghana's Top 100 Inspirational Women and has also received an Honorary Award for her contribution and support towards the growth and development of young people through the Head of State Award Scheme under the Duke of Edinburgh 's International Award scheme.

Owusu Boahen
Director, Human Resources

Owusu is an experienced HR professional with a passion for excellence and a good background in the implementation of HR change initiatives aligned to business objectives. Owusu has over 15 years of HR experience in the Banking industry. He joined Fidelity Bank in 2013 as a Human Resources Business Partner for Retail Banking and later as a Business Partner for our Corporate and Investment Banking department. Owusu was a vital player in the Human Resources team that helped build the required HR infrastructure to support the Bank's growth agenda. Prior to joining Fidelity Bank, Owusu worked with Barclays Bank Ghana in various capacities in the Human Resources Department. He joined Barclays Bank Ghana in 2005 and rose through the ranks to later become an HR Business Partner to nine key departments. He is a Member of the Society for Human Resource Management (SHRM), USA, and an associate member of the Institute of Human Resource Management Practitioners, Ghana. Owusu holds an MPhil in Industrial/ Organizational Psychology from the University of Ghana, Legon.

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Corporate Social Responsibility

Fidelity Bank Leads the Charge in the Fight Against COVID-19

Managing Director of Fidelity Bank, Julian Opuni, presents cheque of GH¢1,000,000 to Managing Trustee of COVID-19 Private Sector Fund, Senyo Hosi, towards the construction of the Ghana Infectious Disease Centre.

To contribute to the national effort to fight the spread of COVID-19 in Ghana, Fidelity Bank donated GHC1 million to the Ghana COVID-19 Private Sector Fund, a private sector-led initiative committed to providing a prompt response to the hardship and suffering caused by the COVID-19 pandemic.

The centre, located at the Ga East Municipal Hospital is currently the first-ever Isolation and Treatment centre in Ghana and it is the main facility for treating COVID-19 patients. Due to the urgent need for an infectious disease centre, the facility was built in a record time of 100 days. The total cost of the project was estimated to be USD3.5 million.

As the custodian of the Ghana COVID-19 Private Sector Fund, Fidelity Bank also solicited the support of the general public to donate GHC10 or more in the #10GhanaChallenge. Donations were made on the Fund's website and through a short code where the funds were deposited into a Fidelity Bank account held in the name of the Fund.

The 100-bed Infectious Disease and Isolation Centre opened to the public on July 24, 2020 and it immediately began treating critical COVID-19 patients.

To further support the Bank's national efforts to reduce the negative impact of COVID-19 in Ghana, Fidelity Bank introduced an auto loan package for members of the Ghana Medical Association who have been at the forefront of the pandemic. The auto loan package provides the members of the Ghana Medical Association with access to brand new vehicles from selected auto dealers at exceptional rates.

Managing Trustees of Ghana COVID-19 Private Sector Fund from left to right: Managing Director of Fidelity Bank, Mr. Julian Opuni | General Secretary of Ghana Medical Association, Dr. Justice Yankson | Co-Chair of Ghana COVID-19 Private Sector Fund, Edward Effah | Executive Chairman, CH Group, Kwaku Bediako | Chairman, Tropical Cable & Conductor Ltd., Tony Oteng-Gyasi | Managing Trustee of COVID-19 Private Sector Fund, Senyo Hosi | Commissioner Support Services Division, Ghana Revenue Authority, Julie Essiam, together with representatives of Ghana Armed Forces

Ghana Medical Association members qualify to receive a minimum loan amount of GHC40,000 and a maximum loan amount of GHC400,000 to purchase brand new vehicles from Svani Limited, Universal Motors, CFAO, Toyota Ghana, Silver Star Auto, Rana Motors, Alliance Motors, Auto Plaza, and Premium Motors. Applicants who do not receive their salary through Fidelity Bank can opt for direct payroll deduction to Fidelity Bank to service the facility. Furthermore, they have the opportunity to request for an initial repayment holiday to suspend their initial monthly loan repayments for up to three months and start repayments in the fourth month.

To further complement the interventions by the Government of Ghana, Fidelity Bank donated necessary equipment and supplies to key institutions. The Bank donated 1,000 face masks to the Greater Accra Secretariat of the Ghana Private Road Transport Union (GPRTU) in Accra, Kumasi and Takoradi and also donated GHC30,000 worth of Personal Protective Equipment (PPEs) to the Kumasi South Hospital. Fidelity Bank presented computers to the University of Health and Allied Sciences (UHAS) in August 2020. The computers were to be deployed to the University's laboratory which is a designated testing facility for COVID-19 in the Volta region. The southwest retail banking sector of the Bank also donated to the children's block/child health department of the Korle Bu Teaching Hospital as part of their CSR project for 2020.

Internally, every Branch was provided with hand washing stations, thermometers, safety materials, PPEs, sanitizers and a rotation schedule for staff was introduced to ensure physical distancing at all times.

Vice President of the Republic of Ghana, H.E. Dr. Mahamudu Bawumia, cuts tape for the commissioning of the Ghana Infectious Disease Centre.

Vice Chancellor of C.K. Tedam University, Professor Eric Magnus Wilmot, assisted by Branch Manager of Tamale Branch, Antoinette Dela Sackey, at the commissioning of a sign post donated by Fidelity Bank Tamale Branch.

Members of Accra Southwest Sector, Retail Banking, at Korle Bu Teaching Hospital to hand over the refurbished Children's Block of the facility.

Regional Managers of Fidelity Bank, Anthony Dwamena and Delvyn Fred Sandison (in blue and black suit respectively) pose with the medical team from Korle Bu Teaching Hospital after the handing over of the refurbished Children's Block.

Fidelity Bank Finances Life-Changing Surgery

Executives of Fidelity's Orange Women Network (OWN), Sedinam Tweneboa, Leonora Attoh and Theodora Senaya present cheque to Executive Director of Henry Djaba Foundation, Otiko Afisa Djaba, for Theodora Egyir's breast surgery.

The Orange Womens Network (OWN), the women's association of Fidelity Bank Ghana Limited raised funds to cover the financial expense of necessary medical surgery for fifteen-year old Theodora Egyir. Theodora is a JHS student who suffers from gigantomastia, a rare condition characterized by excessive breast growth.

Theodora and her parents live in Akwansa Kokodo, a village near Mankessim in the Ekumfi District of the Central Region. Her father, Mr. Kwame Egyir is a small peasant farmer. The Henry Djaba Memorial Foundation, led by Dr. Otiko Afisah Djaba first shed light on Theodora's situation in 2018 and supported her first surgery with the help of its partners, the Charismatic Evangelistic Ministry (CEM) and the Methodist Church, Winneba.

Theodora's first procedure at Korle Bu Teaching Hospital reduced her breast size, but unfortunately due to the nature of gigantomastia, her breasts continued to grow, and the excessive growth affected her heart and her lungs. Her doctors indicated that the next course of treatment would be for Theodora to undergo a double mastectomy to remove both breasts.

In August 2020, the Henry Djaba Memorial Foundation issued a statement soliciting the support of Ghanaians to help save the life of Theodora Egyir. Upon hearing about Theodora's health condition and need for surgery, OWN raised the necessary funds for Theodora's double mastectomy surgery and recovery. The surgery was successful and young Theodora is recovering well.

COVID-19 Asset and Wealth Management Realities: Tapping the Right Opportunities for Growth Webinar – Left-Right: Joy Prime Presenter & Webinar Moderator, Daniel Dadzie | CEO of OctaneDC Limited, Dr. Suzy Puplampu | Head of Fidelity Securities Ltd., Akwasi Adu-Boahene

Communicating with Stakeholders During Crises Webinar – Left-Right: Head of Commercial Banking, Fidelity Bank, Gustav Nii Ayi Mokobi Aryee | Head of Marketing, Fidelity Bank, Yvonne Y. Botchey | Director of Commercial & SME, Fidelity Bank, Linus Kumi | Head of Enterprise Banking, Fidelity Bank, James Orraca-Tetteh

Fidelity Bank and IFC Webinar Series: An Impactful Journey to Grow SMEs

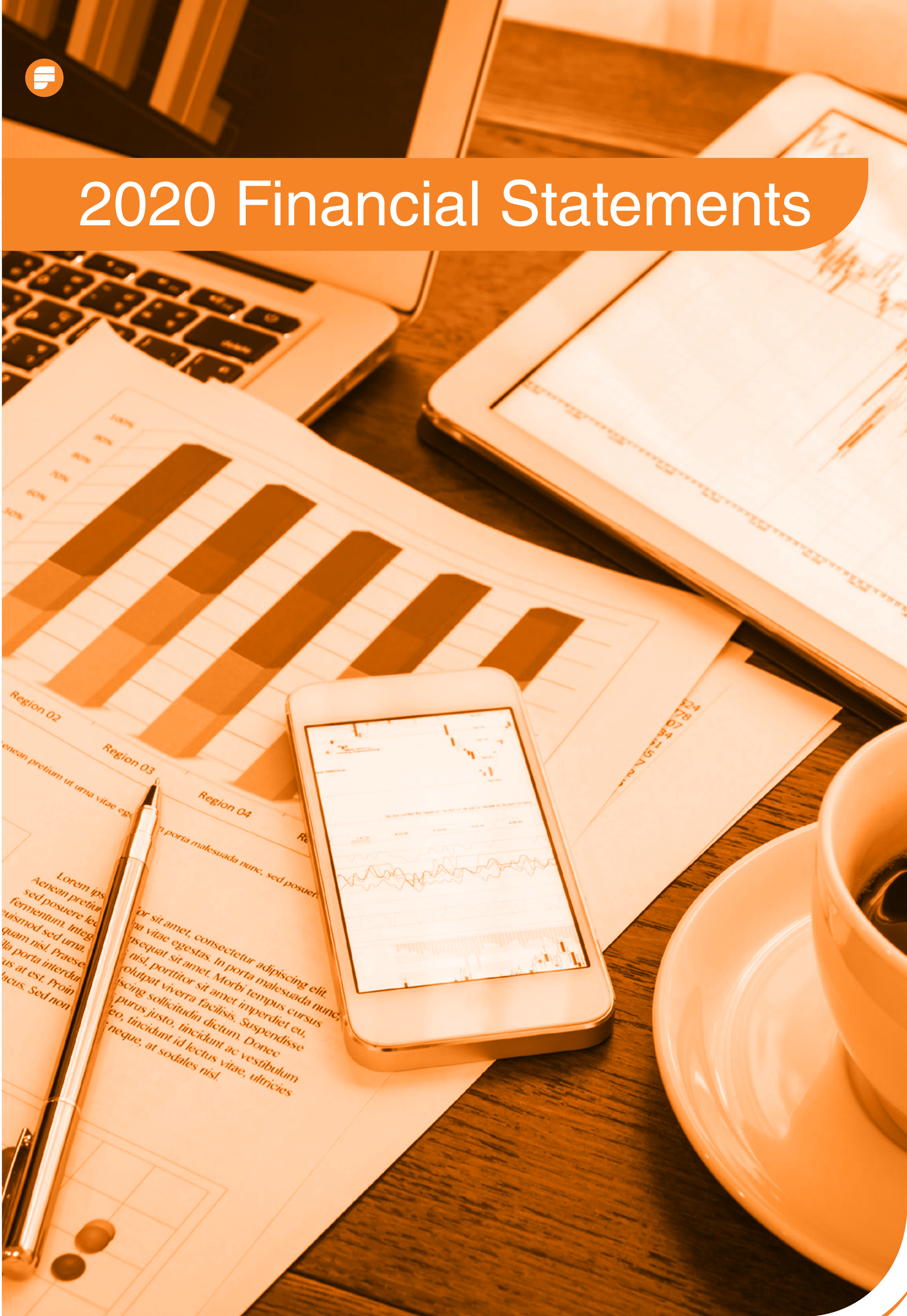
Accessing Finance During Crises Webinar –
(Left image) Left-Right: Head of Enterprise Banking, Fidelity Bank, James Orraca-Tetteh | Director of Commercial & SME, Fidelity Bank, Linus Kumi | Head of Marketing, Fidelity Bank, Yvonne Y. Botchey | Head of Commercial Banking, Fidelity Bank, Gustav Nii Ayi Mokobi Aryee
(Right image) Director of Commercial & SME, Fidelity Bank, Linus Kumi | IFC Consultant, Master Trainer, and Instructional Designer, Margaret Jackson | IFC SME Banking Analyst & Moderator, Jimmy Karima Chakacha

To support Small and Medium Enterprises (SMEs), Fidelity Bank in partnership with the International Finance Corporation (IFC) initiated a four-part webinar series to offer financial and business strategies for SMEs to navigate the economic downturn caused by the COVID-19 pandemic. The webinar series was organized under the Bank's new thought leadership series Fidelity Presents… .

The webinars were presented by leading IFC Consultant, Master Trainer, and Instructional Designer, Margaret Jackson, who is also the Managing Partner of Rainbow Consult. Moderated by Jimmy Karima Chakacha, an IFC SME Banking Analyst based in Kenya, the webinar series provided SMEs with valuable insights on the following topics: Surviving Today to Thrive Tomorrow; Accessing Finance During Crises; Communicating with Stakeholders During Crises, and Adjusting your Business Plan During Crises.

In addition to this training webinar, the bank supported SME clients with interest rate reductions across various sectors, provided short and medium-term measures such as loan moratoriums and restructuring of loans to cushion repayments, digital banking, and other capacity-building programmes to help overcome COVID-19 related challenges.

2020 Financial Statements



Chairman's Statement

Distinguished Shareholders,

It is with great pleasure that I welcome you to the 2021 Annual General Meeting of Fidelity Bank Ghana Limited and to present to you the Chairman's Statement for the year ended 2020.

Despite the COVID-19 pandemic which threatened millions of lives worldwide and cast a dark cloud over all aspects of our daily lives and our business, I am proud to report that 2020 was another year of significant progress for Fidelity Bank Ghana Limited. The Bank delivered record revenues and profit, and generated strong returns for shareholders. This reaffirms our position as a leading player in the industry with the right structures in place to remain competitive in the years ahead.

Operating Environment

2020 was a very challenging year for the global economy primarily as a result of the impact of the COVID-19 pandemic. After several years of global output expansion with 2019 posting a growth rate of 2.9%, global growth entered into recession as a result of the impact of the pandemic.

According to the IMF (in the January 2021 update of the World Economic Outlook), the global growth contraction for 2020 is estimated at -3.5%, 0.9 percentage points less than projected in the previous forecast, reflecting stronger-than-expected momentum in the second half of 2020.

In advanced economies, the estimated contraction of 4.9% was 0.9 percentage points less severe than anticipated, but the ensuing recovery has been dampened by a substantial resurgence of COVID-19 cases. Meanwhile, output in China is estimated to have rebounded last year at a faster rate of 2.3% than the 1.9% growth projected in October 2020, with particular support from infrastructure spending. China's strength was an exception, however, and disruptions from the pandemic in the majority of other emerging markets and developing economies (EMDEs) were more severe, resulting in a contraction of 2.4% for the year.

On the domestic front, after recording strong growth of 6.5% in 2019 and firm growth of 4.9% in the first quarter of 2020, Ghana's economic growth was dampened in the second quarter due to COVID-related factors. However, following the lifting of restrictions and strong policy support, signs of recovery began to emerge in the third quarter. Data released by the Ghana Statistical Service showed that real GDP growth provisionally contracted by 1.1% in the third quarter of 2020 compared to the 3.2% contraction recorded in the second quarter. At the end of 2020, Ghana was projected to record a positive GDP growth of 0.9% as per the 2021 budget statement.

Overall, the impact of COVID-19 on the banking industry's performance was moderate as banks remained liquid, profitable and well-capitalized. Total assets increased by 15.8%, of which investments in Government bonds rose by 33.4%. Total deposits increased by 26.8%, and net claims on government by commercial banks increased by 44.6%.

On the other hand, credit extended to the private sector was minimal throughout 2020. On an annual basis, net credit to the private sector slowed to 5.8% in December 2020 compared with 23.8% in the corresponding period in 2019. On a gross basis, credit to the private sector grew by 10.6% compared with 18.0% over the same comparative period.

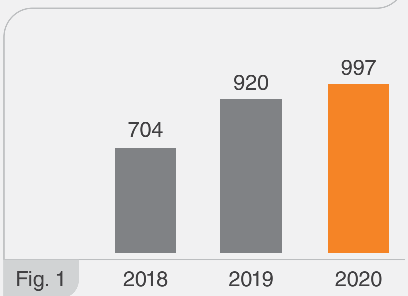
Solvency and liquidity indicators remained strong. The industry's capital adequacy ratio (CAR) of 19.8% as at end of December 2020 was well above the regulatory minimum threshold of 13% (revised downward to 11.5% as a policy response to COVID-19). Core liquid assets to short term liabilities were estimated at 27.8% in December 2020 compared with 30.5% a year ago.

2020 Performance

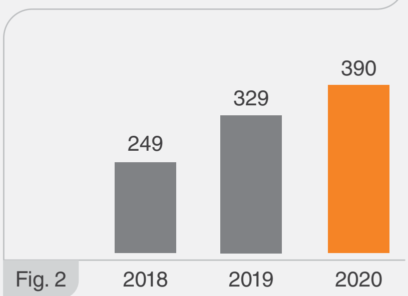
While we could never have predicted the nature or extent of the COVID-19 crisis, at the onset of the crisis, the bank was operationally sound and financially strong and has consequently been able to deal with the crisis better than competitors. The outbreak of the COVID-19 pandemic during the year and the dramatic global response to the spread of the disease resulted in the following: partial or total lockdowns lasting for several weeks in Ghana and around the world, the fall in oil prices, disruptions in the global supply chain, the plummeting of the global equity markets in April 2020, and the reported sharp decline in GDP across the globe, including Ghana. That notwithstanding, the Bank weathered the storm to continue its growth trajectory, reporting a year-on-year growth in key financial metrics.

We grew the Group's operating income by 8% to GHS 997 million (see Fig. 1 below), and posted a record pre-tax profit of GHS 390 million (representing an increase of 19% from the GHS 329 million achieved in 2019).

OPERATING INCOME (GHS MILLION)



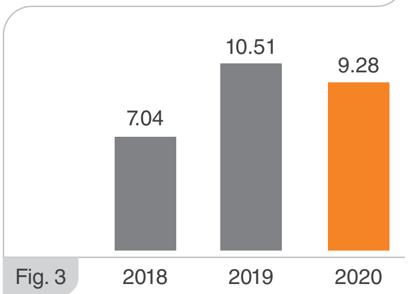
PRE TAX PROFIT (GHS MILLION)



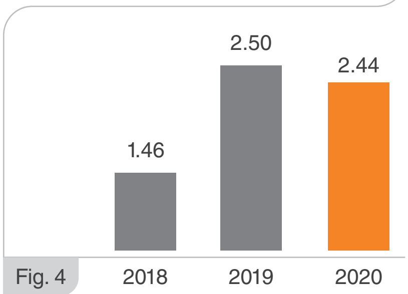
Following the outbreak of the COVID-19 pandemic and measures instituted by the Government to contain the spread of infections, various revenue enhancing and cost control initiatives were adopted by Management with support and guidance from the Board. This resulted in an improved efficiency as the cost-to-income ratio declined further from 52% in 2019 to 51% in 2020.

The Group closed the year with a balance sheet position of GHS 9.28 billion (Fig. 3 below), representing a year-on-year decline of 12%, driven mainly by a 69% decline in SWAP-related short-term borrowings. Customer deposits which remain a key balance sheet metric grew by 25% to close the year at GHS 6.52 billion, moderating the balance sheet impact of the decline in short-term borrowings. Our digital platforms and other transaction floats contributed significantly to the growth and quality of deposits during the year, resulting in a further decline in the weighted average cost of funds from 5.0% in 2019 to 4.3% in 2020 and an improved spread of 12.7% (2019: 11.8%).

TOTAL ASSETS (GHS BILLION)



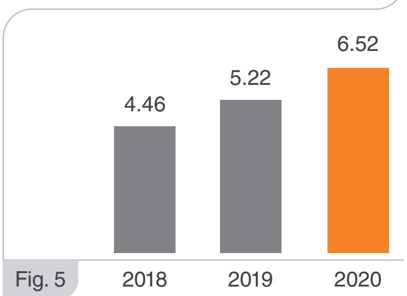
LOANS & ADVANCES (GHS BILLION)



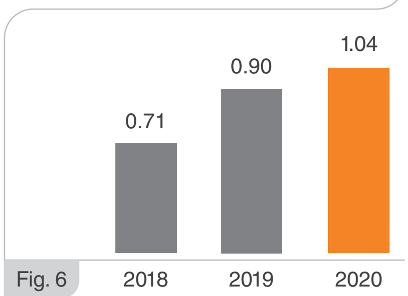
Our loans and advances portfolio declined marginally by 2% to close the year at GHS 2.44 billion (2019: GHS 2.50 billion). This was primarily due to settlement during the year of GHS 420 million in discounted facilities advanced to a number of Government contractors and the Bank's bearish stance on risk assets occasioned by the heightened risk environment.

On the other hand, our investment securities portfolio increased by 15% to end the year at GHS 4.94 billion (2019: 4.30 billion), reflecting the change in risk appetite.

DEPOSITS FROM CUSTOMERS (GHS BILLION)



EQUITY (GHS BILLION)



Shareholder funds (Fig. 6) increased by 16% to close the year at GHS 1.04 billion as a result of an ROE of approximately 27% generated during the year. With a capital adequacy ratio of 21.43%, we are sufficiently capitalized for our business mix, size and risk profile, and will continue to execute our medium-term strategy and deliver best in class return on equity.

Dividends

The Board has proposed a dividend of GH¢3.24 per share for this year subject to the approval of Bank of Ghana. This represents a dividend growth of 37% from the 2019 dividend payment of GH¢2.37 per share.

External Recognition

Even in the midst of the COVID-19 pandemic, the Bank won several prestigious local and international awards which further cements our position both as a key player in Ghana's banking industry and as a world-class institution.

At the 3rd edition of the Ghana Business Awards, Fidelity Bank Ghana Limited won the Excellence in Customer Service Award whilst myself and Mr. Julian Opuni, Managing Director, were also honoured with the CEO of the Decade and Outstanding Leadership Awards, respectively.

In addition, Mr. Julian Opuni, also won the Best Banking CEO Ghana 2020 - International Business Magazine and Outstanding Leadership Awards.

Corporate Governance

The Bank continues to improve governance, accountability and risk management. Clearer lines of accountability and strong risk management practices are improving the Board's ability to meet regulatory and compliance obligations and deliver on the expectations of our customers, shareholders and the community more broadly.

We have ensured that our Board and sub-committees of the Board meet the requirements of the Corporate Governance Directive 2018 and the 2019 Fit and Proper Persons Directive issued by the Bank of Ghana. As of 31st December 2020, the Board of Fidelity Bank Ghana Limited consisted of nine (9) members with one Executive Director, three Independent Non-Executive Directors and the remaining being Non-Executive Directors.

The sub-committees of the Board have subsequently been reconstituted with the Risk Committee, the Audit Committee, and the Cyber & Information Security and Technology Committee being chaired by independent non-executive directors and the Staff Welfare and Remuneration Committee being chaired by a Non-Executive Director. All our key management personnel are also undergoing the mandatory "fit and proper" review and approval by the central bank.

It is also worth noting that the Board has adopted standard evaluation tools to help assess annually the performance of the Board, its committees and individual members. An external board valuation has been prepared by Ernst and Young Chartered Accountants as part of the corporate governance process.

Directors

On 31st December 2020, Ambassador (Mrs.) Johanna Svanikier resigned from the Board after serving as a Non-Executive Director of the Bank for over 10 years. During her time of service, she initiated the Board subcommittee on Staff Welfare and Remuneration and chaired it effortlessly. It is also worth mentioning that she started the Fidelity Bank Women's Forum in spite of her demanding schedules. This forum has evolved into the Orange Women's Network and has inspired other institutions to follow. On behalf of the Board and Management of the Bank, I would like to express our appreciation for her valuable support, commitment and contribution to the Bank's development and growth. We wish her well in her future endeavours.

Conclusion and Outlook for 2021

The market's short-term outlook is negative but as we have seen many times before, I have no doubt that the global and Ghanaian economies will re-balance and recover with strong momentum, particularly with the rollout of vaccines across countries. I am cautiously optimistic that business conditions will improve significantly during 2021.

With the various revenue enhancing initiatives and cost containment measures outlined in our strategy, we look forward to 2021 with enthusiasm and optimism and remain committed to maximizing shareholder value through optimization of our organic growth opportunities. While we acknowledge the global and local economic challenges resulting from the raging COVID-19 pandemic, we remain confident in our ability to continue to rise to the occasion and achieve an even stronger competitive position in 2021 and beyond.

I would like to thank our Board for their guidance and you, our shareholders, for your continued support over the past years. In particular, I would like to thank our leadership team and all our employees for their unwavering commitment and dedication that has pushed the Bank into a stronger position heading into 2021. I deeply appreciate the work they have done, and their ability to execute in this challenging COVID-19 environment. I am confident that with our people, their expertise and related skill sets, we can overcome this difficult period and strengthen our resolve to build a sustainable business that provides value to our shareholders, our employees and our communities.

Signed

Edward Effah
Board Chairman

Managing Director's Report

Introduction

After a very turbulent year globally, I am pleased to present the performance of your Bank for the financial year 2020. Even though the year was an unusually difficult one due to the impact of the COVID-19 pandemic on our business, the Bank's performance was still remarkable. Undoubtedly, this shows how robust your Bank's structures are to weather any storm and to maintain its top-tier position.

Globally, the economy contracted by an estimated 3.5% in 2020 while trade also contracted by 9.6% (according to the International Monetary Fund (IMF)). The devastating effects of the pandemic were evident in Q2 2020 with major world economies such as the US and the Euro Area (19 countries) contracting by 9.5% and 12.1% respectively, with the UK and Spain contracting by as much as 20.4% and 18.5% respectively. Despite the uncertainty concerning the end of the pandemic, the global economy is projected to grow by 5.5% in 2021 and 4.2% in 2022 according to the IMF.

On the local front, after recording a firm growth of 4.9% in Q1 2020, the domestic economy contracted by 3.2% and 1.1% in Q2 2020 and Q3 2020, respectively. This was due to the impact of COVID-19 on economic activities. However, at the end of 2020, Ghana was projected to record a positive GDP growth of 0.9%. As at end of Q1 2020, the inflation rate came to 7.8% from 7.9% at the end of 2019 but rose to 11.2% by the end of Q2 2020. The increment in Q2 2020 was mainly due to the upsurge in food prices before the partial lockdown. At the end of the year, inflation stood at 10.4%. The cedi was relatively stable in 2020 against the USD. It depreciated by 3.9% against the USD as compared to the 12.9% depreciation in 2019. The steady performance of the cedi resonated from the improved forex inflows at the start of the year and the adequate build-up of reserve by the Bank of Ghana as at year end 2019.

In January 2020, the Monetary Policy Committee (MPC) of the Bank of Ghana cut the monetary policy rate by 150 basis points to 14.5%; the lowest rate since April 2012. This rate was maintained throughout the year. This action was intended to provide favourable financing conditions for businesses in order to stimulate economic growth as the pandemic had a negative impact on businesses and the economy. Further measures taken by the MPC included the reduction of the primary reserve requirement from 10% to 8% to increase the liquidity of banks and the reduction of the Capital Adequacy Ratio (CAR) requirement for Banks from 13% to 11.5% to boost lending.

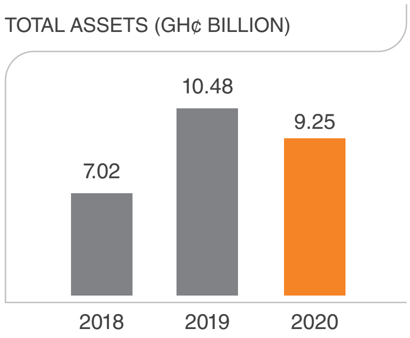
2020 Performance

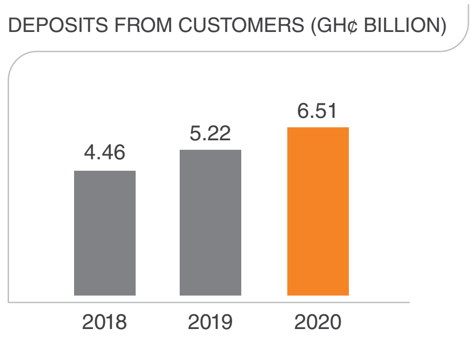
In spite of how challenging the operating environment was in 2020, the Bank delivered strong financial results.

Balance Sheet Analysis

The Bank ended the year with a balance sheet size of GH¢ 9.25 billion, down by 12% from the 2019 asset balance of GH¢ 10.48 billion. The decline in the balance sheet was as a result of a 69% decline in short term borrowings to GH¢ 1.13 billion from GH¢ 3.62 billion. This borrowing was to fund some selected short-term earning assets.

That notwithstanding, customer deposits reached GH¢ 6.51 billion, representing a 25% growth whilst investment securities grew by 15% to GH¢ 4.93 billion funded by the growth in deposits.



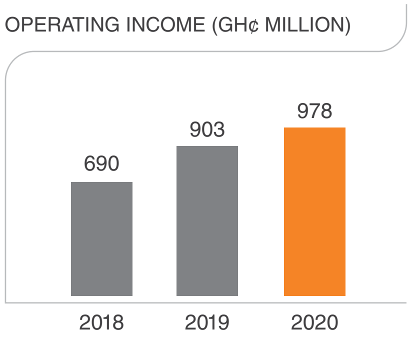


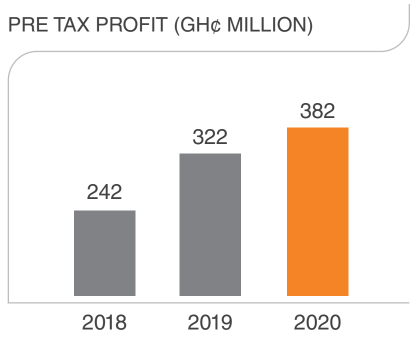
Income Statement Analysis

Net interest income grew by 25% from GH¢ 641 million in 2019 to GH¢ 802 million in 2020 whilst net fee and commission income also ended 2020 at GH¢ 139 million. This contributed to an 8% increase in operating income from GH¢ 903 million in 2019 to GH¢ 978 million in 2020.

The Bank also benefited from better cost management strategies as the cost-to-income reduced further to 51%, down from 52% in 2019.

The Bank ended the year with a profit before tax of GH¢382 million and a profit after tax of GH¢252 million posting a growth of 19% and a decline of 3% respectively over the previous year.





Awards and Recognitions

In 2020, in addition to the Bank being recognized for its exceptional performance, the leadership of the Bank was also recognized for their individual outstanding performance.

Bank Awards

- Best Bank in Ghana – African Banking Awards, EMEA Finance
- Best Self-Servicing Banking Technology Implementation (Web Account) – Asian Banker
- Pan-African Best Product Launch Bank – African Banking Awards, EMEA Finance
- Best Bank in Ghana – Global Finance World's Best Bank Awards
- Excellence in Customer Service Award – Ghana Business Awards
- Best Innovation in Retail Banking, Ghana – International Banker
- Most Innovative Retail Banking App Ghana – Global Banking & Finance Review
- Best Banking Process Ghana (Web Account) – Global Banking & Finance Review
- Best Banking Product Ghana (Web (Online) Account Opening Solution) – International Business Magazine Awards
- Best Banking App Ghana (Fidelity Mobile App) – International Business Magazine Awards
- Best Credit Application for Agricultural and Agribusines Financing in the year 2020 – Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL)

Individual Awards

- CEO of the Decade Award (Mr. Edward Effah) – Ghana Business Awards
- Outstanding Leadership Award (Mr. Julian Opuni) – Ghana Business Awards
- Best Banking CEO Ghana (Mr. Julian Opuni) – International Business Magazine Awards
- Best Banking CEO Ghana (Mr. Julian Opuni) – Global Banking & Finance Review
- Project Manager of the Year (Ms. Catherine Obeng) – Project Management Awards
- Agent of the Year (Mr. Ernest Odame) – Ghana Insurance Awards
- Unsung Hero of the Year (Ms. Cynthia Agyemang Darko) – Ghana Insurance Awards

Notable Events

Work-from-Home Policy

The Bank introduced a work-from-home policy as a physical distancing measure to aid in preventing the spread of COVID-19 whiles remaining efficient and productive. Appropriate measures were put in place to ensure that employees received the necessary resources and support required to work remotely with limited or no impact on customer service. This was an effective way of sustaining our business during the pandemic while maintaining our excellent customer service standards.

Response During COVID-19

From the onset of the COVID-19 pandemic, the Board and Management made critical and timely decisions during the challenging and rapidly changing environment. This was to avert any potential impact on our business. The Board and Management's key areas of focus included:

1. Health, Safety and Wellbeing

The health and safety of our people, their families, our customers and communities are our top priority. Thus, Management implemented measures to ensure that the work environment was healthy and safe for our people, customers, and communities. Monitoring measures were instituted to ensure strict adherence to the COVID-19 protocols.

2. Operational and Risk Oversight

The Senior Management Team (SMT) had the responsibility to identify, prioritize and manage potentially significant risks to business operations. The SMT met on a weekly basis to ensure they had a comprehensive view of operational and risk matters and to monitor the wellbeing of our people and the impact on our customers.

3. Business Continuity and Crisis Management

The Bank's crisis management and business continuity processes were activated. Appropriate changes to these processes were made to ensure they were fit-for-purpose.

Technology

In line with the Bank's strategy to leverage technology to create simple and innovative solutions for customers to enjoy banking services in a seamless and secure manner, we introduced Kukua, our WhatsApp Banking Assistant. The 24-hour WhatsApp Banking Assistant, which is fully conversant with the bank's suite of offerings, enables customers to conduct personalized online transactions from any location.

As part of the Bank's digitization drive, it joined the Government's initiative to promote a cashless economy through the introduction of the GhQR code payment system. The GhQR payment system is a new and easy way for customers to pay merchants through their mobile phones. Using the Fidelity Mobile App, the customer scans the merchant's QR code and the merchant receives the payment instantly, just like a cash payment.

The Bank also partnered with SWIFT, the global provider of secure financial messaging services to adopt the Global Payments Innovation (gpi) service, making cross-border payments faster and easier for customers. Fidelity Bank is the first bank in Ghana to adopt SWIFT's gpi service to provide additional value to our customers. This industry-first initiative which is scheduled to go live in 2021 enables real-time tracking of cross border payments as well as provides end-to-end traceability to facilitate accuracy on the status of cross-border remittances.

Staff

Unfortunately, we lost Leonard Gikunoo, our Director of Capital Markets. Leonard joined the Bank in June 2013 as the Director in charge of Corporate Banking (Energy, Mining, Oil & Gas segments) and remained committed until his tragic demise. He was a brilliant individual, exceptional professional and generous human being who was yet to reach his full potential. To ensure a befitting send off, the Bank gave his family all the needed support. He will be missed immensely and his absence will be greatly felt.

Conclusion

Despite the uncertainty associated with the COVID-19 pandemic and its impact on our business, we are confident that we will continue to generate increased profits and improved shareholder value in 2021 and beyond. Our sound corporate governance, robust systems, superior business strategy and dedicated staff that collectively contributed to the Bank's success thus far will be leveraged to continue our success story.

Signed

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Julian Opuni
Managing Director

Report of the Directors

The Directors submit their report together with the audited financial statements of the Bank and its subsidiaries, together called the Group, for the year ended 31 December 2020.

Statement of Directors' responsibility
The Bank's Directors are responsible for the preparation and fair presentation of the audited consolidated and separate financial statements comprising the consolidated and separate statements of financial position at 31 December 2020, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act 2019, (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Going Concern
The directors have made an assessment of the Bank's ability to continue as a going concern and have no reason to believe the business will not be a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Principal activities
The company operates as a Bank under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Nature of business
The Bank is licensed to carry out universal banking business in Ghana, and there was no change in the nature of the Bank's business during the year.

Holding company
Fidelity Bank Ghana Limited, a company incorporated in Ghana, wholly owns Fidelity Securities Limited and Fidelity Asia Bank Limited.

Fidelity Securities Limited (FSL), a company incorporated in Ghana, is the investment banking arm of the Bank. FSL's business involves providing advisory services, fund management, issuance of securities and publishing analysis and reports concerning securities for clients.

Fidelity Asia Bank Limited (FABL) is a company incorporated in Malaysia and carries on the business of offshore banking.

Particulars of entries in the interest register
The Directors do not have any interest to be entered in the interest register during the year.

Corporate Social Responsibility
In line with one of our core values; serving the community, Fidelity Bank continued its social impact initiatives in 2020 with a focus on the health sector and socio-economic empowerment.

In response to the COVID-19 pandemic, Fidelity Bank implemented several measures to help customers and to support the national initiatives to reduce the negative impact of COVID-19.

We offered financial relief packages, some of which included reduced interest rates on personal loans, a relief option of a maximum three-month repayment holiday where required, loan repayment postponements and loan restructuring for borrowers who were and continue to be affected by COVID-19.

To support Small and Medium Enterprises (SMEs), Fidelity Bank in partnership with the International Finance Corporation (IFC) initiated a four-part webinar series to offer financial and business strategies for SMEs to navigate the economic downturn caused by the COVID-19 pandemic. The webinar series was organized under the Bank's new thought leadership series ***"Fidelity Presents …"***

As the custodian of the Ghana COVID-19 Private Sector Fund, Fidelity Bank donated Gh¢1million to support the construction of Ghana's first infectious disease centre, located in the capital city of Accra at the Ga East Municipal Hospital. We are also committed to helping the Ghana COVID-19 Private Sector Fund construct more infectious disease centres in Kumasi, Takoradi and Tamale. The southwest retail banking sector of the Bank also made a donation to the children's block/child health department of the Korle Bu Teaching Hospital as part of their CSR project for 2020.

The team presented medical supplies and equipment such as wheelchairs, face masks, a medicine trolley, bedsheets, and also painted 4 children's wards. The Bank also donated over 3,000 PPEs to the Ghana Private Road Transport Union (GPRTU) in Accra, Kumasi and Takoradi and Gh¢30,000 worth of PPEs to the Kumasi South Hospital.

Additionally, to show our appreciation to healthcare workers for being at the forefront of the pandemic, we launched an auto loan package for members of the Ghana Medical Association. This auto loan package allows members of the Ghana Medical Association to acquire vehicles at special rates in recognition of their sacrifice for the country.

The Bank also presented computers to the University of Health and Allied Sciences (UHAS). The computers were to be deployed to the University's laboratory which is a designated testing facility for COVID-19 in the Volta region. With respect to non-COVID related initiatives, the Tamale Branch donated sign posts worth Gh¢ 15,000 to the newly created C.K. Tedam University of Technology and Applied Sciences located at Navrongo in the Upper East Region. The gesture was to promote visibility for the institution as it seeks to provide higher learning in the Upper East Region.

The Orange Women's Network (OWN), the women's association of Fidelity Bank Ghana Limited, raised money from staff members to cover the cost for double mastectomy surgery and other related expenses for 15-year-old Theodora Egyir. Theodora suffers from gigantomastia, a rare condition characterized by excessive breast growth.

Annual certification
In accordance with section 12 of the Corporate Governance Directive 2018, the Board certifies that the Bank is compliant with the Directive. The Board further certifies that;

It has independently assessed and documented the corporate governance process of the Bank and that it is effective and has successfully achieved its objectives.

Directors are aware of their responsibilities to the Bank as persons charged with governance.

No material deficiencies and weaknesses have been identified in the course of the year.

During the year, as part of regulatory requirements for director certification, modular training sessions organised by the National Banking College were held for the Board on various corporate governance topics and directors' responsibilities.

Directors' capacity building
During the year, the Bank spent Gh¢26,000 to build Directors' capacity to equip them to discharge their duties.

Financial report and dividend

All amounts are expressed in thousands of Ghana cedis

The results for the year are set out below

	GROUP		BANK	
	2020	2019	2020	2019
Profit after tax (attributable to equity holders)	259,116	267,657	252,097	260,927
Retained earnings account brought forward	187,715	38,179	175,697	32,775
Transfer to other reserves	-	(176)	-	(60)
	446,831	305,660	427,794	293,642
Transfer to statutory reserve fund	(63,024)	(65,232)	(63,024)	(65,232)
Transfer from/(to) credit risk reserve	(35,527)	20,207	(35,527)	20,207
Transfer to stated capital	(55,000)	-	(55,000)	-
Tax charge on transfer	(5,058)	-	(5,058)	-
Ordinary share dividend paid	(59,712)	(32,250)	(59,712)	(32,250)
Preference share dividend paid	(42,761)	(40,670)	(42,761)	(40,670)
Balance to be carried forward	185,749	187,715	166,712	175,697

Auditor
In accordance with Section 139(5) of the Companies Act, 2019 (Act 992), the Auditor, Ernst & Young Chartered Accountants, will continue in office.

The financial statements of the Group and the Bank were approved by the Board of Directors on 26 March 2021 and signed on their behalf by:

BY ORDER OF THE BOARD

Signed	Signed
Edward Effah	**Julian Opuni**
Board Chairman	Managing Director

Report of External Consultants on the Board Performance Assessment

of Fidelity Bank Ghana Limited

We have performed an assessment of the Board of Fidelity Bank Ghana Limited (FBGL) for the year ended 31st December 2020 in accordance with the guidelines of the Bank of Ghana's Corporate Governance Directive 2018 for Banks, Savings and Loans Companies, Finance Houses and Financial Holding Companies.

The Bank of Ghana (BoG) Corporate Governance Directive (CGD) 2018 mandates an evaluation of the Board's performance as a whole, including its sub-committees, and of individual Board members in order to review the effectiveness of its own governance practices and procedures to determine where improvements may be needed and make any necessary changes.

Section 47 of the directive requires an evaluation of the Board and its individual Directors every two years with external facilitation.

Our approach included the review of FBGL's Board and Board sub-committee charters, and all relevant policies and procedures. We obtained written representation through an online survey that was administered to the Board members and conducted one on one interviews with a cross-section of Directors of the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

On the basis of our work, the Board of FBGL Generally Conforms with the provisions of Bank of Ghana's Corporate Governance Directive 2018 for Banks, Savings and Loans Companies, Finance Houses and Financial Holding Companies.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board. This report should be read in conjunction with the Corporate Governance section of FBGL's Annual Report.

For: Ernst & Young

EY
Building a better working world

Signed

Michael Sackey
Partner, Consulting Services

Corporate Governance Report

Fidelity Bank Ghana Limited and its Subsidiaries operate in accordance with the Fidelity Group principles and practices on corporate governance. These principles and practices are guided by the Corporate Governance Directive 2018 (the Directive) and the Fit and Proper Persons Directive 2019 issued by the Bank of Ghana, as well as the Basel Committee standards on corporate governance which constitutes the best of international practice in this area.

The key guiding principles of the Group's governance practices are:

i. Good corporate governance enhances shareholder value;

ii. The respective roles of shareholders, board of directors and management in the governance architecture should be clearly defined; and

iii. The board of directors should have a membership of at least 30% independent directors, defined broadly as directors who do not have more than 5% equity interest directly or indirectly in the Bank, are not employed by the group or company, or who are not affiliated with organisations with significant financial dealings with the group as provided by the Directive.

These principles have been articulated in a number of corporate documents, including the company's constitution, a Board Charter, rules of procedures for Boards, a code of conduct for directors and rules of business ethics for staff.

The Board of Directors

The Board is responsible for setting the institution's strategic direction, leading and controlling the institution and monitoring activities of the executive management.

As of 31 December 2020, the Board of Directors of Fidelity Bank Ghana Limited consisted of nine (9) members with one Executive Director, three (3) Independent Non-executive directors and the remaining being Non-Executive Directors. This is in keeping with section 29 of the Directive. The board members have wide experience and in-depth knowledge in management, industry, technology and financial and capital markets which enables them to make informed decisions and valuable contributions to the Group's progress. The Board met five times during the year, which is more than the minimum required meetings per section 39 of the Corporate Governance Directive. Each sub-committee also met four (4) times during the year.

The Board has overall responsibility for the Bank, including approving and overseeing the implementation of the strategic objectives, risk strategy, corporate governance and corporate values. The Board is responsible for appointing and providing oversight of senior management and ensures a well-structured and rigorous selection process in line with the fit and proper directive is in place. This is in keeping with sections 10 and 11 of the Directive. These responsibilities are set out in the Board Charter. The Board will ensure that within 90 days of the beginning of each financial year, the Board shall certify general compliance with the Directive. The Board further certifies that:

i. It has independently assessed and documented the corporate governance process of the Bank and has generally achieved its objectives.

ii. The Directors are aware of their responsibilities as persons charged with governance.

iii. The Board further confirms that it shall report any material deficiencies and weaknesses that have been identified in the course of the year along with action plans and time tables for the corrective action by the Board to the Bank of Ghana.

The Board has delegated various aspects of its work to its Audit, Risk, Cyber & Information Security and Technology, and Staff Welfare and Remuneration Committees in order to strengthen its corporate governance and bring it in line with international best practice in accordance with sections 49 to 58 of the Directive. The sub-committees have the following memberships and functions:

Audit Committee

Harold Richardson	Chairperson
Adwoa Nyantakyiwaa Annan	Member
Sulemana Abubakar	Member
Lisa Mensah	Member

The Audit Committee is made up of a majority of independent directors and all members are non-executive. The committee has oversight of the Bank's internal and external functions and performs the following functions amongst others:

- Nominates the auditors of the Bank for approval by shareholders;
- Review of compliance with company policies;
- Review of the external auditors report; and
- Review of internal controls and systems.

Risk Committee

Lisa Mensah	Chairperson
Laureen Kouassi-Olsson	Member
Harold Richardson	Member
Julian Kingsley Opuni	Member

The Risk Committee is made up of all categories of directors. The risk committee is responsible for advising the Board on the Bank's overall current and future risk tolerance/appetite and strategy and performs the following functions::

- Challenge the assessment and measurement of key risks of the Bank;
- Provide advice, oversight and the encouragement necessary to embed and maintain a supportive risk culture throughout the institution;
- Provide high level oversight and critique of the day-to-day risk management and oversight arrangements of senior management;
- Provide high level oversight and critique of the design and execution of the scenario analysis and stress-testing of the institution;
- Review the internal capital adequacy assessment and internal liquidity adequacy assessment of the institution;
- Review the external risk information disclosures including annual report and accounts and quarterly disclosures of the institution; and
- Provide oversight and critique of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the board.

Staff Welfare & Remuneration Committee

Ambassador (Mrs.) Johanna Svanikier	Chairperson
Emmanuel Barima Manu	Member
Julian Kingsley Opuni	Member
Adwoa Nyantakyiwaa Annan	Member

The Staff Welfare and Remuneration Committee's main responsibility includes proposing and making recommendations on human resource issues and matters relating to terms and appointment of senior management and staff of the Bank.

The Board has adopted standard evaluation tools to help assess annually the performance of the Board, its committees and individual members.

Cyber & Information Security and Technology Committee

Sulemana Abubakar	Chairperson
Ambassador (Mrs.) Johanna Svanikier	Member
Edward Effah	Member
Laureen Kouassi-Olsson	Member
Emmanuel Barima Manu	Member

The Committee is mandated to:
- Provide long term strategic guidance on technology;
- Oversee major information technology (IT) related strategies, projects and technology architecture decisions;
- Monitor whether the Bank's IT programs effectively support its business objectives and strategies;
- Confer with the Bank's senior IT management team;
- Inform the Board of Directors on IT related matters.
- Receive and assess Cyber Security Reports submitted by the Chief Information Security Officer and develop strategic direction on the Bank's cyber security policy for implementation by the Chief Information Security Officer.
- Monitor the effectiveness of the Bank's preparedness to withstand cyber-attacks and make recommendations to the Chief Information Security Officer for implementation.
- Keep the Board informed and updated on the Bank's Cyber Security strategy and direction.

Profile of Directors

Director	Qualification	Position	Other Board Membership and Management Positions (section 45 of the Directive)
Edward Effah	Chartered Accountant	Chairman	Unilever Ghana Limited Edam Simply Healthy Foods Limited Fidelity Asia Bank Limited Fidelity Securities Limited
Ambassador (Mrs.) Johanna Svanikier	Lawyer	Director	Svani Group Limited Dream Oval Limited
Emmanuel Barima Manu	Lawyer	Director	FPL Properties Limited Bari & Co. Law Trust Company Innovate Solutions Limited
Laureen Kouassi-Olsson	Investment Analyst	Director	ARISE IIP Africa Venture Philantrophy Alliance Orange Abidjan Participations
Adwoa Nyantakyiwaa Annan	Economist/Banker	Director	Geothermal Management Services Limited Waveline Growth Partners Limited

Profile of Directors (Continued)

Director	Qualification	Position	Other Board Membership and Management Positions (section 45 of the Directive)
Julian Kingsley Opuni	Banker	Director	Admiral Homes Company Limited
Sulemana Abubakar	IT Specialist	Director	Datacore Limited
Lisa Mensah	Non-Profit Executive	Director	Opportunity Finance Network Ecotrust HACSA USA
Harold Richardson	Auditor/ Chartered Accountant	Director	North Ridge Lyceum Limited Chapel Hill School Limited

Schedule of Board And Board- Sub Committee Meetings Held During The Year

Board of Directors

Director	Role	Year Appointed	Number of Meetings	Attendance
Edward Effah	Chairman	2016	5	5
Ambassador (Mrs.) Johanna Svanikier	Director	2009	5	5
Emmanuel Barima Manu	Director	2013	5	5
Laureen Kouassi-Olsson	Director	2018	5	5
Adwoa Nyantakyiwaa Annan	Director	2017	5	5
Julian Kingsley Opuni	Director	2018	5	5
Sulemana Abubakar	Director	2020	3	3
Lisa Mensah	Director	2020	3	3
Harold Richardson	Director	2020	3	3

Risk Committee*

Director	Role	Date Appointed	Number of Meetings	Attendance
Lisa Mensah	Chairperson	June 2020	2	2
Laureen Kouassi-Olsson	Member	July 2018	4	4
Harold Richardson	Member	June 2020	2	2
Julian Kingsley Opuni	Member	June 2020	2	2

Staff Welfare & Remuneration Committee*

Director	Role	Date Appointed	Number of Meetings	Attendance
Ambassador (Mrs.) Johanna Svanikier	Chairperson	Sept 2012	4	4
Emmanuel Barima Manu	Member	April 2013	4	4
Julian Kingsley Opuni	Member	February 2019	4	4
Adwoa Nyantakyiwaa Annan	Member	June 2020	2	2

*The subcommittees met 4 times in the year however in May 2020 with the appointment of independent non-executive directors the composition was brought in line with the requirements of the Corporate Governance Directive.

Schedule of Board And Board- Sub Committee Meetings Held During The Year

Cyber & Information Security and Technology Committee*

Director	Role	Date Appointed	Number of Meetings	Attendance
Sulemana Abubakar	Chairperson	June 2020	2	2
Edward Effah	Member	June 2015	4	4
Ambassador (Mrs.) Johanna Svanikier	Member	June 2015	4	4
Laureen Kouassi-Olsson	Member	June 2020	2	2
Emmanuel Barima Manu	Member	June 2020	2	2

Audit Committee*

Director	Role	Date Appointed	Number of Meetings	Attendance
Harold Richardson	Chairperson	June 2020	2	2
Adwoa Nyantakyiwaa Annan	Member	June 2020	2	2
Abubakar Sulemana	Member	June 2020	2	2
Lisa Mensah	Member	June 2020	2	2

*The subcommittees met 4 times in the year however in May 2020 with the appointment of independent non-executive directors the composition was brought in line with the requirements of the Corporate Governance Directive.

Code of Conduct
As part of the Bank's corporate governance practice, management has communicated the principles of the Bank's code of conduct to all employees. The code of conduct provides a basic framework and guidance for behaviours and business conduct. The code of conduct also serves as a reference point in all aspects of employee's working relationships with other employees, customers, suppliers, government officials, regulators, joint venture partners, competitors and the broader community.

Recruitment, Induction and Training of New Directors
Individuals selected to be members of the Board have an appropriate diversity of skills and come from backgrounds necessary to provide the needed direction for the Bank such as business, banking, accounting, audit, law, IT, etc.

All new directors to the board of the Bank are provided with a letter of appointment stating clearly the terms which shall govern their appointment. The oldest serving directors on the board are required to retire at each annual general meeting and may offer themselves for re-election in accordance with the Companies Act, 2019 (Act 992) and the Bank's Constitution. If recommended by the directors, the Board then proposes their re-election to shareholders. The term of non-executive directors is governed by the Bank of Ghana directive on corporate governance, which limits the maximum period of service for non-executive directors to nine years.

New board members participate in a comprehensive induction program covering the Group's financial, strategic, operational and risk management overviews. New directors are given access to the board portal where they access information on governance policies and business information. Presentations are made on the Group's business functions and activities by key executive management and the business units.

Board Qualifications and Composition
In accordance with section 23 of the Directive, all Board members are qualified for the position and remain qualified through training, for their positions. They have a clear understanding of their role in corporate governance and are able to exercise sound and objective judgement about the affairs of the Bank. They also possess, individually and collectively, appropriate experience, competencies and personal qualities, including professionalism and integrity.

Remuneration Structure
Non-executive directors receive fixed fees for serving on the Board and its sub-committees in line with market practices. The Board members' remuneration is approved by the shareholders on the recommendation of the Board.

Executive directors receive a remuneration package and qualify for long-term incentives on the same basis as other employees.

Board Evaluation
The Board hereby certifies that it has complied with section 46 & 48 of the Directive on Board performance evaluation as well as AML/CFT Evaluation. As required in section 47, the Bank undertakes a formal and rigorous evaluation of its performance with external facilitation every two years.

Business Strategy
In the year under review the Board approved and monitored the overall business strategy of the Bank, taking into account the long-term financial interest of the Bank, its exposure to risk, and its ability to manage risk effectively. This was in line with section 13 of the Directive.

The Board also approved the formulation and implementation of an overall risk strategy, including the risk tolerance/appetite; policies for risk, risk management and compliance, including anti-money laundering and combating the financing of terrorism (AML/CFT) risk; internal controls system; corporate governance framework, principles and corporate values including a code of conduct or comparable document; and a compensation system.

Risk Management and Internal Controls
The Board has put an effective internal control system in accordance with sections 64 and 67 of the Directive and has a risk management in place. The Key Management Personnel holding these roles have sufficient authority, stature, independence, resources and access to the Board.

Internal controls have been designed to ensure that each key risk has a policy, process or other measure, as well as a control to ensure that such policy, process or other measure is being applied and works as intended.

In accordance with section 68 of the Directive, the Bank also has a Chief Internal Auditor who has no involvement in the audited activities and business line responsibilities of the Bank. He has the professional competence to collect and analyze financial information as well as evaluate audit evidence and to communicate with the stakeholders of the internal audit function. He possesses sufficient knowledge of auditing techniques and methodologies and reports directly to the Audit Committee but has direct access to the board.

The Board recognizes the importance of external auditors as vital to the corporate governance process and has engaged the services of Ernst and Young Chartered Accountants (EY), an independent, competent and qualified external auditor, to undertake the function in accordance with section 72 of the Directive.

Key Management Oversight
In accordance with sections 18 and 63 of the Directive, the Board also monitors and ensures that the actions of Key Management Personnel are consistent with the strategy and policies approved by the Board, including the risk tolerance/appetite and risk culture.

The Board has ensured that there is established a management structure that promotes accountability and transparency and oversees the implementation of appropriate systems for managing risks – both financial and non-financial - to which the Bank is exposed.

The Bank has engaged skilled and competent staff and provides training and development opportunities to sustain the delivery of short and long-term business objectives, the risk management framework that protects the reputation of the Bank.

Policy for succession management and the current talent pool for Key Management Personnel

Per section 17 of the Directive, the Bank continues to pursue a robust talent and succession management process, knowing that our success is hinged on our ability to attract and retain the best talent in the industry, whilst maintaining a bench strength that ensures seamless leadership continuity. The Bank promotes a culture of regularly reviewing and refreshing the succession pipeline to align with the fluid nature of the current talent landscape. Business Unit Heads have been empowered to own the succession management process end-to-end in their respective businesses. Executive Management's sponsorship and oversight of the process has ensured accountability from Business Heads across the bank. Our succession planning process prioritizes all critical roles at all levels in the organization; to ensure business and leadership continuity.

Our focus on developing a talent pool for our key management staff has led to the introduction of a leadership accelerated program and a revamp of our Graduate Management Training program. The Bank's recruitment process has been aligned with the succession management process to serve as a source of future appointments into key leadership positions. We believe in creating an environment that enables staff to realize their career aspirations through internal appointments and promotions.

Corporate culture and values
The Bank has established a corporate culture and values that promote and reinforces norms for responsible and ethical behaviour in terms of the Bank's risk awareness, risk-taking and risk management in accordance with section 15 of the Directive. This is achieved by the Bank through its board members setting and adhering to corporate values for itself. Key management and employees also create expectations that business should be conducted in a legal and ethical manner at all times.

The corporate values, professional standards it sets together with supporting policies and appropriate sanctions for unacceptable behaviours are communicated to all employees.

Related Party Transactions
The Board has in place policies and procedures to ensure that all related party transactions are carried out at arm's length in accordance with section 16 of the Directive and in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). This is intended to ensure that there is no favourable treatment given to a related party. Therefore, in any connected transactions the Bank ensures all the necessary approvals are obtained prior to the execution of the transaction.

Separation of Powers
There is clearly in place a division of responsibilities between the positions of the Board Chair and the Managing Director in accord with section 19 of the Directive.

Conflict of Interest
The Bank's directors have a statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty in relation to any matter which is, or is likely to be brought, before the Board per sections 59 and 60 of the Directive. At no time during the year did any director hold a material interest in any contract of significance with the Bank or any of its subsidiaries. The Board reviews actual or potential conflicts of interest annually.

Anti-Money Laundering
The Bank has established an anti-money laundering system in compliance with the requirements of Ghana's Anti-Money Laundering (Amendment) Act 2014 (Act 874) and AML/CFT & P Guideline, July 2018. These include due diligence for opening new accounts, customer identification, monitoring of high risk accounts, record keeping and training of staff on money laundering which assist in reducing regulatory and reputational risk to its business.

Signed

Edward Effah
Board Chairman

Independent Auditor's Report

To the Shareholders of Fidelity Bank Ghana Limited and its Subsidiaries

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Fidelity Bank Ghana Limited (the Bank) and its subsidiaries (collectively ''the Group'') set out on pages 43 to 123, which comprise the consolidated and separate statement of financial position as at 31 December 2020, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2020, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and also in the manner required by the provisions of the Companies Act, 2019 (Act 992) and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional 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. For the matter below, we have provided our description of how our audit addressed the matter as provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The result of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on loans and advances to customers	
IFRS 9 introduced a forward-looking Expected Credit Loss (ECL) model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECL's recognized as a loss allowance or provision depends on the extent of credit deterioration since the initial recognition and recognition of impairment could be done on a 12-month expected credit losses or lifetime expected credit losses. Impairment computations under IFRS 9 therefore involves the use of models that takes into account: • The probability-weighted outcome. • Reasonable and supportable information that is available without undue cost or Loan loss provision is a key area of judgement for management. Significant judgements in the determination of the Bank's Expected Credit Loss includes: • Use of assumptions in determining ECL modelling parameters. • portfolio segmentation for ECL computation • Determination of a significant increase credit risk and • Determination of associations between macroeconomic scenarios. The use of different models and assumptions can significantly affect the level of allowance for expected credit losses on loans and advances to customers. Due to the significance of such loans which account for about 26% of total assets of the Bank, and the significant use of judgements, the assessment of the allowance for expected credit losses is a key audit matter. The information on expected credit losses on loans and advances to customers is provided in Note 14 ''Net impairment loss on financial assets'' of the consolidated financial statements.	We obtained an understanding of the Bank's credit risk modelling methodology. We validated and tested the ECL model of the Bank by assessing the data integrity and the internal controls around the model. We have also performed, among others, the following substantive audit procedures: • Reviewed the accounting policies and framework of the methodology developed by the Bank in order to assess its compliance with IFRS 9; • Verified sampled underlying contracts of financial assets to determine the appropriateness of management's classification and measurement of these instruments in the ECL model; • Reviewed and tested the methodology developed to calculate loan loss provision under IFRS 9, concentrating on aspects such as factors for determining a 'significant increase in credit risk', staging of loans, testing specific models related to Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) ; • Tested the accuracy and completeness of data used in modelling the risk parameter, Recalculating the ECL; • Reviewed forward looking information / multiple economic scenario elements; • For stage 3 exposures, we tested the reasonableness of the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral, estimated period of realization for collaterals, etc.; • We have also analyzed information relating to the allowance for expected credit losses on loans and advances to customers disclosed in the Notes to the consolidated and separate financial statements of the Bank.

Other information

The Directors are responsible for the other information. The other information comprises corporate information (Directors, Company Secretary, Registered Office, Solicitors and Bankers), Financial highlights, Report of the directors, Corporate governance report, Value added statement and Shareholder information report. 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 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 consolidated and separate 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 and the requirements of the Companies Act, 2019 (Act 992) and the and the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) and for 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 ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

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 control.

• Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report On Other Legal And Regulatory Requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;

- Proper returns adequate for the purpose of our audit have been received from branches not visited by us; and

- The statements statement of financial position (consolidated and separate) and statements statement of profit or loss (consolidated and separate) and statements other comprehensive income (consolidated and separate) are in agreement with the books of account.

- As auditors, we are independent of the Bank pursuant of Section 143 of the Companies Act, 2019 (Act 992).

The Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) under Section 85 (2) requires that we report on certain matters. Accordingly, we state that:

- The accounts give a true and fair view of the statement of affairs of the Bank and the results of operations for the year under review;

- We were able to obtain all the information and explanations required for the efficient performance of our duties;

- The transactions of the Bank are generally within the powers of the Bank;

- The Bank has generally complied with the provisions of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930).

The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and regulations made under these enactments;

The Engagement Partner on the audit resulting in this independent auditor's report is Pamela Des Bordes (ICAG/P/1329).

EY
Building a better working world

Ernst & Young (ICAG/F/2021/126)
Chartered Accountants
Accra, Ghana

Date: 30 March 2021

Consolidated and Separate Statements of Comprehensive Income

All amounts are expressed in thousands of Ghana cedis

Year ended 31 December

	Notes	GROUP 2020	GROUP 2019	BANK 2020	BANK 2019
Interest income	8	**1,267,391**	1,052,146	**1,261,984**	1,047,752
Interest expense	9	**(452,011)**	(397,126)	**(460,342)**	(406,635)
Net interest income		**815,380**	655,020	**801,642**	641,117
Fee and commission income	10	**175,516**	165,509	**171,181**	162,376
Fee and commission expense	11	**(32,522)**	(21,934)	**(32,504)**	(21,919)
Net fee and commission income		**142,994**	143,575	**138,677**	140,457
Other operating income	12	**38,391**	121,725	**38,143**	121,350
Operating income		**996,765**	920,320	**978,462**	902,924
Credit loss expense	14	**(98,454)**	(109,855)	**(98,453)**	(109,854)
Personnel expenses	13	**(233,463)**	(209,758)	**(228,252)**	(205,211)
Depreciation and amortisation	13	**(49,599)**	(40,399)	**(49,271)**	(39,794)
Other expenses	13	**(225,437)**	(230,954)	**(220,906)**	(226,273)
Profit before income tax		**389,812**	329,354	**381,580**	321,792
Income tax expense	15	**(111,440)**	(45,488)	**(110,404)**	(44,775)
National fiscal stabilisation levy	15	**(19,256)**	(16,209)	**(19,079)**	(16,090)
Profit for the year		**259,116**	267,657	**252,097**	260,927
Other comprehensive income that may not be reclassified to the income statement:					
Net change in investment securities measured at FVOCI	33	**15,456**	(2,564)	**15,456**	(2,564)
Other comprehensive income that may be reclassified to the income statement:					
Currency translation differences on foreign subsidiary	33	**1,317**	3,142	**-**	-
Total other comprehensive income		**16,773**	578	**15,456**	(2,564)
Total comprehensive income for the year, net of tax		**275,889**	268,235	**267,553**	258,363
Attributable to owners of Fidelity Bank Ghana Limited		**275,889**	268,235	**267,553**	258,363
Total comprehensive income for the year, net of tax		**275,889**	268,235	**267,553**	258,363
Earnings per share					
Basic/diluted earnings per share (GH¢)	29	**10.26**	10.60	**9.98**	10.33

Items in the statement of other comprehensive income are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 15.

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position

All amounts are expressed in thousands of Ghana cedis

Year ended 31 December

	Notes	GROUP 2020	GROUP 2019	BANK 2020	BANK 2019
Assets					
Cash and cash equivalents	17	**1,414,367**	3,289,253	**1,439,323**	3,316,432
Derivative financial instruments	17	**8,352**	2,294	**8,352**	2,294
Investment securities	18	**4,941,891**	4,301,510	**4,929,898**	4,291,655
Investments (other than securities)	19	**-**	-	**12,471**	12,471
Loans and advances to customers	20	**2,444,268**	2,503,989	**2,392,426**	2,454,186
Other assets	21	**238,358**	183,259	**237,761**	174,051
Current tax asset	15	**9,596**	-	**9,832**	-
Deferred tax asset	16	**-**	13,875	**-**	13,791
Property and equipment and right-of-use assets	22	**170,371**	164,143	**170,150**	163,886
Intangible assets	23	**35,099**	33,704	**34,686**	33,306
Non current assets held for sale	24	**15,950**	15,950	**15,950**	15,950
Total assets		**9,278,252**	10,507,977	**9,250,849**	10,478,022
Liabilities					
Deposits from customers	25	**6,414,761**	5,110,289	**6,165,233**	4,855,157
Deposits from banks and other financial institutions	26	**102,254**	112,351	**346,689**	361,626
Borrowings	27	**1,449,950**	4,146,411	**1,449,950**	4,146,411
Current tax liability	15	**-**	270	**-**	37
Deferred tax liability	16	**1,428**	-	**1,430**	-
Other liabilities	28	**274,759**	235,268	**287,123**	237,743
Total liabilities		**8,243,152**	9,604,589	**8,250,425**	9,600,974
Equity					
Stated capital	30	**422,840**	404,486	**422,840**	404,486
Statutory reserve	32	**355,376**	292,352	**355,376**	292,352
Other reserves	33	**35,608**	18,835	**19,969**	4,513
Credit risk reserve	34	**35,527**	-	**35,527**	-
Retained earnings	35	**185,749**	187,715	**166,712**	175,697
Total equity attributable to equity holders		**1,035,100**	903,388	**1,000,424**	877,048
Total liabilities and equity		**9,278,252**	10,507,977	**9,250,849**	10,478,022

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

The financial statements were approved by the Board of Directors on 26 March 2021 and signed on its behalf by:

BY ORDER OF THE BOARD

Signed

Edward Effah
Board Chairman

Signed

Julian Kingsley Opuni
Managing Director

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

GROUP

Year ended 31 December 2020	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2020	404,486	292,352	18,835	-	187,715	**903,388**
Profit for the year	-	-	-	-	259,116	**259,116**
Net change in investment securities measured at FVOCI	-	-	15,456	-	-	**15,456**
Foreign currency translation differences for foreign subsidiary	-	-	1,317	-	-	**1,317**
Total comprehensive income	**-**	**-**	**16,773**	**-**	**259,116**	**275,889**
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	63,024	-	-	(63,024)	**-**
Transfer to stated capital	55,000	-	-	-	(55,000)	**-**
Taxes paid on transfer to stated capital	-	-	-	-	(5,058)	**(5,058)**
Transfer to credit risk reserve	-	-	-	35,527	(35,527)	**-**
Transactions with owners:						
Preference shares redemption	(36,646)	-	-	-	-	**(36,646)**
Dividend paid (ordinary shares)	-	-	-	-	(59,712)	**(59,712)**
Dividend paid (preference shares)	-	-	-	-	(42,761)	**(42,761)**
Net transfer to reserves and transactions with owners	**18,354**	**63,024**	**-**	**35,527**	**(261,082)**	**(144,177)**
Balance at 31 December 2020	**422,840**	**355,376**	**35,608**	**35,527**	**185,749**	**1,035,100**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

GROUP

Year ended 31 December 2019	**Stated capital**	**Statutory reserve**	**Other reserves**	**Credit risk reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2019	404,486	227,120	18,081	20,207	38,179	708,073
Profit for the year	-	-	-	-	267,657	267,657
Net change in investment securities measured at FVOCI	-	-	(2,564)	-	-	(2,564)
Foreign currency translation differences for foreign subsidiary	-	-	3,142	-	-	3,142
Total comprehensive income	-	-	578	-	267,657	268,235
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	65,232	-	-	(65,232)	-
Transfer from credit risk reserve	-	-	-	(20,207)	20,207	-
Transfer from other reserves	-	-	176	-	(176)	-
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(32,250)	(32,250)
Dividend paid (preference shares)	-	-	-	-	(40,670)	(40,670)
Net transfer to reserves and transactions with owners	-	65,232	176	(20,207)	(118,121)	(72,920)
Balance at 31 December 2019	404,486	292,352	18,835	-	187,715	903,388

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

BANK

Year ended 31 December 2020	Stated capital	Statutory reserve	Other reserves	Credit risk reserve	Retained earnings	Total equity
Balance at 1 January 2020	404,486	292,352	4,513	-	175,697	**877,048**
Profit for the year	-	-	-	-	252,097	**252,097**
Net change in investment securities measured at FVOCI	-	-	15,456	-	-	**15,456**
Total comprehensive income	**-**	**-**	**15,456**	**-**	**252,097**	**267,553**
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	63,024	-	-	(63,024)	**-**
Transfer to stated capital	55,000	-	-	-	(55,000)	**-**
Taxes paid on transfer to stated capital	-	-	-	-	(5,058)	**(5,058)**
Transfer to credit risk reserve	-	-	-	35,527	(35,527)	**-**
Transactions with owners:						
Preference shares redemption	(36,646)	-	-	-	-	**(36,646)**
Dividend paid (ordinary shares)	-	-	-	-	(59,712)	**(59,712)**
Dividend paid (preference shares)	-	-	-	-	(42,761)	**(42,761)**
Net transfer to reserves and transactions with owners	**18,354**	**63,024**	**-**	**35,527**	**(261,082)**	**(144,177)**
Balance at 31 December 2020	**422,840**	**355,376**	**19,969**	**35,527**	**166,712**	**1,000,424**

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

All amounts are expressed in thousands of Ghana cedis

BANK

Year ended 31 December 2019	**Stated capital**	**Statutory reserve**	**Other reserves**	**Credit risk reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2019	404,486	227,120	7,017	20,207	32,775	691,605
Profit for the year	-	-	-	-	260,927	260,927
Net change in investment securities measured at FVOCI	-	-	(2,564)	-	-	(2,564)
Total comprehensive income	-	-	(2,564)	-	260,927	258,363
Regulatory and other reserve transfers:						
Transfer to statutory reserve	-	65,232	-	-	(65,232)	-
Transfer from credit risk reserve	-	-	-	(20,207)	20,207	-
Transfer between reserves	-	-	60	-	(60)	-
Transactions with owners:						
Dividend paid (ordinary shares)	-	-	-	-	(32,250)	(32,250)
Dividend paid (preference shares)	-	-	-	-	(40,670)	(40,670)
Net transfer to reserves and transactions with owners	-	65,232	60	(20,207)	(118,005)	(72,920)
Balance at 31 December 2019	404,486	292,352	4,513	-	175,697	877,048

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

All amounts are expressed in thousands of Ghana cedis

	Notes	GROUP 2020	GROUP 2019	BANK 2020	BANK 2019
Cash flows from operating activities					
Profit before income tax		**389,812**	329,354	**381,580**	321,792
Adjustments:					
Depreciation	22	**37,989**	32,163	**37,905**	32,058
Amortisation	23	**11,610**	8,236	**11,366**	7,736
Impairment on financial assets	14a	**117,704**	148,423	**117,703**	148,422
Profit on disposal of property and equipment	22	**(380)**	(294)	**(380)**	(294)
Exchange difference on borrowings	27	**22,667**	104,259	**22,667**	104,259
Fair value gain on derivative financial instruments	17b	**(6,058)**	(2,294)	**(6,058)**	(2,294)
Operating cash flow before investment in working capital		**573,344**	619,847	**564,783**	611,679
Changes in loans and advances to customers	20	**(50,248)**	(1,271,359)	**(48,208)**	(1,264,935)
Changes in other assets	21	**(55,345)**	(6,417)	**(63,866)**	4,429
Changes in deposits from customers	25	**1,304,472**	1,126,389	**1,310,076**	876,028
Changes in deposits from banks and other financial institutions	26	**(10,097)**	(364,859)	**(14,937)**	(115,584)
Changes in other liabilities	28	**57,330**	143,240	**67,218**	146,962
Income tax and NFSL paid	15	**(130,808)**	(59,737)	**(129,681)**	(59,050)
Increase/(decrease) in operating assets and liabilities		**1,115,304**	(432,743)	**1,120,602**	(412,150)
Net cash flow generated from operating activities		**1,688,648**	187,104	**1,685,385**	199,529
Cash flow from investing activities					
Purchase of property and equipment	22	**(44,365)**	(19,774)	**(44,317)**	(19,755)
Purchase of intangible assets	23	**(13,005)**	(17,348)	**(12,746)**	(17,276)
Proceeds on asset disposal		**528**	294	**528**	294
Purchase of investment securities	18	**(619,362)**	(737,075)	**(617,312)**	(730,256)
Net cash flow used in investing activities		**(676,204)**	(773,903)	**(673,847)**	(766,993)
Cash flow from financing activities					
Dividends paid		**(102,473)**	(72,920)	**(102,473)**	(72,920)
Repayment of long term borrowings	27	**(243,169)**	(270,272)	**(243,169)**	(270,272)
Draw-down/(repayment) of short term borrowings	27	**(2,501,405)**	2,469,248	**(2,501,405)**	2,469,248
Taxes paid on capitalisation		**(5,058)**	-	**(5,058)**	-
Preference shares redemption	30	**(36,646)**	-	**(36,646)**	-
Net cash flow (used in)/generated from financing activities		**(2,888,751)**	2,126,056	**(2,888,751)**	2,126,056
Net (decrease)/increase in cash and cash equivalents		**(1,876,307)**	1,539,257	**(1,877,213)**	1,558,592
Analysis of changes in cash and cash equivalents					
Cash and cash equivalents at 1 January	17a	**3,289,253**	1,746,733	**3,316,432**	1,757,719
Gain on currency translation of foreign subsidiary	33	**1,317**	3,142	**-**	-
Impairment charge on cash equivalents		**104**	121	**104**	121
Net (decrease)/increase in cash and cash equivalents		**(1,876,307)**	1,539,257	**(1,877,213)**	1,558,592
Cash and cash equivalents at 31 December	17a	**1,414,367**	3,289,253	**1,439,323**	3,316,432

The accompanying notes 1 to 39 form an integral part of these consolidated and separate financial statements.

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Fidelity Bank because
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Notes to the consolidated and separate financial statements

for the year ended 31 December 2020

(All amounts are in thousands of Ghana cedis)

1. GENERAL INFORMATION

Fidelity Bank Ghana Limited (FBGL) is a limited liability company, incorporated and domiciled in Ghana. The registered office is located at Ridge Tower, 10 Ambassadorial Enclave, West Ridge, Accra. FBGL operates under the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The consolidated and separate financial statements of FBGL for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 30 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The set of financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additional information required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) have been included, where appropriate. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy.

The Group's financial statements comprise the consolidated and separate statements of comprehensive income, the consolidated and separate statements of financial position, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows and related notes. The financial statements of the Bank standing alone comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes.

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated and separate financial statements are presented in Ghana cedis, which is the Group's functional and presentation currency. The figures shown in the consolidated and separate financial statements are stated in thousands of Ghana cedis unless otherwise stated.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

Going concern

IAS 1 Presentation of Financial Statements requires management, when preparing financial statements, to make an assessment of an entity's ability to continue as a going concern, and whether the going concern assumption is appropriate, up to the date on which the financial statements are issued.

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these Financial Statements.

The COVID-19 pandemic and the measures undertaken to contain it have dramatically changed the global economic outlook, causing large-scale economic disruption and pronounced volatility in financial markets. The market disruption is expected to lead to a slowdown in economic activity, rising levels of unemployment, elevated levels of credit losses from business insolvencies and higher defaults. In an attempt to mitigate the economic effect of the COVID-19 pandemic, the Government of Ghana and the Bank of Ghana (the prudential regulator and central bank) have offered significant fiscal, regulatory and monetary support to allow businesses to remain liquid and solvent, and to support retail customers. The extent to which these efforts will reduce the adverse financial effects of the pandemic remains uncertain. Thus, the outlook remains unclear as the recent surge in COVID-19 infections in Ghana and across the globe could affect the pace of the expected economic recovery and ultimately the short-term sensitivity of the Group's business to the macro economic factors and the volatility of the financial markets.

The Group's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing of these Financial Statements. This includes the implementation of COVID-19 safe working practices and impact mitigation measures adopted by management. To assess the Group's resilience to more adverse outcomes, its forecast performance was sensitised to reflect a series of scenarios based on the Group's principal risks and the downside prospects for the Ghanaian economy and the banking sector. This exercise included a reasonable worst-case scenario in which the Group's principal risks manifest in aggregate to a severe but plausible level. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants and meet its liabilities as they fall due without recourse to the Bank of Ghana as a lender of last resort.

Furthermore, a reverse stress test was performed to determine the market conditions in which the Group, without mitigating action, would cease to be able to operate. Based on past experience and current economic forecasts, the Directors consider the possibility of this outcome to be remote and have identified mitigation that would be adopted in such circumstances.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Financial Statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Fidelity Bank Ghana Limited and its subsidiaries as at 31 December 2020.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issue by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value. However, non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are recognised at either fair value or proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) 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 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.

(c) Disposal of subsidiaries

When the Group ceases to control, any retained interest in the entity is re-measured 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.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (`the functional currency'). The financial statements are presented in 'Ghana cedi' (GH¢), rounded to the nearest thousand.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income. All foreign exchange gains and losses are presented in profit or loss within `Other operating income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income (FVOCI)/available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income (FVOCI)/ available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) all resulting exchange differences are recognised in other comprehensive income.

2.4 Revenue recognition

Revenue is derived substantially from banking business and related activities and comprises net interest income and non-interest income. Income is recognised on an accrual basis in the year in which it accrues.

2.4.1 Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as fair value through other comprehensive income (FVOCI), interest income or expense is recorded on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payment or receipts. The adjusted carrying amount is calculated on the original effective interest rate and the change in the carrying amount is recorded as interest income or expense.

2.4.2 Fee and commission income

The Group earns fees and commission income from services it provides to its customers. Fee income is divided into the following two categories:

(a) Fee income earned from services provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

(b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Fee and commission expense relates mainly to transaction and service fees which are expensed as the services are rendered.

2.4.3 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

2.4.4 Net trading income

This comprises gains and losses from trading assets and liabilities and changes in fair value. Income is recognised on foreign exchange differences and margins on market making.

2.5 Financial assets and liabilities

2.5.1 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 intial 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 liabities 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 is 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.

(i) Classification and subsequent measurement

From 1 January 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI may be 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 'Other Operating income' in the year 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 held at fair value through profit or loss 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 at fair value through profit or loss 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 year following the change. Such changes are expected to be very infrequent and none occurred during the year.

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. 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.

(ii) Impairment

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

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

(iii) 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.

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).

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

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.

2.5.2 Financial liabilities

(i) Classification

The Group's holding in financial liabilities represents mainly deposits from banks and customers, and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

(ii) Measurement

The 'amortised cost' of a financial liability is the amount at which the financial asset or financial 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.

(iii) Derecognition

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

2.5.3 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. For these financial instruments, inputs into models are generally market-observable.

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.

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.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.5.4 De-recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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 right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all 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. 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.

(ii) Financial liabilities

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

2.5.5 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 Group. Any cash received, including accrued interest, is recognised on the statement of financial position reflecting its economic substance as a loan to the Group.

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.

2.5.6 Offsetting financial instruments

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

2.5.7 Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of cash or securities in respect of other credit instruments or a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities. Collateral received in the form of securities is not recorded on the statement of financial position.

Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest payable or interest income respectively except for funding costs relating to trading activities which are recorded in net trading income.

2.6 Leases

2.6.1 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.6.2 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.6.3 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 22 Property, equipment and right-of-use assets.

2.6.4 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2.6.5 Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group is not exposed to finance leases as a lessor.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise balances with 91 days or less from the date of acquisition including cash and balances with Bank of Ghana, other eligible bills, money market placements and dealing securities.

2.8 Property, equipment and right-of-use assets

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct 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 or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Right-of-use assets are presented together with property and equipment in the statement of financial position – refer to the accounting policy in Note 2.6.3. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Subsequent costs

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

Depreciation

Depreciation is charged to profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of ten years, the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and corresponding years are as follows:

Leashold Improvement	Over the lease term
Land	-
Right-of-use assets	Over the lease term
Motor vehicles	4 years
Computer hardware	4 years
Computer software	4 years
Furniture and fittings	4 years
Equipment	4 years

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

2.9 Intangible assets

(a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

• it is technically feasible to complete the software product so that it will be available for use;
• management intends to complete the software product and use or sell it;
• there is an ability to use or sell the software product;
• it can be demonstrated how the software product will generate probable future economic benefits;
• adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
• the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.
Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.
Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.11 Financial guarantees

In the ordinary course of business, the Group gives financial guarantees consisting of letters of credit, guarantees and acceptances. Such financial guarantees are given to banks, other financial institutions and bodies on behalf of customers to secure loans, overdrafts and other banking facilities, and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and payment of import duties. These financial guarantees are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

The fee and commission income receivable on these financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, in 'Other liabilities' and recognised in the statement of comprehensive income in 'Fees and commission income' on a straight line basis over the life of the guarantee.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax 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 present value of the lower of the expected cost of 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.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Employee benefits

i. Defined contribution plans

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

ii. Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

2.15 Income tax

Current income tax

Income tax payable on taxable profits is recognised as an expense in the year in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered or paid to the Ghana Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting 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 and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting entity and the same taxation authority, and where there is both the legal right to set off current tax assets against current tax liabilities and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Stated capital

i. Ordinary shares
Ordinary shares are classified as 'stated capital' in equity.

ii. Dividend on ordinary shares
Dividends on the Bank's ordinary shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Bank's shareholders.

2.17 Preference shares

i. Preference shares

Preference shares are classified as equity. These are non-voting, irredeemable and non-cumulative. The holders have the option of converting into ordinary shares as stated in the agreement.

ii. Dividend on preference shares

Dividends on the Bank's preference shares are recognised in equity in the year in which they are paid.

2.18 New and amended standards and interpretations

The new and amended standards and interpretations that take effect for annual periods beginning on or after 1 January 2020 are disclosed below:

(i) Definition of a Business - Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2020.

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The Group was not affected by these amendments on the transition date.

(ii) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

Effective for annual periods beginning on or after 1 January 2020.

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement, provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no material impact on the financial statements of the Group.

(iii) Definition of Material - Amendments to IAS 1 and IAS 8

Effective for annual periods beginning on or after 1 January 2020.

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments to the definition of material did not have a significant impact on the Group's consolidated and separate financial statements.

(iv) Covid-19-Related Rent Concessions – Amendment to IFRS 16

Effective for annual periods beginning on or after 1 June 2020

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The Covid-19-Related Rent Concessions – Amendment to IFRS 16 did not have any significant impact on the Group's financial statements.

(v) The Conceptual Framework for Financial Reporting

Effective for annual periods beginning on or after 1 January 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist in developing standards and to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

2.19 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

(i) Reference to the Conceptual Framework – Amendments to IFRS 3

Effective for annual periods beginning on or after 1 January 2022.

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

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

The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

(ii) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Effective for annual periods beginning on or after 1 January 2022.

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(iii) Classification of Liabilities as Current or Non current - Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2023.

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

The Group will not be affected by these amendments on the date of transition.

(iv) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

Effective for annual periods beginning on or after 1 January 2023.

The IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

(v) Interest rate benchmark reform – Phase 2

Effective for annual periods beginning on or after 1 January 2021.

Interbank Offered Rates (IBORs), such as the London Interbank Offered Rate (LIBOR), play a significant role in global financial markets, serving as reference rates for derivatives, loans, and securities and as parameters in the valuation of financial instruments. Existing LIBOR-linked contracts for derivatives, investments and trading securities, loans, deposits and other public borrowings that matured beyond the end of 2021 are expected to transition to alternative risk-free rates (an RFRs).

At present, the SONIA (Sterling Overnight Index Average) and the SOFR (Secured Overnight Financing Rate) are set to replace the GBP/USD IBOR. Due to the differences in the manner in which the GBP/USD IBOR rate and the SONIA/SOFR are determined, adjustments may have to be applied to contracts that reference the GBP/USD IBOR when the SONIA/SOFR becomes the official reference rate, so as to ensure economic equivalence on transition. The Group currently has a number of contracts, which reference GBP/USD LIBOR which extend beyond 2021.

Accounting amendments and the impact on financial reporting

In response to the uncertainty about the long-term viability of these benchmark rates, the International Accounting Standards Board (IASB or the Board) has published 'Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary reliefs to address the accounting issues which arise upon the replacement of an InterBank Offered Rate (an IBOR) with an alternative nearly risk-free interest rate (an RFR). The amendments contains guidance on a number of matters including hedge accounting, modification of financial assets and financial liabilities, additional quantitative and qualitative disclosures.

IBOR reform program

The Bank's Asset and Liability Management Committee (ALCO) has established a sub-committee consisting of key finance, risk, IT, treasury, legal and compliance personnel to oversee the IBOR reform transition program. The committee has put in place a transition project for affected contracts with the aim of minimising the potential disruption to business and mitigating operational and conduct risks and possible financial losses.

3. FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

(b) Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Under this framework, the Board has established a number of separate independent bodies responsible for managing and monitoring risks. These include, Board sub-committees, Credit Committee of management (CC), Management Risk and Control Committee (MRCC), Asset and Liability Management Committee (ALCO) and the Risk Management Department, which are responsible for developing and monitoring the Group's risk management policies in their specified areas. All Board committees report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Through its risk management structure, the Group seeks to manage efficiently the core risks to which it is exposed: credit, liquidity and market risks, which arise directly through the Group's commercial activities; and compliance, regulatory, and operational risks, which are normal consequences of any business undertaking.

(c) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but excludes reputational & strategic risk. Operational risk exists in all products and business activities and the effective management of operational risk has always been a fundamental element of the Group's risk management programme. The Group has a broad operational risk management framework which defines the set of activities designed to proactively identify, assess and manage all operational risks by aligning the people, technology and processes with best risk management practices towards sustaining financial performance and enhancing stakeholders' value.

The Operational Risk, Internal Control and Compliance Units with oversight responsibility of the MRCC as well as the Audit Unit constantly carry out reviews to identify and assess the operational risk inherent in all products, activities, processes and systems. These units also ensure that all business units within the Group monitor their operational risk using set standards and indicators. Significant issues and exceptions are reported to the MRCC for discussion and resolution.

Disaster recovery procedures, business continuity planning, self-compliance assurance and internal audit also form an integral part of our operational risk management process. There was no significant financial loss resulting from operational risk incidents during the year across the Group.

The Group's strict enforcement of ethical code of conduct for all employees, operational risk management policies, risk awareness training and other deliberate operational risk control activities have significantly reduced operational risk related incidents during the past four years.

Measurement of operational risk

The Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, the Group uses various tools, including risk and control self-assessment, operational risk event management and key risk indicator monitoring. Risk and control self-assessment is conducted by each business or support unit to identify key operational risks and assess the effectiveness of internal controls. When control issues are identified, the units develop action plans and track the resolution of the issues. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the Group's reputation, must be reported based on certain established thresholds. Key risk indicators with predefined escalation triggers are employed to facilitate risk monitoring in a forward looking manner.

3.1 Credit risk management

Credit risk is the risk of suffering financial loss, should any of the our customers, clients or market counterparties fail to fulfil their contractual obligations. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancements, financial guarantees, letters of credit, endorsements and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including non-equity trading portfolio assets, derivatives and settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Group's business; the directors therefore carefully manage the exposure to credit risk. The credit risk management and control are centralised in a credit risk management team headed by the Chief Risk Officer, which reports to the Board of Directors and head of each business unit regularly.

The Group has well documented policies and procedures for managing credit risk. The policies are based on the principle of: Management responsibility; Defined credit approval authorities; Set standards for risk management; Consistent approach to origination of credit, documentation and problem recognition; and Portfolio management strategies.

The risk that counterparties might default on their obligations is monitored on an ongoing basis. To manage the level of credit risk, the Group deals with counterparties of good credit standing and for which in its assessment the transactions are appropriate and risks understood by the counterparty.

3.1.1 Risk limit control and mitigation policies

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and country are approved annually by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default. Some other specific control and mitigation measures are outlined below:

(a) Lending limits (for derivatives and loan books)

The Group maintains strict control limits on net open derivative positions (that is, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not always obtained for credit risk exposures on these instruments, except where the Group requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

(b) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities of the statement of financial position, as transactions are either usually settled on a gross basis or under most netting agreements the right of set off is triggered only on default. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Group's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

(c) Financial covenants (for credit related commitments and loan books)

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards (often referred to as financial covenants).

The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.2 Impairment and provisioning policies

Loans are designated as impaired and considered non-performing where recognised weakness indicates that full payment of either interest or principal becomes questionable or ordinarily 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 Group 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.

3.1.3 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.

3.1.4 Expected credit loss measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

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

Significant increase in credit risk (SICR)

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

Quantitative criteria

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Qualitative criteria

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

• In short-term forbearance,
• Direct debit cancellation,
• Extension to the terms granted,
• Previous arrears within the last [12] months,
• If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:
• Significant increase in credit spread,
• Significant adverse changes in business, financial and/or economic conditions in which the borrower operates,
• Actual or expected forbearance or restructuring,
• Actual or expected significant adverse change in operating results of the borrower,
• Significant change in collateral value (secured facilities only) which is expected to increase risk of default,
• Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

Backstop

IFRS 9 contains a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. This means that where payments are 30 days past due, the financial asset needs to migrate from stage 1 to stage 2. The group views that where the customer and the group have agreed to a deferral of payment for a specified period, such an extension will not trigger the counting of days past due. The offer or the uptake of a Covid-19 related repayment deferral does not itself constitute a SICR event. The group did not view requests for payment deferrals and liquidity assistance as the sole indicator that SICR had occurred.

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 except as modified in the backstop modifications as above.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

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

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

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

Measuring ECL — Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions may vary by product type or industry.

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 year.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. Forward-looking macroeconomic information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. Both quantitative models and expert judgement-based adjustments consider a range of forecasted macroeconomic scenarios as inputs. Macroeconomic scenarios are defined by taking domestic macroeconomic considerations into account, and forecasts are developed for baseline, downside and upside scenarios. The baseline, downside and upside scenarios are used in the ECL calculations. ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Regression modelling techniques have been used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the portfolio of accounts to which the model is applied. This results in the production of models that are used to predict impairment parameters based on the predictive characteristics identified through the regression process.

The ECL model in the current period has included forward looking information in the computation of the base PDs to reflect the systemic impact of the likely weaker macroeconomic prospects on the entire loan portfolio. In the earlier version of the model, forward looking macroeconomic estimates were applied to the top 50 loans which on average make up about 80% of the loan portfolio.

(All amounts are in thousands of Ghana cedis)

Economic Variable Assumptions

The most significant forward looking assumptions (portfolio) used for the ECL estimate as at 31 December 2020 are set out below:

Scenario	Weight %	GDP Growth %	Industry NPL %	Inflation %
Baseline	50	4.7	14.8	8.7
Upside	10	5.2	13.3	7.8
Downside	40	4.2	16.3	9.6

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

1. GDP Growth – GDP growth is used to assess the relative health of the economy. Forward looking information is incorporated by using the projected GDP growth rate for the ensuing year. The macroeconomic outlook for 2020 and 2021 has seen a material downward revision in projected economic output. These revisions have been incorporated into the expected credit loss provision model in line with IFRS 9 requirements

2. Industry NPL – The industry non performing loans ratio is used in the ECL model to reflect the likely systemic impact on the loan portfolio.

3. Inflation – Inflation is used due to its influence on monetary policy and on interest rates. Interest rates have an impact on borrowers' likelihood of default. Forward looking information is incorporated by using the expected change in inflation rates for the next four quarters.

The Group has revised the weights assigned to the upside and downside scenarios when from prior year, resulting in higher provisions being made. A number of factors including the macroeconomic impact of the covid-19 pandemic have contributed to this change. The table below details the amendments in weights for the scenarios used.

Scenario	2020 Weight %	2019 Weight %	Change
Baseline	50	50	Baseline scenario unchanged
Upside	10	15	Upside scenario reduced by 5 percentage points
Downside	40	35	Downside scenario increased by 5 percentage points

Post Model Adjustments

Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macroeconomic changes and loan default rates, and it is not expected for these relationships to hold under current macroeconomic conditions, judgemental post-model adjustments have been applied to ensure that relationships between macroeconomic forecasts and ECL estimates are intuitive, resulting in the ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in the model. Furthermore, where there is uncertainty in respect of the model's ability to address specific trends or conditions due to inherent limitations of modelling based on past performance, additional provisions via post-model adjustments have been made.

Modifications relating to Covid-19

The Group has introduced a number of support measures for customers impacted by Covid-19, which include loan repayment deferral and interest rate reduction. These variations were accounted for as non substantial loan modifications. A total modification loss of Gh¢ 2.41 million was recognised in the current year.

3.1.5 Maximum exposure to credit risk before collateral held

Maximum exposure	Group 2020	Group 2019	Bank 2020	Bank 2019
Credit risk exposures (net) relating to on balance sheet assets are as follows:				
Balances with Bank of Ghana	910,879	390,573	910,879	390,573
Investment securities	4,941,891	4,301,510	4,929,898	4,291,655
Cash and balances with banks	403,430	427,497	402,465	454,676
Money market placements	100,058	2,471,183	125,979	2,471,183
Loans and advances to customers	2,444,268	2,503,989	2,392,426	2,454,186
Other assets (excluding prepayments)	169,344	124,543	168,747	115,335
	8,969,870	10,219,295	8,930,394	10,177,608
Credit risk exposures relating to off balance sheet items are as follows:				
Letters of credit	183,516	350,843	183,516	350,843
Financial guarantees	303,348	180,338	303,348	180,338
At 31 December	9,456,734	10,750,476	9,417,258	10,708,789

The above table represents a worst case scenario of the credit risk exposure of the Group and the Bank at 31 December 2020. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

At 31 December 2020, the Group's credit exposures were categorised under IFRS 9 as follows:

- Stage 1 – Performing
- Stage 2 – Underperforming
- Stage 3 – Credit Impaired

3.1.6 Maximum exposure to credit risk – financial instruments subject to impairment

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.

2020

Group	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	1,414,383	-	-	**1,414,383**
Investment Securities	4,822,553	-	-	**4,822,553**
Loans and advances to customers	2,145,835	53,484	304,423	**2,503,742**
Other assets	169,344	-	-	**169,344**
Gross carrying amount	8,552,115	53,484	304,423	**8,910,022**
Impairment loss allowance	(11,486)	(10,656)	(41,389)	**(63,531)**
Carrying amount	**8,540,629**	**42,828**	**263,034**	**8,846,491**

(All amounts are in thousands of Ghana cedis)

3.1.6 Maximum exposure to credit risk – financial instruments subject to impairment (continued)

Bank	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	1,439,339	-	-	**1,439,339**
Investment Securities	4,810,549	-	-	**4,810,549**
Loans and advances to customers	2,145,835	53,484	252,581	**2,451,900**
Other Assets	168,747	-	-	**168,747**
Gross carrying amount	8,564,470	53,484	252,581	**8,870,535**
Impairment loss allowance	(11,475)	(10,656)	(41,389)	**(63,520)**
Carrying amount	8,552,995	42,828	211,192	**8,807,015**

2019

Group	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	3,289,373	-	-	3,289,373
Investment Securities	4,070,759	-	-	4,070,759
Loans and advances to customers	2,201,582	119,165	239,978	2,560,725
Other Assets	124,543	-	-	124,543
Gross carrying amount	9,686,257	119,165	239,978	10,045,400
Impairment loss allowance	(25,385)	(4,525)	(30,753)	(60,663)
Carrying amount	9,660,872	114,640	209,225	**9,984,737**

Bank	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	3,316,552	-	-	3,316,552
Investment Securities	4,060,904	-	-	4,060,904
Loans and advances to customers	2,201,582	119,165	190,175	2,510,922
Other Assets	115,335	-	-	115,335
Gross carrying amount	9,694,373	119,165	190,175	10,003,713
Impairment loss allowance	(25,376)	(4,525)	(30,753)	(60,654)
Carrying amount	**9,668,997**	**114,640**	**159,422**	**9,943,059**

3.1.7 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¢ 123.4 million** (2019: Gh¢234.6 million).

3.1.8 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 acceptance of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Longer-term lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise credit loss, the Group 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 year and there has been no significant change in the overall quality of the collateral held by the Group since the prior year.

3.1.8 Collaterals and other credit enhancements (continued)

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 the 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

At 31 December 2020	Gross exposure	Impairment loss allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	14,809	(3,067)	11,742	30,853
Term loans	289,614	(38,322)	251,292	358,268
Total credit impaired assets	304,423	(41,389)	263,034	389,121

Bank

At 31 December 2020	Gross exposure	Impairment loss allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	14,809	(3,067)	11,742	30,853
Term loans	237,772	(38,322)	199,450	358,268
Total credit impaired assets	252,581	(41,389)	211,192	389,121

Group

At 31 December 2019	Gross exposure	Impairment loss allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	32,669	(6,189)	26,480	27,223
Term loans	207,309	(24,564)	182,745	326,642
Total credit impaired assets	239,978	(30,753)	209,225	353,865

(All amounts are in thousands of Ghana cedis)

3.1.8 Collaterals and other credit enhancements (continued)

Bank

At 31 December 2019	Gross exposure	Impairment loss allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Overdrafts	32,669	(6,189)	26,480	27,223
Term loans	157,506	(24,564)	132,942	326,642
Total credit impaired assets	190,175	(30,753)	159,422	353,865

3.1.9 Loss Allowance

The following tables show reconciliations from the opening to closing balance of the loss allowances for all classes of financial assets:

Group

At 31 December 2020	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the reporting period	25,385	4,525	30,753	60,663
Transfers to Stage 1	930	(748)	(182)	-
Transfers to Stage 2	(4,489)	4,515	(26)	-
Transfers to Stage 3	(13,844)	(3,785)	17,629	-
Bad Debt Write Off	-	-	(104,821)	(104,821)
Current period provision	3,504	6,149	98,036	107,689
Balance at the end of the reporting period	11,486	10,656	41,389	63,531

Bank

At 31 December 2020	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the reporting period	25,376	4,525	30,753	60,654
Transfers to Stage 1	930	(748)	(182)	-
Transfers to Stage 2	(4,489)	4,515	(26)	-
Transfers to Stage 3	(13,844)	(3,785)	17,629	-
Bad Debt Write Off	-	-	(104,821)	(104,821)
Current period provision	3,502	6,149	98,036	107,687
Balance at the end of the reporting period	11,475	10,656	41,389	63,520

Group

At 31 December 2019	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the reporting period	29,156	2,288	169,743	201,187
Transfers to Stage 1	5,793	(1,615)	(4,178)	-
Transfers to Stage 2	(522)	530	(8)	-
Transfers to Stage 3	(12,042)	(285)	12,327	-
Bad Debt Write Off	-	-	(279,017)	(279,017)
Current period provision	3,000	3,607	131,886	138,493
Balance at the end of the reporting period	25,385	4,525	30,753	60,663

3.1.9 Loss Allowance (continued)

Bank

At 31 December 2019	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the reporting period	29,147	2,288	169,743	201,178
Transfers to Stage 1	5,793	(1,615)	(4,178)	-
Transfers to Stage 2	(522)	530	(8)	-
Transfers to Stage 3	(12,042)	(285)	12,327	-
Bad Debt Write Off	-	-	(279,017)	(279,017)
Current period provision	3,000	3,607	131,886	138,493
Balance at the end of the reporting period	25,376	4,525	30,753	60,654

3.2 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, 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, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in Bank Treasury and monitored by both Treasury and Risk Management departments separately. Regular reports are submitted to the Board of Directors and heads of each business unit. Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the Group's retail and corporate banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's financial assets.

3.2.1 Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Bank's Chief Risk Officer is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

The Group identifies market risk through daily monitoring of levels and profit and loss balances of trading and non-trading positions. The Risk Management department monitors daily trading activities to ensure that risk exposures taken are within the approved price limits and the overall risk tolerance levels set by the Board. In addition, Assets and Liabilities Committee (ALCO) members, the Treasurer and the Risk Manager monitor market risk factors that affect the value of trading and non-trading positions as well as income streams on non-trading portfolios on a daily basis. They also track the liquidity indicators to ensure that the Group meets its financial obligations at all times.

3.2.2 Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The open positions of currencies held are monitored on a daily basis. The objective of monitoring the open position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Bank has adopted the revised Bank of Ghana requirement that banks maintain a total open position which is capped at 10% of their net own funds. Within this limit, banks are also required to maintain single currency open positions capped at 5% of net own funds.

(All amounts are in thousands of Ghana cedis)

3.2.2 Foreign exchange risk (continued)

Included in the table below are assets and liabilities at carrying amounts categorised by currency:

Group

At 31 December 2020	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	113,940	55,023	232,975	1,012,429	1,414,367
Investment securities	-	-	34,079	4,907,812	4,941,891
Derivative financial instruments	-	-	-	8,352	8,352
Loans and advances to customers	1,744	2	983,995	1,458,527	2,444,268
Other assets	30	29	104	169,181	169,344
Total assets	115,714	55,054	1,251,153	7,556,301	8,978,222
Liabilities					
Deposits from customers	113,939	53,564	1,548,816	4,698,442	6,414,761
Deposits from banks and other financial institutions	-	-	-	102,254	102,254
Borrowings	-	-	1,302,220	147,730	1,449,950
Other liabilities	2,078	985	38,356	172,883	214,302
Total liabilities	116,017	54,549	2,889,392	5,121,309	8,181,267
Net on balance sheet position	(303)	505	(1,638,239)*		

**The Bank has entered into currency swap arrangements that effectively hedge the net on-balance sheet position for the USD.*

3.2.2 Foreign exchange risk (continued)

Group

At 31 December 2019	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	135,610	48,687	2,350,491	754,465	3,289,253
Investment securities	-	-	30,643	4,270,867	4,301,510
Derivative financial instruments	-	-	-	2,294	2,294
Loans and advances to customers	1,899	4	968,999	1,533,087	2,503,989
Other assets	-	37	25,580	98,926	124,543
Total assets	137,509	48,728	3,375,713	6,659,639	10,221,589
Liabilities					
Deposits from customers	135,490	45,816	1,295,193	3,633,790	5,110,289
Deposits from banks and other financial institutions	-	-	571	111,780	112,351
Borrowings	-	-	2,028,747	2,117,664	4,146,411
Other liabilities	922	1,109	19,752	168,220	190,003
Total liabilities	136,412	46,925	3,344,263	6,031,454	9,559,054
Net on balance sheet position	1,097	1,803	31,450		

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to the US Dollar, the Euro and the Pound Sterling. The table below illustrates the hypothetical sensitivity of reported profit to a 15% decrease in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Cedi weakens by 15%	Impact on statement of comprehensive income	
	2020	2019
US Dollar	4,134	4,718
Euro	(46)	164
Pound Sterling	76	270

Year end exchange rates applied in the above analysis are **GH¢ 5.7602** (2019: GH¢ 5.5337) to the US dollar, **GH¢ 7.0643** (2019: GH¢ 6.2114) to the Euro, and **GH¢ 7.8742** (2019: GH¢ 7.3164) to the Pound Sterling. The strengthening of the Ghana Cedi will produce symmetrical results.

(All amounts are in thousands of Ghana cedis)

3.2.2 Foreign exchange risk (continued)

Bank

At 31 December 2020	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	113,940	55,023	258,392	1,011,968	1,439,323
Investment securities	-	-	34,026	4,895,872	4,929,898
Derivative financial instruments	-	-	-	8,352	8,352
Loans and advances to customers	1,744	2	932,153	1,458,527	2,392,426
Other assets	30	29	275	168,413	168,747
Total assets	115,714	55,054	1,224,846	7,543,132	8,938,746
Liabilities					
Deposits from customers	113,939	53,564	1,299,288	4,698,442	6,165,233
Deposits from banks and other financial institutions	-	-	244,435	102,254	346,689
Borrowings	-	-	1,302,220	147,730	1,449,950
Other liabilities	2,078	985	50,720	172,883	226,666
Total liabilities	116,017	54,549	2,896,663	5,121,309	8,188,538
Net on balance sheet position	(303)	505	(1,671,817)*		

**The Bank has entered into currency swap arrangements that effectively hedge the net on-balance sheet position for the USD.*

3.2.2 Foreign exchange risk (continued)

Bank

At 31 December 2019	EUR GH¢	GBP GH¢	USD GH¢	GHC GH¢	Total GH¢
Assets					
Cash and cash equivalents	135,610	48,687	2,377,670	754,465	3,316,432
Investment securities	-	-	30,584	4,261,071	4,291,655
Derivative financial instruments	-	-	-	2,294	2,294
Loans and advances to customers	1,899	4	919,196	1,533,087	2,454,186
Other assets	-	37	16,746	98,552	115,335
Total assets	137,509	48,728	3,344,196	6,649,469	10,179,902
Liabilities					
Deposits from customers	135,490	45,816	1,040,061	3,633,790	4,855,157
Deposits from banks and other financial institutions	-	-	249,846	111,780	361,626
Borrowings	-	-	2,028,747	2,117,664	4,146,411
Other liabilities	922	1,109	22,443	168,004	192,478
Total liabilities	136,412	46,925	3,341,097	6,031,238	9,555,672
Net on balance sheet position	1,097	1,803	3,099		

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to the US Dollar, the Euro and the Pound Sterling. The table below illustrates the hypothetical sensitivity of reported profit to a 15% decrease in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Cedi weakens by 15%	Impact on statement of comprehensive income	
	2020	2019
US Dollar	(903)	465
Euro	(46)	164
Pound Sterling	76	270

Year end exchange rates applied in the above analysis are **GH¢ 5.7602** (2019: GH¢ 5.5337) to the US dollar, **GH¢ 7.0643** (2019: GH¢ 6.2114) to the Euro, and **GH¢ 7.8742** (2019: GH¢ 7.3164) to the Pound Sterling. The strengthening of the Ghana Cedi will produce symmetrical results.

(All amounts are in thousands of Ghana cedis)

3.2.3 Interest rate risk

Interest rate risk is the exposure of current and future earnings and capital to adverse changes in the level of interest rates. Exposure to interest rate risk can result from a variety of factors, including:

- differences between the timing of market interest rate changes and the timing of cash flows (re-pricing risk)
- changes in the market interest rates producing different effects on yields on similar instruments with different maturities (yield curve risk); and
- changes in the level of market interest rates producing different effects on rates received or paid on instruments with similar re-pricing characteristics (basis risk).

The Group uses gap analysis to measure its exposure to interest rate risk. Through this analysis, it compares the values of interest rate sensitive assets and interest rate sensitive liabilities that mature or re-price at various time periods in the future. The Group may make judgemental assumptions about the behaviour of assets and liabilities which do not have specific contractual maturity or re-pricing dates.

The table below summarises the re-pricing profiles of financial instruments as at 31 December 2020 and 31 December 2019 respectively. Items are allocated to time periods with reference to the earlier of the next contractual interest rate re-pricing date and the maturity date.

Group

At 31 December 2020 Assets	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	100,000	-	25,921	-	1,288,446	**1,414,367**
Investment securities	226,142	122,395	1,934,568	2,658,786	-	**4,941,891**
Loans and advances to customers	195,472	346,043	437,932	1,464,821	-	**2,444,268**
Financial assets	521,614	468,438	2,398,421	4,123,607	1,288,446	8,800,526
Liabilities						
Deposits from customers	278,524	369,914	1,174,313	1,849,570	2,742,440	**6,414,761**
Deposits from banks	2,558	10,401	24,268	3,467	61,560	**102,254**
Borrowings	156,131	583,883	609,631	100,305	-	**1,449,950**
Financial liabilities	437,213	964,198	1,808,212	1,953,342	2,804,000	7,966,965
Total interest re-pricing gap	84,401	(495,760)	590,209	2,170,265		

3.2.3 Interest rate risk (continued)

Group

At 31 December 2019 Assets	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	1,106,077	218,223	1,347,042	-	617,911	3,289,253
Investment securities	142,890	656,189	1,177,167	2,325,264	-	4,301,510
Loans and advances to customers	118,172	236,344	863,349	1,286,124	-	2,503,989
Financial assets	1,367,139	1,110,756	3,387,558	3,611,388	617,911	10,094,752
Liabilities						
Deposits from customers	87,159	422,879	959,930	1,409,596	2,230,725	5,110,289
Deposits from banks	18,081	36,163	58,107	-	-	112,351
Borrowings	42,000	1,110,490	938,010	2,055,911	-	4,146,411
Financial liabilities	147,240	1,569,532	1,956,047	3,465,507	2,230,725	9,369,051
Total interest re-pricing gap	1,219,899	(458,776)	1,431,511	145,881		

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

			Possible interest rate movements		
	Total interest re-pricing gap	Effective Basis	+100bps	+200bps	+300bps
Up to 1 month	84,401	350/365	809	1,619	2,428
1-3 months	(495,760)	305/365	(4,143)	(8,285)	(12,428)
3-12 months	590,209	230/365	3,719	7,438	11,157
over 1 year	2,170,265	92/365	5,470	10,941	16,411
Total			5,855	11,713	17,568
Impact on net interest income			0.7%	1.4%	2.2%

(All amounts are in thousands of Ghana cedis)

3.2.3 Interest rate risk (continued)

Bank

At 31 December 2020

Assets	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	100,000	-	25,921	-	1,313,402	**1,439,323**
Investment securities	225,115	121,761	1,930,399	2,652,623	-	**4,929,898**
Loans and advances to customers	195,472	346,043	386,090	1,464,821	-	**2,392,426**
Financial assets	520,587	467,804	2,342,410	4,117,444	1,313,402	8,761,647
Liabilities						
Deposits from customers	278,524	369,914	924,785	1,849,570	2,742,440	**6,165,233**
Deposits from banks	2,558	10,401	24,268	247,902	61,560	**346,689**
Borrowings	156,131	583,883	609,631	100,305	-	**1,449,950**
Financial liabilities	437,213	964,198	1,558,684	2,197,777	2,804,000	7,961,872
Total interest re-pricing gap	83,374	(496,394)	783,726	1,919,667		

Bank

At 31 December 2019

Assets	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	1,106,077	218,223	1,356,034	-	636,098	3,316,432
Investment securities	142,890	656,189	1,167,371	2,325,205	-	4,291,655
Loans and advances to customers	118,172	236,344	813,546	1,286,124	-	2,454,186
Financial assets	1,367,139	1,110,756	3,336,951	3,611,329	636,098	10,062,273
Liabilities						
Deposits from customers	87,159	422,879	704,798	1,409,596	2,230,725	4,855,157
Deposits from banks	18,081	36,163	307,382	-	-	361,626
Borrowings	42,000	1,110,490	938,010	2,055,911	-	4,146,411
Financial liabilities	147,240	1,569,532	1,950,190	3,465,507	2,230,725	9,363,194
Total interest re-pricing gap	1,219,899	(458,776)	1,386,761	145,822		

Interest rate sensitivity analysis

The interest re-pricing gap analysis is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bps) parallel shift in all yield curves. An analysis of the Bank's sensitivity to an increase or decrease in market interest rates (assuming no symmetrical movement in yield curves and a constant balance sheet position) and its impact on the net interest margin is as follows:

			Possible interest rate movements		
	Total interest re-pricing gap	Effective Basis	+100bps	+200bps	+300bps
Up to 1 month	83,374	350/365	799	1,599	2,398
1-3 months	(496,394)	305/365	(4,148)	(8,296)	(12,444)
3-12 months	783,726	230/365	4,939	9,877	14,816
over 1 year	1,919,667	92/365	4,839	9,677	14,516
Total			6,429	12,857	19,286
Impact on net interest income			0.81%	1.60%	2.42%

3.3 Liquidity risk management

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

3.3.1 Liquidity risk management process

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Treasury Department, includes:

• day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in the money market to enable this to happen;
• maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
• monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements and ;
• managing the concentration and profile of debt maturities.

Finally, the Bank is statutorily required to maintain a reserve of 8% of the local currency equivalent of foreign currency customer deposits held as well as 8% of local currency customer deposits in one account with the Bank of Ghana. These balances are used to support all inter-bank transactions.

3.3.2 Liquidity risk measurement

The Bank prepares and uses liability mismatch reports to manage funding needs. The weekly liquidity mismatch report is used to measure the ability of the Bank to meet maturing liability obligations. This is supplemented by weekly cash flow reports produced to show the projected cash flow on a daily basis incorporating projected customer withdrawals, including credit disbursements, as well as deposits.

The deposit concentration ratio is monitored monthly to ensure that decisions of individual and or groups of depositors do not severely impact on liquidity. Particular attention is given to wholesale borrowing. Due to their size, withdrawals of such funds tend to impact negatively on liquidity. As a rule, wholesale borrowing transactions are entered into as repurchase contracts where each transaction is collateralised with a treasury bill or bond. Alternatively, such transactions are contracted to support specific credits in a back-to-back transaction. The monthly deposit concentration report is examined as part of the Assets and Liabilities Committee (ALCO) process and the necessary preventive/remedial action taken.

In addition to the above, the Group observes an internally defined volatile liability dependency ratio which is measured as (volatile funds – liquid assets) / long term investments. This measures the reliance on volatile funds to finance long term investments as well as other non-liquid assets. (Volatile funds are short term wholesale funds e.g. call accounts).

3.3.3 Liquidity crisis management

Liquidity crisis is defined as a condition where the Bank is unable to meet maturing liabilities/or regulatory reserve requirements due to inadequate liquid assets or a condition that arises from a sudden deterioration of the perceived safety and credibility of the Bank resulting in substantial withdrawal of funds by depositors.

This is deemed to have occurred when any of the following conditions exist:

• Liquidity guidelines/ratios have been breached for four consecutive weeks.
• Bank of Ghana (BoG) support facilities have been accessed for three or more consecutive weeks.

Management has put in place a Contingency Action Plan to manage liquidity crisis. The plan includes action points together with responsibilities for ensuring that steps are taken to manage the crisis.

3.3.4 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group manages the liquidity risk based on a different basis not resulting in a significantly different analysis.

Group **At 31 December 2020**	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	773,202	433,026	616,523	4,637,930	6,460,681
Deposits from banks	28,349	23,479	31,569	18,865	102,262
Borrowings	740,014	203,210	406,421	107,326	1,456,971
Total liabilities (Contractual maturity date)	1,541,565	659,715	1,054,513	4,764,121	8,019,914
Assets					
Cash and cash equivalents	297,010	205,651	214,291	767,157	1,484,109
Investment securities	348,537	644,856	1,289,712	2,924,665	5,207,770
Loans and advances to customers	541,515	131,271	306,661	1,684,544	2,663,991
Total assets held for managing liquidity risk (contractual maturity date)	1,187,062	981,778	1,810,664	5,376,366	9,355,870

Group **At 31 December 2019**	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	510,038	490,065	469,865	3,676,724	5,146,692
Deposits from banks	54,244	19,369	38,738	-	112,351
Borrowings	1,152,490	16,250	921,760	2,199,825	4,290,325
Total liabilities (Contractual maturity date)	1,716,772	525,684	1,430,363	5,876,549	9,549,368
Assets					
Cash and cash equivalents	1,324,300	664,044	1,300,909	-	3,289,253
Investment securities	799,079	389,124	788,102	2,557,725	4,534,030
Loans and advances to customers	354,516	276,606	586,744	1,479,041	2,696,907
Total assets held for managing liquidity risk (contractual maturity date)	2,477,895	1,329,774	2,675,755	4,036,766	10,520,190

(All amounts are in thousands of Ghana cedis)

3.3.4 Non-derivative financial liabilities and assets held for managing liquidity risk (continued)

Bank

At 31 December 2020	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	648,438	308,262	616,523	4,637,930	6,211,153
Deposits from banks	28,349	23,479	31,569	263,400	346,797
Borrowings	740,014	203,210	406,421	107,326	1,456,971
Total liabilities (Contractual maturity date)	1,416,801	534,951	1,054,513	5,008,656	8,014,921
Assets					
Cash and cash equivalents	297,010	205,651	214,291	729,594	1,446,546
Investment securities	346,876	643,466	1,286,932	2,917,886	5,195,160
Loans and advances to customers	541,515	131,271	254,819	1,684,544	2,612,149
Total assets held for managing liquidity risk (contractual maturity date)	1,185,401	980,388	1,756,042	5,332,024	9,253,855

Bank

At 31 December 2019	0-3 months GH¢	3-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢
Liabilities					
Deposits from customers	510,038	234,933	469,865	3,676,724	4,891,560
Deposits from banks	54,244	102,461	204,921	-	361,626
Borrowings	1,152,490	16,250	921,760	2,199,825	4,290,325
Total liabilities (Contractual maturity date)	1,716,772	353,644	1,596,546	5,876,549	9,543,511
Assets					
Cash and cash equivalents	1,324,300	664,044	1,328,088	-	3,316,432
Investment securities	799,079	389,124	778,247	2,557,726	4,524,176
Loans and advances to customers	354,516	276,606	536,941	1,479,041	2,647,104
Total assets held for managing liquidity risk (contractual maturity date)	2,477,895	1,329,774	2,643,276	4,036,767	10,487,712

3.3.5 Assets held for managing liquidity risk

The Group holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- Cash and balances with banks;
- Balances with the Bank of Ghana;
- Government of Ghana bills and bonds; and
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.

3.4 Off balance sheet items (Group & Bank)

(a) Loan commitments

Contractual amounts of the Group's off-balance sheet financial instruments that it commits to extend to customers at the reporting date are summarised in the table below.

At 31 December 2020	**No later than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Loan commitments	120,625	-	-	120,625
Total	120,625	-	-	120,625
At 31 December 2019	No later than 1 year	1-5 years	Over 5 years	Total
Loan commitments	133,917	-	-	133,917
Total	133,917	-	-	133,917

The expected credit loss on outstanding loan commitments stands at **Ghȼ 0.63 million** (2019: GH¢0.60 million). The portfolio is classified as stage 1 under IFRS 9.

(b) Guarantees and indemnities

The Group had outstanding guarantees, indemnities and endorsements at the year end of **GH¢ 303.3 million** (2019: GH¢180.3 million). The Group has made a provision for credit losses of **Ghȼ 10.9 million** (2019: GH¢ 6.8 million) on this portfolio which is classified as stage 1.

(c) Capital commitments

The Group had no capital commitments at year end.

(All amounts are in thousands of Ghana cedis)

3.5 Country analysis

The assets and liabilities of the Bank held inside and outside Ghana are analysed below:

Bank	2020		2019	
	Ghana GH¢	Outside GH¢	Ghana GH¢	Outside GH¢
Assets				
Cash and cash equivalents	1,212,882	226,441	2,988,473	327,959
Investment Securities	4,929,898	-	4,291,655	-
Derivative financial instruments	8,352	-	2,294	-
Loans and advances to customers	2,392,426	-	2,454,186	-
Investments (other than securities)	101	12,370	101	12,370
Other assets	237,761	-	174,051	-
Current tax asset	9,832	-	-	-
Deferred tax asset	-	-	13,791	-
Property and equipment and right-of-use assets	170,150	-	163,886	-
Intangible assets	34,686	-	33,306	-
Non current assets held for sale	15,950	-	15,950	-
	9,012,038	238,811	10,137,693	340,329
Liabilities				
Deposits from customers	6,165,233	-	4,855,157	-
Deposits from banks and other financial institutions	102,254	244,435	112,351	249,275
Borrowings	1,129,593	320,357	3,627,252	519,159
Current tax liability	-	-	37	-
Deferred tax liability	1,430	-	-	-
Other liabilities	287,123	-	237,743	-
	7,685,633	564,792	8,832,540	768,434

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

4.1 Financial instruments not measured at fair value

(i) Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(ii) Investment securities

The estimated fair value of investment securities measured at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Deposits from customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

4.2 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group'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, Ghana Stock Exchange).

- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).

- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Group

2020	Level 1	Level 2	Level 3
Investment securities	-	**3,724,212**	-
2019			
Investment securities	-	2,599,619	-

Bank

2020	Level 1	Level 2	Level 3
Investment securities	-	**3,724,212**	-
2019			
Investment securities	-	2,599,619	-

Inputs used for the valuation of investment securities are the quoted prices and interest rates for the various tenors of Government of Ghana treasury bills and bonds as at year end. The Group uses discounted cashflow models with observable market inputs of similar instruments for the valuation of its investment securities.

5. CAPITAL MANAGEMENT

Fidelity Bank considers a strong and efficient capital position to be a priority. The Bank's objectives when managing capital are:

(i) to comply with the capital requirements set by the Bank of Ghana;
(ii) to maintain sufficient capital resources to support the group's risk appetite;
(iii) to safeguard the Bank's ability to continue as a going concern and;
(iv) to maintain a sufficient capital base to ensure strong credit ratings and to support its business and maximise shareholder value.

Compliance with capital adequacy ratios set by the Bank of Ghana is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Chief Financial Officer. Under the current capital requirements set by the Bank of Ghana, banks have to maintain a ratio of regulatory capital to risk weighted assets ("capital adequacy ratio") above 13%.

Regulatory capital as defined by the Bank of Ghana has two (2) components:
• Tier 1 Capital or "going-concern capital": This refers to capital that supports the bank's operations and can absorb losses as required, and is made up of Common Equity Tier 1 ("CET1") and Additional Tier 1 ("AT1").
• Tier 2 Capital or "gone-concern capital": Tier 2 capital is available to absorb losses or convert to equity on a gone-concern basis or if the Bank is being wound up.

The CET1 capital consists of the following elements:

a. Ordinary (common) shares issued by the Bank that meet the criteria for classification as ordinary shares;
b. Retained Earnings;
c. Statutory Reserves; and
d. Regulatory adjustments to CET1.

The Pillar 1 CET 1 minimum capital requirement applicable to the Bank is 6.50% of risk-weighted assets (RWAs). The capital conservation buffer is implemented in Sections 79 to 82 of the Capital Requirements Directive and equals a requirement of 3.00 % CET 1 capital. In March 2020, as part of measures to counter the economic impact of the COVID 19 pandemic, the Bank of Ghana reduced the capital conservation buffer from 3% to 1.5%, effectively reducing the minimum capital adequacy ratio from 13% to 11.5%.

The AT1 capital consists of perpetual non-cumulative preference share issued and fully paid up in accordance with the Bank of Ghana's Capital Requirement Directive. The instruments are neither secured nor covered by guarantee, do not have credit sensitive dividend features and are subordinated to all other creditors and senior only to ordinary shareholders. The permissible amount of total qualifying AT1 capital is limited to a maximum of 1.5% of risk weighted assets (RWAs) except that excess AT1 may serve as Tier 2 for the purpose of computing the capital adequacy ratio.

Tier 2 capital comprises eligible capital instruments and subordinated long-term debt. To qualify as Tier 2 capital, capital instruments or subordinated debt must have an original maturity of at least five years. Moreover, eligible capital instruments may inter alia not contain an incentive to redeem, a right of investors to accelerate repayment, or a credit sensitive dividend feature.

The permissible amount of total qualifying Tier 2 capital is limited to a maximum of 2% of risk weighted assets (RWAs).

The risk-weighted assets are measured using the standardised approach as prescribed by the Bank of Ghana. It takes into account the nature of, and reflects an estimate of credit, operational and market risks associated with each asset and counterparty and the Bank's operations.

5. CAPITAL MANAGEMENT (continued)

The table below summarises the composition of regulatory capital, total weighted risk assets and the capital adequacy ratios of the Bank for the years ended 31 December 2020 and 2019.

Common Equity Tier (CET1) capital	2020	2019
Paid up capital (ordinary shares)	285,551	230,551
Statutory reserves	355,376	292,352
Retained earnings/Other reserves	186,681	180,210
Total CET1 before deductions/adjustments	827,608	703,113
Regulatory adjustments to CET1 capital		
Intangibles	(75,533)	(95,087)
Investments in the capital of banks & financial institutions	-	(12,471)
Total regulatory adjustments	(75,533)	(107,558)
CET 1 capital after regulatory adjustments	752,075	595,555
Additional Tier 1 capital (AT1)	63,006	52,428
Total Tier 1 capital (Tier 1)	815,081	647,983
Tier 2 capital (Tier 2)	83,500	69,903
Total regulatory capital	898,581	717,886
Risk weighted assets		
Total credit risk equivalent weighted assets	2,489,193	2,093,474
Total operational risk equivalent weighted assets	1,694,686	1,375,787
Total market risk equivalent weighted assets	16,499	25,909
Total risk weighted assets (RWA)	4,200,378	3,495,170
Risk-based capital ratios		
CET1/RWA	17.94%	17.04%
AT1/RWA	1.50%	1.50%
Tier 1/RWA	19.44%	18.54%
Tier 2/RWA	1.99%	2.00%
Total capital adequacy ratio (CAR)	21.43%	20.54%
Minimum capital requirement		
Mandatory minimum	10.0%	10.0%
Prudential minimum (with capital conservation buffer)	11.5%	13.0%

The Bank's capital is assessed to be adequate for planned growth and there were no restrictions on distribution or discretionary bonus payments resulting from capital deficiency at the period end.

6. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 various factors that are believed to be reasonable under the circumstances, the results of which form the basis for 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 judgements that have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities within the next financial year are discussed below.

(a) Measurement of the expected credit loss allowance

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

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

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

(b) Fair value of financial instruments

The fair value of a financial instrument is determined by reference to the quoted bid price or asking price (as appropriate) in an active market. Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from an active market, it is determined using a variety of valuation techniques including the use of prices obtained in recent arms' length transactions, comparison to similar instruments for which market observable prices exist, net present value techniques and mathematical models. Input to these mathematical models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(c) Income tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

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 level of future taxable profits together with future tax planning strategies.

(d) 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.

7. SEGMENT INFORMATION

For management purposes, the Group is organised into five operating segments as described below based on products offered, market segment and customer turnover.

Corporate Banking: Principally responsible for providing banking services and products to multinationals, large regional and domestic clients and other institutional clients.

Financial & Capital Markets: Undertakes the Bank's funding, ALM and centralised risk management activities through borrowing and investment in liquid assets such as short-term placements and government debt securities.

Retail Banking: Provides financial products and services to individuals (personal, private and inclusive segments) and small and medium scale enterprises. The unit provides financial solutions across various channels (ATM, mobile banking, agents etc.) and platforms.

Investment Banking: Investment banking services cover activities such as the provision of business advisory services, issuance of securities and arranging financing for short, medium and long term funding needs of clients.

Offshore banking: Principally responsible for providing banking services to offshore customers in the Asia Pacific region.

Management monitors the operating results of these business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. Transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties. For the purposes of segment reporting, interest is allocated to the business units based on a pool rate determined by Treasury using the Bank's cost of funds.

The following table shows an analysis of the performance of the various business units across the Group :

	BANK			FSL	FAB	
2020	**Corporate Banking**	**Financial & Capital Markets**	**Retail Banking**	**Investment Banking**	**Offshore Banking**	**Group**
External revenue						
Net interest income	144,446	668,732	(11,536)	1,954	11,784	815,380
Net fee and commission income	16,700	45,161	76,808	4,229	96	142,994
Other operating income	6,801	94	31,249	-	247	38,391
Inter-segment revenue	(32,012)	(283,677)	315,689	-	-	-
Total Segment revenue	135,935	430,310	412,210	6,183	12,127	996,765
Direct cost	(29,869)	(11,672)	(86,943)	(2,643)	(7,437)	(138,564)
Net impairment charges	(90,743)	129	(7,839)	(1)	-	(98,454)
Allocated cost	(147,974)	(73,987)	(147,974)	-	-	(369,935)
Segment profit	(132,651)	344,780	169,454	3,539	4,690	389,812
Reportable segment assets (loans and advances)	1,712,190	-	680,236	-	51,842	2,444,268
Reportable segment liabilities (deposits)	1,873,537	15,887	4,377,601	-	249,990	6,517,015

(All amounts are in thousands of Ghana cedis)

7 SEGMENT INFORMATION (continued)

2019	BANK Corporate Banking	BANK Financial & Capital Markets	BANK Retail Banking	FSL Investment Banking	FAB Offshore Banking	Group
External revenue						
Net interest income	118,631	557,866	(35,380)	1,541	12,362	655,020
Net fee and commission income	41,872	21,842	76,738	3,038	85	143,575
Other operating income	25,501	41,753	54,096	-	375	121,725
Inter-segment revenue	8,358	(257,211)	248,853	-	-	-
Total Segment revenue	194,362	364,250	344,307	4,579	12,822	920,320
Direct cost	(30,045)	(18,349)	(120,627)	(2,354)	(7,482)	(178,857)
Net impairment charges	(58,500)	-	(51,354)	(1)	-	(109,855)
Allocated cost	(120,902)	(60,451)	(120,901)	-	-	(302,254)
Segment profit	(15,085)	285,450	51,425	2,224	5,340	329,354
Reportable segment assets (loans and advances)	1,549,888	430,869	468,546	-	54,686	2,503,989
Reportable segment liabilities (deposits)	1,975,010	64,699	2,927,228	-	255,703	5,222,640

The Group operates in two geographic markets: Ghana (Fidelity Bank Ghana Limited & Fidelity Securities Limited) and Malaysia (Fidelity Asia Bank Limited). The following tables show the distribution of operating profit and non-current assets allocated based on the location of the customers and assets respectively for the years ended 31 December 2020 and 2019:

2020	Ghana	Malaysia	Total
Interest income	1,248,483	18,908	1,267,391
Interest expense	(444,887)	(7,124)	(452,011)
Net interest income	803,596	11,784	815,380
Non-interest income	181,042	343	181,385
Operating income	984,638	12,127	996,765
Operating expenses	(501,062)	(7,437)	(508,499)
Net impairment charge on financial assets	(98,454)	-	(98,454)
Operating profit	385,121	4,690	389,812

7. SEGMENT INFORMATION (continued)

2019

	Ghana	Malaysia	Total
Interest income	1,033,012	19,134	1,052,146
Interest expense	(390,354)	(6,772)	(397,126)
Net interest income	642,658	12,362	655,020
Non-interest income	264,840	460	265,300
Operating income	907,498	12,822	920,320
Operating expenses	(473,629)	(7,482)	(481,111)
Net impairment charge on financial assets	(109,855)	-	(109,855)
Operating profit	324,014	5,340	329,354

8. INTEREST INCOME

	Group		Bank	
Interest income calculated using the effective interest method	2020	2019	2020	2019
Cash and short term funds	21,010	37,238	22,683	39,177
Debt instruments at amortised cost	315,142	187,299	313,188	185,757
Debt instruments at FVOCI	527,195	448,839	527,195	448,839
Other financial assets measured at FVPL	74,855	91,656	74,855	91,656
Loans and advances	329,189	287,114	324,063	282,323
	1,267,391	1,052,146	1,261,984	1,047,752

9. INTEREST EXPENSE

Interest expense calculated using the effective interest method

Savings accounts	90,368	68,176	90,368	68,176
Time and other deposits	60,579	87,027	55,128	82,194
Overnight and call accounts	26,243	40,802	40,025	55,144
Current accounts	28,032	24,182	28,032	24,182
Borrowings	246,789	176,939	246,789	176,939
	452,011	397,126	460,342	406,635

(All amounts are in thousands of Ghana cedis)

	Group		Bank	
10. FEE AND COMMISSION INCOME	**2020**	2019	**2020**	2019
Fee income earned from services that are provided over time:				
Guarantee fees	3,517	2,907	3,517	2,907
Fee income from providing financial services at a point in time:				
Trade finance fees	7,379	7,856	7,379	7,856
Credit related fees and commissions	36,369	37,346	36,369	37,346
Cash management & service charges	103,154	93,651	103,162	93,655
Other fees and commissions	25,097	23,749	20,754	20,612
	175,516	165,509	171,181	162,376
11. FEE AND COMMISSION EXPENSE				
Direct charges for services	32,522	21,934	32,504	21,919
12. OTHER OPERATING INCOME				
Foreign exchange:				
Transaction gains less losses	85,269	110,032	85,049	109,676
Translation gains less losses	(48,913)	4,540	(48,913)	4,540
Sundry income	2,035	7,153	2,007	7,134
	38,391	121,725	38,143	121,350
13. OPERATING EXPENSES				
(a) Personnel expenses comprise:				
Wages and salaries	99,633	98,078	94,422	93,531
Social security fund contribution	11,726	11,241	11,726	11,241
Provident fund contribution	6,237	6,050	6,237	6,050
Other employee cost	115,867	94,389	115,867	94,389
	233,463	209,758	228,252	205,211

Other employee cost comprises of allowances, staff medicals, expenses on the fair valuation of employee loans and other employee related costs.

The number of persons employed by the Group and the Bank at the end of the year was **1,151** (2019: 1,141) and **1,142** (2019: 1,134) respectively.

13. OPERATING EXPENSES (continued)

(b) Depreciation and amortisation expenses comprise:	Group 2020	Group 2019	Bank 2020	Bank 2019
Depreciation (Note 22)	37,989	32,163	37,905	32,058
Amortisation (Note 23)	11,610	8,236	11,366	7,736
	49,599	40,399	49,271	39,794

(c) Other expenses comprise:	Group 2020	Group 2019	Bank 2020	Bank 2019
Advertising and marketing	17,638	14,918	17,239	14,522
Audit fees	657	472	546	413
Directors' expenses	1,944	2,331	1,802	2,191
Utilities	15,221	14,473	14,782	14,085
Repairs and maintenance	5,370	3,639	2,723	1,331
Stationery and print expenses	4,338	5,256	4,329	5,245
Outsourced services	33,735	29,716	33,735	29,716
Other operating expenses	133,508	145,180	132,933	144,041
Legal and consultancy fees	9,090	11,957	8,889	11,725
Training	2,922	2,848	2,915	2,840
Donations and sponsorship	1,014	164	1,013	164
	225,437	230,954	220,906	226,273

• Other operating expenses cover insurance, software maintenance, fuel, occupancy etc.

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

(a) Gross allowance for expected credit losses	Group 2020	Group 2019	Bank 2020	Bank 2019
Allowance for expected credit losses on loans and advances	107,559	139,279	107,559	139,279
Allowance for expected credit losses on other financial assets	10,145	6,678	10,144	6,677
Allowance for expected credit losses on other assets	-	2,466	-	2,466
	117,704	148,423	117,703	148,422

(All amounts are in thousands of Ghana cedis)

14. ALLOWANCE FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS (continued)

	Group		Bank	
(b) Breakdown of allowance for expected credit losses	2020	2019	2020	2019
Allowance for expected credit losses losses on loans and advances				
Loans and advances to customers (Note 14c)	107,559	139,279	107,559	139,279
Recoveries	(19,250)	(38,568)	(19,250)	(38,568)
	88,309	100,711	88,309	100,711
Allowance for expected credit losses on other financial assets				
Cash and cash equivalents (Note 17)	(104)	(121)	(104)	(121)
Investment Securities (Note18)	233	(665)	232	(666)
Financial guarantees and undrawn commitments (Note 28)	11,727	3,064	11,727	3,064
Letters of credit (Note 28)	(1,711)	4,400	(1,711)	4,400
	10,145	6,678	10,144	6,677
Net allowance for expected credit losses on financial assets	98,454	107,389	98,453	107,388
Allowance for expected credit losses on other assets (Note 24)	-	2,466	-	2,466
Net allowance for expected credit losses	98,454	109,855	98,453	109,854

Further details on each financial asset and the allowance for expected credit losses can be found in the related notes.

	Group		Bank	
(c) Movement in allowance for expected credit losses on loans and advances is as follows:	2020	2019	2020	2019
At 1 January	56,736	196,474	56,736	196,474
Increase in allowance for expected credit losses	107,559	139,279	107,559	139,279
Amounts written off as uncollectible	(104,821)	(279,017)	(104,821)	(279,017)
At year end	59,474	56,736	59,474	56,736

15. INCOME TAX EXPENSE

	Group		Bank	
	2020	2019	2020	2019
Current income tax	99,705	65,490	98,752	64,742
Prior period tax	1,981	-	1,981	-
Deferred tax (Note 16)	9,754	(20,002)	9,671	(19,967)
Income tax expense	111,440	45,488	110,404	44,775
National fiscal stabilisation levy	19,256	16,209	19,079	16,090
	130,696	61,697	129,483	60,865

Prior period tax relates to additional income taxes paid with respect to 2018 and 2019.

The tax on the Group and Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before tax	389,812	329,353	381,580	321,791
Corporate tax rate at 25% (2019: 25%)				
Tax calculated at corporate tax rate	97,453	82,338	95,395	80,448
Effect of different tax rates in other countries	(1,032)	(1,175)	-	-
Non deductible expenses	809	810	799	810
Origination and reversal of temporary differences	12,229	(36,485)	12,229	(36,483)
Prior period taxes	1,981	-	1,981	-
National fiscal stabilisation levy at 5% (2019: 5%)	19,256	16,209	19,079	16,090
Income tax expense	130,696	61,697	129,483	60,865

(All amounts are in thousands of Ghana cedis)

15. INCOME TAX EXPENSE (continued)

Current tax (asset)/liability

The movement on current income tax for 2020 is as follows:

Group	At 1 January	Paid during the year	Charge	At 31 December
Year of assessment				
Current income tax				
Up to 2019	3,237	-	-	3,237
2020	-	(111,573)	101,686	(9,887)
	3,237	(111,573)	101,686	(6,650)
National fiscal stabilisation levy				
Up to 2019	(2,967)	-	-	(2,967)
2020	-	(19,235)	19,256	21
	(2,967)	(19,235)	19,256	(2,946)
Total current tax asset				(9,596)
Bank				
Year of assessment				
Current income tax				
Up to 2019	3,049	-	-	3,049
2020	-	(110,610)	100,733	(9,877)
	3,049	(110,610)	100,733	(6,828)
National fiscal stabilisation levy				
Up to 2019	(3,012)	-	-	(3,012)
2020	-	(19,071)	19,079	8
	(3,012)	(19,071)	19,079	(3,004)
Total current tax asset				(9,832)

The National Fiscal Stabilisation Levy Act, 2013, (Act 785), became effective from 15 July 2013. Under the Act, a 5% levy is charged on profit before tax and is payable on a quarterly basis.

15. INCOME TAX EXPENSE (CONTINUED)

Current tax (asset)/ liability

The movement on current income tax for 2019 is as follows:

Group	At 1 January	Paid during the year	Charge	At 31 December
Year of assessment				
Current income tax				
Up to 2018	(15,402)	-	-	(15,402)
2019	-	(46,851)	65,490	18,639
	(15,402)	(46,851)	65,490	3,237
National fiscal stabilisation levy				
Up to 2018	(6,290)	-	-	(6,290)
2019	-	(12,886)	16,209	3,323
	(6,290)	(12,886)	16,209	(2,967)
Total current tax asset				270
Bank				
Year of assessment				
Current income tax				
Up to 2018	(15,423)	-	-	(15,423)
2019	-	(46,270)	64,742	18,472
	(15,423)	(46,270)	64,742	3,049
National fiscal stabilisation levy				
Up to 2018	(6,321)	-	-	(6,321)
2019	-	(12,781)	16,090	3,309
	(6,321)	(12,781)	16,090	(3,012)
Total current tax asset				37

The National Fiscal Stabilisation Levy Act, 2013, (Act 785), became effective from 15 July 2013. Under the Act, a 5% levy is charged on profit before tax and is payable on a quarterly basis.

(All amounts are in thousands of Ghana cedis)

16. DEFERRED TAX

Deferred tax (assets)/liabilities are attributable to the following:

Group	2020 Assets	2020 Liabilities	2020 Net	2019 Assets	2019 Liabilities	2019 Net
Property and equipment	(2)	6,408	6,406	(82)	4,594	4,512
Impairment allowances for loan losses	(12,057)	-	(12,057)	(17,349)	-	(17,349)
Other Provisions	(4,370)	-	(4,370)	(1,868)	-	(1,868)
Lease liability and ROU asset	-	2,981	2,981	-	-	-
Gains/Losses in fair value changes or FVTPL	-	2,088	2,088	-	-	-
Gains/Losses on FVOCI instruments	-	6,380	6,380	-	830	830
Net tax (assets)/liabilities	(16,429)	17,857	1,428	(19,299)	5,424	(13,875)

Bank	2020 Assets	2020 Liabilities	2020 Net	2019 Assets	2019 Liabilities	2019 Net
Property and equipment	-	6,408	6,408	-	4,594	4,594
Impairment allowances for loan losses	(12,057)	-	(12,057)	(17,349)	-	(17,349)
Other Provisions	(4,370)	-	(4,370)	(1,866)	-	(1,866)
Lease liability and ROU asset	-	2,981	2,981	-	-	-
Gains/Losses in fair value changes or FVTPL	-	2,088	2,088	-	-	-
Gains/Losses on FVOCI instruments	-	6,380	6,380	-	830	830
Net tax (assets)/liabilities	(16,427)	17,857	1,430	(19,215)	5,424	(13,791)

Deferred tax is calculated using the enacted income tax rate of **25%** (2019: 25%). Deferred tax charges in the statement of comprehensive income are attributable to the following items:

Group

2020	At 1 January	Movement	At 31 December
Property and equipment	4,512	1,894	6,406
Impairment allowance for loan losses	(17,349)	5,292	(12,057)
Other provisions	(1,868)	(2,502)	(4,370)
Lease liability and ROU asset	-	2,981	2,981
Gains/Losses in fair value changes or FVTPL	-	2,088	2,088
Deferred tax expense through comprehensive income	(14,705)	9,754	(4,952)
Deferred tax expense through equity (gains on FVOCI instruments)	830	5,550	6,380
Total	(13,875)	15,303	1,428

16. DEFERRED TAX (continued)

Bank

2020	At 1 January	Movement	At 31 December
Property and equipment	4,594	1,814	**6,408**
Impairment allowance for loan losses	(17,349)	5,292	**(12,057)**
Other provisions	(1,866)	(2,504)	**(4,370)**
Lease liability and ROU asset	-	2,981	**2,981**
Gains/Losses in fair value changes or FVTPL	-	2,088	**2,088**
Deferred tax expense through comprehensive income	(14,621)	9,671	**(4,950)**
Deferred tax expense through equity (gains on FVOCI instruments)	830	5,550	**6,380**
Total	(13,791)	15,221	1,430

Group

2019	At 1 January	Movement	At 31 December
Property and equipment	5,299	(787)	4,512
Impairment allowance for loan losses	-	(17,349)	(17,349)
Other provisions	(2)	(1,866)	(1,868)
Deferred tax expense through comprehensive income	5,297	(20,002)	(14,705)
Deferred tax expense through equity (gains on FVOCI instruments)	2,022	(1,192)	830
Total	7,319	(21,194)	(13,875)

Bank

2019	At 1 January	Movement	At 31 December
Property and equipment	5,346	(752)	4,594
Impairment allowance for loan losses	-	(17,349)	(17,349)
Other provisions	-	(1,866)	(1,866)
Deferred tax expense through comprehensive income	5,346	(19,967)	(14,621)
Deferred tax expense through equity (gains on FVOCI instruments)	2,022	(1,192)	830
Total	7,368	(21,159)	(13,791)

(All amounts are in thousands of Ghana cedis)

17a. CASH AND CASH EQUIVALENTS

	Group		Bank	
	2020	2019	2020	2019
Cash and balances with banks	403,430	427,497	402,465	454,676
Balances with the Central Bank	910,879	390,573	910,879	390,573
Money market placements	100,074	2,471,303	125,995	2,471,303
Allowance for expected credit losses on placements	(16)	(120)	(16)	(120)
Total	1,414,367	3,289,253	1,439,323	3,316,432

17b. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Bank	
	2020	2019	2020	2019
Fair valuation on foreign exchange currency swap	8,352	2,294	8,352	2,294

Derivative financial instruments

The table below shows the fair value of derivative financial instruments recorded as asset or liabilities together with their notional amounts. The notional amounts, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of the derivates are measured.

Group	2020	2020	2019	2019
	Fair value of derivatives instrument	Notional Amount	Fair value of derivatives instrument	Notional Amount
Fair valuation on foreign exchange currency swap	8,352	1,985,269	2,294	2,095,055

Bank	2020	2020	2019	2019
	Fair value of derivatives instrument	Notional Amount	Fair value of derivatives instrument	Notional Amount
Fair valuation on foreign exchange currency swap	8,352	1,985,269	2,294	2,095,055

18. INVESTMENT SECURITIES

	Group		Bank	
	2020	2019	2020	2019
Maturing within 91 days of acquisition	180,009	3	180,009	3
Maturing after 91 days but within 182 days of acquisition	16,593	154,554	14,426	154,554
Maturing after 182 days of acquistion but within 1 year of acquisition	7,644	658,549	7,292	648,743
Maturing after 1 year of acquisition	4,741,685	3,492,211	4,732,201	3,492,153
Gross Total	4,945,931	4,305,317	4,933,928	4,295,453
Allowance for expected credit losses on investment securities	(4,040)	(3,807)	(4,030)	(3,798)
At 31 December	4,941,891	4,301,510	4,929,898	4,291,655
Classification of investment securities				
Debt instruments at FVOCI	3,625,512	2,361,115	3,625,512	2,361,115
Debt instruments at FVPL	123,379	234,549	123,379	234,549
Fair value gain	27,293	3,955	26,281	3,955
	3,776,184	2,599,619	3,775,172	2,599,619
Amortised cost	1,169,748	1,705,698	1,158,756	1,695,834
Allowance for expected credit losses on investment securities	(4,041)	(3,807)	(4,030)	(3,798)
Total	4,941,891	4,301,510	4,929,898	4,291,655

Debt instruments comprise various bills and bonds issued by the Government of Ghana and the Bank of Ghana.

19. INVESTMENTS (OTHER THAN SECURITIES)

	Group		Bank	
	2020	2019	2020	2019
Fidelity Securities Limited	-	-	101	101
Fidelity Asia Bank Limited	-	-	12,370	12,370
Total	-	-	12,471	12,471

The Bank holds a 100% equity stake in both Fidelity Asia Bank and Fidelity Securities Limited.

(All amounts are in thousands of Ghana cedis)

20. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis by product type:

	Group		Bank	
	2020	2019	2020	2019
Term loans	2,035,397	2,186,979	1,983,555	2,137,176
Overdrafts	409,926	323,162	409,926	323,162
Staff	58,419	50,584	58,419	50,584
Gross loans and advances to customers	2,503,742	2,560,725	2,451,900	2,510,922
Allowance for expected credit losses (Note 14c)	(59,474)	(56,736)	(59,474)	(56,736)
Net loans and advances to customers	2,444,268	2,503,989	2,392,426	2,454,186
Current	979,446	1,217,865	927,604	1,168,062
Non-current	1,464,822	1,286,124	1,464,822	1,286,124
	2,444,268	2,503,989	2,392,426	2,454,186

(b) Analysis by type of customer:

	Group 2020	Group 2019	Bank 2020	Bank 2019
Individuals	432,465	272,252	432,465	272,252
Private enterprises	1,463,013	1,858,104	1,411,171	1,808,301
State enterprise and public institutions	549,845	379,785	549,845	379,785
Staff	58,419	50,584	58,419	50,584
	2,503,742	2,560,725	2,451,900	2,510,922
Allowance for expected credit losses (Note 14)	(59,474)	(56,736)	(59,474)	(56,736)
Net loans and advances to customers	2,444,268	2,503,989	2,392,426	2,454,186

(c) Analysis by industry:

	Group 2020	Group 2019	Bank 2020	Bank 2019
Agriculture, forestry & fishing	115,544	201,480	115,544	201,480
Commerce & finance	383,073	384,613	383,073	384,613
Electricity, gas & water, construction	891,539	1,151,337	839,697	1,101,534
Manufacturing	78,753	59,727	78,753	59,727
Mining & quarrying	25,704	86,228	25,704	86,228
Services	812,350	605,102	812,350	605,102
Transport, storage & communication	196,779	72,238	196,779	72,238
Gross loans and advances	2,503,742	2,560,725	2,451,900	2,510,922
Impairment Allowance	(59,474)	(56,736)	(59,474)	(56,736)
Net loans and advances	2,444,268	2,503,989	2,392,426	2,454,186

20. LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Key ratios on loans and advances	Group		Bank	
	2020	2019	2020	2019
Loan loss provision ratio	2.38%	2.22%	2.43%	2.26%
50 largest exposures to total exposures	71.57%	66.00%	73.08%	67.00%

21. OTHER ASSETS

	Group		Bank	
	2020	2019	2020	2019
Prepayments	69,014	58,716	69,014	58,716
Sundry assets	169,344	124,543	168,747	115,335
Net other assets	238,358	183,259	237,761	174,051

Sundry assets includes balances on MTO settlement platforms, online vendor accounts, other payment platform balances and other account receivables. Prepayments are considered non financial assets.

(All amounts are in thousands of Ghana cedis)

22. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS

Group - 2020	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Building	Land	Capital work-in-progress	Total
Cost										
Balance at 1 January 2020	13,253	39,173	34,223	9,888	79,098	69,143	2,127	12,454	1,862	261,221
Additions	3,881	3,828	9,179	1,599	456	16,599	-	-	8,823	44,365
Transfers	-	-	1,018	1,064	3,227	-	-	-	(5,309)	-
Disposal	(2,613)	-	-	-	-	-	-	-	-	(2,613)
Balance at 31 December 2020	14,521	43,001	44,420	12,551	82,781	85,742	2,127	12,454	5,376	302,973
Depreciation										
Balance at 1 January 2020	8,802	27,909	22,832	6,981	16,945	13,593	16	-	-	97,078
Charge for the year	3,097	5,474	6,296	1,422	4,453	17,247	-	-	-	37,989
Disposal	(2,465)	-	-	-	-	-	-	-	-	(2,465)
Balance at 31 December 2020	9,434	33,383	29,128	8,403	21,398	30,840	16	-	-	132,602
Net Book Value	5,087	9,618	15,292	4,148	61,383	54,902	2,111	12,454	5,376	170,371

Right of use assets relate to branches and locations leased by the bank.

Bank - 2020	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Land	Capital work-in-progress	Total
Cost									
Balance at 1 January 2020	13,004	38,740	34,028	9,866	78,857	69,143	14,565	1,883	260,086
Additions	3,881	3,791	9,175	1,599	456	16,599	-	8,816	44,317
Transfers	-	-	1,018	1,064	3,227	-	-	(5,309)	-
Disposal	(2,613)	-	-	-	-	-	-	-	(2,613)
Balance at 31 December 2020	14,272	42,531	44,221	12,529	82,540	85,742	14,565	5,390	301,790
Depreciation									
Balance at 1 January 2020	8,612	27,670	22,649	6,973	16,703	13,593	-	-	96,200
Charge for the year	3,097	5,403	6,288	1,417	4,453	17,247	-	-	37,905
Disposal	(2,465)	-	-	-	-	-	-	-	(2,465)
Balance at 31 December 2020	9,244	33,073	28,937	8,390	21,156	30,840	-	-	131,640
Net Book Value	5,028	9,458	15,284	4,139	61,384	54,902	14,565	5,390	170,150

Right of use assets relate to branches and locations leased by the bank.

22. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Group - 2019	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Building	Land	Capital work-in-progress	Total
Cost										
Balance at 1 January 2019	14,359	34,435	31,010	8,312	73,716	-	2,127	12,454	250	176,663
Recognition of Right-of- Use Asset on initial application of IFRS 16:	-	-	-	-	-	65,985	-	-	-	65,985
Restated balance at 1 January 2019	14,359	34,435	31,010	8,312	73,716	65,985	2,127	12,454	250	242,648
Additions	95	4,738	3,213	1,576	5,112	3,158	-	-	1,882	19,774
Transfers	-	-	-	-	270	-	-	-	(270)	-
Disposal	(1,201)	-	-	-	-	-	-	-	-	(1,201)
Balance at 31 December 2019	13,253	39,173	34,223	9,888	79,098	69,143	2,127	12,454	1,862	261,221
Depreciation										
Balance at 1 January 2019	7,334	22,753	17,400	5,994	12,618	-	16	-	-	66,115
Charge for the year	2,668	5,156	5,432	987	4,327	13,593	-	-	-	32,163
Disposal	(1,201)	-	-	-	-	-	-	-	-	(1,201)
Balance at 31 December 2019	8,802	27,909	22,832	6,981	16,945	13,593	16	-	-	97,078
Net Book Value	4,451	11,264	11,391	2,907	62,153	55,550	2,111	12,454	1,862	164,143

Right of use assets relate to branches and locations leased by the bank.

(All amounts are in thousands of Ghana cedis)

22. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS (continued)

Bank - 2019	Motor vehicles	Computers-Hardware	Equipment	Furniture and fittings	Leasehold improvement	Right-of-use assets	Land	Capital work-in-progress	Total
Cost									
Balance at 1 January 2019	14,110	34,013	30,823	8,290	73,475	-	14,565	271	175,547
Recognition of Right-of- Use Asset on initial application of IFRS 16:	-	-	-	-	-	65,985	-	-	65,985
Restated balance at 1 January 2019	14,110	34,013	30,823	8,290	73,475	65,985	14,565	271	241,532
Additions	95	4,727	3,205	1,576	5,112	3,158	-	1,882	19,755
Transfers	-	-	-	-	270	-	-	(270)	-
Disposal	(1,201)	-	-	-	-	-	-	-	(1,201)
Balance at 31 December 2019	13,004	38,740	34,028	9,866	78,857	69,143	14,565	1,883	260,086
Depreciation									
Balance at 1 January 2019	7,145	22,579	17,223	5,992	12,404	-	-	-	65,343
Charge for the year	2,668	5,091	5,426	981	4,299	13,593	-	-	32,058
Disposal	(1,201)	-	-	-	-	-	-	-	(1,201)
Balance at 31 December 2019	8,612	27,670	22,649	6,973	16,703	13,593	-	-	96,200
Net Book Value	4,392	11,070	11,379	2,893	62,154	55,550	14,565	1,883	163,886

Right of use assets relate to branches and locations leased by the bank.

23. INTANGIBLE ASSETS

2020	Computer software	Capital work-in-progress	Total
Group			
Cost			
Balance at 1 January 2020	65,093	4,412	69,505
Additions	3,841	9,164	13,005
Transfers	9,851	(9,851)	-
Balance at 31 December 2020	78,785	3,725	82,510
Amortisation			
Balance at 1 January 2020	35,801	-	35,801
Charge for the year	11,610	-	11,610
Balance at 31 December 2020	47,411	-	47,411
Net Book Value	31,374	3,725	35,099

	Computer software	Capital work-in-progress	Total
Bank			
Cost			
Balance at 1 January 2020	61,935	4,411	66,346
Additions	3,841	8,905	12,746
Transfers	9,851	(9,851)	-
Balance at 31 December 2020	75,627	3,465	79,092
Amortisation			
Balance at 1 January 2020	33,040	-	33,040
Charge for the year	11,366	-	11,366
Balance at 31 December 2020	44,406	-	44,406
Net Book Value	31,221	3,465	34,686

(All amounts are in thousands of Ghana cedis)

23. INTANGIBLE ASSETS (continued)

2019	Computer software	Capital work-in-progress	Total
Group			
Cost			
Balance at 1 January 2019	52,157	-	52,157
Additions	12,936	4,412	17,348
Balance at 31 December 2019	65,093	4,412	69,505
Amortisation			
Balance at 1 January 2019	27,565	-	27,565
Charge for the year	8,236	-	8,236
Balance at 31 December 2019	35,801	-	35,801
Net Book Value	29,292	4,412	33,704

	Computer software	Capital work-in-progress	Total
Bank			
Cost			
Balance at 1 January 2019	49,070	-	49,070
Additions	12,865	4,411	17,276
Balance at 31 December 2019	61,935	4,411	66,346
Amortisation			
Balance at 1 January 2019	25,304	-	25,304
Charge for the year	7,736	-	7,736
Balance at 31 December 2019	33,040	-	33,040
Net Book Value	28,895	4,411	33,306

24. NON-CURRENT ASSETS HELD FOR SALE

This relates to an asset repossessed from a loan defaulting customer which has been classified as held for sale in the Group's financial statement for the year ended 31 December 2020. There are several interested parties and the sale is expected to be completed before the end of June 2021. The proceeds of disposal are expected to be lower than the gross carrying amount of the asset and accordingly an impairment loss has been recognised being the expected shortfall.

	Collaterals repossessed	
	2020	2019
Land and buildings	31,625	31,625
Less: allowance for impairment	(15,675)	(15,675)
Total non-current assets classified as held for sale	15,950	15,950

25. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2020	2019	2020	2019
Current accounts	3,145,610	2,583,811	3,063,165	2,403,711
Call accounts	786,838	609,590	786,838	609,590
Savings accounts	1,675,905	1,120,960	1,675,905	1,120,960
Time deposits	806,408	795,928	639,325	720,896
Total	6,414,761	5,110,289	6,165,233	4,855,157
Current	1,822,751	1,469,968	1,573,223	1,214,836
Non -current	4,592,010	3,640,321	4,592,010	3,640,321
Total	6,414,761	5,110,289	6,165,233	4,855,157
20 largest depositors to total deposit ratio	28.42%	35.49%	28.44%	35.53%

26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2020	2019	2020	2019
Other deposits	102,254	112,351	346,689	361,626

(All amounts are in thousands of Ghana cedis)

27. BORROWINGS (GROUP AND BANK)

(a) Borrowings

At the end of the year, the Bank had short term and long term obligations as detailed below:

	Group		Bank	
	2020	2019	2020	2019
Short term borrowings	1,126,519	3,620,338	1,126,519	3,620,338
Long term borrowings	323,431	526,073	323,431	526,073
	1,449,950	4,146,411	1,449,950	4,146,411

(b) Long term borrowings

The movement in long term borrowings during the year is as follows:

2020	At 1 January	Interest	Repayments	Exchange differences	At 31 December
PROPARCO	34,051	1,812	(10,566)	1,244	26,541
DEG, FMO and SWEDFUND (TIER II CAPITAL)	232,019	11,386	(113,583)	4,942	134,764
KfW	197	-	(197)	-	-
DEV.BANK OF AUSTRIA	27,825	1,305	(15,571)	899	14,458
FMO	149,851	7,903	(84,880)	5,072	77,946
EUROPEAN INVESTMENT BANK	82,130	3,035	(18,372)	2,929	69,722
Total	526,073	25,441	(243,169)	15,086	323,431
Current					223,126
Non -current					100,305
Total					323,431

27. BORROWINGS (GROUP AND BANK) (continued)

The movement in long term borrowings during the year is as follows:

2019	At 1 January	Interest	Repayments	Exchange differences	At 31 December
PROPARCO	37,100	2,685	(11,039)	5,305	34,051
DEG, FMO and SWEDFUND (TIER II CAPITAL)	297,560	23,880	(128,535)	39,114	232,019
KfW	14,843	1,144	(15,790)	-	197
DEV.BANK OF AUSTRIA	36,379	2,428	(15,998)	5,016	27,825
FMO	195,832	14,207	(87,741)	27,553	149,851
EUROPEAN INVESTMENT BANK	78,149	4,297	(11,169)	10,853	82,130
Total	659,863	48,641	(270,272)	87,841	526,073
Current					162,396
Non -current					363,677
Total					526,073

(a) Societe de Promotion et de Participation Pour la Cooperation Economique (PROPARCO)

A loan of US$ 13 million was granted to the Bank on 5 December 2013 for the purposes of on-lending to its customers. The facility is for a period of ten (10) years at an interest rate of the sum of 6 months LIBOR USD rate, the basis swap rate on the determination date and the applicable margin of 4.475% p.a.

(b) DEG, FMO & Swedfund International Aktiebolag ("SWEDFUND")

On 1 August 2014, at the Bank's request, DEG, FMO and SWEDFUND INTERNATIONAL AKTIEBOLAG ("SWEDFUND"), provided a seven-year subordinated term loan facility of US$60 million for the purpose of increasing the Bank's Tier II Capital and supporting the growth strategy of the Bank.

On 15 March 2019, part payment of the principal was made, reducing the outstanding loan balance to US$50 million. Subsequently US$30 million of this amount was restructured into a senior credit facility. Repayment of the senior credit facility is made semi-annually with an interest rate pegged to the 6-month LIBOR USD rate plus a margin of 4.50%. The remainder of US$20 million will continue to run as Tier II Capital, the facility is unsecured and repayment of the Tier II facility is subordinated to other debt instruments. The interest rate on this loan is 6-month LIBOR plus a margin 7.25%

(c) KfW

On 21 August 2016, KfW extended a 4 year credit facility of 1,046,557 to the Bank to facilitate the purchase of POS terminals in line with the Bank's commitment to offer technology based solutions to drive the transaction banking business. The facility runned for 4 years at an interest rate of 6% and was fully paid off in 2020.

(All amounts are in thousands of Ghana cedis)

27. BORROWINGS (GROUP AND BANK) (continued)

(d) European Investment Bank

On 14 October 2016, a EUR 15 million loan agreement was signed between European Investment Bank and Fidelity Bank for the purpose of on-lending. Repayment is agreed to be on a half yearly basis at an interest rate of the sum of 6 months LIBOR USD rate plus an all-in-spread of 2.638% p.a. over a period of nine (9) years and is expected to be fully paid off in April, 2025.

(e) NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO)

NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V (FMO) together with the Belgian Investment Company for Developing Countries NV/SA lent to the bank under a syndicated loan agreement dated 20th December, 2016 a facility amounting to US$54 million. The facility is expected to last for a period of 5 years at an aggregate interest rate of the 6 months USD LIBOR plus 4.75% p.a. The purpose of the facility is for on-lending to the Bank's customers.

(f) Development Bank of Austria

On 30 December 2016, Fidelity Bank Ghana Ltd obtained a US$10 million loan facility from the Development Bank of Austria to be used purposely for on- lending to private small and medium sized companies. The facility was obtained at a rate of 6 months USD LIBOR and a margin of 4.25% p.a. The agreed tenure is for a period of 5 years and repayments are scheduled semi-annually.

28. OTHER LIABILITIES

	Group		Bank	
	2020	2019	2020	2019
Lease liabilities	42,977	37,801	42,977	37,801
Expected credit loss on off balance sheet items	17,480	7,464	17,480	7,464
Other creditors	214,302	190,003	226,666	192,478
	274,759	235,268	287,123	237,743

Other creditors includes accruals, balances on transit accounts and other sundry payables.

Set out below are the carrying amounts of lease liabilities and the movement during the period:

28. OTHER LIABILITIES (continued)

	Group and Bank	
	2020	2019
As at 1 January	37,801	48,285
Additions	11,079	-
Accretion of interest	3,572	3,734
Payments	(9,475)	(14,218)
As at 31 December	42,977	37,801

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. At 31 December 2020 the Group was committed to short term leases and the total commitment at that date was **Gh¢ 1.14 million** (2019: Gh¢ 1.67 million) . The expense related to short term lease was **Gh¢ 0.89 million** (2019: Gh¢ 0.61 million).

29. EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2020 was based on the profit attributable to ordinary shareholders of **Gh¢ 251.03 million** (2019: Gh¢260.93 million) and a weighted average number of ordinary shares outstanding of **25.25 million** (2019: 25.25 million), calculated as follows:

	Group		Bank	
	2020	2019	2020	2019
Profit attributable to ordinary shareholders				
Net profit for the year	259,116	267,657	252,097	260,927
Weighted average number of ordinary shares (000' of shares)				
Issued ordinary shares at 1 January	25,250	25,250	25,250	25,250
Effect of additional issue of shares	-	-	-	-
Weighted average number of ordinary shares at year end	25,250	25,250	25,250	25,250
Basic earnings per share (GH¢)	10.26	10.60	9.98	10.33
Diluted earnings per share (GH¢)	10.26	10.60	9.98	10.33

(All amounts are in thousands of Ghana cedis)

30. STATED CAPITAL

Group and Bank

Summary	**2020** GH¢	2019 GH¢
a. Ordinary shares		
At 1 January	230,551	230,551
Transferred from retained earnings	55,000	-
At year end	285,551	230,551
Preference shares		
At 1 January	173,935	173,935
Redemption	(36,646)	-
At year end	137,289	173,935
Total stated capital	422,840	404,486

The bank transferred an amount of Ghc 55 million from retained earnings to stated capital after obtaining approval from the Bank of Ghana in accordance with the Banks and Specialised Deposit- Taking Institutions Act, 2016 (Act 930).

b. Ordinary shares

Authorised		
Ordinary shares of no par value ('000)	1,000,000	1,000,000
Issued and fully paid ('000):		
At 1 January	25,250	25,250
Issued during the year	-	-
At 31 December	25,250	25,250

There is no unpaid liability on any ordinary shares and there are no calls or instalments unpaid. There are no treasury shares.

c. Preference shares

Authorised		
Preference shares ('000)	50,000	50,000
Issued and fully paid ('000):		
At 1 January	13,200	13,200
Redeemed during the year	(4,000)	-
At 31 December	9,200	13,200

31. DIVIDEND

Group and Bank

Ordinary shares
Dividend in respect of ordinary shares for the year ended 31 December 2019 of GH¢2.37 (2018: Gh¢ 1.28) per share amounting to GH¢59.71 million (2018: Gh¢32.25 million) was paid in the year ended 31 December 2020.

Preference shares
Dividend in respect of preference shares amounting to GH¢ 42.76 million (2019: Gh¢ 40.67 million) was paid in the year ended 31 December, 2020 in accordance with the underlying agreements.

32. STATUTORY RESERVE

This is a non-distributable reserve representing transfers from profit after tax in accordance with Section 34 of the Banks and Specialised Deposit -Taking Institutions Act, 2016 (Act 930). The movement is included in the statement of changes in equity.

33. OTHER RESERVES

Group

Year ended 31 December 2020	FVOCI reserve	Revaluation reserve	Translation reserve	Total
At 1 January 2020	4,513	-	14,322	18,835
Change in investment securities measured at FVOCI- gross	21,006	-	-	21,006
Change in investment securities measured at FVOCI- tax	(5,550)	-	-	(5,550)
Foreign currency translation differences of foreign subsidiary	-	-	1,317	1,317
Net change in investment securities measured at FVOCI	15,456	-	1,317	16,773
At 31 December 2020	19,969	-	15,639	35,608
Year ended 31 December, 2019				
At 1 January 2019	7,077	(176)	11,180	18,081
Change in investment securities measured at FVOCI- gross	(3,756)	-	-	(3,756)
Change in investment securities measured at FVOCI- tax	1,192	-	-	1,192
Foreign currency translation differences of foreign subsidiary	-	-	3,142	3,142
Transfer to retained earnings	-	176	-	176
Net change in investment securities measured at FVOCI	(2,564)	176	3,142	754
At 31 December 2019	4,513	-	14,322	18,835

(All amounts are in thousands of Ghana cedis)

33. OTHER RESERVES (continued)

Bank

Year ended 31 December 2020	FVOCI reserve	Revaluation reserve	Total
At 1 January 2020	4,513	-	4,513
Change in investment securities measured at FVOCI- gross	21,006	-	21,006
Change in investment securities measured at FVOCI- tax	(5,550)	-	(5,550)
Net change in investment securities measured at FVOCI	15,456	-	15,456
At 31 December 2020	19,969	-	19,969
Year ended 31 December 2019			
At 1 January 2019	7,077	(60)	7,017
Change in investment securities measured at FVOCI- gross	(3,756)	-	(3,756)
Change in investment securities measured at FVOCI- tax	1,192	-	1,192
Transfer to retained earnings	-	60	60
Net change in investment securities measured at FVOCI	(2,564)	60	(2,504)
At 31 December 2019	4,513	-	4,513

34. CREDIT RISK RESERVE

This is an accumulation of transfers from the retained earnings account to meet the minimum regulatory requirements in respect of allowance for credit losses for non-performing loans and advances. The movement is included in the statement of changes in equity.

The movement in the Bank's credit risk reserve is as follows:

	2020	2019
Balance as at 1 January	-	20,207
Movement from/(to) retained earnings	35,527	(20,207)
Balance as at year end	35,527	-

The table below compares the impairment allowances per IFRS 9 to that required by the Bank of Ghana guideline:

At year end	2020	2019
Bank of Ghana Provisioning	95,001	56,686
IFRS 9 allowance for expected credit losses	(59,474)	(56,736)
Excess of Bank of Ghana Provisioning over IFRS 9 allowance for expected credit losses	35,527	-

35. RETAINED EARNINGS

This represents the accumulated profits over the years after appropriations. The balance is available for distribution to shareholders.

36. RELATED PARTY DISCLOSURES

Transactions with related parties have been entered into in the normal course of business.

Transactions with subsidiaries

(i) Transactions between Fidelity Bank Ghana Limited and its subsidiaries meet the definition of related party transactions.

The following transactions were carried out with subsidiaries:

	2020	2019
Interest income	1,635	1,594
Interest expense	13,821	14,687
Fee and commission income	8	4
(ii) Year end balances resulting from transactions with subsidiaries		
Placements with subsidiaries	25,921	26,528
Deposits from subsidiaries	244,897	249,846
Amounts due from (to) subsidiaries	(32)	(1,725)

(All amounts are in thousands of Ghana cedis)

36. RELATED PARTY DISCLOSURES (continued)

(iii) Transactions with key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of Fidelity Bank Ghana Limited and comprise the Directors and officers of Fidelity Bank Ghana Limited.

Loan balances due from key management personnel are as follows:

	2020	2019
Executive directors	1,799	1,013
Non-executive directors	639	857
Total	2,438	1,870

The Bank or Group has entered into transactions with its directors as follows:

	2020	2019
As at 1 January	1,870	2,491
Interest charged	229	174
Loans disbursed	824	-
Pay-down	(485)	(795)
As at 31 December	2,438	1,870

Interest rates charged on balances outstanding on staff loans are based on agreed terms and conditions. Secured loans granted are secured over property of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year with key management and therefore no specific allowances have been made for impairment losses on balances with key management.

(iv) Non-executive directors' emoluments

Remuneration paid to non-executive directors in the form of fees, allowances and related expenses are disclosed in Note 13.

(v) Key management personnel remuneration

	2020	2019
Salaries and short-term employee benefits	9,104	6,898
Social security fund contribution	792	579
Provident fund contribution	609	445
	10,505	7,922

(vi) Connected lending

Included in loans and advances is **GH¢ 29.49 million** (2019: GH¢ 28.20 million) being advances to companies where a relationship exists by virtue of shareholding. The advances are entered into in the ordinary course of business. The related interest income in 2020 was **Gh¢ 6.34 million** (2019: Gh¢ 5.80 million).

(vii) Related party deposits

Included in deposits is **GH¢ 244.90 million** (2019: GH¢ 249.85 million) due to subsidiary companies. Interest paid on these deposits during the year amounted to **GH¢ 11.67 million** (2019: GH¢ 5.0 million).

37. CONTINGENCIES AND COMMITMENTS

(a) Guarantees and indemnities
The Bank had outstanding guarantees, indemnities and endorsements at the year end of **GH¢ 303.35 million** (2019: GH¢ 180.34 million).

(b) Documentary credit
The Bank had established documentary credits at the year end of **GH¢ 183.52 million** (2019: GH¢ 350.84 million).

(c) Commitments
The Bank had loan commitments amounting to **GH¢ 120.62 million** at the year end (2019: GH¢ 133.92 million).

(d) Liabilities on other obligations
The Bank had bid securities amounting to **GH¢ 8.60 million** at the year end (December 2019: GH¢ 11.20 million).

38. REGULATORY DISCLOSURES

(i) Non-performing loans ratio
Percentage of gross non-performing loans ("substandard to loss") to total credit/advances portfolio (gross) was **8.11 %** as the year end (2019: 1.78%). Non-performing loans amounted to GH¢ 200.36 million at year end.

(ii) Amount of loans written-off
The Bank wrote off a total amount of **GH¢ 113.9 million** during the year (2019: GH¢ 420.3 million) in principal and unpaid interest on loans and advances assessed and found to be uncollectible.

(iii) Breaches in statutory liquidity
The Bank complied with all requirements with respect to statutory liquidity during the year.

(iv) Capital Adequacy Ratio
The Bank's capital adequacy ratio (CRD) at end of 2020 was **21.43%** (2019: 20.54%).

(All amounts are in thousands of Ghana cedis)

38. REGULATORY DISCLOSURES (continued)

(v) Liquid Ratio

	2020	2019
As at 31 December	1.50	1.54
Average for the year	1.49	1.39
Maximum for the year	1.56	1.54
Minimum for the year	1.46	1.21

(vi) Conflicts of interest

The Bank has established appropriate conflicts authorisation procedures, where actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year under review, no such conflicts arose and no such authorisations were sought.

39. SUBSEQUENT EVENTS

There are no events after the reporting date that require disclosure in these financial statements.

Value Added Statement

Value Added Statement for the year ended

	Group		Bank	
	2020	2019	2020	2019
Interest earned and other operating Income	996,385	920,027	978,082	902,631
Direct cost of services	(225,013)	(224,967)	(220,154)	(219,681)
Value added by banking services	771,372	695,060	757,928	682,950
Non-banking income	380	294	380	294
Net impairment loss on financial assets	(98,454)	(109,855)	(98,453)	(109,854)
Value added	673,298	585,499	659,855	573,390
Distributed as follows :				
To Employees				
Directors	(1,802)	(2,191)	(1,802)	(2,191)
Executive Directors	(4,401)	(4,401)	(4,401)	(4,401)
Other employees	(229,062)	(209,758)	(223,851)	(205,211)
To Government				
Income tax	(130,696)	(61,697)	(129,483)	(60,865)
To expansion and growth				
Depreciation	(36,855)	(32,059)	(36,855)	(32,059)
Amortisation	(11,366)	(7,736)	(11,366)	(7,736)
To retained earnings	259,116	267,657	252,097	260,927

Shareholder Information

Top 20 Ordinary Shareholders as at 31 December 2020

	Name of shareholder	2020 Shareholding	
		No. of Shares	% Holding
1	Africa Capital LLC	9,553,187	37.83%
2	KTH Africa Investments	4,277,500	16.94%
3	Social Security & National Insurance Trust	2,400,000	9.50%
4	Amethis Finance Netherlands B. V.	2,138,750	8.47%
5	ERES Invest Coöperatief U. A.	2,138,750	8.47%
6	SIC Life Company Limited	1,065,818	4.22%
7	ENO International LLC	765,000	3.03%
8	Mr. Edward Effah	395,000	1.56%
9	Mr. Bernard Lind	287,500	1.14%
10	PAL Trustees Limited/Kwamina Duker	282,313	1.12%
11	Ambassador (Mrs.) Johanna Svanikier	258,970	1.03%
12	Lifeforms Limited	190,000	0.75%
13	Mr. Philip Addison	150,000	0.59%
14	Mr. Jonathan Adjetey	125,000	0.50%
15	GCB Bank Limited	125,000	0.50%
16	Mr. Alex Dodoo	82,424	0.33%
17	Prof. John & Prof. (Mrs.) Magaret Gyapong	60,000	0.24%
18	Fidelity Trust	55,000	0.22%
19	Dr. William Panford Bray	52,424	0.21%
20	Research Development Financial Consultants	50,000	0.20%
	Total	24,452,636	96.84%
	Others	797,364	3.16%
	Grand Total	25,250,000	100%

Shareholder Information

Analysis of shareholding as at 31 December 2020

Category	Number of Shareholders	Number of Shares	% Holding
1 - 50,000	34	847,364	3.36%
50,001 - 500,000	12	2,063,631	8.17%
500,001 - 1,000,000	1	765,000	3.03%
Over 1,000,000	6	21,574,005	85.44%
Total	53	25,250,000	100.00%

Directors who held shares at any time during the year

Director	Number of Shares	% Holding
Edward Effah	395,000	1.56%
Ambassador (Mrs.) Johanna Svanikier	258,970	1.03%
Total	653,970	2.59%

Preference Shareholder as at 31 December 2020

Shareholder	No. of Pref Shares	% Holding
SSNIT	4,200,000	45.65%
KTH Africa Investments	2,000,000	21.74%
SIC Life	1,000,000	10.87%
Amethis Finance Netherlands B.V.	1,000,000	10.87%
ERES Invest Cooperatief U.A.	1,000,000	10.87%
Total	9,200,000	100.00%

Detach Here

Proxy Form

Proxy Form for use at the Annual General Meeting to be held **Virtually on Friday 11th June 2021 at 11:00 am (GMT) via Microsoft Teams®**

I/We____of____

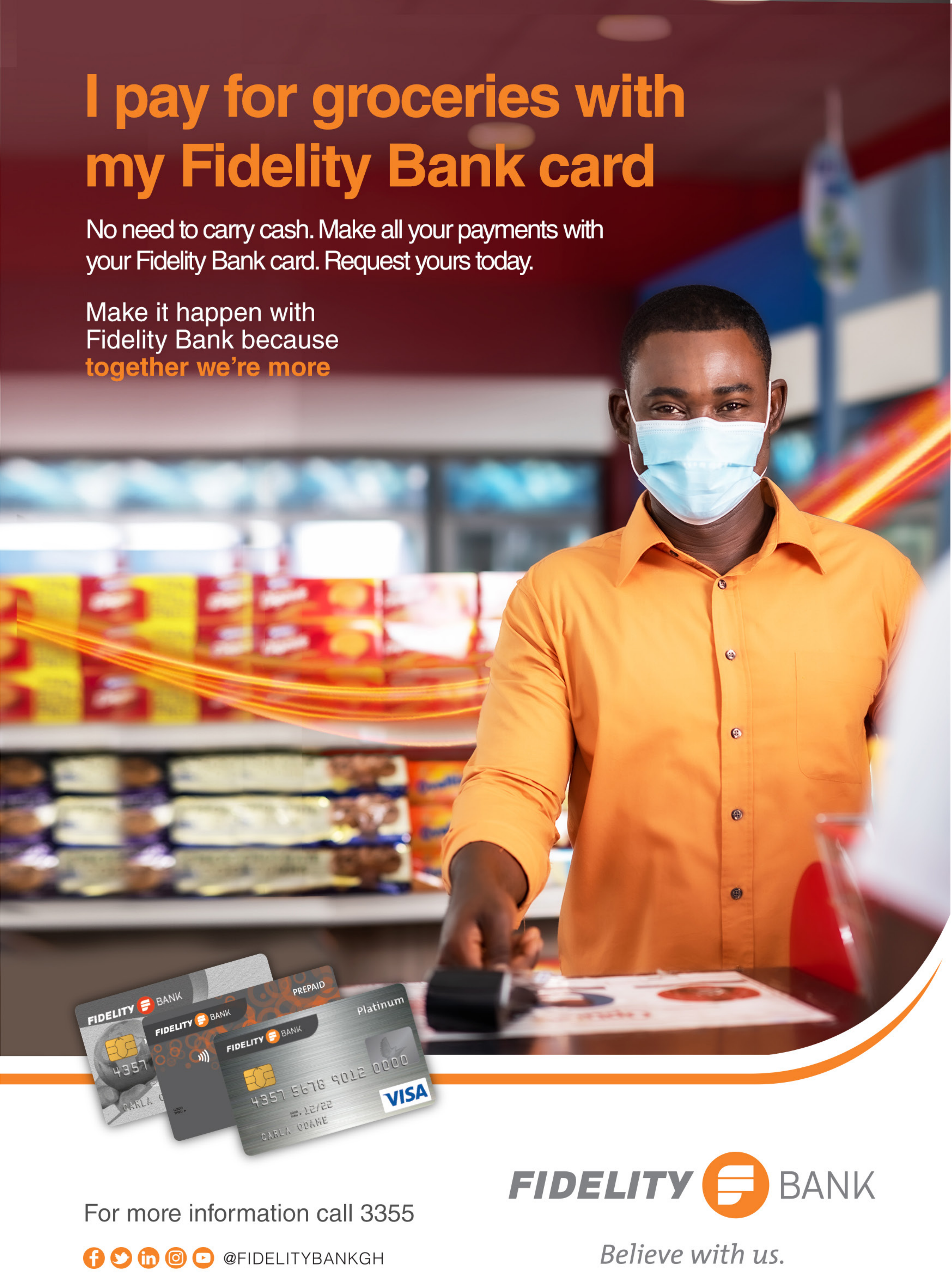
being a Member of the above-named Company hereby appoint____
or failing him the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Members to be held on 11th June 2021 and at any adjournment thereof. Please indicate with an "X" in the spaces below how you wish your votes to be cast.

	FOR	AGAINST
Ordinary Resolutions		
1. To receive and adopt the Reports of the Directors, Auditors and the Financial Statements for the year ended 31st December 2020;		
2. To declare a final dividend for the year ended 31st December 2020;		
3. To appoint Non-Executive Director, Skander Khalil Oueslati;		
4. To re-elect Mr. Emmanuel Barima Manu;		
5. To re-elect Mrs. Laureen Kouassi-Olsson;		
6. To authorise the Directors to fix the remuneration of the Auditors;		
Special Resolutions		
7. To authorize the Directors to take such steps as are required to sell, voluntarily liquidate, transfer, dissolve or otherwise dispose of all shares held by Fidelity Bank Ghana Limited in Mustard Capital Partners Limited at a nominal share price and to authorize the Directors to execute all legal documents as the directors may consider appropriate and to take such other actions as may be necessary or desirable to give effect to the sale, voluntary liquidation, transfer, dissolution or disposal of the shares.		
8. Pursuant to section 18(2)(a) of the Bank's Constitution and section 71(1) of the Banks and Specialised Deposit-Taking Institutions Act 2016, Act 930: **1.** To establish and incorporate a wholly owned subsidiary of Fidelity Bank Ghana Limited in Ghana whose purpose is to develop digital solutions for activities as are permissible under section 18 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) under such name as the Board of Directors of Fidelity Bank may approve; and **2.** To authorise the directors to take such steps as are required to incorporate the subsidiary and obtain such approvals from the regulator, the Bank of Ghana and such other authorisations and licenses required under the Laws of Ghana and to authorize the Directors to execute all legal documents as the directors may consider appropriate and to take such other actions as may be necessary or desirable.		

Dated this___________day of____________________2021

Shareholders Signature/Seal____

Notes: If executed by a Company the Proxy Form should bear its common seal or be signed on its behalf by a Director. Please download, sign and deliver Proxy Form via the **Shareholders' Portal** or send to **companysecretary@myfidelitybank.net** or by courier to the Company Secretary, Fidelity Bank Ghana Limited, 2nd Floor, Ridge Tower not later than 11.00am on 9th June, 2021.



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