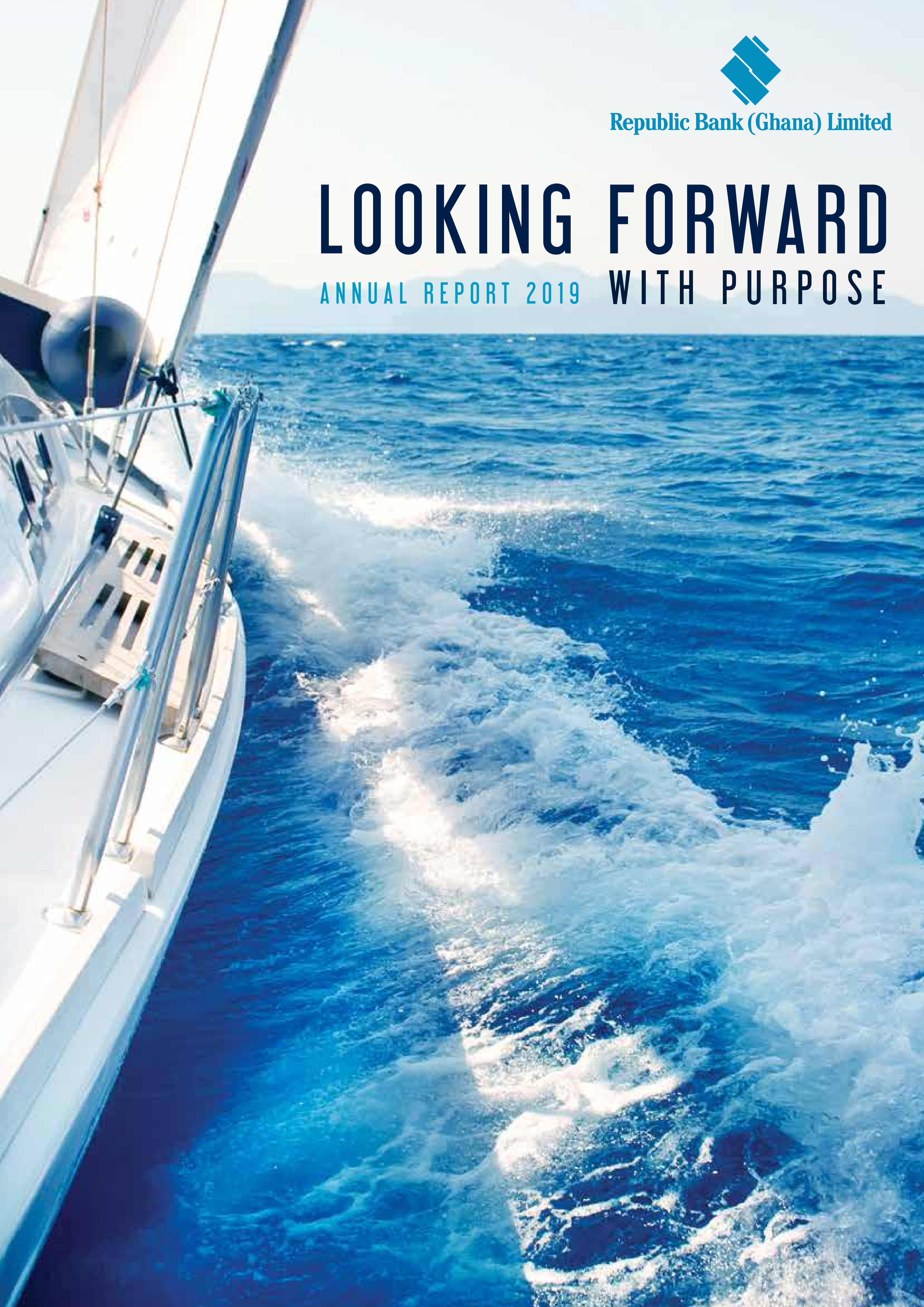
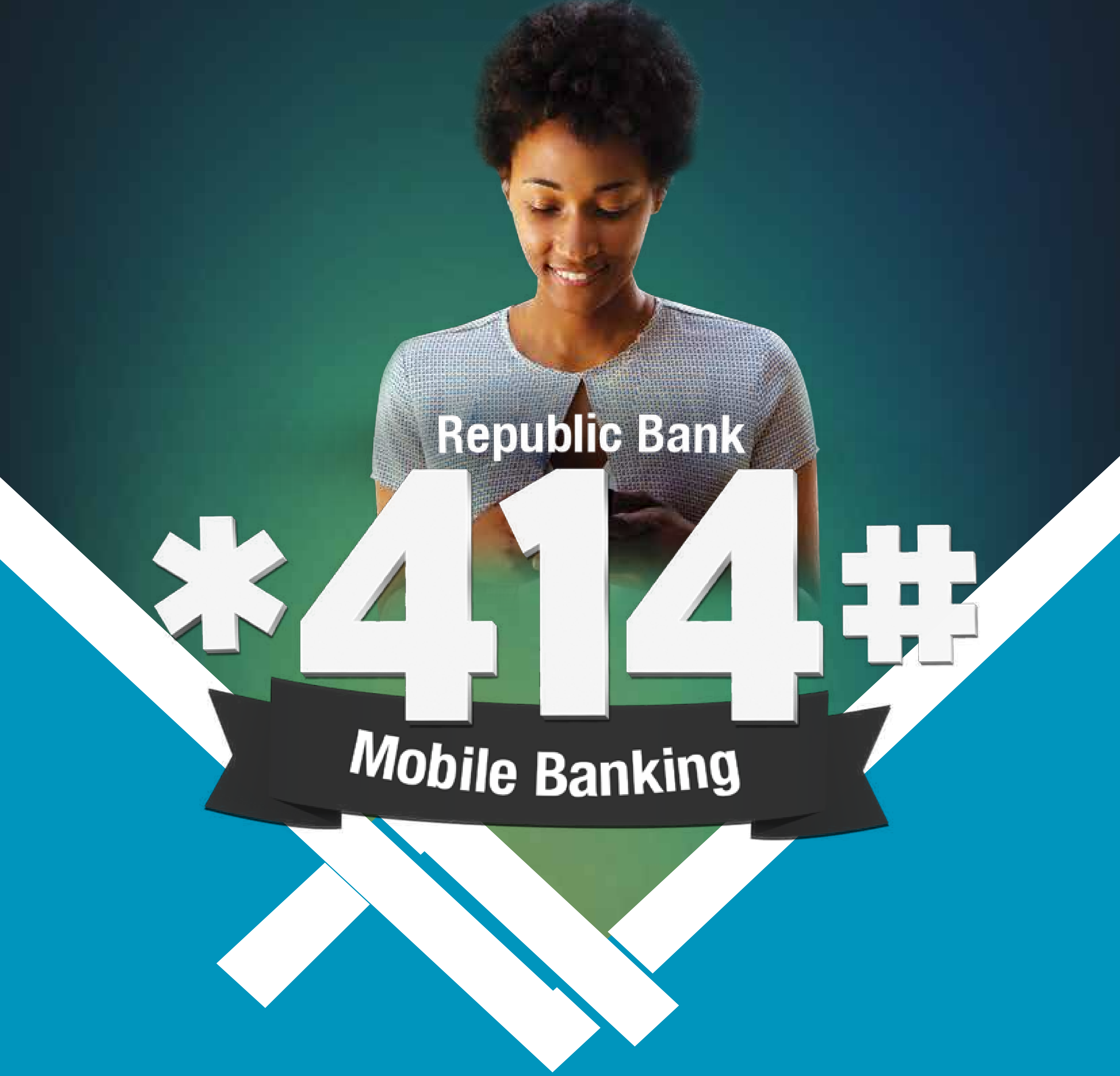
Republic Bank (Ghana) Limited

LOOKING FORWARD WITH PURPOSE

ANNUAL REPORT 2019





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Republic Bank
We're the One for you!

ANNUAL REPORT

2019

Vision

The Ghanaian Financial Institution of choice for our Staff, Customers and Shareholders.

We set the standards of excellence in:

- Customer Satisfaction
- Employee Engagement
- Social Responsibility
- Shareholder Value

While building Successful Communities

Mission

To create wealth and a better life for our Stakeholders

Core Values

- Integrity
- Professionalism
- Respect for the Individual
- Customer Focus
- Results Orientation

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 29th Annual General Meeting of Republic Bank (Ghana) Limited (the "Company") will be held virtually and streamed live to all Shareholders from the Accra City Hotel, Barnes Road, Accra at 14:30 GMT (2:30 pm) on Thursday, 23rd July 2020 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the Annual Report and Audited Financial Statements of the Company (and its Subsidiaries) for the year ended 31st December 2019 together with the Directors' and Auditors' Reports thereon.

2. To re-elect Directors:-

   (i) Mr. Michael Addotey Addo

   (ii) Mr. Ebenezer Tetteh Tagoe

   (iii) Mr. Paul King Aryene.

3. To authorize Directors to fix the remuneration of the Auditors for the year 2020.

SPECIAL BUSINESS

To consider and if thought fit to pass the following Special Resolutions - All Subject to Regulatory Approval:

Name Change

I (i) That the name of the Company be changed from "Republic Bank (Ghana) Limited" to "Republic Bank (Ghana) Public Limited Company" (or in using the abbreviated legal suffix, "Republic Bank (Ghana) PLC") to comply with Section 21(1)(b) of the Companies Act, 2019 (Act 992).

(ii) That Regulation 1 of the Regulations of the Company which reads, "The name of the Company is Republic Bank (Ghana) Limited", be deleted and replaced with the following as a new Regulation 1:-

"The name of the Company is Republic Bank (Ghana) Public Limited Company."

(iii) That Regulation 53 be amended by deleting the name, "Republic Bank (Ghana) Limited" and replacing it with the name:-

"Republic Bank (Ghana) Public Limited Company".

Virtual/Hybrid Meetings

II. (i) That Regulations 48 and 49 be merged to read as a new Regulation 48(1) and 48(2) respectively.

(ii) That a new Regulation 49 be inserted to read as follows:

"49) General Meetings may be by physical participation or virtual participation to include telephonic or electronic or other online communication means ("virtual meeting") or by a combination of physical participation and virtual participation ("hybrid meeting") and a member who establishes a virtual communication link to a virtual or hybrid meeting in the manner prescribed in the notice convening the meeting shall be deemed to be present at that meeting."

III. (i) That Regulation 59 of the Regulations be renumbered as Regulation 59(1)

(ii) That a new Regulation 59(2) be inserted in the Regulations (Constitution) to read:-

"59(2)...Where the meeting is a virtual or hybrid meeting, voting shall be in accordance with the procedures for voting as described in the notice convening the meeting."

Circulation of Reports

IV. That Regulation 45 be extended by appending to the end of the paragraph the following:-

"45) .....Provided always that the requirement for circulation of the financial statements and reports shall be satisfied by adopting as many as possible of the following modes, namely:-

(a) sending electronic versions by electronic means;

(b) publishing in a widely circulating daily newspaper after giving prior notice of publication (date and newspaper);

(c) publishing the full electronic version of the annual report on the Company's website and informing members and debenture holders of the same;

(d) making a limited number of hard copies of the annual report available at the grounds of the Annual General Meeting."

NOTE:

General

In compliance with the restrictions on public gatherings in force pursuant to the Imposition of Restrictions Act, 2020 (Act 1012) and consequent Regulatory Directives/Guidelines, attendance and participation by all members and or their proxies at this year's Annual General Meeting of the Company shall be strictly virtual (by online participation).

A member who is unable to attend the general meeting is entitled to appoint a proxy to attend (by online participation) and vote on his/her behalf. A proxy need not also be a member.

The full Notice of Meeting and all relevant documents in connection with the virtual meeting are available to Shareholders on the Company's website at www.republicghana.com/investor-relations/ or from the Company's registrars, at registrars@myumbbank.com.

Dated this 25th day of June 2020
COMPANY SECRETARY
BY ORDER OF THE BOARD

CORPORATE INFORMATION

CORPORATE INFORMATION

DIRECTORS	Charles William Zwennes	Chairman
	Anthony Jordan	Managing Director (Retired April 17, 2019)
	Farid Antar	Managing Director (Appointed May 2, 2019)
	Nigel Mark Baptiste	Member
	David Dulal-Whiteway	Member
	Paul King Aryene	Member
	Ebenezer Tetteh Tagoe	Member
	Michael Addotey Addo	Member
	David Addo-Ashong	Member
	Arimeyaw Ibn Saeed	Member (Appointed September 10, 2019)

SECRETARY

Beatrix Ama Amoah (Mrs.)
Ebankese
No.35 Sixth Avenue
North Ridge, Accra
P. O. Box CT 4603
Cantonments, Accra

REGISTERED OFFICE

Ebankese
No.35 Sixth Avenue
North Ridge, Accra
P. O. Box CT 4603
Cantonments, Accra

AUDITORS

KMPG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242
Accra

REGISTRARS

Universal Merchant Bank
Kwame Nkrumah Avenue
Sethi Plaza, Accra

HOLDING COMPANY

Republic Financial Holdings Limited
9-17 Park Street
Port of Spain
Trinidad & Tobago

DIRECTORS' PROFILE

MR. CHARLES **WILLIAM ZWENNES**

(BOARD CHAIRMAN)

Mr. Charles William Zwennes (48 years) is a Barrister-at-Law of England & Wales and a Barrister & Solicitor of the Superior Courts of Ghana. He is currently a Senior Partner and Head of Chambers at Gaisie Zwennes Hughes & Co, Private Practitioners. Prior to joining Gaisie Zwennes Hughes & Co, he worked at the Chambers of Christian Bevington QC, London and Messrs. Arnold Fooks Chadwick, Solicitors, London.

Mr. Zwennes holds an LLB from the University of Kent, UK and an LLM in Corporate & Commercial Law from the University of London, UK. He also holds a Certificate in Structuring, Negotiating and Documenting Oil and Gas Transactions from the Centre for Energy & Mineral Policy Law (CEMPL), University of Dundee, Scotland.

Mr. Zwennes is a member of the American Society of International Law (ASIL), Institute of Advanced Legal Studies (IALS), Chartered Institute of Arbitrators, Commonwealth Law Bulletin, Honourable Society of Gray's Inn and the Ghana Bar Association.

Mr. Zwennes was appointed Chairman of the Republic Bank Board in April 2017.

MR. FARID **ANTAR**

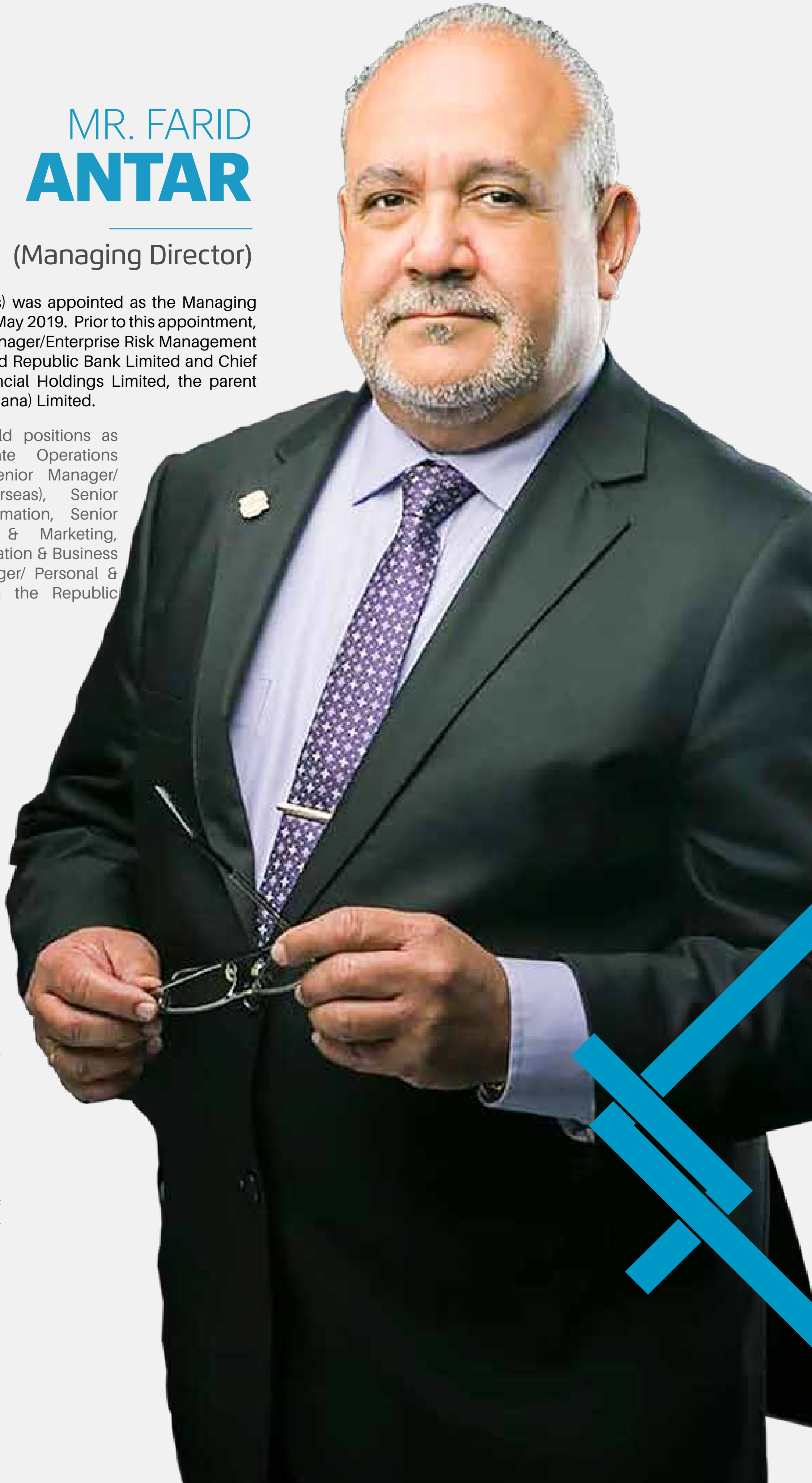
(Managing Director)

Mr. Farid Antar (57 years) was appointed as the Managing Director of the Bank in May 2019. Prior to this appointment, he was the General Manager/Enterprise Risk Management at the Trinidad & Tobago based Republic Bank Limited and Chief Risk Officer at Republic Financial Holdings Limited, the parent company of Republic Bank (Ghana) Limited.

Mr. Antar has previously held positions as General Manager/ Corporate Operations & Process Improvement, Senior Manager/ Regional Operations (Overseas), Senior Manager/ Business Transformation, Senior Manager/ Retail Delivery & Marketing, Manager/ Product Parameterisation & Business Growth and Marketing Manager/ Personal & Commercial Lendings within the Republic Group.

Mr. Antar previously served as the Chairman of the Board of Directors of Republic Caribbean Investments Limited, Atlantic Financial Limited and Republic Bank (Suriname) Holdings Limited; a Director of G4S Holdings (Trinidad) Limited and the London Street Project Company Limited; and a Trustee for The Caribbean Court of Justice Trust Fund (CCJTF).

Mr. Antar holds a Certificate in International Marketing from the Institute of Business, University of the West Indies, Trinidad; SOBMM Certificate from the School of Bank Marketing & Management, American Bankers Association, USA; Certificate in Business Excellence from Columbia Business School, USA; Anti-Money Laundering Certified Associate (AMLCA); Associate of the Chartered Institute of Bankers (ACIB) and a Fellow of the Institute of Chartered Secretaries & Administrators (ICSA), UK.



MR. DAVID **DULAL-WHITEWAY**

(Member)

Mr. Dulal-Whiteway (64 years) retired as Managing Director of the Republic Bank Group in February 2016. He was a Director on several Boards of the Republic Bank Group and is Chairman of The Foundation for the Enhancement and Enrichment of Life (FEEL), a non-profit organisation.

Mr. Dulal-Whiteway is the CEO of the Arthur Lok Jack Global School of Business. He is a Non-Executive Director of the Ansa McAL Group of Companies and NBC Bank in Tanzania.

Mr. Dulal-Whiteway is a seasoned banker with over 25 years' experience in banking. He holds a BSc in Management Studies from the University of the West Indies (UWI) and an MBA from the University of Western Ontario. Mr. Dulal-Whiteway was appointed to the Board in April 2013 as a representative of the Republic Bank Group.

MR. NIGEL MARK **BAPTISTE**

(Member)

Mr. Nigel Mark Baptiste (53 years), a Banker for the past 25 years, holds the position of President and Chief Executive Officer of Republic Financial Holdings Limited and Managing Director of Republic Bank Limited.

Mr. Baptiste holds a BSc and MSc in Economics from the University of the West Indies and is a graduate of the Harvard Business School's Advanced Management Programme. He also holds a Diploma with distinction from the ABA Stonier Graduate School of Banking (USA) and is a member of the Chartered Institute of Bankers (England).

Mr. Baptiste joined Republic Bank in 1991, after spending two years at the Caribbean Development Bank in Barbados where he was employed as a Country Economist. Prior to assuming his current position of Managing Director, he held the positions of Deputy Managing Director, Executive Director, Managing Director of the Group's subsidiary in Guyana and General Manager, Human Resources, Republic Bank Limited - Trinidad and Tobago.

Mr. Baptiste serves on the Boards of Republic Financial Holdings Limited, Republic Bank (Guyana) Limited, Republic Bank (Barbados) Limited, Adult Literacy Tutors Association and University of the West Indies Development & Endowment Fund.

Mr. Baptiste was appointed to the Board in September 2016 as a representative of Republic Bank Limited, Trinidad & Tobago (now Republic Financial Holdings Limited).

MR. PAUL **KING ARYENE**

(Member)

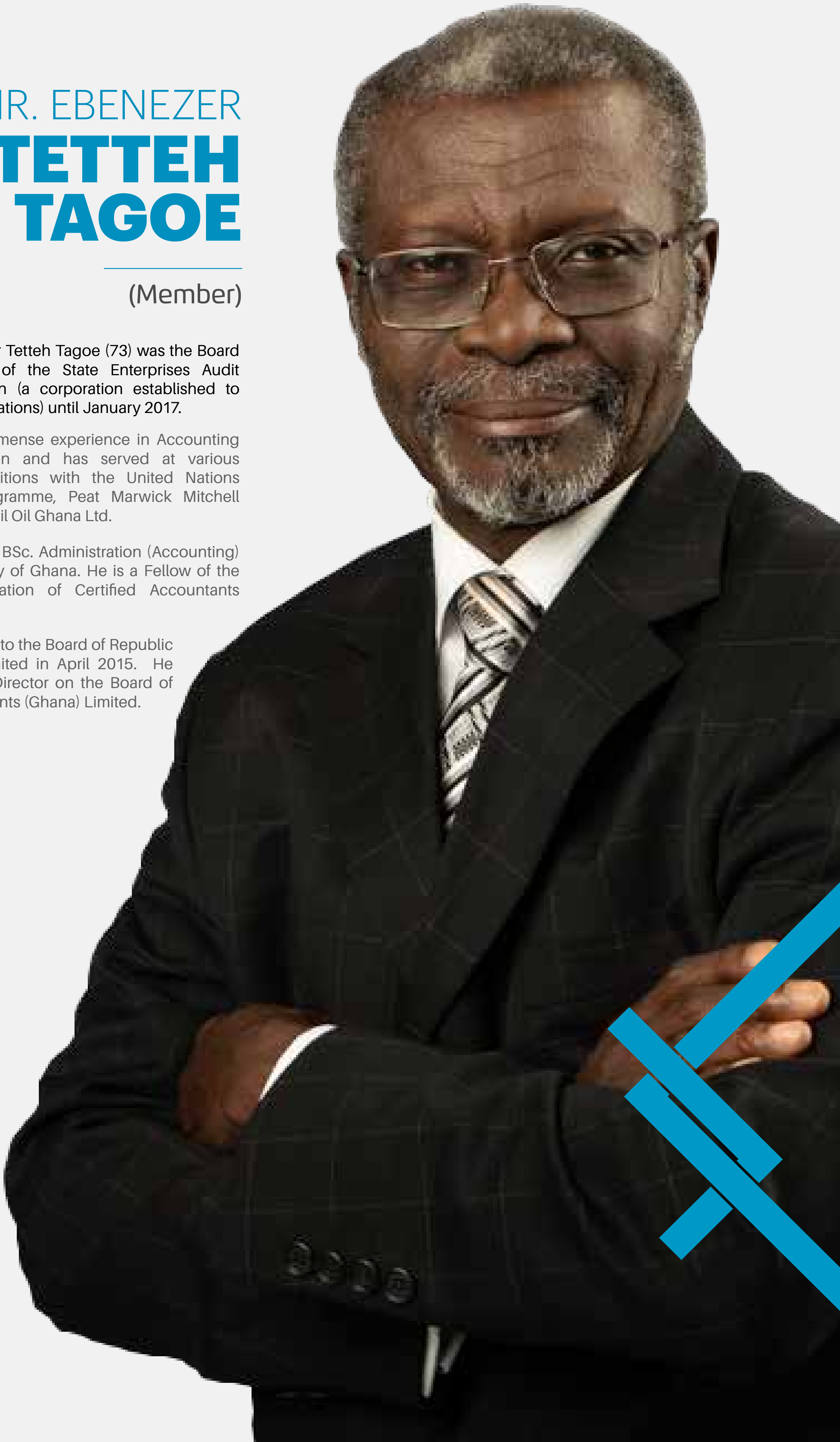
Mr. Paul King Aryene (70 years) served as the Ambassador to the Federal Republic of Germany with concurrent accreditation to Estonia, Latvia and Lithuania. He is a diplomat of high repute and has served in various positions at both the Ministry of Foreign Affairs and Overseas Missions.

Mr. Aryene holds a Degree from the University of Ghana, Diploma in Diplomacy from the University of Nairobi and a Diploma in Investment Analysis from the Research Institute of Investment Analyses, Malaysia.

He was appointed to the Board of Republic Bank (Ghana) Limited in April 2015. He also serves as a Director on the Boards of HFC Realty Company Limited and UG-HFC (a joint venture with the University of Ghana).

MR. EBENEZER **TETTEH TAGOE**

(Member)



Mr. Ebenezer Tetteh Tagoe (73) was the Board Chairman of the State Enterprises Audit Corporation (a corporation established to audit state organizations) until January 2017.

Mr. Tagoe has immense experience in Accounting and Administration and has served at various management positions with the United Nations World Food Programme, Peat Marwick Mitchell (London) and Mobil Oil Ghana Ltd.

Mr. Tagoe holds a BSc. Administration (Accounting) from the University of Ghana. He is a Fellow of the Chartered Association of Certified Accountants (FCCA).

He was appointed to the Board of Republic Bank (Ghana) Limited in April 2015. He also serves as a Director on the Board of Republic Investments (Ghana) Limited.

MR. MICHAEL **ADDOTEY ADDO**

(Member)

Mr. Michael Addotey Addo (55 years) is currently the Deputy Director-General responsible for Administration & Finance at the Social Security and National Insurance Trust (SSNIT). He was until recently the Executive Director at Emex Oil Ndawta Limited (Ghana & Nigeria).

Mr. Addo is a Board Member of State Insurance Company Limited, Ghana Stock Exchange, Omega Oil Ndata (Nig) Limited and Central Dialysis Centre.

He has also served as a General Manager, Investments & Development at SSNIT, Chief Operating Officer & Fund Manager at Databank Agrifund Manager Limited and Deputy Managing Director at NTHC Limited.

Mr. Addo has served on the Boards of several organizations including Starwin Products Limited, Ghana International Bank (London), First Atlantic Bank and Prudential Bank.

Mr. Addo was appointed to the Republic Bank (Ghana) Limited's Board in May 2017 as a representative of SSNIT. He also serves as the chairman of the Board of Directors of Republic Investments (Ghana) Limited.

MR. DAVID **ADDO-ASHONG**

(Member)

Mr. David Addo-Ashong (62 years) is currently a Director serving on the Boards of Afina Asset Management Limited, Econet Ghana Limited, Aker Energy Limited, AGM Petroleum Ghana Limited and Republic Investment Services Limited.

He is a Senior Partner at Ashong Benjamin & Associates. He previously served as a Partner at Ankamah and Associates and also a Deputy Managing Director at First Atlantic Merchant Bank Limited. Over the years he has held several key positions at the Office of the Ombudsman, Merchant Bank (Ghana) Limited (now UMB) and Home Finance Company Limited (now Republic Bank Ghana).

Mr. Addo-Ashong holds an LLB from the University of Ghana, Legon and BL from the Ghana Law School. He is a Member of Ghana Bar Association, the Ghana Olympic Committee and President of the Ghana Basketball Association.

Mr. David Addo-Ashong was appointed to the Republic Bank (Ghana) Limited's Board on June 2018 as a representative of Republic Financial Holdings Limited. He also serves as a Director on the Board of Republic Investments (Ghana) Limited.

MR. ARIMEYAW **IBN SAEED**

(Member)

Mr. Arimeyaw Ibn Saeed (51) is a Principal Accountant to the Council for Scientific and Industrial Research (CSIR). He was seconded to the Zongo Development Fund as the first Director of Finance to establish and put in controls for the Finance Division. Previous to joining CSIR in 2012, he worked with JTDCertax Accounting, UK, an independent accounting firm for 12 years.

Mr. Ibn Saeed holds an MBA from the Heriot-Watt University, Edinburgh. He is a Chartered Accountant, became a member of the ACCA in 2005, a fellow (ACCA) in 2010 and an Associate Member of the Chartered Institute of Marketing in 2014.

Mr. Ibn Saeed was formally appointed to the Board of Republic Bank (Ghana) Limited in September 2019 as a representative of SSNIT.

MANAGEMENT

Executive Management

Mr. Farid Antar	Managing Director (Appointed May 2019)
Mr. Anthony Jordan	Managing Director (Retired May 2019)
Mr. Benjamin Dzoboku	General Manager, Finance & Strategy
Mrs. Beatrix Ama Amoah	Company Secretary
Mr. Kofi Agyenim Boateng	Managing Director, Republic Boafo Microfinance (Retired Aug. 2019)
Mrs. Evelyn Osei-Tutu	Managing Director, Republic Boafo Microfinance (Appointed Sep. 2019)
Mr. Peter Larbi-Yeboa	General Manager, Republic Investments Ghana Ltd. (Resigned Jul. 2019)
Mrs. Madeline Nettey	General Manager, Republic Investments Ghana Ltd. (Appointed Aug. 19)
Mr. Charles Agyeman Bonsu	General Manager, Tech. & Business Systems Support (Retired Dec. 19)
Ms. Paula Baldwin	General Manager, Retail Banking (Retired Jun. 2019)
Ms. Kalawatee Bickramsingh	General Manager, Risk Management
Mr. Rodney N.A. Saint Acquaye	Senior Manager, Corporate Banking
Ms. Frances Sallah-Brown	Senior Manager, Human Resources (Retired Aug. 2019)
Mr. Tetteh Mamah	Senior Manager, Human Resources (Appointed Jun. 2019)
Mr. Joseph Laryea Ashong	Internal Auditor
Mr. Bernard Appiah Gyebi	General Manager, Risk Management (Designate 2020)

Senior Management & Department Heads

Ms. Amiel Adjorkor Codjoe	Senior Manager, Compliance
Mr. Hans Abboud Awude	Senior Manager, Legal
Mr. Ferguson Ofori-Atta	Senior Manager, Finance
Ms. Nana Yaa Korang Faakye	Senior Manager, Treasury
Mr. Samuel Dakurah	Senior Manager, ICT
Mr. Emmanuel Fobri	Senior Manager, Credit Risk
Mr. Randy Osei Pipim	Senior Manager, Operational Risk Management
Mr. Dan Mohenu	Senior Manager, Retail Banking
Mr. Festus Habada	Senior Manager, Recoveries
Mr. Elvis Agyare-Boakye	Chief Risk Officer
Mr. Alfred Noonoo	Manager, Administration
Mr. George Teisika Leigh	Manager, Credit Administration
Mr. Louis Philips Abadoo	Manager, International Trade Services (Retired Jul. 2019)
Mr. Maxwell Adjin-Tettey	Manager, Strategic Planning & Research (Appointed Aug. 2019)

Zonal Managers

Ms. Jessica Benson Dzam	Zonal Manager, Accra Zone
Mr. Daniel Obeng	Zonal Manager, Tema Zone
Mr. Kwabena Sarfo-Mainu	Zonal Manager, Northern Zone
Mr. Akwasi Peprah-Odoom	Zonal Manager, Central Zone
Mr. Abdul-Jaana Atchulo	Zonal Manager, Western Zone (Appointed Nov. 2019)

DIRECTORS' REPORTS

Report of The Directors to The Members of Republic Bank (Ghana) Limited

The directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2019, which shows the state of affairs of the Bank and the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view of Republic Bank (Ghana) Limited, comprising the statements of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and 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 and in the manner required by the Companies Act, 2019, (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). In addition, the directors are responsible for the preparation of the report of directors.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Bank and its subsidiaries ("the Group") to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- to carry on the business of universal banking;
- to provide residential and commercial mortgages;
- to provide brokerage services;
- to provide fund and asset management services.

There was no change in the nature of business of the Bank and its subsidiaries during the year.

HOLDING COMPANY

The company is sixty-six point five four percentage (66.54%) owned by Republic Financial Holdings Limited (RFHL), a company incorporated in Trinidad and Tobago.

SUBSIDIARIES OF THE COMPANY

The Bank directly or indirectly owns the following subsidiaries as at December 31, 2019

Company name	Country of incorporation	Nature of business
Republic Investment (Ghana) Limited	Ghana	Fund and asset management services
Republic Securities Limited	Ghana	Brokerage services
Republic Boafo Limited	Ghana	Other services
HFC Reality Limited	Ghana	Residential and commercial mortgages
HFC Venture Capital	Ghana	Venture capital financial services

FIVE YEAR FINANCIAL HIGHLIGHTS

FINANCIAL STATEMENTS

The state of affairs of the Bank and Group are as follows:

In thousands of GH¢

Bank	2019	2018	2017	2016	2015
Profit before tax	92,117	45,265	56,645	(56,995)	(37,079)
Profit after tax	62,557	37,440	36,923	(38,606)	(39,241)
Total Assets	3,326,242	2,857,988	2,079,096	1,856,171	1,566,419
Total Liabilities	2,769,632	2,360,279	1,852,901	1,715,022	1,386,664
Total Equity	556,610	497,709	226,195	141,149	179,755

Group	2019	2018	2017	2016	2015
Profit before tax	111,294	38,650	69,445	(63,782)	(32,230)
Profit after tax	79,123	28,201	46,494	(47,729)	(36,335)
Total Assets	3,344,545	2,879,034	2,100,178	1,897,556	1,600,329
Total Liabilities	2,764,868	2,374,560	1,857,979	1,749,960	1,405,002
Total Equity	579,677	504,474	242,199	147,598	195,327

RESULTS FROM OPERATIONS

The results for the year are summarised as follows:

In thousands of GH¢	2019		2018	
	Bank	**Group**	Bank	Group
Profit before income tax for the year is	**92,117**	**111,294**	45,265	38,650
From which is deducted national fiscal stabilization levy of	**(4,606)**	**(5,582)**	(2,263)	(2,438)
From which is deducted income tax of	**(24,954)**	**(26,589)**	(5,562)	(8,011)
Giving a profit after income tax expense for the year of	**62,557**	**79,123**	37,440	28,201
From which is deducted a non-controlling interest of	-	**(844)**	-	(740)
Leaving profit after non-controlling interest of	**62,557**	**78,279**	37,440	27,461
To which is added balance brought forward on the income surplus account of	**(65,092)**	**(62,631)**	(32,493)	(20,053)
Giving a balance before distribution of	**(2,535)**	**15,648**	4,947	7,408
To which is added transfer from revaluation surplus	-	-	133	133
Out of which is transferred to Statutory Reserve Fund	**(31,279)**	**(31,279)**	(18,720)	(18,720)
Out of which is transferred from/(to) regulatory credit risk reserve	**19**	**19**	(41,629)	(41,629)
Out of which is deducted share issuance expense of	-	-	(4,552)	(4,552)
Net impact on income surplus account for adopting IFRS 9	-	-	(5,271)	(5,271)
Net impact on income surplus account for adopting IFRS 16	**(3,656)**	**(3,656)**	-	-
Leaving a balance carried forward on income surplus account of	**(37,451)**	**(19,268)**	(65,092)	(62,631)

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

No Director had any interest in contracts and proposed contracts with the Company during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6),195(1)(a) and 196 of the Companies Act 2019, (Act 992).

RELATED PARTY TRANSACTIONS

Information regarding directors' interests in ordinary shares of the Bank and remuneration is disclosed in note 44 to the financial statements. No director has any other interest in any shares or loan stock of any Group company. Related party transactions and balances are also disclosed in note 44 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY AND CODE OF ETHICS

As a corporate entity, the Bank interacts with and impacts its community in many ways. The Bank therefore ensures that as it works to deliver sustainable growth and Shareholder value, it contributes to the wider stakeholder community by being a responsible corporate citizen, an employer of choice and a banker of choice. To this end, the Bank is committed to promoting and engaging in projects that benefit and enhance the socio-economic development of the Community and the Country as a whole.

The Bank's main contributions in these areas have been in sponsorship of education and youth development, health and the support of the underprivileged in society.

The Bank also promotes social communication and integration within different groups in the Community by successfully organising sporting activities, including football competitions.

A total of GH¢ 564,000 (2018: GH¢255,550) was spent under the Bank's social responsibility programme with key focus on education, financial inclusion and others.

BOARD OF DIRECTORS

PROFILE AND ROLE OF THE BOARD

Details of the Board of Directors profile can be found on pages 9 to 18 of the annual report.

Details of the roles, professional development and training, conflicts of interest and capacity building of the Board of Directors can be found at the Corporate Governance and Social Responsibility section of the annual report on pages 30 to 34 of the annual report.

DIVIDENDS

In accordance with Section 72 of the Companies Act, 2019, (Act 992) no dividend has been recommended by the Directors for approval by the Shareholders because of the negative Income Surplus balance (2018: Nil).

AUDITOR

The Audit Committee has responsibility delegated from the Board of Directors for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. KPMG has been the auditor of Republic Bank (Ghana) Limited for two years. KPMG does not provide non-audit services to the Company

AUDIT FEES

As at December 31, 2019, the amount payable in respect of audit fees was GH¢180,000. Audit fee for the year was GH¢300, 000.

CERTIFICATION OF COMPLIANCE WITH BANK OF GHANA CORPORATE GOVERNANCE DIRECTIVE 2018

In compliance with paragraph 12 of the Bank of Ghana Corporate Governance Directive 2018 (December) the Board of Directors of Republic Bank (Ghana) Limited hereby certifies that it has complied with the provisions of the Directive save for completion of the final module of the Board corporate governance training by new members. The session is being arranged by the Banking College for July 2020.

The Board further certifies that: -

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

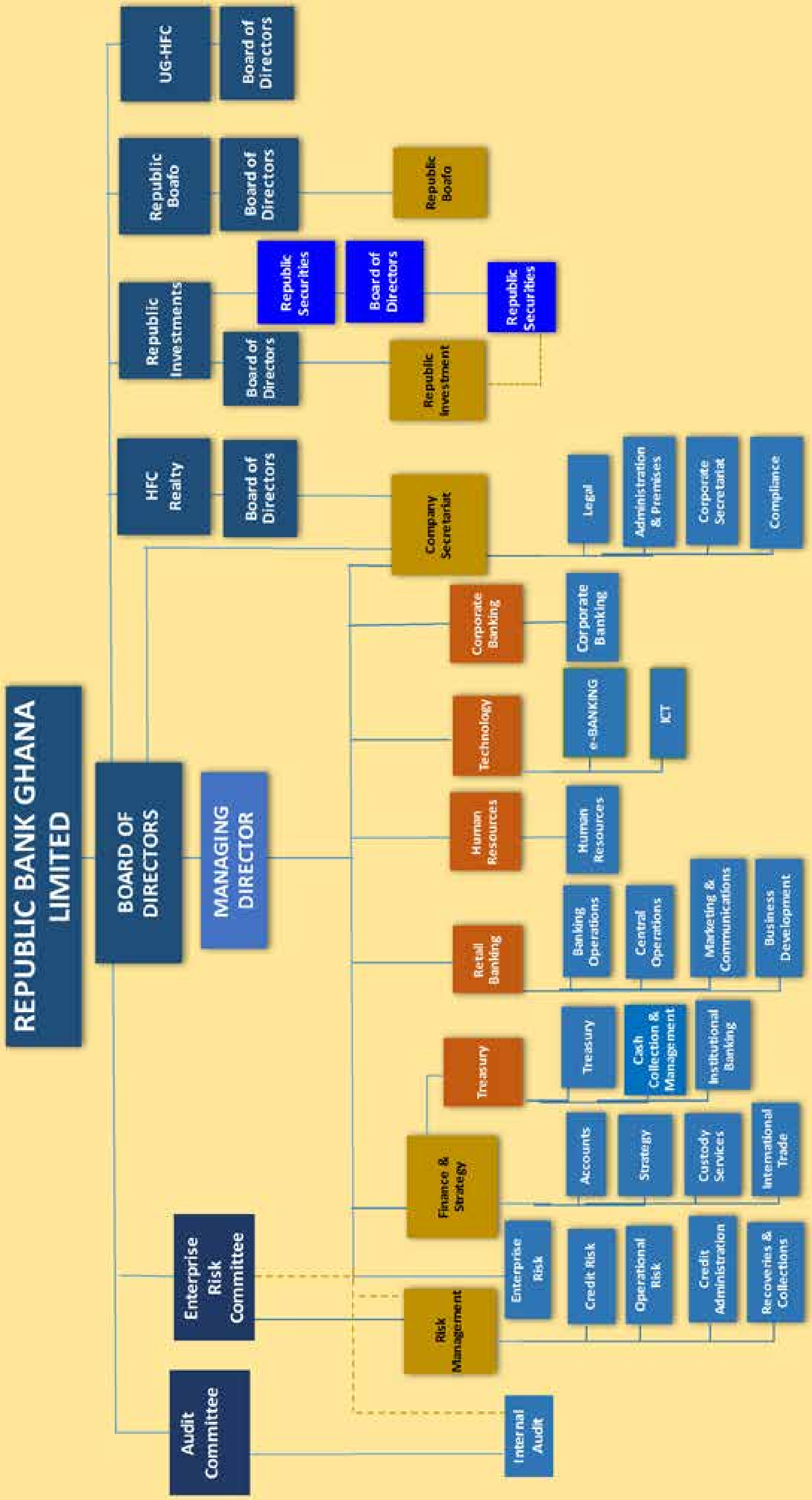
b. Directors are aware of their responsibilities to the Bank as persons charged with governance.

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the directors of Republic Bank (Ghana) Limited, were approved by the Board of Directors on February 19, 2020 and signed on their behalf by:

Charles William Zwennes
Chairman

Farid Antar
Managing Director


REPUBLIC BANK GHANA LIMITED
BOARD OF DIRECTORS
MANAGING DIRECTOR
UG-HFC
Board of Directors
Republic Boafo
Board of Directors
Republic Boafo
Republic Investments
Republic Securities
Board of Directors
Republic Securities
Board of Directors
Republic Investment
HFC Realty
Board of Directors
Company Secretariat
Legal
Administration & Premises
Corporate Secretariat
Compliance
Corporate Banking
Corporate Banking
Technology
e-BANKING
ICT
Human Resources
Human Resources
Retail Banking
Banking Operations
Central Operations
Marketing & Communications
Business Development
Treasury
Treasury
Cash Collection & Management
Institutional Banking
Finance & Strategy
Accounts
Strategy
Custody Services
International Trade
Enterprise Risk Committee
Risk Management
Enterprise Risk
Credit Risk
Operational Risk
Credit Administration
Recoveries & Collections
Audit Committee
Internal Audit

CHAIRMAN'S REVIEW

Introduction

Dear Shareholders, Ladies and Gentlemen, our Bank's transformation in 2019 has been a remarkable journey. In an increasingly competitive market environment, we have welcomed structural and operational changes; deployed groundbreaking sales campaigns and advertisements; exercised prudence through various cost optimization and portfolio rationalization initiatives; and witnessed a paradigm shift in the way we approach our short-term objectives and long-term growth opportunities. As a result, our performance improved significantly with the Group's profit after tax witnessing a year-on-year expansion of 180.6%, from the GHS28.2 million recorded as at December 2018 to GHS79.1 million recorded as at year-end December 2019.

Distinguished Shareholders, Ladies and Gentlemen, on this note and on behalf of the Board of Directors, Management and Staff of Republic Bank (Ghana) Limited, I wish to welcome you to the 29th Annual General Meeting of the Bank.

Global Economy

The expansion of the global economy tapered, with growth for the year 2019 recorded at 2.9% in the June 2020 World Economic Outlook Update report by the International Monetary Fund (IMF). This marks the slowest pace of growth recorded since the 2008-2009 global financial crisis, and represents a downgrade from the 3.6% growth estimated in 2018. Rising trade barriers; elevated uncertainty surrounding trade and geopolitical tensions; idiosyncratic factors causing macroeconomic strain in several emerging market economies; intensifying social unrest; weather-related disasters; and structural factors, such as low productivity growth and aging demographics in advanced economies, are but a few contributing factors to the subdued growth.

Underlying the sluggish growth forecast was the significant easing of monetary policies across advanced and emerging markets. Central Banks tactically slashed interest rates in a move to reduce downside risks to growth and to prevent the de-anchoring of inflation expectations, in turn supporting favorable financial, fiscal and credit conditions in many advanced and emerging market economies.

On the commodities market, supply and demand dynamics; interest rate cuts; and growing trade tensions between major economies affected prices. Crude oil price strengthened within the last two quarters of the year 2019, supported by OPEC's output constraints and sanctions on Iran. According to the World Bank, the average price of oil for the month of December stood at US$65.9 per barrel. The price of gold improved within the second half of the year, averaging US$1,479 per ounce in December. The upsurge in bullion pricing was triggered by investors' flight to safety as geopolitical tensions intensified and most central banks maintained a dovish monetary policy stance. Strong demand supported an upward trend in the price of cocoa. The average price of the crop was US$2,440 per tonne in the month of December.

The Domestic Environment

Provisional data released by the Ghana Statistical Service indicated a 6.5% (year-on-year) GDP (including oil) growth in 2019, following a 6.3% growth in 2018. The Services sector recorded the highest growth of 7.6%, owing to a substantial expansion in the Information and Communications subsector. The Industry and Agriculture sectors recorded a growth of 6.4% and 4.6% respectively.

Bolstered by gold export receipts, total export revenue grew year-on-year by 4.6% to US$15.6 billion as at year end 2019. Total imports expanded by 1.5% to US$13.3 billion, with non-oil imports constituting 82.4% of imports. The trade balance, therefore, stood at a surplus of US$2.3 billion.

Budget implementation for the year 2019 was characterized by a higher-than-programmed fiscal deficit resulting mainly from revenue underperformance. Interim estimates, released by the Ministry of Finance, indicated that Total Revenue and Grants amounted to GHS52.97 billion (15.3% of GDP), 10.1% less than the GHS58.89 billion (17.0% of GDP) forecasted for the year.

Total Expenditure, including arrears clearance & discrepancy, for the year amounted to GHS67.67 billion (19.6% of GDP). This was 8.4% lower than the projected GHS73.88 billion (21.4% of GDP) for the year.

Overall, government activities for the year resulted in a budget deficit of GHS16.72 billion (4.8% of GDP) compared with a target of GHS15.71 billion (4.5% of GDP).

The disinflation process which begun in the year 2018 persisted in 2019; with headline inflation anchored within Government's medium-term target band of 8±2%. Inflation ebbed from the 9.4% recorded as at December 2018 to 7.9% as at year end 2019. This was attributable to the rebasing of the CPI reference period from 2012 to 2018, and the tight monetary policy stance maintained throughout the year.

Mounting fiscal imbalances and seasonal import demand intensified the depreciation of the Cedi against the US Dollar. The local currency cumulatively depreciated against the US Dollar by 12.9% in 2019, compared with 8.4% in 2018.

The Bank of Ghana policy rate dropped from 17.0% in 2018 to 16.0% in 2019. The weighted average interbank lending rate also fell to 15.20% as at year end 2019 from 16.12% recorded a year ago. Similarly, average lending rates of banks also declined to 23.59% from 23.96% over the same comparative periods.

Government securities reflected higher rates on the medium to long-end of the market as compared to the short-end. The yield curve was also extended with the introduction of the 20-Year Bond. The 364-Day Bill and the 6 Year Bond were also introduced within the year 2019.

Ghanaian Banking Industry

The year 2018 marked the end of Bank of Ghana's clean-up exercise in the banking sector which begun in 2017. As at the close of the year, there were twenty-three (23) well capitalized and solvent banks operating in the country.

In a bid to further strengthen the banking system, the Bank of Ghana issued a number of Directives within the year. Outlined below are some of the Directives issued to Banks and Specialized Deposit-Taking Institutions (SDIs):

- Guidelines for Allocation of Foreign Exchange through Forward Auctions: The guidelines are expected to govern the conduct of foreign exchange (FX) forward auctions on the interbank foreign exchange market by aiding price discovery; deepening the FX market; and reducing uncertainty on the future availability of FX to meet the FX needs of banks' clients.

- Payment Systems and Services Act, 2019 (Act 987): The Act provides the legal and regulatory framework for the orderly development of payment systems. The Act subsequently states the minimum capital requirements, permissible activities and fees for all categories of payment service providers and financial technology companies.

- Enforcement of Third Party Identification Involving Deposits and Withdrawals: Under this Directive, all Banks and SDIs are expected to require the full personal details of a person who makes a deposit into or withdrawal from an account on behalf of another person.

- Payment of Facilitation/Business Development Fees To Mobilize Deposits: The Central Bank issued a notice warning Banks and SDIs to desist from the payment of facilitation/business development fees or any other fees to attract deposits. The Regulator noted that the practice had the tendency to increase the "Cost of Funds" of institutions, which invariably was passed onto customers through high lending rates.

The Central Bank again carried out a similar clean-up exercise in the Non-Bank Financial Institution (NBFI) sector in 2019 for insolvent and dormant institutions. Investigations by the Regulator revealed that a number of firms operating in the sector were insolvent; had no reasonable prospects of recovery; and that their continued existence posed severe risks to the stability of the financial system and to the interests of their depositors. This subsequently led to the revocation of the licenses of eight (8) Finance House Companies; fifteen (15) Savings & Loans Companies; one (1) Leasing Company; one (1) Remittance Company; thirty-nine (39) Microcredit Companies; and three-hundred and forty-seven (347) Microfinance Institutions.

With the clean-up of Banking and NBFI sectors completed, the Securities and Exchange Commission introduced a parallel exercise in the securities industry leading to the annulment of the licenses of fifty-three (53) Fund Management Companies. These firms were reported to have failed to perform their functions efficiently, and in some cases had breached requirements under relevant securities laws, rules or conditions.

The industry's balance sheet posted a strong performance reflected by growth in total assets, deposits and loans. Total assets witnessed a 22.8% year-on-year surge to GH¢129.1 billion as at December 2019. Deposits improved year-on-year by 22.3% to GHS83.5 billion, whereas loans and advances (including loans of the seven defunct Banks transferred to the Receiver) surged by 22.5% year-on-year to GHS52.3 billion.

Under a more stringent Basel II/III framework, the industry's Capital Adequacy Ratio (CAR) stood at 17.5% in December 2019. This was above the 13.0% buffer level under the Basel II/III framework.

The Non-Performing Loans (NPL) ratio fell to 13.9% from 18.2% recorded for the same comparative period last year. The decline in the ratio reflected increased loan recoveries, write-offs, and higher credit growth within the year.

Similarly, the industry's income statement recorded an impressive year-on-year increase in profit-after-tax on the back of significant increases in both net interest income (23.6%) and fee and commission income (15.3%). The industry's profit-after-tax stood at GHS3.31 billion in 2019, representing a 37.7% growth compared with the GHS2.40 billion recorded in 2018.

The performance of the banking industry are hallmarks of a robust sector, exhibiting improvements in solvency, liquidity, profitability and enhanced resilience to shocks.

Highlights on the Bank's Performance

The Bank and its subsidiaries recorded a 16.2% increase in total assets from the GHS 2.88 billion recorded in 2018 to GHS 3.34 billion as at year end 2019. Deposits from Customers improved from the GHS 2.16 billion reported in 2018 to GHS 2.52 billion as at the close of the year 2019. Profit after tax for the year 2019 mushroomed year-on-year by 180.6% to GHS 79.1 million. This was underpinned by improvements in interest income and impairment charges. Net-interest income grew year-on-year by 23.8% to GHS 232.9 million, whereas impairment charges dwindled year-on-year by 66.9% amounting to GHS 19.1 million compared with the GHS 57.8 million as at December 2018.

A detailed review on the financial results can be found in the Managing Director's Discussion and Analysis.

Liquidity Position

The Bank's liquidity position remains healthy for normal banking operations. Management in line with the Bank's risk strategy adopted effective liquidity risk practices and kept prudent levels of liquidity as indicated in the table below:

	Dec 18	Mar 19	Jun 19	Sept 19	Dec 19
Liquid Assets to Total Assets	53.40%	51.66%	52.27%	50.52%	52.99%
Investment to Total Assets	40.37%	37.62%	39.32%	38.06%	38.97%

Appointment of Directors

In April 2019, Mr. Farid Antar joined us as an Executive Director on the Board and the Managing Director of the Bank. This follows Mr. Anthony Jordan's retirement from the Board and the Bank after 36 years of meritorious service to the Republic Bank Brand.

As a seasoned Banker and with over 39 years of professional and practical exposure in the banking and financial services industry in Trinidad & Tobago and in Barbados, Mr. Antar brings on board a range of expertise that will provide further depth to the Board.

Prior to his current appointment, Mr. Antar was the General Manager Enterprise Risk Management and Chief Risk Officer at Republic Financial Holdings Limited, the parent company of Republic Bank (Ghana) Limited. He has held several managerial positions including Corporate Operations & Process Improvement, Regional Operations (Overseas), Business Transformation, Retail Delivery & Marketing, Product Parameterization & Business Growth and Personal & Commercial Lending.

Mr. Antar is an Associate of the Chartered Institute of Bankers (ACIB), Trinidad and Tobago and a Fellow of the Institute of Chartered Secretaries & Administrators (ICSA), UK. He is also an Anti-Money Laundering Certified Associate (AMLCA).

Mr. Antar was the Chairman of the Board of Directors of Republic Caribbean Investments Limited; Atlantic Financial Limited and Republic Bank (Suriname) Holdings Limited; a Director of G4S Holdings (Trinidad) Limited and the London Street Project Company Limited; and a Trustee for The Caribbean Court of Justice Trust Fund (CCJTF). He resigned from all these position to join us at Republic Bank (Ghana) Limited.

On behalf of my fellow Board Members, I would like to extend a warm welcome to Mr. Farid Antar.

Dividend

Dear Shareholders, we are aware of the importance of dividends, and in furtherance of this, we have increased profitability and subsequently increased shareholders value. Unfortunately, the increase in the profitability was not enough to reduce the debit balance in the income surplus account, therefore we are unable to pay dividend this year.

It is worthy to note that despite the provisions in the Companies Act restricting the payment of dividend, the Group is charting the right path and the Board and Management of your Bank are determined and focused to delivering valued results to you, our cherished Shareholders.

The continuous and consistent growth in the Group's operations and key indices including value addition appreciation over the years have been phenomenal and the firm commitment from both the Board and Management will even spur this further.

The Group's value additions for the 2019 financial year was GHS74.62 million. Despite the depreciation of the Ghana Cedi against the major foreign currencies during the year, the Group value in US Dollar terms as at the end of the current year stood at USD103.87 million (2018: USD103.77 million).

The Earnings per share (Basic EPS) ratio appreciated from GHP 5.04 to GHP 9.19 in 2019.

On the liquidity front, the Group ended the 2019 financial with a liquid ratio of 130.69% (2018: 122.69%) and a growth of 25.52% in its cash and cash equivalent over the prior financial. And return on shareholders fund improved from 7.36% for 2018 to 14.56% for the current financial year.

Conclusion & Outlook

The June 2020 edition of the IMF's World Economic Outlook Update projected global growth at -4.9% in 2020. The growth forecast reflects the unprecedented decline in global consumption and services output; rising unemployment on the labour market; and the contraction in global trade; due to the COVID -19 pandemic.

In Ghana, revenues from the country's commodities, notably oil and cocoa are expected to decline driven by low prices; a slowdown in development and investment activities; and risk-off conditions due to the impact of the coronavirus pandemic. Hence, maintaining a fiscal consolidation stance amid the pandemic and the 2020 election cycle will be challenging. We expect government revenue mobilization to be adversely impacted with expenditure exceeding forecasted limits. Additionally, the country's debt level is anticipated to rise to about 70% by the end of 2020 posing a risk to economic outlook. The IMF, thus, forecasts Ghana's 2020 GDP growth rate at 1.5% for 2020.

The potential impact of the COVID-19 pandemic indicates that the banking industry's operations in 2020 may face challenges. To help mitigate these effects, the Bank of Ghana has initiated a number of policy measures aimed at ensuring the safety and soundness of the overall financial system.

I believe that our relentless efforts over the years and especially last year were the foundation blocks for the remarkable performance of our Bank in 2019. Going forward, the impact of the COVID-19 pandemic on economic activity will play a major role in the operations and profitability of our Bank. We are therefore compelled to find new and effective ways of doing business whiles optimizing returns.

I would like to commend our Shareholders and Customers for their immerse support and loyalty to the Republic Brand; our employees and management team for their hard work and commitment towards achieving targets; and fellow Board Members for their contributions in steering the affairs of the Bank. As always, I look forward to your continued support as we soar higher in 2020.

Thank you

MANAGING DIRECTOR'S DISCUSSION AND ANALYSIS

INTRODUCTION

The 2019 financial year ushered in a consolidative phase for the banking industry, following the completion of Bank of Ghana's (BOG) banking sector cleanup exercise and the challenging business environment that prevailed for the most part of 2018. The Bank of Ghana concluded its banking sector clean-up in 2019 with the Consolidated Bank Ghana Limited holding assets of the seven dissolved Banks. The Ghana Amalgamated Trust Limited (GAT) was also formed to facilitate capital injection into selected Banks that were deemed solvent but needed assistance to meet the GHS400 million minimum capital requirement. As at the end of 2019, there were 23 well-capitalized and solvent banks operating in the country. The year 2019 also witnessed the extension of cleanup efforts to the Non-Banking Financial Institutions (NFBI) sector by the BOG, as well as to the Financial Securities Industry by the Securities and Exchange Commission (SEC), all in an attempt to sanitize the financial ecosystem as a whole.

Despite lingering industry challenges from the banking sector cleanup exercise, the year 2019 has seen general performance improvements in the banking industry that demonstrate the importance of Bank of Ghana's exercise. We expect that this exercise, along with the GHS400 million minimum capital requirement and the Directives released by the Bank of Ghana, will contribute to streamlining the banking industry and better position the industry to finance private sector development.

DEPOSITS CONTINUE TO GROW STEADILY

Industry deposits witnessed a healthy year-on-year growth of 22.2%, which was an improvement over the 17.3% growth experienced in 2018. Our Bank's deposit mobilization efforts also remained strong, and contributed to a year-on-year growth in customer deposits by 16.4% from GHS2.16 billion as at December 2018 to GHS2.52 billion as at December 2019. Initiatives that were instrumental in the deposit performance results include: the "One Campaign Reloaded" that was launched to drive the reactivation of dormant accounts, and to increase awareness and visibility of the Bank; as well as deposit scheme partnerships with key institutions that have proved resoundingly successful.

The Bank continues to pursue key strategic initiatives, with a suite of deposit and digital products in the works that should establish the Bank in the digital banking space and broaden the Bank's deposit sources.

ADVANCES INCREASED IN LINE WITH OVERALL INDUSTRY

The interest rate environment in 2019 was generally stable, which was emphasized by the decision of Bank of Ghana's Monetary Policy Committee to hold its policy rate at 16.0% throughout the year. The recovery from the 2018 banking crisis bode well for the banking industry in general with industry loans experiencing a 22.4% year-on-year growth in 2019, compared to the rate of 12.9% seen in 2018.

In line with the industry, our Bank witnessed a healthy growth of 19.3% in net loans and advances from GHS1.18 billion to GHS1.40 billion. Key amongst the contributors to this growth are the asset creation initiatives implemented during the year, including the Bank's renowned loan campaigns such as the Easter Loan, Back-to-School Loan and Christmas Loan Campaigns. Additionally, the Bank continues to pursue strategic partnerships with key institutions towards providing bespoke loan products to these institutions as well as their staff.

IMPROVING ASSET QUALITY

Reducing the non-performing loan (NPL) portfolio remains a critical topic in the banking industry. Progress has however been made by the overall industry in improving the NPL ratio. Republic Bank's strides are notable, with the NPL ratio improving from 20.79% in December 2018 to 18.16% in December 2019. The Impairment charge in 2019 also reduced from last year's charge of GHS57.7 million to GHS19.1 million. Overall, provision for loan impairments for the year amounted to GHS132.2 million, producing an NPL coverage ratio of 47.2% against a ratio of 47.3% in 2018.

An outcome of COVID-19 pandemic on business activities will likely impact the Bank's asset quality as loans deteriorate due the initial slowdown in economic activity and a gradual return to sustainable levels. Nonetheless, we anticipate measures instituted by our Bank to support our customers and the Central Bank will mitigate the level of the impact on asset quality.

GAINS IN OPERATIONAL EFFICIENCY

Operating expenses for the 2019 period increased by 5.6% from the 2018 amount of GHS201.3 million. Staff costs in particular exceeded expectations due to the higher staffing needs as a result of business expansion and regulatory requirements. Aside staff costs and depreciation, all other operating expenses were largely under control.

OPERATING EXPENSES (GHS MILLIONS)	DEC 2019 ACTUAL	DEC 2018 ACTUAL	CHANGE (%)
Staff Cost	129.45	109.76	17.9%
Depreciation	19.48	13.03	49.5%
Others	63.62	78.48	-18.9%
TOTAL	**212.55**	**201.27**	**5.6%**

Cost control measures put in place yielded improvements in the Group's cost-to-income ratio of 61.98% for the year 2019, compared to 68.73% recorded in 2018. The Bank will continue to pursue cost management strategies to further improve its operational efficiency.

INCOME GROWTH REMAINS ROBUST

Initiatives rolled out during the year resulted in a healthy growth in the Group's income earnings. Net interest income increased by 23.8% from GHS188.2 million in the year 2018 to GHS232.9 million in 2019; which can be attributable to the strong asset growth. Non-interest income also increased marginally to GHS110.0 million during the year, from the GHS109.4 million recorded in 2018.

To reinforce income growth, the Bank is undertaking various digital initiatives designed to broaden its income base.

RECORD GROWTH IN PROFITS

The Group recorded a notable improvement in profit after tax of GHS79.1 million for the period. This represented a year-on-year increase of 180.6% from the GHS28.2 million registered in the same period last year. The profit position demonstrates a healthy improvement over last year's performance amidst a challenging financial environment.

SHARE PRICE PERFORMANCE

The sluggish performance of the stock market persisted throughout 2019, as investors showed a preference for the relatively high but less risky yields on government treasury securities. The Ghana Stock Exchange Composite Index (GSE-CI), a performance measure of all stocks, recorded a year-to-date loss of 12.3% as at December 2019; whilst the Ghana Stock Exchange Financial Sector Index (GSE-FSI), a performance measure of financial sector stocks, recorded a loss of 6.2% for the same period.

As a result of stock market trends as well as last year's GHS255 million rights issue that was priced at GHS0.55 per share, RBGH's share price fell on a year-on-year basis by 18.8% from GHS0.69 recorded as at December 2018 to GHS0.56 as at December 2019.

SUCCESSFUL LABOUR UNION NEGOTIATIONS

Following another round of successful negotiations, an agreement was reached between the Bank and the Labour Union that was formed in 2017. The outcome of deliberations was the agreement to a salary increment of 16.0%, for the 2020/2021 period. A review of staff allowances was also carried out to align with changes in cost of living.

OUTLOOK FOR THE YEAR 2020

With cognisance to the ever evolving banking environment influenced by technology and the COVID-19 pandemic, the Bank continues to pursue initiatives to ensure that our services remain relevant and solidify the Bank's performance gains in an increasingly competitive industry. The year 2020 should see the Bank reengineer its processes and operations to meet the emerging needs of the market.

INITIATIVES TO SUPPORT CUSTOMERS AMID THE PANDEMIC

The Bank introduced a number of interventions to support Customers and ease the impact of COVID-19 on their operations. These interventions include a six (6) month moratorium on all loan repayment, up to 2% reduction in lending rates, 3 months automatic waiver on excess and late fees and a waiver of interbank/cross wallet transfer charges. Other interventions including debt restructuring and temporary increases in overdraft were offered to Customers following the appropriate needs assessment. The Bank is also putting in place measures to contact/visit Customers to further assess the health of their operations and where needed offer the necessary support.

CONCLUSION

2019 has demonstrated to be a momentous year for the Republic Bank (Ghana) Group, with an overall improvement in performance over the previous period and its challenging financial environment following Bank of Ghana's banking sector clean-up exercise. Republic Bank (Ghana) Group was 14.0% above its year-end profit target, and continues to demonstrate improvements in key areas such as operational efficiency and asset quality. Additionally, key regulatory, operational, market and enterprise risks continue to be closely monitored towards mitigating their effects. Nonetheless, the COVID-19 pandemic has brought with it new and unique challenges. We continue to monitor the environment closely and take the necessary actions to limit any potential negative impact on the Bank's operations and profitability. Management's efforts continue unabated to ensure improvements in customer service excellence, employee satisfaction and ultimately in growing shareholder wealth.

The milestones achieved this year are a result of a combined effort. We are naught without our most valued Customers and Shareholders that define and contribute to our continued existence. We cherish our ever-resourceful and committed Board of Directors and would like to extend profound gratitude for their advice, support and direction. Finally, but in no way the least, sincere appreciation goes to our dedicated and industrious Staff, for their support and immense contributions to the Bank's vision and objectives. Together, we ROAR into 2020.

Thank you.

CORPORATE **GOVERNANCE &** SOCIAL **RESPONSIBILITY**

CORPORATE GOVERNANCE

Republic Bank (Ghana) Limited ('Republic Bank' or 'the Bank') acknowledges the pivotal role corporate governance plays in the sustained success of any organisation; to this end, the Board of Directors ("the Board") of Republic Bank is committed to ensuring that best practice in corporate governance remains a fundamental part of the culture and business of the Bank and its Subsidiaries, to ensure optimum levels of Stakeholder participation and protection.

The Bank's corporate governance framework is geared towards promoting and enhancing the governance principles of accountability, integrity, transparency, robustness, fairness and social responsibility, whilst maximising long term Shareholder value. These principles underpin all areas of the Bank's business.

Key aspects of the Bank's Corporate Governance Framework are as follows:-

The Board Of Directors

The Board is responsible for the overall stewardship of the Bank, which includes the setting of strategic objectives and risk appetite and leading the culture and values of the Bank and its people. The Board is committed to providing effective leadership, strategic direction, corporate governance and enterprise in guiding the Executive Management to deliver growth and sustainable Shareholder value.

The Bank's Core Values of Customer Focus, Integrity, Respect for the Individual, Professionalism and Results Orientation ensure that the Bank's obligations to its Stakeholders are promoted at every level to the highest standards of risk management and ethical behaviour. The Bank's corporate governance framework is well documented in the Board Charter, Code of Conduct and other various policies, systems and activities which together enable the Bank to meet or exceed the governance expectations of its Regulators, Shareholders and other Stakeholders. Additionally, the Bank's governance practices are consistent with all applicable legal and regulatory requirements, international and local professional standards and the Republic Group requirements. These arrangements are regularly reviewed in the light of emerging laws, regulations, requirements and changing trend on the Bank's dynamic environment.

Composition

The Board of Republic Bank is constituted in accordance with the Bank's Regulations and is composed of a Non-Executive Chairman, a Managing Director and seven (7) other Non-Executive Directors, (two (2) of whom represent the minority Shareholders and the public interest in accordance with the Bank's Regulations). The Non-Executive Directors are independent of management and free from management constraints which could interfere with their exercise of objective and independent judgment.

The Directors collectively possess strong functional knowledge, expertise, a balanced mix of relevant skills and attributes from both international and local experience.

Board Meetings and Attendance

Directors are expected to attend meetings of the Board and the Committees on which they serve. The Board's annual meetings' calendar (of scheduled meeting dates), is adopted by the Board at the end of each preceding financial year. In 2019, the full Board had four (4) meetings. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Charles Zwennes	4	3
Mr. Farid Antar	2	2
Mr. Nigel Baptiste	4	4 (2 by Alternate)
Mr. David Dulal-Whiteway	4	4
Mr. Michael Addo	4	2
Mr. Ebenezer Tagoe	4	4
Mr. Paul Aryene	4	4
Mr. David Addo-Ashong	4	3
Mr. Anthony Jordan	2	2
Mr. Arimeyaw Ibn Saeed	1	1

Board Committees

The Board had four (4) standing Committees to assist in fulfilling its mandate at the beginning of year 2019. These were the Finance & Credit Committee, the Remuneration & Nominations Committee, the Audit Committee and the Enterprise Risk Committee. During the course of the year, in response to the Bank of Ghana's Cyber & Information Security Directive 2018, a Cyber & Information Security Sub-Committee of the Board was established.

All the Board's Committees operate in accordance with their terms of reference set out in the formal Board Charter. Details of the Committees are as follows:-

Finance & Credit Committee

The main responsibilities of the Finance & Credit Committee are to assist the Board to set and review all credit and finance related policies and practices of the Bank.

Membership of the Finance & Credit Committee is appointed by the Board. In the year 2019, the Committee was made up of the Managing Director and four (4) Non-Executive Directors, namely Mr. David Addo-Ashong (Chairman), Mr. Michael Addo, Mr. Ebenezer Tagoe and Mr. Nigel Baptiste.

The Committee had two (2) formal meetings in 2019. The Committee also regularly dealt with Finance & Credit matters outside the scheduled setting of the Committee meetings. Attendance of Directors at the scheduled formal meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. David Addo-Ashong	2	2
Mr. Anthony Jordan	1	1
Mr. Nigel Baptiste	2	2 (2 by Alternate)
Mr. Michael Addo	2	1
Mr. Ebenezer Tagoe	2	2 (1 by Alternate)
Mr. Farid Antar	1	1

Remuneration & Nominations Committee

The Remuneration & Nominations Committee is responsible for assisting the Board to establish a transparent structure for developing policy on appropriate compensation; on succession planning; in identifying potential director nominees; in overseeing management's performance and in developing corporate governance principles to foster a healthy governance culture. Membership of the Remuneration & Nominations Committee is appointed by the Board and was composed of the Non-Executive Directors as at the beginning of 2019. The Chairman of the Committee in 2019 was the Board Chairman.

The Remuneration and Nominations Committee had two (2) meetings in 2019. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Paul Aryene	2	2
Mr. Charles Zwennes	2	1
Mr. Nigel Baptiste	2	1 (by Alternate)
Mr. David Dulal-Whiteway	2	1
Mr. Michael Addo	2	2
Mr. Ebenezer Tagoe	2	2
Mr. David Addo-Ashong	2	1
Mr. Anthony Jordan	1	1
Mr. Farid Antar	1	1

Enterprise Risk Committee

The main responsibility of the Enterprise Risk Committee is to set the tone and parameters, and to supervise the management of risk in the Bank. The Committee had four (4) meetings in 2019.

Membership of the Enterprise Risk Committee is appointed by the Board. In the year 2019 the following were the members of the Committee: - Mr. Michael Addo (Chairman), Mr. David Addo-Ashong and Mr. Nigel Baptiste.

Attendance by Directors at the meetings was as follows: -

Director	No of Meetings Eligible to Attend	Attendance
Mr. Michael Addo	4	4
Mr David Addo-Ashong	4	4 (1 by Alternate)
Mr. Nigel Baptiste	4	4 (1 by Alternate)

Cyber & Information Security Sub-Committee

In fulfilment of the requirements of the Cyber & Information Security Directive (2018) of the Bank of Ghana, a Board Committee on Cyber & Information Security was set up to provide oversight responsibilities to ensure that an adequate control framework was in place for mitigating potential risks facing the Bank.

The Committee's main responsibilities include providing oversight on the cyber and information risk exposures/tolerance of the Bank, the strategy and controls for the various Cyber and Information risks and all aspects of technology security.

The Committee had two (2) meetings in 2019. Attendance by Directors at the meetings was as follows:-

Director	No of Meetings Eligible to Attend	Attendance
Mr. Michael Addo	2	2
Mr. David Addo-Ashong	2	2
Mr. Nigel Baptiste	2	2

Audit Committee

The Audit Committee's responsibilities are to ensure the adequacy, integrity and effectiveness of critical systems, financial controls and reporting; compliance with legal and regulatory obligations; the safeguard of the Bank's assets and the review of all activities to control the Bank's risk exposure.

Membership of the Audit Committee is appointed by the Board. In the year 2019 the following were the members of the Committee: - Mr. Ebenezer Tagoe (Chairman), Mr. Paul Aryene and Mr. David Dulal-Whiteway.

The Committee had five (5) meetings in 2019. Attendance by Directors at the meetings was as follows: -

Director	No of Meetings Eligible to Attend	Attendance
Mr. Ebenezer Tagoe	5	5
Mr. David Dulal-Whiteway	5	5
Mr. Paul Aryene	5	5

Training and Development

Directors are exposed to various facets of the Bank's workings at induction and during their tenure. These include the Bank's strategic direction, finances, risk management, audit, compliance, corporate governance and related matters. In 2019 the two new Directors to the Board underwent the full ambit of induction and were additionally provided with a range of framework documents to facilitate a rapid and thorough appreciation of their responsibilities.

In the year 2019 the Directors collectively and individually undertook training seminars in Corporate Governance Certification Module I, II and III delivered by the National Banking College, AML/CFT&P Training delivered by the Bank of Ghana. Additionally, Committee Members of the newly constituted Cyber & Information Security Committee for 2020 were also provided with Cyber & Information Security training by a global IT capacity building consultant (Digital Jewels Ltd) to facilitate deep understanding and competencies in information security.

Directors' Remuneration

Remuneration of Non-Executive Directors is made up of a fixed annual fee and a sitting allowance for attendance and participation at Board and Committee meetings. The total remuneration for Directors is approved by Shareholders at General Meeting in accordance with the Companies Act. The general practice is for Directors' remuneration to be reviewed every couple of years to attract and retain good calibre Directors and to keep up with industry rates. Directors' remuneration was however last reviewed in April 2015 and for the moment, remains below the 25th percentile in the peer group.

Conflicts of Interest / Related Party Issues

Directors are expected to avoid any action, position or interest that may conflict or appear to conflict with any of the Bank's interests. Any Director who has a material personal interest in a matter relating to the Bank's affairs is required to disclose the nature and extent of that interest to the other Directors as soon as possible. In the event of a conflict of interest or a related party transaction, the Director will have to leave the relevant section of the meeting and will not participate in the decision. Additionally, the following related party transactions can only be approved by the Board of Directors or the Finance & Credit Committee of the Board:-

- writing off /down debts from a related party
- compromising of the principal with respect to debts due from a related party.

The Board also maintains an up-to-date register for documenting and managing conflict of interest situations.

During the year 2019 no conflict of interest issues were recorded.

Board Evaluation

During the course of the year an external Board Evaluation was carried out across the Republic Financial Holdings Group, including a dedicated evaluation of the Republic Bank (Ghana) Limited.

The evaluation was facilitated by consultants, PwC (Trinidad & Tobago) who offer global bespoke board review services. The results noted that several positive practices exist in the Board's current framework which include active committees, formal charters, clear delegation of authorities, qualified/experienced Board Members and compliance with key regulatory requirements. The report also noted the Board's lack of IT expertise, given the Bank's potential and future plans in the market, and recommended additional development considerations particularly in emerging industry trends ie digital and cyber.

During the year 2019, the Board also carried out two self-evaluation exercises of its performance on Anti-Money Laundering and Counter Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT&P) to ascertain the Board's effectiveness and to determine and effect any necessary changes/improvements. The results of the evaluation demonstrated the Board's increasing awareness and response to AML/CFT&P issues.

The Board is currently working through all the recommendations with a view to implementing the necessary changes to further enhance its effectiveness.

SYSTEMS OF INTERNAL CONTROL

The Board is responsible for and committed to overseeing the management of the Bank's risks to meet business objectives and ensure compliance with relevant laws, regulations and requirements. To this end, the Board has put in place various systems of internal control under its direction and supervision. The Internal Audit, Enterprise Risk and Compliance functions are key to the achievement of these objectives.

Internal Audit

The Internal Audit function is the third line of defence in the Banks risk management framework. The Internal Audit is independent of Management and reports directly to the Audit Committee of the Board. The function is primarily responsible for reviewing the effectiveness of the Bank's internal control systems, governance and risk management and providing assurances and advice to promote the wellbeing of the Bank. Internal Audit uses a risk-based methodology which ensures that resources are focused on areas that pose the greatest risks to the Bank.

Enterprise Risk Management

The Enterprise Risk management function is responsible for identifying, assessing and monitoring the various risks to which the Bank is exposed and the integrity and reliability of risk measures. All risks are qualitatively and quantitatively measured and continuously reviewed to safeguard the integrity and adequacy of procedures to ensure, to the greatest extent possible, protection of the Bank's assets and Shareholders' investments. Once risks are identified, mitigating measures are put in place and monitored to minimize any potential losses.

The Bank has also appointed a dedicated Chief Risk Officer to advise the Board and Management on areas of risk faced by the Bank and the adequacy of controls throughout the Bank.

Compliance & Anti-Money Laundering

The Compliance function is responsible for ensuring the Bank has in place to requisite control to comply with relevant legislation, regulations, standards and directives both locally and internationally. The Compliance framework is designed to ensure maximum compliance.

Robust Board approved policies, programs and procedures are also in place to thwart the efforts of money launderers, counterfeiters and terrorists to use the Bank's space to perpetuate their nefarious activities.

Management

There is a clear demarcation and segregation of roles and responsibilities between the Board and Management that fosters transparency, confidence and mutual trust.

The Board delegates to the Managing Director and Executive Management the authority and responsibility for managing the day to day affairs of the Bank, who in turn are accountable to the Board for their management of the operations of the Bank.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility continues to be an integral part of the Bank's business. The Bank recognizes that whilst ensuring Sustainable Growth and Shareholder Value is important for the success of the Bank, of equal importance is its role as a responsible Corporate Citizen in helping to build successful communities. The Bank chooses to be seen as a driving force in this sphere, a Bank with a heart in the Ghanaian market.

The Bank's CSR operates under the Republic Bank Group's 'Power to Make a Difference' brand which is built on four main pillars namely:-

- Power to Learn
- Power to Care
- Power to Help
- Power to Succeed.

For the year 2019, the Bank's main CSR drive was in the area of support for education, building the capacity of businesses and youth development. Under the aforementioned banner, the Bank engaged in maintaining support to major educational and health institutions and also in providing support for cultural activities in areas of the Bank's operations. The Bank expended approximately GHS 564,000.00 on its CSR activities for the year ended 31st December 2019 which included:-

- Construction of six classroom block for the AME Zion School, Berase
- Sponsorship to Manhyia Palace (Africa Premier Leadership Award)
- Sponsorship of local content in the Oil and Gas Awards
- Sponsorship of National Partnership for Children's Trust
- Ghana Olympics Committee – African Beach Games, Sel Cape Verde
- Ghana Diaspora Celebration and Homecoming Summit
- International Literacy Day
- Read For Life Reading Project
- Awutu Winton SHS Building Project
- Corporate Donations for various programmes and cultural festivals.

Staff Volunteerism Program (SVP)

Staff Volunteerism initiatives undertaken by staff of the Bank for the year ended December 2019 included donations to the following:-

- Donation of incubators to Bekwai Municipal Hospital
- Donation to Juaboso Best Teacher Awards Event
- Donation to Echoing Hills Orphanage
- Donation to Ankaful Leprosarium and Ankaful Prison Cape Coast
- Donation to Egyam Children's Home Takoradi
- Donation to Remar Tema Children's Home
- Donation of Medical Supplies and Cash to Weija Leprosarium.

Outlook For 2020

The Bank will continue to create Top of Mind Awareness (TOMA) in its CSR through different initiatives for the year 2020. Staff will be encouraged to continue to play a pivotal role in Community developmental projects under the umbrella of the SVP.

The Bank will continue to adopt developmental projects in various parts of the country under its 'Power to Make a Difference' programme to establish itself as the Bank of choice for Corporate Social Responsibility whilst focusing in other areas under youth development, health, education as well as Oil and Gas industry.

INDEPENDENT **AUDITORS' REPORT**

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REPUBLIC BANK (GHANA) LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Republic Bank (Ghana) Limited ("the Group and Bank"), which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income, changes in equity and 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, as set out on pages 40 to 129.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Bank as at 31 December 2019, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised 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 sect ion of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 judgment, 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.

Impairment allowance of loans and advances to customers (GH¢132million)

Refer to Note 22b to the consolidated and separate financial statements

The key audit matter	How the matter was addressed in our audit
Loans and advances to customers amounted to GH¢ 1,544 million at 31 December 2019 (GH¢1,175 million at 31 December 2018), and the total impairment allowance account for the Bank amounted to GH¢132 million at 31 December 2019 (GH¢128 million at 31 December 2018). In connection with the implementation of IFRS 9 as from 1 January 2018, Republic Bank (Ghana) Limited implemented a three stage expected credit loss impairment model as follows: ▪ Recognition of allowances measured at an amount equal to 12-month expected credit losses (stage 1); ▪ Recognition of allowances measured at an amount equal to the lifetime expected credit losses (ECL) for loans and advances for which credit risk has significantly increased since initial recognition, but that are not credit-impaired (stage 2); and ▪ Financial assets that are credit-impaired (stage 3). The Bank determines loan impairments in stage 1 and 2 on a modelled basis whereas the loan impairments in stage 3 are determined on a specific loan-by-loan basis. Judgements and estimation uncertainty The judgements and estimation uncertainty in the impairment allowance of loans and advances is primarily linked to the following aspects: ▪ Significant increase in credit risk: judgement is required to transfer assets from stage 1 to stage 2; ▪ Forward-looking information: the Bank includes forecasts of future events and economic conditions (forward-looking information) in the modelled loan impairments. ▪ Modelled loan impairments - For the modelled loan impairments the Bank applies judgement in utilising point in time probability of default (PD), loss given default (LGD) and exposure at default (EAD) models for the majority of the loan portfolio in estimating the ECL. ▪ Individually credit-impaired loans - For credit-impaired loans that are assessed on an individual basis, the impairment allowance is based on the net present value of expected future cash flows (based on valuation of underlying collateral) in a liquidation scenario. In such cases, judgement is required for the estimation of the expected future cash flows. Given the combination of inherent subjectivity and judgement involved in estimating the expected credit losses and the material nature of the balance, we considered the impairment of loans and advances to be a key audit matter in our audit of the consolidated and separate financial statements.	To address the key audit matter, we performed procedures including the following: ▪ We evaluated the design and tested the operating effectiveness of key controls over: » The internal credit management process to assess the loan quality classification used to identify impaired loans; » Implementation of the definition of default and significant increase in credit risk applied in calculating the modelled loan impairments; and » The valuation of future cash flows, existence and valuation of collateral, based on the appropriate use of key parameters for the impairment allowance. ▪ Using our financial risk model specialist, we evaluated the reasonableness of the model methodology and performed recalculation of the expected credit losses for a sample of loans. ▪ We tested input data in respect of the critical data elements, challenged management assumptions and obtained reasonable explanations and evidence supporting the key model parameters (including the significant increase in credit risk, PD, LGD and EAD). ▪ We tested the impact of macro-economic indicators in estimating the probability of defaults. ▪ We tested completeness and accuracy of the transfer of data from underlying source systems to the expected loss calculations. ▪ Considering the inherent estimation risk of individually credit-impaired loans, we selected appropriate samples and considered whether the key judgements and significant estimates applied in the impairment were reasonable. This included the following procedures: » assessed the external collateral valuations and the realisation periods for the collaterals used as a basis of forecasted cash flows; and » Recalculated the expected credit losses on the individually credit-impaired loans. » Furthermore, we assessed the adequacy of the disclosures, including disclosures on estimation uncertainty and judgements, to assess compliance with the disclosure requirements included in IFRS 7 Financial Instrument Disclosures.

Other Information

The Directors are responsible for the other information. The other information comprises, the Report of the Directors as required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Corporate Information, Chairman's Review and Managing Director's Discussion and Analysis but 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 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, 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 of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group and Bank's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and/or Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current 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

Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992) and Section 85 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The consolidated and separate statements of financial position and comprehensive income are in agreement with the accounting records and returns.

We are independent of the Group and Bank under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Group and Bank's transactions were within their powers and the Group and Bank generally complied with the relevant provisions of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

The Group and Bank have generally complied with the provisions of the Anti-Money Laundering Act, 2008 (Act 749), the Anti-Terrorism Act, 2008 (Act 762) and all relevant Amendments and Regulations governing the Acts.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Nyan Dennis (ICAG/P/1426).

KPMG

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FOR AND ON BEHALF OF:

KPMG: (ICAG/F/2020/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

26th February, 2020

REPUBLIC BANK (GHANA) LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

In thousands of GH¢	Note	2019 Bank	2019 Group	2018 Bank	2018 Group
Interest income using effective interest method	8	**401,504**	**413,885**	314,802	326,336
Interest expense	9	**(181,032)**	**(180,937)**	(138,115)	(138,115)
Net interest income		**220,472**	**232,948**	176,687	188,221
Fee and commission income	10a	**44,504**	**64,725**	32,595	55,722
Fee and commission expense	10b	**(1,154)**	**(1,154)**	(902)	(902)
Net fee and commission income		**43,350**	**63,571**	31,693	54,820
Net trading income	11	**22,338**	**22,338**	31,743	31,743
Net (loss) / income from investments at fair value thru. profit & loss	12a	**(2,205)**	**(2,205)**	3,103	3,103
Other operating income	12b	**10,505**	**10,505**	8,229	8,229
Other income	12c	**13,701**	**15,795**	9,375	11,552
Operating income		**308,161**	**342,952**	260,830	297,668
Net impairment loss on financial assets	13	**(32,000)**	**(19,112)**	(42,680)	(57,755)
Personnel expenses	14	**(111,422)**	**(129,454)**	(93,026)	(109,761)
Operating lease expenses	15	-	-	(9,739)	(10,490)
Depreciation and amortization	16	**(18,205)**	**(19,476)**	(11,895)	(13,026)
Other expenses	17	**(54,417)**	**(63,616)**	(58,225)	(67,986)
Profit before income tax for the year		**92,117**	**111,294**	45,265	38,650
National Stabilization Levy	18	**(4,606)**	**(5,582)**	(2,263)	(2,438)
Tax expense	18	**(24,954)**	**(26,589)**	(5,562)	(8,011)
Profit for the year		**62,557**	**79,123**	37,440	28,201
Other comprehensive income net of income tax					
Deferred tax on revaluation of land and building		-	-	(7,066)	(7,066)
Total comprehensive income for the period		**62,557**	**79,123**	30,374	21,135
Profit attributable to:					
Controlling Equity holders of the bank		**62,557**	**78,279**	37,440	27,461
Non-controlling interest		-	**844**	-	740
Profit for the period		**62,557**	**79,123**	37,440	28,201
Total comprehensive income attributable to:					
Controlling Equity holders of the bank		**62,557**	**78,279**	30,374	20,395
Non-controlling interest		-	**844**	-	740
Total comprehensive income for the period		**62,557**	**79,123**	30,374	21,135
Basic earnings per share (Ghana pesewas)	48	**7.34**	**9.19**	6.88	5.04
Diluted earnings per share (Ghana pesewas)		**7.34**	**9.19**	4.47	3.28

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 31 December 2019

In thousands of GH¢		2019		2018	
	Note	Bank	Group	Bank	Group
Assets					
Cash and cash equivalents	19	1,136,749	1,136,757	903,213	905,652
Non-pledged trading assets	20	13,591	13,591	-	-
Pledged assets	20	72,019	72,019	65,856	65,856
Investments securities	21	540,870	568,866	589,413	604,772
Loans and advances to customers	22	1,411,342	1,401,224	1,175,066	1,175,066
Investment in subsidiaries	21	12,332	-	10,383	-
Current income tax	23	14,828	15,059	5,559	5,772
Deferred tax assets	24	12,881	12,892	12,599	12,478
Intangible assets	25	8,236	8,242	7,819	7,833
Other assets	26	13,321	22,849	26,737	36,697
Property, plant and equipment	27	90,073	93,046	61,343	64,908
Total assets		3,326,242	3,344,545	2,857,988	2,879,034
Liabilities and equity					
Deposits from banks	28	45,551	45,551	-	-
Deposits from customers	29	2,525,003	2,516,130	2,161,420	2,161,420
Borrowings	30	64,715	64,715	108,285	108,285
Other liabilities	31	134,363	138,472	90,574	104,855
Total liabilities		2,769,632	2,764,868	2,360,279	2,374,560
Equity					
Stated capital	32	401,191	401,191	401,191	401,191
Income surplus account	33	(37,451)	(19,268)	(65,092)	(62,631)
Revaluation reserve	34	24,852	24,852	24,852	24,852
Statutory reserve fund	35	125,664	125,664	94,385	94,385
Regulatory credit risk reserve	36	41,610	41,610	41,629	41,629
Housing development assistance reserve	37	744	744	744	744
Total equity attributable to equity holders of the Bank		556,610	574,793	497,709	500,170
Non-controlling interest	38	-	4,884	-	4,304
Total equity		556,610	579,677	497,709	504,474
Total liabilities and equity		3,326,242	3,344,545	2,857,988	2,879,034

The financial statements on pages 40 to 129 were approved by the Board of directors on February 19 2020 and signed on its behalf by:

…………………………………… **DIRECTOR**

…………………………………… **DIRECTOR**

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

In thousands of GH¢ **Bank 2019**	Stated capital (Note 32)	Income surplus account (Note 33)	Statutory reserve fund (Note 35)	Revaluation reserve (Note 34)	Housing development assistance reserve (Note 37)	Regulatory credit risk reserve (Note 36)	Total equity
Balance at 31 December 2018	401,191	(65,092)	94,385	24,852	744	41,629	497,709
Net Impact of adopting IFRS 16 (Note 4(iii))	-	(3,656)	-	-	-	-	(3,656)
Restated balance at 1 January 2019	401,191	(68,748)	94,385	24,852	744	41,629	494,053
Total comprehensive income							
Profit for the year	-	62,557	-	-	-	-	62,557
Transfer from income surplus to statutory reserve	-	(31,279)	31,279	-	-	-	-
Movement from regulatory credit risk reserve	-	19	-	-	-	(19)	-
Total comprehensive income and movements therein	-	31,297	31,279	-	-	(19)	62,557
At 31 December 2019	401,191	(37,451)	125,664	24,852	744	41,610	556,610

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2019

In thousands of GH¢ Bank 2018	Stated Capital (Note 32)	Income surplus account (Note 33)	Statutory reserve fund (Note 35)	Revaluation reserve (Note 34)	Housing development assistance reserve (Note 37)	Regulatory credit risk reserve (Note 36)	Total Equity
Balance at 31 December 2017	146,191	(32,493)	75,665	32,051	744	4,037	226,195
Impact of adopting IFRS 9	-	(9,308)	-	-	-		(9,308)
Transfer from regulatory credit risk reserve	-	**4,037**	-	-	-	**(4,037)**	-
Restated balance at 1 January 2018	**146,191**	**(37,764)**	**75,665**	**32,051**	**744**	-	**216,887**
Profit for the year	-	37,440	-	-	-	-	37,440
Transfer from income surplus to statutory reserve		(18,720)	18,720				-
Transfer from revaluation surplus	-	133	-	(133)	-	-	-
Movement to regulatory credit risk reserve	-	**(41,629)**	-	-	-	**41,629**	-
Total comprehensive income and movements therein	-	**(22,776)**	**18,720**	**(133)**	-	**41,629**	**37,440**
Other Comprehensive income							
Deferred taxation assets revalued	-	-	-	(7,066)	-	-	(7,066)
Owners contributions and distributions							
Issue of ordinary shares	255,000	-	-	-	-	-	255,000
Shares issuance cost	-	(4,552)	-	-	-	-	(4,552)
Total contributions and distributions	**255,000**	**(4,552)**	-	-	-	-	**250,448**
At 31 December 2018	**401,191**	**(65,092)**	**94,385**	**24,852**	**744**	**41,629**	**497,709**

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

In thousands of GH¢ Group 2019	Stated Capital (Note 32)	Income surplus account (Note 33)	Statutory reserve fund (Note 35)	Revaluation reserve (Note 34)	Housing development assistance reserve (Note 37)	Regulatory credit risk reserve (Note 36)	Non-controlling interest (Note 38)	Total Equity
Balance at 31 December 2018	**401,191**	**(62,631)**	**94,385**	**24,852**	**744**	**41,629**	**4,304**	**504,474**
Net Impact of adopting IFRS 16 (Note 4(iii))	-	**(3,656)**	-	-	-	-	-	**(3,656)**
Restated balance at 1 January 2019	**401,191**	**(66,287)**	**94,385**	**24,852**	**744**	**41,629.00**	**4,304**	**500,818**
Total comprehensive income								
Profit for the year	-	78,279	-	-	-	-	844	79,123
Transfer from comprehensive income to statutory reserve	-	(31,279)	31,279	-	-	-	-	-
Movement from regulatory credit risk reserve	-	**19**	-	-	-	**(19)**	-	-
Total comprehensive income and movements therein	-	**47,019**	**31,279**	-	-	**(19)**	**844**	**79,123**
Owners contributions and distributions								
Dividend paid to NCI	-	-	-	-	-	-	**(264)**	**(264)**
Total contributions and distributions	-	-	-	-	-	-	**(264)**	**(264)**
At 31 December 2019	**401,191**	**(19,268)**	**125,664**	**24,852**	**744**	**41,610**	**4,884**	**579,677**

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2019

In thousands of GH¢ Group 2018	Stated Capital (Note 32)	Income surplus account (Note 33)	Statutory reserve fund (Note 35)	Revaluation reserve (Note 34)	Housing development assistance reserve (Note 37)	Regulatory credit risk reserve (Note 36)	Non-controlling interest (Note 38)	Total Equity
Balance at 31 December 2017	**146,191**	**(20,053)**	**75,665**	**32,051**	**744**	**4,037**	**3,564**	**242,199**
Impact of adopting IFRS 9	-	**(9,308)**	-	-	-	-	-	**(9,308)**
Transfer from regulatory credit risk reserve	-	**4,037**	-	-	-	**(4,037)**	-	-
Restated balance at 1 January 2018	**146,191**	**(25,324)**	**75,665**	**32,051**	**744**	-	**3,564**	**232,891**
Profit for the year	-	27,461	-	-	-	-	740	28,201
Transfer from comprehensive income to statutory reserve	-	(18,720)	18,720	-	-	-	-	-
Transfer from revaluation surplus	-	133	-	(133)	-	-	-	-
Movement to regulatory credit risk reserve	-	(41,629)	-	-	-	41,629	-	-
Total comprehensive income and movements therein	-	**(32,755)**	**18,720**	**(133)**	-	**41,629**	**740**	**28,201**
Other Comprehensive income								
Deferred taxation assets revalued	-	-	-	(7,066)	-	-	-	(7,066)
Owners contributions and distributions								
Issue of ordinary shares	255,000	-	-	-	-	-	-	255,000
Shares issuance cost	-	**(4,552)**	-	-	-	-	-	**(4,552)**
Total contributions and distributions	**255,000**	**(4,552)**	-	-	-	-	-	**250,448**
At 31 December 2018	**401,191**	**(62,631)**	**94,385**	**24,852**	**744**	**41,629**	**4,304**	**504,474**

The attached notes on pages 47 to 129 form an integral part of these financial statements.

REPUBLIC BANK (GHANA) LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended 31 December 2019

In thousands of GH¢		2019		2018	
	Note	Bank	Group	Bank	Group
Cash flows from Operating activities					
Cash generated from operations	40	**262,748**	**261,367**	40,112	59,443
Interest paid-long term bonds and borrowings	30/31a	**(12,294)**	**(12,294)**	(8,447)	(8,447)
Corporate tax paid	23	**(33,641)**	**(35,426)**	(12,914)	(15,467)
National stabilization levy paid	23	**(5,470)**	**(6,446)**	(2,450)	(2,481)
Net cash generated from operating activities		**211,343**	**207,201**	16,301	33,048
Cash flows from investing activities					
Purchase of property, plant and equipment	27	**(15,138)**	**(15,915)**	(6,792)	(8,810)
Purchase of Intangible asset	25b	**(2,813)**	**(2,813)**	(3,995)	(3,995)
Proceeds from sale of property, plant and equipment	27	**667**	**904**	417	418
Purchase of government securities		**(449,303)**	**(449,303)**	(371,686)	(371,686)
Sale of government securities		**499,108**	**499,108**	39,088	39,088
Purchase of investment securities- FVTPL	21b	**(4,300)**	**(8,588)**	(1,000)	(1,000)
Sale of investment securities – FVTPL	21b	**833**	**833**	599	599
Acquisition of investment in subsidiary		**(2,000)**	-	-	-
Sale of investment securities at amortised cost	21c	-	**4,539**	3,000	(10,472)
Net cash from / (used) in investing activities		**27,054**	**28,765**	(340,369)	(355,858)
Cash flows from financing activities					
Redemption of bonds	31a	**(5,033)**	**(5,033)**	(2,354)	(2,354)
Proceeds from bonds issued	31a	**5,454**	**5,454**	8,858	8,858
Repayment of borrowings	30	**(103,309)**	**(103,309)**	(6,132)	(6,132)
Proceeds from borrowings	30	**60,870**	**60,870**	97,080	97,080
Proceeds from ordinary shares issued	32	-	-	255,000	255,000
Ordinary shares issuance cost		-	-	(4,552)	(4,552)
Net cash (used in) / from financing activities		**(42,018)**	**(42,018)**	347,900	347,900
Increase in cash and cash equivalents		**196,379**	**193,948**	23,832	25,090
Effect of foreign exchange fluctuations on cash and cash equiv.		**37,157**	**37,157**	34,205	34,205
At 1 January		**903,213**	**905,652**	845,176	846,357
Cash and cash equivalents as at 31 December		**1,136,749**	**1,136,757**	903,213	905,652

The attached notes on pages 47 to 129 form an integral part of these financial statements..

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Reporting entity

Republic Bank (Ghana) Limited ("Bank") is a limited liability company incorporated and domiciled in Ghana. The address of the Bank's registered office is Ebankese No. 35 Sixth Avenue, North Ridge, Accra. The financial statements as at and for the year ended 31 December 2019 comprise the consolidated financial statements of the Bank and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of the Bank. The Group's principal activities are in investment banking, corporate banking, retail banking, mortgage banking, asset management services and property management and development. The Bank is listed on the Ghana Stock Exchange.

2. Basis of preparation Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB), and in the manner required by the Companies Act, 2019, (Act 992), and the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

Basis of measurement

The financial statements have been prepared under historical cost basis except for the following assets and liabilities that are stated at their fair value and the revaluation model as required or permitted under IFRS: financial instruments at fair value through profit or loss and leasehold land and buildings. The financial statements are presented in Ghana cedis (GH¢) and rounded to the nearest thousand except otherwise indicated.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognised prospectively.

3. Basis of consolidation

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

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

4. Changes in accounting policies

The Group has initially adopted IFRS 16 from January 1, 2019

A. Lease

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019. Accordingly, the comparative information presented in 2018 is not restated, that is, it is presented, as previously reported under IAS 17 and related interpretations. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

i. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 5.10.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

ii. As a lessee

As a lessee, the Group leases some branches and office premises. The Group previously classified these leases as operating lease under IAS 17 based on assessment of whether the lease transferred substantially all of the risks and rewards incidental to the ownership of the underlying assets to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of branch and office premises, that is, these leases are on-balance sheet.

Further, the Group has entered into three lease arrangements in addition to those existing at the commencement of the 2019 financial year.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for lease of branches and office premises, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the leassee's incremental borrowing rate at the date of initial application.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

1. Relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;

2. Did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial applications.

3. Did not recognise right-of-use and liabilities for leases of low-value assets, that is IT equipment;

4. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

5. Used hindsight when determining the lease term.

iii. Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition has been summarised below:

Account	Amount GH¢'000	Impact
Right-of-use assets presented in property plant and equipment	12,527	Increase in balance
Lease liability	16,183	Increase in balance
Retained earnings	(3,656)	Reduction in balance

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 11.67%.

Description	Amount GHS'000
Operating lease commitments at December 31, 2018 under IAS 17	23,968
Discounted commitments using the incremental borrowing rate at January 1, 2019	16,236
Recognition exemption for leases of low-value assets	(53)
Recognition exemption for lease with than 12 months lease terms	-
Lease liabilities recognised at January 1, 2019	16,183

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies

5.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the Group's financial statements are measured by each group entity using the currency of the primary economic environment in which that entity operates ('the functional currency').

The financial statements are presented in Ghana Cedis, which is the Bank's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. The spot rate used for foreign currency translation is the Ghana Association of Bankers' interbank average rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

All foreign exchange gains and losses recognised in the profit or loss are presented net within the corresponding item.

All differences arising on non-trading activities are taken to other operating income in profit or loss.

5.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Asset and Liabilities Committee (ALCO) and the Board of Directors. The Board allocates resources to and assesses the performance of the operating segments of the entity. All transactions between operating segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining operating segment performance.

The Group has the following reporting segments: retail banking, corporate banking, microfinance and mortgage banking

5.3 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate.

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

5.4 Financial assets and financial liabilities

5.4 (i) Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

5.4 (ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

1. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2. the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

1. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

2. the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise (see (5.4)(viii)).

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1. the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
2. how the performance of the portfolio is evaluated and reported to the Group's management;
3. the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
4. how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
5. the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

1. contingent events that would change the amount and timing of cash flows;
2. leverage features;
3. prepayment and extension terms;
4. terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
5. features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty.

The Group has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Contractually linked instruments

The Group has some investments in securitisations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met: -

1. the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
2. the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and
3. the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

5.4 (iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale- and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

1. fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
2. other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

5.4 (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

5.4 (v) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial

recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

5.4 (vi) Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

1. financial assets that are debt instruments;
2. lease receivables;
3. financial guarantee contracts issued; and
4. loan commitments issued.
5. No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL

1. debt investment securities that are determined to have low credit risk at the reporting date; and
2. other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

1. financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
2. financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

3. undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

1. If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
2. If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

1. significant financial difficulty of the borrower or issuer;
2. a breach of contract such as a default or past due event;
3. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
4. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
5. the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

1. The market's assessment of creditworthiness as reflected in the bond yields.
2. The rating agencies' assessments of creditworthiness.
3. The country's ability to access the capital markets for new debt issuance.
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
5. The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

1. financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
2. loan commitments and financial guarantee contracts: generally, as a provision;
3. where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
4. debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'other income' in the statement of comprehensive income. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Financial guarantee contracts

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Group considers when making this assessment include whether:

1. the guarantee is implicitly part of the contractual terms of the debt instrument;
2. the guarantee is required by laws and regulations that govern the contract of the debt instrument;
3. the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
4. the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the debt instrument, then it recognises an assets representing any prepayment of guarantee premium and a right to compensation of credit losses. A prepaid premium assest is recognised only if the guarantee exposure neither is credit impaired nor has undergone a significant increase in credit impaired risk when the guarantee is acquired. These assets are recognised in "other assets". The group presents gains or losses as a compensation right in profit or loss in the line item impairment loss on financial instruments.

5.4 (viii) Designation at fair value through profit or loss

Financial assets

At initial recognition, the Group has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial liabilities

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:

1. the liabilities are managed, evaluated and reported internally on a fair value basis; or
2. the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 46 sets out the amount of each class of financial asset or financial liability that has been designated as at FVTPL. A description of the basis for each designation is set out in the note for the relevant asset or liability class.

5.5 Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss 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 to:

i. the gross carrying amount of the financial asset; or

ii. the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

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

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 5.4(vi).

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes interest on financial assets and financial liabilities measured at amortised cost and interest on debt instruments measured at FVOCI.

Other interest income presented in the statement of comprehensive income includes interest income on finance leases). Interest expense presented in the comprehensive income includes financial liabilities measured at amortised cost.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income).

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

5.6 Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (see (5.5)).

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

5.7 Net trading income

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

5.8 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated at FVTPL and, also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

5.9 Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at FVTPL or other revenue based on the underlying classification of the equity investment.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

5.10 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

• Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand- alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any, initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following;

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method, It is remeasured when there is a change in future lease payments arising from a charge in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment,

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and - the arrangement had conveyed a right to use the asset.

• As a lessee

The Group did not have any finance leases under IAS 17.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

5.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore has accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and has recognised the related expenses in 'other expenses'.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: –

1. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
2. temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plans for individual subsidiaries in the Group.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

5.12 Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

5.13 Loans and advances

Loans and advances' captions in the statement of financial position include:

i. loans and advances measured at amortised cost (see 5.4 (ii)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

ii. loans and advances mandatorily measured at FVTPL or designated as at FVTPL (see 5.4 (ii)); these are measured at fair value with changes recognised immediately in profit or loss;

iii. and finance lease receivables.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

5.14 Investment securities

The 'investment securities' caption in the statement of financial position includes:

i. debt investment securities measured at amortised cost (see 5.4(ii)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

ii. debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL (see 5.4 (ii)); these are at fair value with changes recognised immediately in profit or loss;

iii. debt securities measured at FVOCI; and

iv. equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

i. interest revenue using the effective interest method;

ii. ECL and reversals;

iii. and foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss.

Fair value gains and losses on such equity investments were never reclassified to profit or loss and no impairment is recognised in profit or loss.

Dividends are recognised in profit or loss (see 5.9) unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

5.15 Property, plant, equipment

Land and buildings comprise mainly branches and offices and are shown at fair value, based on periodic, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
- Buildings	2
- Computers	33.3
- Furniture and Equipment	20
- Motor Vehicle	20

The assets' residual values, depreciation methods and useful lives are reviewed and prospectively adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were impaired as at 31 December 2019 (2018; nil).

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserve in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in profit or loss in the year the asset is derecognised.

5.16 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

5.17 Stated capital

The Group classifies capital and equity instruments in accordance with the contractual terms of the instrument. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

5.18 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

5.19 Share based payments

The bank engages in equity settled share-based payment transactions in respect of services received from certain of its employees. All options are exercised in the year. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the bank's budgeted profit is exceeded. 30% of the exceeded profit is offered as share to those employees. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee staff cost or expense.

5.20 Intangible assets

- **Software**

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate: that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

5.21 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate Classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5.22 Employee benefits

The Group has the following defined contribution schemes:

Social Security and National Insurance Trust

Under the national pension scheme, the Bank contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Bank's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

Provident Fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Bank. Employees contribute 10% of their basic salary to the Fund whilst the Bank contributes 5%. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the Fund Manager.

For defined contribution schemes, the Bank recognises contributions due in respect of the accounting period in profit or loss. Any contributions unpaid at the reporting date are included as a liability.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in profit or loss in staff costs, which is included within operating expenses.

5.22.1 Other employee benefits - loans at concessionary rate

The Bank grants facilities to staff of the Bank on concessionary terms. The Bank recognises such offerings as part of employee benefits on the basis that such facilities are granted to staff on the assumption of their continued future service to the Bank and not for their past service. The Bank's Lending Rate adjusted for risk not associated with the Bank's staff is applied to fair value such facilities.

Any discount arising there from it is recognised as a prepaid staff benefit which is amortised through profit or loss over the shorter of the life of the related facilities and expected average remaining working lives of employees.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

5. Summary of significant accounting policies (continued)

5.23 Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

6. Standards issued but not yet effective and interpretation

A number of new standards and amendments to standards are effective for annual periods commencing January 1, 2020 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to Reference to Conceptual Framework in IFRS Standards*

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

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

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments

"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 Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

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

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are effective from 1 January 2020. Early application is permitted.

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7. Critical accounting estimates and judgements

The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Impairment losses on loans and advances

(a) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 49.

8. Interest income using effective interest method

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Cash and Cash Equivalents	**55,935**	**55,935**	84,743	84,743
Loans and Advances to Customers	**206,774**	**206,774**	179,024	179,024
Investment Securities	**138,795**	**151,176**	51,035	62,569
	401,504	**413,885**	314,802	326,336

9. Interest expense

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Deposit from Banks	**7,595**	**7,595**	4,474	4,474
Deposit from Customers	**153,021**	**152,926**	111,017	111,017
Debts Securities Issued	**11,457**	**11,457**	10,793	10,793
Others	**8,959**	**8,959**	11,831	11,831
Total Interest Expense	**181,032**	**180,937**	138,115	138,115
Net Interest Income	**220,472**	**232,948**	176,687	188,221

Following the transition from IAS 17 to IFRS 16 during the year, finance charge on lease liabilities for the year of GHS1.74 million has been included in the 'other' interest expense line. (2018: Nil)

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10. Net Fees and commission Income

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
10a. Fees and commission Income				
Processing fees	**9,520**	**16,398**	3,274	13,719
Charges on transactions	**16,718**	**16,718**	14,896	14,896
Foreign transactions	**4,769**	**4,769**	1,847	1,847
Custody income	**2,979**	**2,979**	2,074	2,074
Sundry fees and commission	**10,518**	**10,518**	10,504	10,504
Fund and assets management fees	**-**	**13,343**	-	12,682
Total fees and commission income	**44,504**	**64,725**	32,595	55,722
10b. Fees and Commission expense				
Visa expenses	**1,154**	**1,154**	902	902
Total fees and commission expense	**1,154**	**1,154**	902	902
Net Fee and Commission income	**43,350**	**63,571**	31,693	54,820

In the table above, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. Note 50 further provides a reconciliation of the disaggregated fee and commission income with the Group's reportable segments.

11. Net trading income

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Foreign exchange gain	**37,157**	**37,157**	34,205	34,205
Other losses	**(14,819)**	**(14,819)**	(2,462)	(2,462)
Net trading income	**22,338**	**22,338**	31,743	31,743

12a. Net income / (loss) from investments at fair value

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Fair value (loss)/ gain - Unit Trust	**(2,205)**	**(2,205)**	3,479	3,479
Fair value loss - Ebankese Venture	**-**	**-**	(376)	(376)
Total	**(2,205)**	**(2,205)**	3,103	3,103

12b. Other Operating Income

Arrears penalty income	**10,505**	**10,505**	8,229	8,229
Total	**10,505**	**10,505**	8,229	8,229

12c. Other income

Profit on disposal of asset	**608**	**608**	178	178
Sundry income	**1,791**	**4,160**	3,448	5,625
Bad debt recovered	**11,027**	**11,027**	5,749	5,749
Dividend received	**275**	**-**	-	-
Total	**13,701**	**15,795**	9,375	11,552

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13. Net impairment loss on financial asset

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Loans and advances - loss (Note 22d)	**32,000**	**32,000**	39,658	39,658
Debt instruments measured at amortized cost (Note 21d)	-	**(12,888)**	3,022	18,097
Total	**32,000**	**19,112**	42,680	57,755

14. Personnel expense

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Salaries	**52,668**	**63,765**	52,280	61,298
Contributions to defined Contribution Plan	**8,947**	**10,679**	7,714	9,045
Other Staff Cost	**49,807**	**55,010**	33,032	39,418
Total	**111,422**	**129,454**	93,026	109,761

14b. Personnel expense – other staff cost

The other staff cost comprises of the following.

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Management housing maintenance	**11,502**	**13,746**	6,264	6,741
Car maintenance and fuel	**11,154**	**13,330**	8,930	9,335
Medical & dental expense	**4,145**	**4,954**	2,822	4,679
Clothing expense	**6,102**	**6,486**	4,441	4,757
Sundry staff expense	**16,904**	**16,494**	10,575	13,906
Total	**49,807**	**55,010**	33,032	39,418

15. Operating lease expense

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Rent	-	-	9,739	10,490

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. Details on the transition's adjustments and the impact on the financial statements has been presented under Note 4.

16. Depreciation and amortization

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Depreciation- Property, plant and equipment (Note 27)	**15,809**	**17,072**	9,930	10,912
Amortisation- Intangible asset (Note 25b)	**2,396**	**2,404**	1,965	2,114
	18,205	**19,476**	11,895	13,026

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17. Other expenses

Other expenses is made up of the following:

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Software licensing and other ICT costs	**11,998**	**12,236**	10,339	10,572
Auditors' remuneration	**300**	**516**	200	383
Directors expenses	**2,834**	**3,294**	1,945	2,905
Others	**39,285**	**47,570**	45,741	54,126
Total	**54,417**	**63,616**	58,225	67,986

17a. Other expenses includes:

In thousands of GH¢

	Bank	Group	Bank	Group
Marketing and advertisement	**4,998**	**5,615**	5,969	6,575
Electricity and water	**3,826**	**4,024**	3,616	3,818
Printing and stationery	**1,869**	**2,139**	1,504	1,674
Vehicle and equipment maintenance	**4,151**	**4,671**	3,272	3,523
Consultancy fees	**2,753**	**2,753**	1,960	1,960
Travelling and transport	**3,115**	**3,655**	2,773	3,114
General expense	**3,515**	**4,279**	7,032	7,345
Cash collection expenses	**4,033**	**4,033**	3,672	3,672
Other expenses	**11,025**	**16,401**	15,943	22,445
Total	**39,285**	**47,570**	45,741	54,126

18. Income tax expense

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Current tax (Note 23)	**25,236**	**27,003**	5,286	7,606
Deferred tax (Note 24)	**(282)**	**(414)**	276	405
	24,954	**26,589**	5,562	8,011

	Bank	Group	Bank	Group
National Fiscal stabilization levy (Note23)	**4,606**	**5,582**	2,263	2,438

Income tax expense reconciliation

In thousands in of GH¢	Bank	Group	Bank	Group
Profit before income tax	**92,117**	**111,294**	45,265	38,650
Tax using the domestic corporate tax rate of 25% (2018: 25%)	**23,029**	**27,824**	11,316	9,663
Tax effect of non-deductible expenses	**18,047**	**19,987**	17,804	19,357
Tax effect of income exempted from tax	**(16,122)**	**(21,222)**	(23,558)	(21,009)
Tax charge	**24,954**	**26,589**	5,562	8,011
Effective tax rate	**27.09%**	**23.89%**	12.29%	20.73%

All tax liabilities are subject to the agreement of the Commissioner General of the Ghana Revenue Authority. The tax on the Bank's and the Group's profit before tax differs from the theoretical amount that would arise using the statutory income tax rate applicable to profits.

Non-deductible expenses include donations, entertainment and penalty fees.

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19. Cash and cash equivalents

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Cash and bank balances with banks	**167,927**	**167,935**	179,451	181,890
Balances with Central Banks	**15,919**	**15,919**	45,338	45,338
Mandatory balance with Central Bank	**244,891**	**244,891**	148,585	148,585
Money market placement	**708,012**	**708,012**	529,839	529,839
Total cash and cash equivalents	**1,136,749**	**1,136,757**	903,213	905,652

20. Pledged and non-pledged trading assets

In thousands of GH¢	2019			2018		
	Pledged	Non Pledged	Total	Pledged	Non Pledged	Total
Government bonds	**72,019**	-	**72,019**	-	-	-
Treasury bills	-	**13,591**	**13,591**	65,856	-	65,856
Total pledged and non-pledged assets	**72,019**	**13,591**	**85,610**	65,856	-	65,856

Pledged assets are the carrying amount of Government Securities (Treasury bills) used as collateral for short term funds borrowed from banks and non-bank financial institutions. In the event that, the entity fails to make good the payment as and when it falls due, the collateral will not be released back to the entity. The pledged assets could not be used for any other trading until the payment is done and the pledged assets are released by Central Securities Depository.

These transactions are conducted under terms that are usual and customary to securities borrowing and lending activities. It is at a rate of 91 day treasury bill plus a spread of 1%.

21. a Investments securities

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Investments securities designated as FVTPL	**36,331**	**40,619**	35,069	35,069
Investments securities measured at amortized cost	**504,539**	**528,247**	554,344	569,703
	540,870	**568,866**	589,413	604,772

21b. Investments securities designated as at FVTPL

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Investment in Unit Trust	**32,477**	**36,755**	30,740	30,740
Investment in Ebankese Venture Fund	**3,854**	**3,854**	4,329	4,329
	36,331	**40,619**	35,069	35,069
Opening balance	**35,069**	**35,069**	31,565	31,565
Additions	**4,300**	**8,588**	1,000	1,000
Disinvestment	**(833)**	**(833)**	(599)	(599)
Fair value changes during the period	**(2,205)**	**(2,205)**	3,103	3,103
Closing balance	**36,331**	**40,619**	35,069	35,069

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Investment in Unit trust and Ebankese Venture Fund are recognised at fair value. Gains and losses arising from changes in fair value are included directly in profit or loss.

21c. Investments securities measured at amortized cost

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Government securities	**504,539**	**507,975**	554,344	554,344
Corporate bonds	-	**5,000**	-	5,000
Fixed deposit	-	**15,272**	-	10,359
	504,539	**528,247**	554,344	569,703

The fixed deposits investments are securities with other financial institutions that would mature within one year. The Cedi investments attract an average interest rate of 18.75% (2018: 18.75%) per annum whilst the dollar attracts 6% (2018: 6%) per annum.

21d. Impairment assessment of investment securities measured at amortized cost

Group 2019	Stage 1	Stage 2	Stage 3	
In thousands of GH¢	12 Month ECL	Lifetime ECL	Credit Impaired Financial Assets	Total
Gross exposure	**525,434**	-	**8,862**	**534,296**
ECL	**(2,187)**	-	**(3,862)**	**(6,049)**
Net Exposure	**523,247**	-	**5,000**	**528,247**
ECL allowance as at 1 January 2019	**4,957**	-	**13,980**	**18,937**
ECL on new instruments issued during the year	-	-	-	-
Other Credit Loss movements, repayments and maturities	**(2,770)**	-	**(10,118)**	**(12,888)**
At 31 December 2019	**2,187**	-	**3,862**	**6,049**

Group - 2018	Stage 1	Stage 2	Stage 3	
In thousands of GH¢	12 Month ECL	Lifetime ECL	Credit Impaired Financial Assets	Total
Gross exposure	569,660	-	18,980	588,640
ECL	(4,957)	-	(13,980)	(18,937)
Net Exposure	564,703	-	5,000	569,703
ECL allowance as at 1 January 2018	-	-	840	840
ECL on new instruments issued during the year	4,957	-	10,118	15,075
Other Credit Loss movements, repayments and maturities	-	-	3,022	3,022
At 31 December 2018	4,957	-	13,980	18,937

The table above shows the credit quality and the maximum exposure to credit risk based on the Group's credit rating system, aging and year-end stage classification.

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21e. Investments in subsidiaries

In thousands of GH¢	2019 Bank	2018 Bank
Investments in subsidiaries	**12,332**	10,383

Subsidiaries	2019		2018	
In thousands of GH¢	Bank	Group	Bank	Group
Republic Investment Limited	**4,535**	-	2,535	-
HFC Realty Limited	**1,930**	-	1,930	-
Republic Boafo Limited	**503**	-	503	-
UG-HFC	**289**	-	289	-
Republic Securities (Ghana) Limited	**75**	-	75	-
HFC Capital Partners	-	-	51	-
HFC Venture Capital Fund	**5,000**	-	5,000	-
	12,332	-	10,383	-

Investments in subsidiaries are accounted for at fair value though other comprehensive income. As at the reporting date, the fair values of the equity investments in the various entities approximate the cost.

The Bank made additional capital contribution of GHS2.0 million into its equity holding in Republic Investment Limited and received the sum of GHS 0.28 million as dividend income from Republic Boafo Limited during the period (Note 12c).

(ii) Holding structure

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

Subsidiaries	Holding 2019 %	Country of Incorporation	Relationship	Nature of business
Republic Investment (Ghana) Limited	100	Ghana	A wholly owned subsidiary of the bank	Investment management
HFC Realty Limited	100	Ghana	A wholly owned subsidiary of the bank	Property management
Republic Boafo Limited	51	Ghana	A company in which the Bank has 51% equity holding	Service
UG-HFC	60	Ghana	A company in which the bank has 60% equity holding	Asset management
HFC Venture Capital Fund	100	Ghana	A wholly owned subsidiary of the bank	Venture capitalist

The investments in the above subsidiaries are not material to the Group.

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Effect of liquidation on the financial position of the Group

In thousands of GH¢	
Equipment	(10)
Cash and cash equivalents	(30)
Current tax liabilities	15
Other payables	25
Net assets and liabilities	-
cash and cash equivalents	(30)
Net cash outflows	(30)

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21.e Investments in subsidiaries

(iv). Summary of financial subsidiaries

Description	Republic Investments		Republic Boafo		HFC Realty		HFC Venture Capital	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	**25,555**	15,005	**22,506**	22,175	**334**	277	**1**	-
Expenses	**(8,533)**	(22,711)	**(20,187)**	(19,771)	**(70)**	(96)	**(65)**	(3,720)
Income Tax and National Fiscal Stab. Levy	**(1,836)**	(1,858)	**(711)**	(721)	**(65)**	(45)	**-**	-
Profit for the year	**15,186**	(9,564)	**1,608**	1,683	**199**	136	**(64)**	(3,720)
Total assets	**30,703**	14,020	**11,157**	11,380	**4,785**	2,891	**5,049**	5,112
Total liabilities	**13,149**	13,413	**1,190**	2,597	**2,237**	493	**10**	10
Total shareholders' equity	**17,554**	607	**9,967**	8,783	**2,548**	2,398	**5,039**	5,102
Total cash inflows	**16,758**	12,415	**379**	728	**1,748**	104	**1**	467
Total cash outflows	**(11,146)**	(12,019)	**(2,671)**	(1,954)	**(783)**	(4,876)	**(65)**	(667)
Net cash inflow/outflow	**5,612**	396	**(2,292)**	(1,226)	**965**	(4,772)	**(64)**	(200)

22. Loans and advances to customers

In thousands of GH¢	2019		2018	
	Bank	Group	Bank	Group
Total loans and advances	**1,411,342**	**1,401,224**	1,175,066	1,175,066

22b. Loans and advances to customers at amortized cost

In thousands of GH¢	2019 Bank			2019 Group		
	Gross carrying amount	ECL allowance	Net carrying amount	Gross carrying amount	ECL allowance	Net carrying amount
Financial Institution lending	**30,476**	**9,964**	**20,512**	**30,476**	**9,964**	**20,512**
Retail & commercial	**409,830**	**21,390**	**388,440**	**409,830**	**21,390**	**388,440**
Mortgages	**288,191**	**32,289**	**255,902**	**288,191**	**32,289**	**255,902**
Corporate	**807,599**	**68,502**	**739,097**	**797,481**	**68,502**	**728,979**
Staff	**7,431**	**40**	**7,391**	**7,431**	**40**	**7,391**
Total	**1,543,527**	**132,185**	**1,411,342**	**1,533,409**	**132,185**	**1,401,224**

72% of the loans and advances portfolio are backed by collateral and this covers in full all collateralized balances. (2018: 78%).

Collaterals held as security and other credit enhancements, were largely in the form of landed properties and fixed and floating charge over the assets of the borrowing entities amounted to GH¢2,953,766,310 (2018: GH¢1,678,785,000).

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22c. Loans and advances to customers at amortized cost

In thousands of GH¢	2018 Bank			2018 Group		
	Gross carrying amount	ECL allowance	Net carrying amount	Gross carrying amount	ECL allowance	Net carrying amount
Financial Institution lending	45,090	14,306	30,784	45,090	14,306	30,784
Retail & commercial	296,354	27,150	269,204	296,354	27,150	269,204
Mortgages	264,934	31,303	233,631	264,934	31,303	233,631
Corporate	692,680	55,267	637,413	692,680	55,267	637,413
Staff	4,136	102	4,034	4,136	102	4,034
Total	1,303,194	128,128	1,175,066	1,303,194	128,128	1,175,066

22d. Provision for credit impairment analysis

An analysis of the allowance for impairment losses under IFRS 9 for loans and advances, by class, for the year to December 31 2019 is as follows:

In thousands of GH¢ Bank 2019	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
Gross Loans	**30,476**	**409,830**	**288,191**	**807,599**	**7,431**	**1,543,527**
Stage 1: 12 Month ECL	**(5)**	**(14,155)**	**(1,213)**	**(10,236)**	**(28)**	**(25,637)**
Stage 2: Lifetime ECL	-	**(292)**	**(117)**	**(4,672)**	-	**(5,081)**
Stage 3: Credit Impaired Financial Assets - Lifetime ECL	**(9,959)**	**(6,943)**	**(30,959)**	**(53,594)**	**(12)**	**(101,467)**
	20,512	**388,440**	**255,902**	**739,097**	**7,391**	**1,411,342**

In thousands of GH¢

Stage 1: 12 Month ECL	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
Balance as at 1 January 2019	**330**	**12,798**	**517**	**5,704**	**45**	**19,394**
ECL on new instruments issued during the year	-	**6,568**	**1,211**	**7,358**	**56**	**15,193**
Other Credit Loss movements, repayments etc.	**(325)**	**(5,211)**	**(515)**	**(2,826)**	**(73)**	**(8,950)**
At 31 December 2019	**5**	**14,155**	**1,213**	**10,236**	**28**	**25,637**
Stage 2: Lifetime ECL						
Balance as at 1 January 2019	-	**770**	**455**	**6,778**	-	**8,003**
ECL on new instruments issued during the year	-	**16**	-	**467**	-	**483**
Other Credit Loss movements, repayments etc.	-	**(494)**	**(338)**	**(2,573)**	-	**(3,405)**
At 31 December 2019	-	**292**	**117**	**4,672**	-	**5,081**

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22d. Provision for credit impairment analysis (continued)

In thousands of GH¢ Bank 2018	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
Stage 3: Credit Impaired Financial Assets - Lifetime ECL						
Balance as at 1 January 2019	**13,976**	**13,582**	**30,331**	**42,785**	**57**	**100,731**
Charge-offs and write-offs	-	**(6,667)**	**(5,427)**	**(15,849)**	-	**(27,943)**
Credit Loss Expense / movement	**(4,017)**	**28**	**6,055**	**26,658**	**(45)**	**28,679**
At 31 December 2019	**9,959**	**6,943**	**30,959**	**53,594**	**12**	**101,467**
Total	**9,964**	**21,390**	**32,289**	**68,502**	**40**	**132,185**

The loss allowance in the tables includes ECL on loan commitments for certain retail and corporate products such as overdrafts and commitments and letter of guarantees, because the Group cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

In thousands of GH¢ Bank 2018	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
Stage 1: 12 Month ECL	(330)	(12,798)	(517)	(5,704)	(45)	(19,394)
Stage 2: Lifetime ECL	-	(770)	(455)	(6,778)	-	(8,003)
Stage 3: Credit Impaired Financial Assets - Lifetime ECL	(13,976)	(13,582)	(30,331)	(42,785)	(57)	(100,731)
	30,784	269,204	233,631	637,413	4,034	1,175,066
Stage 1: 12 Month ECL						
ECL allowance as at 1 January 2018 under IFRS 9	433	2,694	2,213	11,934	27	17,301
ECL on new instruments issued during the year	3	10,104	1,553	4,335	29	16,024
Other Credit Loss movements, repayments etc.	(106)	-	(3,249)	(10,565)	(11)	(13,931)
At 31 December 2018	330	12,798	517	5,704	45	19,394
Stage 2: Lifetime ECL						
ECL allowance as at 1 January 2018 under IFRS 9	-	43	3,343	5,868	-	9,254
ECL on new instruments issued during the year	-	213	213	910	-	1,336
Other Credit Loss movements, repayments etc.	-	514	(3,101)	-	-	(2,587)
At 31 December 2018	-	770	455	6,778	-	8,003

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22d. Provision for credit impairment analysis (continued)

Stage 3: Credit Impaired Financial Assets - Lifetime ECL

In thousands of GH¢ Bank 2018	Financial Institution lending	Retail & commercial	Mortgages	Corporates	Staff	Total
ECL allowance as at 1 January 2018 under IFRS 9						
Translation adjustment	6,578	10,448	28,623	77,589	48	123,286
Charge-offs and write-offs	-	(4,076)	(6,353)	(50,942)	-	(61,371)
Credit Loss Expense / movement	7,398	7,210	8,061	16,138	9	38,816
At 31 December 2018	13,976	13,582	30,331	42,785	57	100,731
Total	14,306	27,150	31,303	55,267	102	128,128

22e. Non- performing loans (NPL) and advances analysis by business segments

In thousands of GH¢	NPL - Bank		NPL - Group	
	2019	2018	**2019**	2018
Agriculture, Forestry & Fishing	**4**	6	**4**	6
Manufacturing	**1,488**	5,486	**1,488**	5,486
Construction	**56,025**	32,752	**56,025**	32,752
Electricity, Gas & Water	**16,661**	17,162	**16,661**	17,162
Commerce & Finance	**84,481**	89,235	**84,481**	89,235
Mortgage loans	**80,418**	80,577	**80,418**	80,577
Transport, Storage & Communication	**1**	58	**1**	58
Services	**20,496**	29,426	**20,496**	29,426
Miscellaneous	**20,736**	16,246	**20,736**	16,246
As at 31 December	**280,310**	270,948	**280,310**	270,948
Stage 3 impairment provision	**101,467**	100,731	**101,467**	100,731
Net exposure	**178,843**	170,217	**178,843**	170,217

22f. Loans and advances ratios

	2019		2018	
	Bank	**Group**	Bank	Group
	%	**%**	%	%
Loan loss provision ratio	**8.56**	**8.62**	9.83	9.83
Gross non-performing loans ratio	**18.16**	**18.28**	20.79	20.79
Ratio of 50 largest exposures	**67.65**	**68.08**	47.21	47.21

		2019		2018
Interest rate charge	**Bank**	**Group**	Bank	Group
	%	**%**	%	%
Commercial loan	**18-21**	**18 - 21**	18-21	18 - 21
Consumer loans	**10 - 24**	**10 - 24**	15 – 24	15 – 24
Mortgage loans – dollar	**9 - 14**	**9 - 14**	9 – 14	9 – 14
Mortgage loans – Cedi	**20 - 28**	**20 - 28**	20 - 28	20 – 28
Staff loans – dollar	**3 - 4**	**3 - 4**	3 - 4	3 – 4
Staff loans – Cedi	**8 - 12**	**8 - 12**	6 - 12	6 – 12

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23a. Current income tax - 2019

In thousands of GH¢

Bank	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Up to 2016	-	-	-	-
2017	2,294	-	-	2,294
2018	(6,997)	-	-	(6,997)
2019	-	25,236	(33,641)	(8,405)
Assets	(4,703)	25,236	(33,641)	(13,108)

National Fiscal Stabilization Levy

Bank	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Up to 2016	-	-	-	-
2017	(1,338)	-	-	(1,338)
2018	482	-	-	482
2019	-	4,606	(5,470)	(864)
Assets	(856)	4,606	(5,470)	(1,720)

Bank	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Total	(5,559)	29,842	(39,111)	(14,828)

23b. Current income tax

In thousands of GH¢

Group	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Up to 2016	(141)	-	-	(141)
2017	2,756	-	-	2,756
2018	(7,861)	-	-	(7,861)
2019	-	27,003	(35,426)	(8,423)
Asset	(5,246)	27,003	(35,426)	(13,669)

National Fiscal Stabilization Levy

Group	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Up to 2016	(23)	-	-	(23)
2017	(460)	-	-	(460)
2018	(43)	-	-	(43)
2019	-	5,582	(6,446)	(864)
Assets	(526)	5,582	(6,446)	(1,390)

Group	Balance at 1/1/2019	Charge for the year	Payments during the year	Balance at 31/12/19
Total	(5,772)	32,585	(41,872)	(15,059)

The Levy is temporary and applicable from 2013 to 2014 fiscal years but is currently extended to 2020.

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23c. Current income tax – 2018

In thousands of GH¢

Bank	Balance at 1/1/2018	Charge for the year	Payments during the year	Balance at 31/12/18
Up to 2016	-	-	-	-
2017	2,925	-	(631)	2,294
2018	-	5,286	(12,283)	(6,997)
Liability	**2,925**	**5,286**	**(12,914)**	**(4,703)**

National Fiscal Stabilization Levy

Bank	Balance at 1/1/2018	Charge for the year	Payments during the year	Balance at 31/12/18
Up to 2016	-	-	-	-
2017	(669)		(669)	(1,338)
2018	-	2,263	(1,781)	482
Assets	**(669)**	**2,263**	**(2,450)**	**(856)**

Total current income tax liability including National Stabilization Levy

	Balance at 1/1/2018	Charge for the year	Payments during the year	Balance at 31/12/18
Total NFSL	**2,256**	**7,549**	**(15,364)**	**(5,559)**

23d. Current income tax

In thousands of GH¢

Group	Balance at 1/1/2018	Charge for the year	Payments during the year	Balance at 31/12/18
Up to 2016	(141)	-	-	(141)
2017	2,756	-	(631)	2,125
2018	-	7,606	(14,836)	(7,230)
Liability	**2,615**	**7,606**	**(15,467)**	**(5,246)**

National Fiscal Stabilization Levy

Group	Balance at 1/1/2018	Charge for the year	Payments during the year	Balance at 31/12/18
Up to 2016	(23)	-	-	(23)
2017	(460)	-	(669)	(1,129)
2018	-	2,438	(1,812)	626
Assets	**(483)**	**2,438**	**(2,481)**	**(526)**

Total Current income tax liability including National Stabilisation Levy- Group

In thousands of GH¢	Balance at 1/1/2018	Charge for the year	Payments during the year	Tax refund during the year	Balance at 31/12/18
Total	**2,132**	**10,044**	**(17,948)**	-	**(5,772)**

The National Stabilisation Levy is assessed under the National Fiscal Stabilisation Levy Act (Act 862) of 2013 at 5% on accounting profit before tax, effectively July 2013 to June 2024 and is not tax deductible.

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24. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% (2018: 25%). The movement on the deferred tax account is as follows:

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	**(12,599)**	**(12,478)**	(19,941)	(19,949)
Charge to profit or loss (Note 18)	**(282)**	**(414)**	276	405
Charge to other comprehensive income	-	-	7,066	7,066
At 31 December	**12,881)**	**(12,892)**	(12,599)	(12,478)

Deferred income tax assets and liabilities are attributable to the following items:

	2019		2018	
	Bank	Group	Bank	Group
Accelerated capital allowances	**(922)**	**(933)**	(778)	(657)
Loan impairment	**(19,025)**	**(19,025)**	(18,887)	(18,887)
Revaluation of building	**7,066**	**7,066**	7,066	7,066
	(12,881)	**(12,892)**	(12,599)	(12,478)

25. Intangible assets

	2019		2018	
	Bank	Group	Bank	Group
Goodwill	**3,931**	**3,931**	3,931	3,931
Software	**4,305**	**4,311**	3,888	3,902
	8,236	**8,242**	7,819	7,833

25a. Intangible assets

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Goodwill	**3,931**	**3,931**	3,931	3,931

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business acquisition in which the goodwill arises, as follows:

Carrying amount of goodwill as allocated to each of the CGUs

In thousands of GH¢

	Retail	Total
Goodwill	**3,931**	**3,931**

The recoverable amount of the retail segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management.

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25. Intangible assets (continued)

The recoverable amount of the retail segment is set out below:

	Retail	Total
Goodwill	**24,411**	**24,411**

The present value of the expected cash flows of the retail segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

	Growth rate	Discount rate
Retail	4%	13.5%

Key assumptions used in value in use calculations

Growth rates

The growth rates reflect the long-term average growth rates for the retail segments (all publicly available). The growth rate for online retailing exceeds the overall long-term average growth rates for Ghana because this sector is expected to continue to grow at above-average rates for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of the retail segment.

Cash flow assumptions

Retail segment

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

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25b. Software acquired

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Cost				
Opening balance	**17,053**	**17,642**	13,058	13,647
Additions	**2,813**	**2,813**	3,995	3,995
At 31 December	**19,866**	**20,455**	17,053	17,642
Accumulated depreciation				
Opening balance	**13,165**	**13,740**	11,200	11,626
Charge for the year	**2,396**	**2,404**	1,965	2,114
At 31 December	**15,561**	**16,144**	13,165	13,740
Net Book Value	**4,305**	**4,311**	3,888	3,902

26. Other assets

	2019		2018	
	Bank	Group	Bank	Group
Prepayments	**5,978**	**5,978**	20,110	21,980
Other receivables	**7,343**	**16,871**	6,627	14,717
	13,321	**22,849**	26,737	36,697

The other receivable balance includes the following:

	2019		2018	
	Bank	Group	Bank	Group
Inventory-consumables	-	**49**	-	766
Sundry account receivable	**4,786**	**10,589**	3,814	9,470
Others	**2,557**	**6,233**	2,813	4,481
	7,343	**16,871**	6,627	14,717

27. Property, plant, equipment

In thousands of GH¢

Bank - 2019	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Assets Refurbishment	Right -of- Use Assets - Building	Capital Work In Progress	Total
Cost/valuation								
At 1 January	44,053	22,107	29,020	10,947	3,953	-	2,880	112,960
Effect of adoption of IFRS 16 as at 1 January 2019	-	-	-	-	-	29,460	-	29,460
Restated balance at January 1	44,053	22,107	29,020	10,947	3,953	29,460	2,880	142,420
Additions	494	638	1,929	4,228	751	4,233	2,865	15,138
Disposals		-	-	(1,381)	-	-	-	(1,381)
Transfers	-	477	1,004	-	21	-	(1,502)	-
At 31 December	44,547	23,222	31,953	13,794	4,725	33,693	4,243	156,177
Accumulated Depreciation								
At 1 January	3,519	19,187	21,539	7,372	-	-	-	51,617
Charge for the year	631	2,150	2,730	1,983	1,436	6,879	-	15,809
Disposals	-	-	-	(1,322)	-	-	-	(1,322)
At 31 December	4,150	21,337	24,269	8,033	1,436	6,879	-	66,104
Net Book Value	40,397	1,885	7,684	5,761	3,289	26,814	4,243	90,073

Included in property, plant and equipment is right of use assets

In thousands of GH¢

Bank - 2018	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Assets Refurbishment	Capital Work In Progress	Total
Cost/valuation							
At 1 January	44,230	21,713	27,630	9,383	-	3,813	106,769
Additions		394	1,390	1,988	-	3,020	6,792
Disposals	(177)	-	-	(424)	-		(601)
Transfers	-	-	-	-	3,953	(3,953)	-
At 31 December	**44,053**	**22,107**	**29,020**	**10,947**	**3,953**	**2,880**	**112,960**
Accumulated Depreciation							
At 1 January	2,909	14,407	18,673	6,060	-	-	42,049
Charge for the year	630	4,780	2,866	1,654	-	-	9,930
Disposals	(20)	-	-	(342)	-	-	(362)
At 31 December	**3,519**	**19,187**	**21,539**	**7,372**	**-**	**-**	**51,617**
Net Book Value	**40,534**	**2,920**	**7,481**	**3,575**	**3,953**	**2,880**	**61,343**

27. Property, plant, equipment (continued)

In thousands of GH¢

Group 2019	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Assets Refurbishment	Right -of-Use Assets	Capital Work In Progress	Total
Cost/valuation								
At 1 January	44,053	23,956	32,029	14,316	3,953	-	2,880	121,187
Effect of adoption of IFRS 16 as at 1 January 2019	-	-	-	-	-	29,591	-	29,591
Restated balance at January 1	44,053	23,956	32,029	14,316	3,953	29,591	2,880	150,778
Additions	494	738	2,069	4,765	751	4,233	2,865	15,915
Disposals	-	(14)	(67)	(2,073)	-	-	-	(2,154)
Transfers	-	477	1,004	-	21	-	(1,502)	-
At 31 December	44,547	25,157	35,035	17,008	4,725	33,824	4,243	164,539
Accumulated Depreciation								
At 1 January	3,519	20,166	23,632	8,962	-	-	-	56,279
Charge for the year	631	2,420	3,120	2,493	1,436	6,972	-	17,072
Disposals	(20)	(1)	(59)	(1,778)	-	-	-	(1,858)
At 31 December	4,130	22,585	26,693	9,677	1,436	6,972	-	71,493
Net Book Value	40,417	2,572	8,342	7,331	3,289	26,852	4,243	93,046

Included in property, plant and equipment is right of use assets

27. Property, plant, equipment (continued)

In thousands of GH¢

Group 2018	Land and Building	Computers	Furniture and Equipment	Motor Vehicles	Assets Refurbishment	Capital Work In Progress	Total
Cost/valuation							
At 1 January	44,230	22,689	30,280	11,977	-	3,813	112,989
Additions		1,268	1,759	2,763	-	3,020	8,810
Disposals	(177)	(1)	(10)	(424)	-	-	(612)
Transfers	-	-	-	-	**3,953**	**(3,953)**	-
At 31 December	**44,053**	**23,956**	**32,029**	**14,316**	**3,953**	**2,880**	**121,187**
Accumulated Depreciation							
At 1 January	2,909	15,304	20,359	7,167	-	-	45,739
Charge for the year	630	4,863	3,282	2,137	-	-	10,912
Disposals	(20)	(1)	(9)	(342)	-	-	(372)
At 31 December	**3,519**	**20,166**	**23,632**	**8,962**	-	-	**56,279**
Net Book Value	**40,534**	**3,790**	**8,397**	**5,354**	**3,953**	**2,880**	**64,908**

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27. Property, plant, equipment (continued)

If land and buildings were measured using the cost model, the carrying amounts would be, as follows:

In thousands of GH¢

	2019	2018
Cost	**17,554**	17,060
Accumulated depreciation	**(2,476)**	(2,125)
Net carrying amount	**15,078**	14,935

	2019		2018	
	Bank	Group	Bank	Group
Gross book value	**1,381**	**2,154**	601	612
Accumulated depreciation	**(1,322)**	**(1,858)**	(362)	(372)
Net book value	**59**	**296**	239	240
Sale proceeds	**667**	**904**	417	418
Profit on disposal	**608**	**608**	178	178

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year ended December 31, 2019 (December 31, 2018: nil). Also there were no restrictions on title and no property and equipment has been pledged as security for a liability as at December 31, 2019 (December 31, 2018, Nil)

28. Deposits from banks

	2019		2018	
	Bank	Group	Bank	Group
Money market deposits	**45,551**	**45,551**	-	-

29. Deposits from customers

	2019		2018	
	Bank	Group	Bank	Group
Retail & corporates customers:				
Term deposits	**1,152,863**	**1,143,990**	881,452	881,452
Current deposits	**889,204**	**889,204**	853,045	853,045
Others	**415,861**	**415,861**	359,847	359,847
Financial institution customers;				
Term deposit	**50,819**	**50,819**	50,819	50,819
Current deposit	**16,256**	**16,256**	16,257	16,257
	2,525,003	**2,516,130**	2,161,420	2,161,420

29b. Analysis of deposits from customers

	2019		2018	
	Bank	Group	Bank	Group
Current	**1,321,321**	**1,321,321**	1,229,149	1,229,149
Non-current	**1,203,682**	**1,194,809**	932,271	932,271
Total	**2,525,003**	**2,516,130**	2,161,420	2,161,420

The ratio of the 20 largest deposits to total deposits for the current financial year is 37.19% (2018: 38.84%).

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30. Borrowings

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Proparco (i)	**3,728**	**3,728**	9,742	9,742
Standard Chartered Bank (ii)	**60,987**	**60,987**	48,836	48,836
GIB loan	-	-	49,707	49,707
	64,715	**64,715**	108,285	108,285

The movement on borrowings is as follow:

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	**108,285**	**108,285**	14,719	14,719
Addition	**60,870**	**60,870**	97,080	97,080
Interest charged	**4,450**	**4,450**	2,962	2,962
Repayment	**(103,309)**	**(103,309)**	(6,132)	(6,132)
Exchange difference	**676**	**676**	499	499
Interest paid	**(6,257)**	**(6,257)**	(843)	(843)
At 31 December	**64,715**	**64,715**	108,285	108,285

	2019		2018	
	Bank	Group	Bank	Group
Current	**64,715**	**64,715**	105,072	105,072
Non-current	-	-	3,213	3,213
	64,715	**64,715**	108,285	108,285

(i) Proparco

The Proparco loan represents an unsecured term loan of US$10 million contracted for seven and a half years at an interest rate of 6%. Maturity date for the loan falls on April 30, 2020. The amount outstanding at the end of the year is GH¢ 3.7 million (US$0.66 million); (2018, GH¢ 9.7 million (US$2.66 million). There had not been a breach of any of the covenants underlying this facility.

(ii) Standard Chartered Bank

The SCB loan was an unsecured short term loan of GH¢60.99 million (US$11.00 million) (2018: GH¢48.8 million) contracted for on-lending. The facility was for a one month period and attracts interest at Libor plus 3.25%. The loan matures on January 24, 2020. There had not been a breach of any of the covenants underlying this facility.

(iii) Ghana International Bank

The Ghana International loan was a one year unsecured term loan of US$ 10.00 million granted for a twelve months period. The facility attracts interest at a Three-month Libor plus 3.25% and it matured on August 7, 2019. There had not been a breach of any of the covenants underlying this facility.

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31. Other liabilities

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Bonds	**69,288**	**69,288**	63,447	63,447
Other liabilities	**65,075**	**69,184**	27,127	41,408
	134,363	**138,472**	90,574	104,855

31a. Bonds

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	**63,447**	**63,447**	53,754	53,754
Bonds issued	**5,454**	**5,454**	8,858	8,858
Interest charged	**11,335**	**11,335**	10,399	10,399
Inflation adjustment	**122**	**122**	394	394
	80,358	**80,358**	73,405	73,405
Redemptions	**(5,033)**	**(5,033)**	(2,354)	(2,354)
Interest paid	**(6,037)**	**(6,037)**	(7,604)	(7,604)
At 31 December	**69,288**	**69,288**	63,447	63,447

31b. Bonds

Analysis by type of bond:

	2019		2018	
	Bank	Group	Bank	Group
SSNIT Bonds – Inflation linked	**41,288**	**41,288**	41,447	41,447
SSNIT Bonds – Treasury linked	**28,000**	**28,000**	22,000	22,000
Total Ghana cedi bonds at 31 December	**69,288**	**69,288**	63,447	63,447

SSNIT - Pilot Scheme

(i) Social Security and National Insurance Trust (SSNIT) has lent the cedi equivalent value of GH¢50.48million (2013: US$16.2million) to the Bank for the implementation of Home Mortgage Finance Pilot Scheme. The loan which has a 20-year term is fully indexed to Consumer Price Index and attracts interest at the rate of 1% per annum.

(II) The Treasury linked bond is also for 20yrs. The rate is a 2 year Treasury bill rate plus a spread of 2.5%. Interest is paid semi-annually. The balance on the bond account as at December 31, 2019 was GHS69.29 million (December 31, 2018, GHS63.4 million)

REPUBLIC BANK (GHANA) LIMITED
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31c. Other liabilities

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Creditors	**65,066**	**69,175**	27,118	41,399
Dividend payable	**9**	**9**	9	9
	65,075	**69,184**	27,127	41,408

The creditors balance includes the following:

	2019		2018	
	Bank	Group	Bank	Group
Payment order	**24,479**	**24,479**	7,312	7,312
Deferred commission & fees	**865**	**865**	381	381
Other account payable	**25,204**	**25,204**	14,481	14,481
Lease liability	**11,369**	**11,369**	-	-
Sundry payable	**3,149**	**7,258**	4,944	19,225
	65,066	**69,175**	27,118	41,399

Creditors are non-interest bearing, non-secured and current liabilities.

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Current	**57,110**	**61,219**	27,118	41,399
Non-current	**7,956**	**7,956**	-	-
	65,066	**69,175**	**27,118**	**41,399**

32. Stated capital

The Bank has authorised shares of 1,000,000,000 out of which 851,966,373 have been issued (2018: 851,966,373) at no par value. The movement in stated capital is as follows:

In thousands of GH¢

	2019		2018	
	No. of shares	Proceeds	No. of shares	Proceeds
		GH¢'000		GH¢'000
At 1 January	**851,966**	**401,191**	388,330	146,191
Ordinary shares issued	-	-	463,636	255,000
31 December	**851,966**	**401,191**	851,966	401,191

During the 2018 financial year, a renounceable right issue for 633,636,401 ordinary shares were offered for a total consideration of GH¢255 million. The shares were fully subscribed and there is no unpaid liability on any shares. No shares were however issued during the current year.

There are no calls or instalments unpaid. There are no treasury shares (2018: Nil).

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33. Income surplus account

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	**(65,092)**	**(62,631)**	(32,493)	(20,053)
Profit for the year	**62,557**	**78,279**	37,440	27,461
Transfer from capital surplus	-	-	133	133
Movement from regulatory credit risk reserve	**19**	**19**	(41,629)	(41,629)
Transfer to statutory reserve	**(31,279)**	**(31,279)**	(18,720)	(18,720)
Shares issuance cost	-	-	(4,552)	(4,552)
Impact of adopting IFRS 9	-	-	(9,308)	(9,308)
Transfer from credit risk reserve on adopting IFRS 9			4,037	4,037
Net Impact of adopting IFRS 16 (Note 4iii)	**(3,656)**	**(3,656)**	-	-
At 31 December	**(37,451)**	**(19,268)**	(65,092)	(62,631)

34. Revaluation reserve

The revaluation reserve relates to the unrealised surplus on the revaluation of buildings which is non-distributable. The balance is net of deferred tax of GHS7.07 million.

35. Statutory reserve fund

Statutory reserve represents the cumulative amounts set aside from annual net profit after tax as required by Section 34 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The proportion of net profits transferred to this reserve ranges from 12.5% to 50% of net profit after tax depending on the ratio of existing statutory reserve fund to paid up capital.

36. Regulatory credit risk reserve

Regulatory credit risk reserve represents differences in loan loss provisioning resulting from the application of IFRS impairment rules and the credit loss provisioning rules of Bank of Ghana (BOG).

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Impairment allowance per BoG guidelines	**173,795**	**173,795**	169,757	169,757
Impairment allowance per IFRS	**132,185**	**132,185**	128,128	128,128
Credit risk reserve - December 31	**41,610**	**41,610**	41,629	41,629

37. Housing development assistance reserve

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
At 31 December	**744**	**744**	744	744

The housing development assistance reserve has been set up by management to fund housing related research and new technologies when the need arises and is as such not available for distribution to shareholders.

REPUBLIC BANK (GHANA) LIMITED
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38. Non-controlling interest

In thousands of GH¢

	2019 Group	2018 Group
At 1 January	**4,304**	3,564
Share of net profit	**844**	740
Dividend paid	**(264)**	-
At 31 December	**4,884**	4,304

39. Dividend

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
At 1 January	9	9	9	9
Dividend paid in the year	-	-	-	-
At 31 December	**9**	**9**	9	9

The payment of dividend is subject to the deduction of withholding tax at a rate of 8% for residents and non-residents (2018: 8%).

40. Cash generated from operations

	Notes	2019		2018	
		Bank	Group	Bank	Group
Profit before tax		**92,117**	**111,294**	45,265	38,650
Adjustments for:					
Depreciation and amortization	16	**18,205**	**19,476**	11,895	13,026
Profit on disposal of property and equipment	27	**(608)**	**(608)**	(178)	(178)
Net impairment loss on loans and advances	13	**32,000**	**32,000**	39,658	39,658
Net impairment loss on investment securities	13	-	**(12,888)**	3,022	18,097
Interest expense on long term bonds and borrowings	30/31a	**16,461**	**16,461**	13,860	13,860
Inflation adjustment on long term bonds	31a	**122**	**122**	394	394
Fair value appreciation – investments securities FVTPL	12a	**2,205**	**2,205**	(3,103)	(3,103)
Effect of foreign exchange fluctuations on cash and cash equiv.		**(37,157)**	**(37,157)**	(34,205)	(34,205)
Cash generated from operations before changes in operating assets and liabilities		**123,345**	**130,905**	76,608	86,199
Increase in loans and advances to customers		**(268,276)**	**(258,158)**	(414,106)	(414,296)
Increase in interest receivable and other assets		**(3,466)**	**(3,480)**	(909)	(58)
Increase in deposits from customers		**409,134**	**400,261**	423,225	423,225
Increase in pledged and non-pledged assets		**(19,754)**	**(19,754)**	(27,856)	(27,856)
Increase /(decrease) in interest payables and other liabilities		**21,765**	**11,593**	(16,850)	(7,771)
Cash generated from operations		**262,748**	**261,367**	40,112	59,443

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41. Analysis of cash and cash equivalents as shown in the cash flow statement

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than 90 days maturity:

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Cash and bank balances with banks	**167,927**	**167,935**	179,451	181,890
Balances with Central Bank	**15,919**	**15,919**	45,338	45,338
Mandatory balance with Central Bank	**244,891**	**244,891**	148,585	148,585
Money market placement	**708,012**	**708,012**	529,839	529,839
Total cash and cash equivalents	**1,136,749**	**1,136,757**	903,213	905,652

Restricted balance with Central Bank represents 10% of customer deposits which are assessable when customer deposits are drawn down.

42. Value Added Statements for the year ended 31 December 2019

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Interest earned and other operating income	**466,141**	**498,743**	382,243	416,904
Direct cost of services	**(182,186)**	**(182,091)**	(139,017)	(139,017)
Value added from banking services	**283,955**	**316,652**	243,226	277,887
Non-banking income	**24,206**	**26,300**	17,604	19,781
Impairment charge	**(32,000)**	**(19,112)**	(42,680)	(57,755)
Value added	**276,161**	**323,840**	218,150	239,913
Distributed as follows				
To employees:				
Non-executive directors	**1,154**	**1,211**	884	980
Executive directors	**1,680**	**2,083**	1,061	1,925
Other employees	**111,422**	**129,454**	93,026	109,761
To Government:				
Income tax	**29,560**	**32,171**	7,825	10,449
To shareholders:				
Dividends to shareholders	-	-	-	-
To expansion and growth:				
Depreciation	**15,809**	**17,072**	9,930	10,912
Amortisation	**2,396**	**2,404**	1,965	2,114
Other operating expenses	**51,583**	**60,322**	66,019	75,571
To retained earnings	**62,557**	**79,123**	37,440	28,201

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43. Contingent liabilities and commitments

The Bank conducts business involving acceptances, guarantees and performance bonds. The majority of these facilities are offset by corresponding obligations of third parties. The table below shows outstanding commitments at the reporting date:

In thousands of GH¢

	Bank 2019	Bank 2018
Letters of credit	**18,136**	26,921
Guarantees and bonds without cash collateral	**40,376**	58,790
	58,512	85,711

All contingent liabilities and commitments are current. There were no instruments or commitments pending drawdown as at the end of December, 2019. (December 31, 2018, Nil).

Nature of commitments

An acceptance is an undertaking to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate.

Letters of credits commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers. Guarantees are generally written by the Bank to support performance by a customer to third parties. The Bank will only be required to meet these obligations in the event of the customers default.

Legal Proceedings

There were a number of legal proceedings outstanding against the Group as at 31 December 2019. If defense against legal action is unsuccessful, potential liabilities estimated at GHS 1.4million would be payable (2018:nil)

The above information also relates to the Bank.

44. Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These include mortgages and deposits. The outstanding balances at the year end and related expense and income for the year are as follows:

Type of related party

(i) Relationship with related party

▪ Republic Financial Holdings Ltd (Trinidad & Tobago)	Parent Company of Republic Bank (Ghana) Ltd.
▪ Republic Investment (Gh.) Limited	Wholly owned subsidiary
▪ HFC Realty Limited	Wholly owned subsidiary
▪ Republic Securities Limited	Wholly owned subsidiary of Republic Investments Ltd.
▪ Republic Boafo Limited	51% equity holding
▪ UG-HFC	60% equity holding
▪ Social Security National Insurance Trust	Minority Shareholder
▪ St. Patrick Estate Limited	Indirect control

i) Loan and Advances to Directors

There were no loans advanced to directors during the period under review and also no loans brought forward from the prior year.

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44. Related party transactions (Continued)

(ii) Deposits from directors

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Deposit at January 1	**712**	**761**	406	406
Deposit received during the year	**2,834**	**3,794**	1,436	2,156
Withdrawal during the year	**(2,402)**	**(2,887)**	(1,130)	(1,801)
Deposit at December 31	**1,144**	**1,668**	712	761

(iii) Loans to other related parties

In addition to transactions with key management, the Bank entered into transactions with entities who by virtue of their relationship with the Bank, directly or indirectly could have influenced decision making. In all such transactions with balances as shown below, businesses were conducted on an arm's length basis. The table below shows the outstanding balances and corresponding interest during the year. The loans were denominated in cedis and attracts an interest rate of 23% (2018: 23%) per annum.

Loan to Republic Investment Ghana Limited

In thousands of GH¢

	2019	2018
	Bank	Bank
Loans outstanding at 1 January	**-**	-
Loans issued during the year	**10,000**	-
Interest income earned	**353**	-
Loan repayments during the year	**(235)**	-
Loans outstanding at 31 December	**10,118**	-
Loans to Republic Boafo (Ghana) Limited		
Loans outstanding at 1 January	-	190
Loans issued during the year	-	-
Interest income earned	-	21
Loan repayments during the year	-	(211)
Loans outstanding at 31 December	-	-

(iv) Deposits from related parties (HFC Realty, Republic Boafo, Republic Investments Ghana Limited and Republic Securities Limited, Directors and Key Management)

Deposits from related parties

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Deposit at 1 January	**31,703**	**31,752**	31,221	31,221
Deposit received during the year	**30,105**	**31,685**	503,344	504,064
Interest income earned	**11,608**	**11,608**	10,914	10,914
Withdrawals during the year	**(42,239)**	**(43,285)**	(531,315)	(531,986)
Deposit at 31 December	**31,177**	**31,760**	14,164	14,213

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44. Related party transactions (continued)

(v) Directors, other key management persons and connected persons

In thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Salaries and other short term benefits	**3,653**	**4,206**	2,589	2,957
Employer Social Security charges	**286**	**343**	272	388
	3,939	**4,549**	2,861	3,345

(vi) Director's shareholdings as at 31 December 2019

	Shares	% of issued share capital
Mr. Charles William Zwennes	317,273	0.040
Mr. Ebenezer Tetteh Tagoe	21,390	0.003
Total	338,663	0.043

(vii) Share options

The share option is exercised after 31 December of each year end. There was no share options granted during the 2019 and 2018 financial years.

45. Country analysis

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

Bank

In Thousands of GH¢

	2019		2018	
Assets	In Ghana	Outside Ghana	In Ghana	Outside Ghana
Cash and cash equivalents	**1,101,206**	**35,543**	887,511	15,702
Non-pledged trading assets	**13,591**	-	-	-
Pledged assets	**72,019**	-	65,856	-
Investments securities	**553,202**	-	599,796	-
Loans and advances to customers	**1,411,342**	-	1,175,066	-
Investments in subsidiaries	**14,828**	-	5,559	-
Deferred tax assets	**12,881**	-	12,599	-
Intangible assets	**8,236**	-	7,819	-
Other assets	**13,321**	-	26,737	-
Property, plant and equipment	**90,073**	-	61,343	-
Total assets	**3,290,699**	**35,543**	2,842,286	15,702

	2019		2018	
Liabilities	In Ghana	Outside Ghana	In Ghana	Outside Ghana
Deposits from banks	**45,551**	-	-	-
Deposits from customers	**2,525,003**	-	2,161,420	-
Borrowings	-	**64,715**	-	108,285
Other liabilities	**134,363**	-	90,574	-
Total liabilities	**2,704,917**	**64,715**	2,251,994	108,285

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45. Country Analysis (continued)

Group

In Thousands of GH¢

Assets	2019		2018	
	In Ghana	Outside Ghana	In Ghana	Outside Ghana
Cash and cash equivalents	**1,101,214**	**35,543**	889,950	15,702
Non-pledged trading assets	**13,591**	-	-	-
Pledged assets	**72,019**	-	65,856	-
Investments securities	**568,866**	-	604,772	-
Loans and advances to customers	**1,401,224**	-	1,175,066	-
Investments in subsidiaries	**15,059**	-	5,772	-
Deferred tax assets	**12,892**	-	12,478	-
Intangible assets	**8,242**	-	7,833	-
Other assets	**22,849**	-	36,697	-
Property, plant and equipment	**93,046**	-	64,908	-
Total assets	**3,309,002**	**35,543**	2,863,332	15,702

Liabilities	2019		2018	
In Thousands of GH¢	In Ghana	Outside Ghana	In Ghana	Outside Ghana
Deposits from banks	**45,551**	-	-	-
Deposits from customers	**2,516,130**	-	2,161,420	-
Borrowings	-	**64,715**	-	108,285
Other liabilities	**138,472**	-	104,855	-
Total liabilities	**2,700,153**	**64,715**	2,266,275	108,285

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46. Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments

Bank - 2019

In thousands of GH¢

	Designated at FVTPL	FOCI - equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	-	-	1,136,749	1,136,749
Non-pledged trading assets	-	-	13,591	13,591
Pledged assets	-	-	72,019	72,019
Investments securities	36,331	12,332	504,539	553,202
Loans and advances to banks	-	-	20,512	20,512
Loans and advances to customers	-	-	1,390,830	1,390,830
Other assets	-	-	7,343	7,343
Total financial assets	**36,331**	**12,332**	**3,145,583**	**3,194,246**
Deposits from banks	-	-	45,551	45,551
Deposits from customers	-	-	2,525,003	2,525,003
Borrowings	-	-	64,715	64,715
Other liabilities (incl bonds)	-	-	133,498	133,498
Total financial liabilities	-	-	**2,768,767**	**2,768,767**

Group - 2019

In thousands of GH¢

	Designated at FVTPL	Amortised cost	Total carrying amount
Cash and cash equivalents	-	1,136,757	1,136,757
Non-Pledged assets	-	13,591	13,591
Pledged assets	-	72,019	72,019
Other investments	36,331	532,535	568,866
Loans and advances to banks	-	20,512	20,512
Loans and advances to customers	-	1,380,712	1,380,712
Other assets	-	16,822	16,822
Total financial assets	36,331	3,172,948	3,209,279
Deposits from banks		45,551	45,551
Deposits from customers		2,516,130	2,516,130
Borrowing		64,715	64,715
Other liabilities - bonds	-	137,607	137,607
Total financial liabilities	-	2,764,003	2,764,003

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46. Classification of financial assets and financial liabilities (continued)

Bank - 2018

In thousands of GH¢

	Designated at FVTPL	FOCI - equity instruments	Amortised cost	Total carrying amount
Cash and cash equivalents	-	-	903,213	903,213
Non-Pledged assets	-	-	-	-
Pledged assets	-	-	65,856	65,856
Other investments	35,069	10,383	554,344	599,796
Loans and advances to banks	-	-	30,784	30,784
Loans and advances to customers	-	-	1,144,282	1,144,282
Other assets	-	-	6,627	6,627
Total financial assets	**35,069**	**10,383**	**2,705,106**	**2,750,558**
Deposits from banks	-	-	-	-
Deposits from customers	-	-	2,161,420	2,161,420
Borrowing	-	-	108,285	108,285
Other liabilities - bonds	-	-	63,447	63,447
Total financial liabilities	**-**	**-**	**2,333,152**	**2,333,152**

Group - 2018

In thousands of GH¢

	Designated at FVTPL	Amortised cost	Total carrying amount
Cash and cash equivalents	-	905,652	905,652
Pledged assets	-	65,856	65,856
Other investments	35,069	569,703	604,772
Loans and advances to banks	-	50,709	50,709
Loans and advances to customers	-	1,124,357	1,124,357
Other assets	-	13,951	13,951
Total financial assets	**35,069**	**2,730,228**	**2,765,297**
Deposits from banks		-	-
Deposits from customers		2,161,420	2,161,420
Borrowing		108,285	108,285
Other liabilities - bonds	-	63,447	63,447
Total financial liabilities	**-**	**2,333,152**	**2,333,152**

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47. Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial services business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Risk Management and Compliance Department regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The objective of the Risk Management and Compliance Department is to ensure that the Group's operations are carried out in a manner to ensure that risks are balanced with rewards. The Risk Management and Compliance Department ensures that the Group complies with all prudential and regulatory guidelines in the pursuit of profitable banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Risk is an inherent feature in the business activities of the Group and therefore the Group has put in place various mitigating measures to prevent their occurrence.

The Board of directors is the ultimate authority for approving large credit exposures. It has delegated certain limits in amounts for approval to the Finance and Credit committee.

Finance and credit committee of the Board

The Finance and credit committee is chaired by a non-executive director. It is vested with power to approve credits facility which is above the limit of the credit committee. In addition, this committee of the Board ensures that the Group's risk taking is consistent with shareholders' expectations and the Group's strategic plan.

The Credit committee, chaired by the Managing director, approves credit exposures with ceilings established by the Board of directors. Credit exposures are evaluated in line with the Group's strategic plan.

Assets and Liabilities Committee (ALCO)

The Assets and liabilities committee (ALCO), chaired by the Managing Director, monitor, compile and analyse market interest rates, exchange rates and inflation rate. ALCO analyse and report on trends in volumes and volatility of advances, deposits and investments.

ALCO also considers gap analysis and capital maturity reports by Treasury Department, with its recommendations.

The committee also monitors the Group's liquidity position and mandates the treasurer to undertake any necessary measures for changing the Group's liquidity position, if necessary. Decisions about repricing of interest rate charged out are undertaken to align the Group's risk and return.

Risk management framework

The Risk management and compliance department is guided by a set of policy and procedure manuals which have been instituted by the Board of directors and management. A comprehensive departmental manual has established a framework within which management effectively manages and controls risks. Tasks involved in the risk management functions are to identify, define, measure, control, monitor and mitigate potential events that could impair the ability of the Group to generate stable and sustainable financial results from its operations.

Risk identification

All risks are qualitatively evaluated on a recurring basis and, where appropriate, evaluation including quantitative analysis is made. Management understands the degree and nature of risk exposures on decisions regarding allocation of resources. Risk assessment is validated by the risk department which also tests the effectiveness of risk management activities and makes recommendations for remedial action. The Group also identifies risk by evaluating the potential impact of internal and external factors business transactions and positions. Once the risks are identified various mitigating measures are put in place to regulate the degree of risks involved.

Risk monitoring, control and reporting

The Risk Management and Compliance department monitors, on a continuous basis, the Group's risks. Management is regularly updated on the risks likely to impact on the Group operations. The findings are reported at ALCO meetings and appropriate remedial actions are taken to control the risks identified.

Risk types

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

Internal audit

The Group's policy is that risk management processes throughout the Group are audited by the internal audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit committee.

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore manages its exposure to credit risk carefully. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio.

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47. Financial risk management (continued)

There is also credit risk in off- statement of financial position instruments, such as loan commitments. The credit risk management and control are centralised in credit risk management team of the Group treasury department and report to the Board of directors.

In addition to direct financial loss, credit risk is viewed in the context of economic exposures, taking into consideration opportunity costs, mark-to-market re-valuations, transaction costs and expenses associated with recovering a non-performing asset over and above the accounting losses. Credit risk is mitigated by appropriate risk-based pricing, case-by-case loan structuring, collateralisation and contingencies to protect the Group's position.

In evaluating credit risk, the Group consistently assesses three principal components: portfolio at risk, expected default frequency and loss in the event of default.

(i) Credit risk measurement

Loans and advances (including loan commitments and guarantees)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment See accounting policy in Note 5.4(vi).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

1. the remaining lifetime probability of default (PD) as at the reporting date; with
2. the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

1. quantitative test based on movement in PD;
2. qualitative indicators; and
3. a backstop of 30 days past due

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower.

Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposures	Retail exposures	All exposures
Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes	Internally collected data on customer behaviour – e.g. utilisation of credit facilities	Payment record – this includes overdue status as well as a range of variables about payment ratios
Data from credit reference agencies, press articles, changes in external credit ratings	Affordability metrics	Utilisation of the granted limit
Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities		

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

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47. Financial risk management (continued)

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant differs for different types of lending, in particular between wholesale and retail.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling:

1. the remaining lifetime PD is determined to have increased by more than 10% of the corresponding amount estimated on initial recognition; or,
2. if the absolute change is annualised, lifetime PD since initial recognition is greater than 200 basis points.

In addition, irrespective of the relative increase since initial recognition, credit risk of an exposure is deemed not to have increased significantly if its remaining annualised lifetime PD at the reporting date is 100 basis point or less.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

1. the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
2. the criteria do not align with the point in time when an asset becomes 30 days past due; the average time between the identification of a significant increase in credit risk and default appears reasonable;
3. exposures are not generally transferred directly from 12-month ECL measurement to credit impaired; and
4. there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

The Group considers a financial asset to be in default when: –

1. the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
2. the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
3. it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

1. qualitative: e.g. breaches of covenant;
2. quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
3. based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario assigned a 70% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 15% probability of occurring. The base case is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

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47. Financial risk management (continued)

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Group's senior management.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for wholesale portfolios are: GDP growth, unemployment rates and interest rates. For exposures to specific industries and/or regions, the key drivers also include relevant commodity and/or real estate prices. The key drivers for credit risk for retail portfolios are: unemployment rates, house prices and interest rates.

The economic scenarios used as at 31 December 2019 included the following key indicators for Ghana for the years ending 31 December 2020 to 2024.

Indicators		2020	2021	2022	2023	2024
unemployment rates	Base	6.8%	8.7%	9.0%	7.1%	8.5%
	Upside	4.9%	8.4%	7.1%	5.7%	7.1%
	Downside	8.7%	9.0%	10.9%	8.5%	9.9%
GDP growth	Base	6.8%	4.9%	4.6%	6.5%	5.1%
	Upside	8.7%	5.2%	6.5%	7.9%	6.5%
	Downside	4.9%	4.6%	2.7%	5.1%	3.7%
Inflation	Base	8.0%	7.5%	8.2%	8.8%	9.3%
	Upside	6.0%	5.5%	6.2%	6.8%	7.3%
	Downside	10.0%	9.5%	10.2%	10.8%	11.3%
Policy rate	Base	16.0%	15.5%	16.2%	16.8%	17.3%
	Upside	14.0%	13.5%	14.2%	14.8%	15.3%
	Downside	18.0%	17.5%	18.2%	18.8%	19.3%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 to 10 years.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 5.4(iv).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

1. its remaining lifetime PD at the reporting date based on the modified terms; with
2. the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

47. Financial risk management (continued)

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 5.4(vii)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

1. probability of default (PD);
2. loss given default (LGD); and
3. exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'. LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

1. instrument type;
2. credit risk gradings;
3. collateral type;
4. date of initial recognition;
5. remaining term to maturity; and
6. category of facility.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Loss allowance

A reconciliation from the opening to the closing balance of the loss allowance by class of financial instrument have been provided under Note 21 (e)

The loss allowance in the tables includes ECL on loan commitments for certain retail and corporate products such as overdrafts and commitments and letter of guarantees, because the Group cannot separately identify the ECL on the loan commitment component from those on the financial instrument component.

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

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47. Financial risk management (continued)

The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Customers of the Group are segmented into five rating classes.

The Group in addition to its rating scale, uses the loan classification guide as provided by the Central Bank in its assessments. The Central Bank classification guide which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

The Central Bank classification guide / rating is as follows:

Group's rating	Description of the grade	Average number of months of delinquency
1	Current	Less than 1 month
2	Olem	1 - 3 months
3	Sub-standard	4 - 6 months
4	Doubtful	7 - 12 months
5	Loss	12 months and above

Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and industries.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The Group's main control and mitigation measures to credit risk exposure is through the use of collateral.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, 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; and
- Hypothetication of stock.

The internal rating system and the Central Bank classification guide described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that are expected at the financial position date based on objective evidence of impairment.

The impairment provision shown in the financial position at year-end is derived from each of the six internal rating grades.

(ii) Impairment and provisioning policies

The internal rating tool assists management to determine whether objective evidence of impairment exists based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Please refer to Notes 5.4 for details on the Group impairment policies

Collateral and security

The Bank routinely obtains collateral and security to mitigate credit risk.

The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, businesses holding approved classes of collateral must ensure that they are legally perfected devoid of encumbrances. Before reliance is placed on third party protection in the form of bank, government or corporate guarantees or credit derivative protection from financial intermediary counterparties, a credit assessment is undertaken. Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

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47. Financial risk management (continued)

Maximum exposure to credit risk before collateral held

In Thousands of GH¢

	2019		2018	
	Bank	Group	Bank	Group
Cash and cash equivalents	**1,024,220**	**1,024,228**	796,379	798,818
Non-pledged trading assets	**13,591**	**13,591**	-	-
Pledged assets	**72,019**	**72,019**	65,856	65,856
Investments securities	**540,870**	**568,866**	589,413	604,772
Loans and advances to customers	**1,411,342**	**1,401,224**	1,175,066	1,175,066
Other assets	**7,343**	**16,822**	6,627	13,951
	3,069,385	**3,096,750**	2,633,341	2,658,463
Off Financial position				
Letters of credits	**18,136**	**18,136**	26,921	26,921
Guarantees commitments	**40,376**	**40,376**	58,790	58,790
	58,512	**58,512**	85,711	85,711
Total Exposure	**3,127,897**	**3,155,262**	2,719,052	2,744,174

The above table represents a worst-case scenario of credit risk exposure to the Bank and Group at 31 December 2019 and 31 December 2018, without taking account of any collateral held or other credit enhancements attached. For on-financial position assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 44.38% of the total maximum exposure is derived from loans and advances to banks and customers (2018: 42.8%) at the Group level. At the Bank level, the ratios were 45.09% for 2019 and 43.20% for 2018.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities based on the following:

- 70% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2018: 61%);
- 82% of the loans and advances portfolio are considered to be neither past due nor impaired (2018: 86%);

Repossessed properties
The value of repossessed properties covering an exposure of GHS 7.43 million at the end of the year was GHS 9.8 million.

Loans and advance
Loans and advances are summarised as follows:

In thousands of GH¢

	2019		2018	
Bank - Commercial and Mortgage	**Loans and advances to customers**	**Loans and advances to financial institutions**	Loans and advances to customers	Loans and advances to financial institutions
Neither past due nor impaired	**1,085,735**	**311**	827,859	6,421
Past due but not impaired	**177,171**	-	197,966	-
Individually impaired	**250,145**	**30,165**	232,279	38,669
Gross loans & advances	**1,513,051**	**30,476**	1,258,104	45,090
Less: allowance for impairment	**122,221**	**9,964**	113,822	14,306
Net loans & advances	**1,390,830**	**20,512**	1,144,282	30,784

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47. Financial risk management (continued)

Bank - Mortgage	2019 Loans and advances to customers	2019 Loans and advances to financial institutions	2018 Loans and advances to customers	2018 Loans and advances to financial institutions
Neither past due nor impaired	**199,187**	-	116,968	-
Past due but not impaired	**8,586**	-	67,389	-
Individually impaired	**80,418**	-	80,577	-
Gross loans & advances	**288,191**		264,934	-
Less: allowance for impairment	**32,289**	-	31,303	-
Net loans & advances	**255,902**	-	233,631	-

In thousands of GH¢

Group - Commercial and Mortgage	2019 Loans and advances to customers	2019 Loans and advances to financial institutions	2018 Loans and advances to customers	2018 Loans and advances to financial institutions
Neither past due nor impaired	**1,075,617**	**311**	827,859	6,421
Past due but not impaired	**177,171**	-	197,966	-
Individually impaired	**250,145**	**30,165**	232,279	38,669
Gross loans & advances	**1,502,933**	**30,476**	1,258,104	45,090
Less: allowance for impairment	**124,022**	**9,964**	113,822	14,306
Net loans & advances	**1,378,911**	**20,512**	1,144,282	30,784

Credit quality per class of financial assets

The credit quality of the financial assets is managed by the Group using the internal credit ratings. The table below shows the credit quality by class of financial asset. The security values presented are made up of lien over investments / cash balances and mortgaged properties. The mortgage properties are presented at their forced sale values.

At 31 December 2019

In Thousands of GH¢

Bank	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
Loans and advances to financial institutions	311	-	-	233	29,932	30,476	-
Loans and advances to customers	871,718	183,415	103,971	42,458	23,298	1,224,860	- (439,689)
Mortgage lending	192,380	15,393	35,151	22,706	22,561	288,191	-
Gross loans and advances	1,064,409	198,808	139,122	65,397	75,791	1,543,527	(439,689)

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For the year ended 31 December 2019

47. Financial risk management (continued)

At 31 December 2018

In thousands of GH¢

Bank	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
Loans and advances to financial institutions	6,421	-	-	26,699	11,970	45,090	-
Loans and advances to customers	675,939	165,529	59,829	70,688	21,185	993,170	- (417,067)
Mortgage lending	169,505	14,852	26,698	28,318	25,561	264,934	-
Gross loans and advances	851,865	180,381	86,527	125,705	58,716	1,303,194	(417,067)

At 31 December 2019

In Thousands of GH¢

Group	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
Loans and advances to financial institutions	**311**	-	-	**233**	**29,932**	**30,476**	-
Loans and advances to customers	**861,600**	**183,415**	**103,971**	**42,458**	**23,298**	**1,214,742**	**(439,689)**
Mortgage lending	**192,380**	**15,393**	**35,151**	**22,706**	**22,561**	**288,191**	-
Gross loans and advances	**1,054,291**	**198,808**	**139,122**	**65,397**	**75,791**	**1,533,409**	**(429,689)**

At 31 December 2018

In thousands of GH¢

	Current	Olem	Sub Standard	Doubtful	Loss	Gross maximum exposures	Security against impaired loans
Loans and advances to financial institutions	6,421	-	-	26,699	11,970	45,090	-
Loans and advances to customers	675,939	165,529	59,829	70,688	21,185	993,170	(417,067)
Mortgage lending	169,505	14,852	26,698	28,318	25,561	264,934	-
Gross loans and advances	**851,865**	**180,381**	**86,527**	**125,705**	**58,716**	**1,303,194**	**(417,067)**

Concentration risk

The following table shows the Group's credit exposure as categorised by industry sectors.

In Thousands of GH¢		2019		2018
	Bank	Group	Bank	Group
Financial Institution lending	**30,476**	**30,476**	45,090	45,090
Agriculture, Forestry & Fishing	**11**	**11**	137	137
Manufacturing	**155,594**	**155,594**	162,801	162,801
Construction	**110,472**	**110,472**	134,954	134,954
Electricity, Gas & Water	**99,498**	**99,498**	77,133	77,133
Commerce & Finance	**299,278**	**289,160**	297,113	297,113
Mortgage loans	**288,191**	**288,191**	264,934	264,934
Transport, Storage & Communication	**51,277**	**51,277**	18,412	18,412
Services	**176,122**	**176,122**	138,921	138,921
Miscellaneous	**332,608**	**332,608**	163,699	163,699
Gross loans and advances to customers	**1,543,527**	**1,533,409**	1,303,194	1,303,194

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47. Financial risk management (continued)

The following table shows the Group's credit exposure as categorised by contingent products;

In Thousands of GH¢

Bank	Guarantees, acceptances and other financial facilities	Guarantees, acceptances and other financial facilities
	2019	**2018**
At 31 December		
Letters of Credit	**18,136**	26,921
Banks guarantee	**30,206**	27,838
Advance Payment Guarantee	**4,335**	20,229
Bid Security	**1,982**	2,203
Tender security	**2,372**	5,255
Performance Bond	**1,481**	3,265
	58,512	85,711
Group		
At 31 December		
Letters of Credit	**18,136**	26,921
Banks guarantee	**30,206**	27,838
Advance Payment Guarantee	**4,335**	20,229
Bid Security	**1,982**	2,203
Tender security	**2,372**	5,255
Performance Bond	**1,481**	3,265
	58,512	85,711

Market risk

Market risk is managed through the Group's treasury operations where the primary objective is to minimise both interest rate risk and foreign exchange loss. On a trading basis, investments in Government of Ghana Securities and Commercial Paper are restricted to the highest grade issues. The Group does not engage in speculative operations, either in Ghana or overseas.

Speculative operations are those operations which create short term open risk positions to the Group. Investment in equity instruments for trading purposes is not permitted, except with the approval of the Board of Directors.

(i) Interest rate risk

Interest rate risk refers to the Group's exposure to interest rate changes in the economy that could impact on the Group's earning capacity and capital. This risk is composed of the following sub-risks:

(i) Re-pricing risk, arising from timing differences or mismatches in maturity and re-pricing of the Group's assets (mainly loans, overdrafts, advances and investments) and liabilities (primarily customer deposits);

(ii) Basis risk, arising from imperfect correlation in the adjustment of rates earned and paid on different instruments with otherwise similar re-pricing characteristics; and

The tables below summarise the Bank and the Group's exposure to interest rate risks. Included in the tables are the Bank and the Group's assets and liabilities at carrying amounts (non-derivatives), categorised by the earlier of contractual repricing or maturity dates. The Bank and the Group does not bear interest rate risk on off statement of financial position items.

Sensitivity analysis

2019	Increase in policy rate	Sensitivity of net Interest income	Sensitivity of Equity
		GH¢'000	GH¢'000
Interest rate	2%	**13,164**	**9,873**

2018	Increase in policy rate	Sensitivity of net Interest income	Sensitivity of Equity
		GH¢'000	GH¢'000
Interest rate	2%	**7,643**	**5,733**

In 2019 or 2018, a 2% increase/decrease in interest rate will have a positive or negative impact on net interest income by the value indicated; likewise the same percentage increase will have a negative of positive impact on equity by the value indicated.

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47. Financial risk management (continued)

Bank

In Thousands of GH¢

2019	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Financial asset							
Cash and cash equivalents	**706,518**	**1,494**	-	-	-	**428,737**	**1,136,749**
Pledges and non pledges investments	-	-		**85,610**		-	**85,610**
Investment securities	-	-	**161,135**	**212,059**	**167,676**	**12,332**	**553,202**
Loans and advances to customers and bank	**393,620**	**203,320**	**116,454**	**365,453**	**332,495**	-	**1,411,342**
Other assets	-	-	-	-	-	**7,343**	**7,343**
Total financial assets	**1,100,138**	**204,814**	**277,589**	**663,122**	**500,171**	**448,412**	**3,194,246**
Deposits from banks and customers	**809,504**	**195,367**	**191,996**	**273,852**	**244,375**	**855,460**	**2,570,554**
Borrowings	-	-	**64,715**	-	-	-	**64,715**
Bonds	-	-	-	-	**69,288**	-	**69,288**
Other liabilities	-	-	-	-	-	**64,210**	**64,210**
Total financial liabilities (contractual maturity dates)	**809,504**	**195,367**	**256,711**	**273,852**	**313,663**	**919,670**	**2,768,767**
Total Interest re-pricing gap	**290,634**	**9,447**	**20,878**	**389,270**	**186,508**	**(471,258)**	**425,479**

Bank

In Thousands of GH¢

2018	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Financial asset							
Cash and cash equivalents	289,080	240,759	-	-	-	373,374	**903,213**
Pledges and non pledges investments	-	-	8,114	406,549	183,264	-	**597,927**
Investment securities	-	-	35,069	-	-	10,383	**45,452**
Loans and advances to customers and bank	409,819	36,199	104,104	350,195	274,749	-	**1,175,066**
Other assets	-	-	-	-	-	6,627	**6,627**
Total financial assets	698,899	276,958	147,287	756,744	458,013	390,384	**2,728,285**
Deposits from banks and customers	687,725	203,679	77,745	7,357	375,612	809,302	**2,161,420**
Borrowings	-	-	105,072	3,213	-	-	**108,285**
Bonds	-	-	-	-	63,447	-	**63,447**
Other liabilities	-	-	-	-	-	26,746	**26,746**
Total financial liabilities (contractual maturity dates)	**687,725**	**203,679**	**182,817**	**10,570**	**439,059**	**836,048**	**2,359,898**
Total Interest re-pricing gap	**11,174**	**73,279**	**(35,530)**	**746,174**	**18,954**	**(445,664)**	**368,387**

REPUBLIC BANK (GHANA) LIMITED
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47. Financial risk management (continued)

In Thousands of GH¢

Group

2019	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Financial asset							
Cash and cash equivalents	704,681	1,494	-	-	-	430,582	1,136,757
Pledges and non pledges investments	-	-	-	85,610	-	-	85,610
Investment securities	-	-	161,135	240,055	167,676	-	568,866
Loans and advances to customers and bank	393,620	203,320	106,336	365,453	332,495	-	1,401,224
Other assets	-	-	-	-	-	16,822	16,822
Total financial assets	1,098,301	204,814	267,471	691,118	500,171	447,404	3,209,279
Financial liabilities							
Deposits from banks and customers	800,631	195,367	191,996	273,852	244,375	855,460	2,561,681
Borrowings	-	-	64,715	-	-	-	64,715
Bonds	-	-	-	-	69,288	-	69,288
Other liabilities	-	-	-	-	-	68,319	68,319
Total financial liabilities (contractual maturity dates)	800,631	195,367	256,711	273,852	313,663	923,779	2,764,003
Total Interest re-pricing gap	297,670	9,447	10,760	417,266	186,508	(476,375)	445,276

47. Financial risk management (continued)

In Thousands of GH¢

Group

2018	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Financial asset							
Cash and cash equivalents	289,674	240,759	-	-	-	375,219	**905,652**
Pledged and non pledged investments	-	-	8,114	406,549	183,264	-	**597,927**
Investment securities	-	-	35,069	15,359	-	-	**50,428**
Loans and advances to customers and bank	409,819	36,199	104,104	350,195	274,749	-	**1,175,066**
Other assets	-	-	-	-	-	13,951	**13,951**
Total financial assets	**699,493**	**276,958**	**147,287**	**772,103**	**458,013**	**389,170**	**2,743,024**
Financial liabilities							
Deposits from banks and customers	687,725	203,679	77,745	7,357	375,612	809,302	**2,161,420**
Borrowings	-	-	105,072	3,213	-	-	**108,285**
Bonds	-	-	-	-	63,447	-	**63,447**
Other liabilities	-	-	-	-	-	41,027	**41,027**
Total financial liabilities (contractual maturity dates)	**687,725**	**203,679**	**182,817**	**10,570**	**439,059**	**850,329**	**2,374,179**
Total Interest re-pricing gap	**11,768**	**73,279**	**(35,530)**	**761,533**	**18,954**	**(461,159)**	**368,845**

REPUBLIC BANK (GHANA) LIMITED
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47. Financial risk management (continued)

(ii) Foreign exchange rate risk

Foreign exchange rate risk arises from changes in foreign exchange rates that affect the value of assets (primarily loans, overdrafts, advances and investments), liabilities (primarily, customer deposits) and off- statement of financial position transactions denominated in foreign currencies. Management developed procedures, instruments and control mechanisms designed to protect the value of the Group's equity without endangering other business priorities.

(iii) Concentration of currency risk-on-and off- statement of financial position financial instruments

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate at 31 December 2019. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency:

In Thousands of GH¢

Bank

At 31 December 2019	EUR	USD	GBP	CEDI	Total
Assets					
Cash and cash equivalents	**14,558**	**40,874**	**11,961**	**1,069,356**	**1,136,749**
Non-pledged trading assets	-	-	-	**13,591**	**13,591**
Pledged assets	-	-	-	**72,019**	**72,019**
Investments securities	-	**35,970**	-	**517,232**	**553,202**
Loans and advances to customers	**111**	**483,222**	**263**	**927,746**	**1,411,342**
Other assets	**1.0**	**4,417**	**80**	**2,845**	**7,343**
Total assets	**14,670**	**564,483**	**12,304**	**2,602,789**	**3,194,246**
Liabilities					
Deposits from banks	-	-	-	**45,551**	**45,551**
Deposits from customers	**12,864**	**488,288**	**12,330**	**2,011,521**	**2,525,003**
Borrowing	-	**64,560**	-	**155**	**64,715**
Other liabilities	**1**	**5,964**	-	**58,245**	**64,210**
Total liabilities	**12,865**	**558,812**	**12,330**	**2,115,472**	**2,699,479**
Net on statement of financial position	**1,805**	**5,671**	**(26)**	**487,317**	**494,767**
At 31 December 2018					
Total assets	13,106	459,252	31,047	2,247,153	2,750,558
Total liabilities	13,710	442,869	30,372	1,809,500	2,296,451
Net on statement of financial position	(604)	16,383	675	437,653	454,107

REPUBLIC BANK (GHANA) LIMITED
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For the year ended 31 December 2019

47. Financial risk management (continued)

The Group

In Thousands of GH¢

At 31 December 2019	EUR	USD	GBP	CEDI	Total
Assets					
Cash and cash equivalents	**14,558**	**40,874**	**11,961**	**1,069,364**	**1,136,757**
Non-pledged trading assets	-	**27,669**	-	**14,078**	**13,591**
Pledged assets	-	-	-	**72,019**	**72,019**
Investments securities	-	**8,301**	-	**532,896**	**568,866**
Loans and advances to customers	**111**	**483,222**	**263**	**917,628**	**1,401,224**
Other assets	**1**	**4,417**	**80**	**18,351**	**22,849**
Total assets	**14,670**	**564,483**	**12,304**	**2,624,336**	**3,215,306**
Liabilities					
Deposits from banks	-	-	-	45,551	45,551
Deposits from customers	12,864	488,288	12,330	2,002,648	2,516,130
Borrowing	-	64,560	-	155	64,715
Other liabilities	1	5,964	-	132,507	138,472
Total liabilities	**12,865**	**558,812**	**12,330**	**2,180,861**	**2,764,868**
Net on statement of financial position	**1,805**	**5,671**	**(26)**	**443,475**	**450,925**
At 31 December 2018					
Total assets	13,106	459,252	31,047	2,284,638	2,788,043
Total liabilities	13,710	442,869	30,372	1,887,609	2,374,560
Net on statement of financial position	**(604)**	**16,383**	**675**	**397,029**	**413,483**

REPUBLIC BANK (GHANA) LIMITED
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47. Financial risk management (continued)

(c) Sensitivity analysis

	Change in currency	Sensitivity of net Interest income	Sensitivity of Equity
		GH¢'000	GH¢'000
Currency			
USD	**2%**	113	85
EUR	**2%**	36	27
GBP	**2%**	(1)	(1)

A 2% change in the various currencies will have a positive or negative impact on net interest income by the values indicated; likewise the same percentage change in the currencies will have a negative of positive impact on equity by the values indicated.

Exchange rates movements

Exchange rates used for the translation of foreign denominates financial instruments as well as the maximum, average and minimum rates during the period have been provided below:

	2019			2018		
	USD	GBP	EUR	USD	GBP	EUR
End year exchange rates	**5.5337**	**7.3164**	**6.2114**	4.8200	6.1711	5.5131
Maximum exchange rate during the year	**5.5405**	**7.3899**	**6.2114**	4.8200	6.1711	5.5131
Average exchange rate during the year	**5.2135**	**6.6483**	**5.8344**	4.5864	6.1164	5.4104
Minimum exchange rate during the year	**4.8267**	**5.3839**	**5.4834**	4.4157	5.9669	5.2964

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Group regularly and without delay meets its obligations and liabilities on maturity dates during its everyday activity, and maintain business flow as usual without any strains on its payment capability.

The Group manages this risk by striving to maintain a well-diversified customer depositor base and satisfactory access to a variety of funding sources. Particular attention is paid to marketability of assets, whose availability for sale or as collateral for refinance is evaluated under different market scenarios.

The Group's liquidity management process, as carried out within the individual entities in the Group and monitored by a separate team in the Group 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 is borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

47. Financial risk management (continued)

(c) Liquidity risk (cont'd)

A key measure used by the bank and Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. Details of the reported bank and Group liquid ratio of net liquid assets to current deposits at the reporting date and during the reporting period were as follows:

	2019		2018	
	Bank	Group	Bank	Group
At 31 December	**130.69%**	**130.69%**	122.69%	122.71%
Average for the period	**124.61%**	**124.61%**	119.15%	119.26%
Maximum for the period	**131.05%**	**131.05%**	158.45%	130.42%
Minimum for the period	**117.13%**	**117.13%**	112.01%	92.96%

i) Liquidity risk management process

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash to settle contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such call and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

ii) Funding approach

Sources of liquidity are regularly reviewed by a separate team in Bank Treasury to maintain a wide diversification by currency, provider, product and term.

The table below analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2019 and 2018 to the contractual maturity date.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

47. Financial risk management (continued)

(iii) Funding approach (continued)

In Thousands of GH¢

Bank

2019	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset						
Cash and cash equivalents	1,170,581	1,606	-	-	-	1,172,187
Pledges and non pledges investments	-	-	-	96,311	-	96,311
Investment securities	-	-	249,759	265,074	167,676	682,509
Loans and advances to customers and bank	413,301	223,652	136,833	913,633	1,662,475	3,349,894
Other assets	7,343	-	-	-	-	7,343
Total financial assets	1,591,225	225,258	386,592	1,275,018	1,830,151	5,308,244
Deposits from banks and customers	813,552	200,251	201,596	301,237	329,906	1,846,542
Borrowings	-	-	72,804	-	-	72,804
Bonds	-	-	-	-	346,440	346,440
Other liabilities	64,210	-	-	-	-	64,210
Total financial liabilities (contractual maturity dates)	877,762	200,251	274,400	301,237	676,346	2,329,996

Group

2019	Up to 1 month	2- 3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset						
Cash and cash equivalents	1,170,589	1,606	-	-	-	1,172,195
Pledges and non pledges investments	-	-	-	96,311	-	96,311
Investment securities	-	-	249,759	300,069	167,676	717,504
Loans and advances to customers and bank	413,301	223,652	136,833	913,633	1,662,475	3,349,894
Other assets	16,822	-	-	-	-	16,822
Total financial assets	1,600,712	225,258	386,592	1,310,013	1,830,151	5,352,726
Deposits from banks and customers	813,552	200,251	201,596	301,237	329,906	1,846,542
Borrowings	-	-	72,804	-	-	72,804
Bonds	-	-	-	-	346,440	346,440
Other liabilities	68,319	-	-	-	-	68,319
Total financial liabilities (contractual maturity dates)	881,871	200,251	274,400	301,237	676,346	2,334,105

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

47. Financial risk management (continued)

(ii) Funding approach (continued)

In Thousands of GH¢

Bank

2018	Up to 1 month	2-3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset						
Cash and cash equivalents	676,908	258,816	-	-	-	**935,724**
Pledges and non pledges investments	-	-	8,520	457,368	503,976	**969,864**
Investment securities	-	-	54,357	-	-	**54,357**
Loans and advances to customers and bank	430,310	39,819	122,322	875,488	1,373,745	**2,841,684**
Other assets	6,627	-	-	-	-	**6,627**
Total financial assets	**1,113,845**	**298,635**	**185,199**	**1,332,856**	**1,877,721**	**4,808,256**
Deposits from banks and customers	691,164	208,771	81,632	8,093	507,076	**1,496,736**
Borrowings	-	-	118,206	3,775	-	**121,981**
Bonds	-	-	-	-	317,235	**317,235**
Other liabilities	26,746	-	-	-	-	**26,746**
Total financial liabilities (contractual maturity dates)	**717,910**	**208,771**	**199,838**	**11,868**	**824,311**	**1,962,698**

Group

2018	Up to 1 month	2-3 months	4-12 months	1-5 years	Over 5 years	Total
Financial asset						
Cash and cash equivalents	679,347	258,816	-	-	-	938,163
Pledges and non pledges investments	-	-	8,520	457,368	503,976	969,864
Investment securities	-	-	54,357	19,199	-	73,556
Loans and advances to customers and bank	430,310	39,819	122,322	875,488	1,373,745	2,841,684
Other assets	13,951	-	-	-	-	13,951
Total financial assets	**1,123,608**	**298,635**	**185,199**	**1,352,055**	**1,877,721**	**4,837,218**
Deposits from banks and customers	691,164	208,771	81,632	8,093	507,076	1,496,736
Borrowings	-	-	118,206	3,775	-	121,981
Bonds	-	-	-	-	317,235	317,235
Other liabilities	41,027	-	-	-	-	41,027
Total financial liabilities (contractual maturity dates)	**732,191**	**208,771**	**199,838**	**11,868**	**824,311**	**1,976,979**

47. Financial risk management (continued)

(iii) Assets held for managing liquidity risk

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

- Cash and balances with central banks;
- Certificates of deposit;

Government bonds and other securities that is readily acceptable in repurchase agreements with the central banks.

Analysis of changes in financing during the year

Reconciliation of movements of liabilities to cash flows arising from financing activities

In Thousands of GH¢	2019					2018				
Bank	Liabilities		Equity			Liabilities		Equity		
	Term borrowing	Bonds	Ordinary shares	Retained earnings	Total	Term borrowing	Bonds	Ordinary shares	Retained earnings	Total
Restated balance as at January 1,	108,285	63,447	401,191	(68,748)	504,175	14,719	53,754	146,191	(37,764)	176,900
Changes from financing cash flows										
Proceeds from the issue of debt securities	60,870	5,454	-	-	66,324	97,080	8,858	-	-	105,938
Proceeds from the issue of shares	-	-	-	-	-	-		255,000	-	255,000
Redemption of bonds	-	(5,033)	-	-	(5,033)	-	(2,354)	-	-	(2,354)
Repayment of debt securities	(103,309)	-	-	-	(103,309)	(6,132)	-	-	-	(6,132)
Total changes from financing cash flows	(42,439)	421	-	-	(42,018)	90,948	6,504	255,000	-	352,452
Other changes										
Liability related										
Interest expense	4,450	11,457	-	-	15,907	2,962	10,793	-	-	13,755
Interest paid	(6,257)	(6,037)	-	-	(12,294)	(843)	(7,604)	-	-	(8,447)
Exchange difference	676	-	-	-	676	499	-	-	-	499
Total liability other changes	(1,131)	5,420	-	-	4,289	2,618	3,189	-	-	5,807
Equity related										
Cost of issuing shares	-	-	-	-	-	-	-	-	(4,552)	(4,552)
Other changes	-	-	-	31,297	31,297	-	-	-	(22,776)	(22,776)
	-	-	-	31,297	31,297	-	-	-	(27,328)	(27,328)
Balance as at December 31,	64,715	69,288	401,191	(37,451)	497,743	108,285	63,447	401,191	(65,092)	507,831

47. Financial risk management (continued)

Analysis of changes in financing during the year (continued)

Group	2019					2018				
	Liabilities		Equity			Liabilities		Equity		
	Term borrowing	Bonds	Ordinary shares	Retained earnings	Total	Term borrowing	Bonds	Ordinary shares	Retained earnings	Total
Restated balance as at January 1,	**108,285**	**63,447**	**401,191**	**(66,287)**	**506,636**	**14,719**	**53,754**	**146,191**	**(25,324)**	**189,340**
Changes from financing cash flows										
Proceeds from the issue of debt securities	60,870	5,454	-	-	66,324	97,080	8,858	-	-	105,938
Proceeds from the issue of shares	-	-	-	-	-	-	-	255,000	-	255,000
Redemption of bonds	-	(5,033)	-	-	(5,033)	-	(2,354)	-	-	(2,354)
Repayment of debt securities	(103,309)	-	-	-	(103,309)	(6,132)	-	-	-	(6,132)
Total changes from financing cash flows	**(42,439)**	**421**	**-**	**-**	**(42,018)**	**90,948**	**6,504**	**255,000**	**-**	**352,452**
Other changes - liability related										
Interest expense	4,450	11,457	-	-	15,907	2,962	10,793	-	-	13,755
Interest paid	(6,257)	(6,037)	-	-	(12,294)	(843)	(7,604)	-	-	(8,447)
Exchange difference	676	-	-	-	676	499	-	-	-	499
Total liability other changes	**(1,131)**	**5,420**	**-**	**-**	**4,289**	**2,618**	**3,189**	**-**	**-**	**5,807**
Other changes -equity related										
Cost of issuing shares	-	-	-	-	-	-	-	-	(4,552)	(4,552)
Other changes	-	-	-	47,019	47,019	-	-	-	(32,755)	(32,755)
Total equity other changes	**-**	**-**	**-**	**47,019**	**47,019**	**-**	**-**	**-**	**(37,307)**	**(37,307)**
Balance as at December 31,	**64,715**	**69,288**	**401,191**	**(19,268)**	**515,926**	**108,285**	**63,447**	**401,191**	**(62,631)**	**510,292**

REPUBLIC BANK (GHANA) LIMITED
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47. Financial risk management (continued)

viii) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- to comply with the capital requirements set by Bank of Ghana;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Bank of Ghana for supervisory purposes. The required information is filed with the Bank of Ghana on a monthly basis. The Bank of Ghana requires each locally owned bank to:

- hold the minimum level of regulatory capital of GH¢400 million in 2019 (400 million in 2018)

Tier 1 capital ratio:

Tier 1 capital ratio is calculated as the adjusted tier 1 capital divided by the total risk-weighted assets. The Bank's internal guideline is to ensure that Tier 1 capital ratio must be at least 6%.

- *Total capital ratio:*

Total capital ratio (also referred to as capital adequacy ratio) is calculated as total capital divided by total risk-weighted assets. Total capital ratio must be at least 10%. In addition, the following interanal guide have been set:

i. Maintained a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off- statement of financial positions assets at or above the required minimum of 10% and

ii. Maintain core capital of not less than 8% of total deposit liabilities.

The Group's regulatory capital is divided into two tiers:

- *Tier 1 capital*

Tier 1 capital (i.e. core or primary capital) is the portion of capital which is permanently and freely available to absorb unanticipated losses without the bank being obliged to cease trading, and it is defined to be made up of equity and disclosed reserves. Disclosed reserves are defined to be revenue created or increased by appropriations of retained earnings or surplus after tax and dividends. Example, retained profits, statutory reserves, general reserves (not ear-marked for any identifiable losses), the book value of goodwill is deducted in arriving at Tier 1 capital; and

Tier 2 Capital

Tier 2 capital (secondary/supplementary capital) is the portion of capital with some attributes of tier 1 capital, but restricted in its ability to absorb losses except in liquidation. It however, provides a useful supplement to tier 1 capital, but due to the significant efficiencies in its ability to provide protection for depositors and other creditors, it is restricted in its inclusion in capital. Tier 2 capital is divided into: a. Upper tier 2 capital (has no fixed maturity).b. Lower tier 2 capital (has a limited lifetime).

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Bank complied with all of the externally imposed capital requirements to which they are subject to.

In thousands of GH¢

	Bank	
	2019	2018
Tier 1 Capital		
Share Capital	**401,191**	401,191
Disclosed Reserves	**129,823**	70,922
	531,014	472,113
Goodwill and other assets	**(9,909)**	(24,041)
Losses not provided for	**(41,610)**	(41,629)
Investment in subsidiaries & associates	**(12,332)**	(10,383)
Connected Lending of Long Term Nature	-	-
	467,163	396,060
Tier 2 Capital		
Capital Surplus account	**24,852**	24,852
Long Term Bonds	**69,288**	63,447
Convertible bonds	-	-
Other reserves	-	-
Housing Development assistance reserve	**744**	744
	94,884	89,043
Total Regulatory Capital	**562,047**	485,103
Risk weighted assets		
On Financial Position	**1,778,187**	1,322,925
Off Financial Position	**58,512**	85,711
Total risk weighted assets	**1,836,699**	1,408,636
Capital adequacy ratio	**30.60%**	34.44%

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Capital Requirements Directive

The Central Bank in 2018 issued the Capital Requirements Directive (CRD or 'the Directive' in accordance with Section 92(1) of the Banks and Specialised Deposit-taking Institutions Act 2016 (Act 930) ('the BSDI Act') and Section 4(d) of the Bank of Ghana Act 2002 (Act 612).

The CRD sets the requirement by which banks will calculate the CAR under the BSDI Act. The Directive requires banks to hold appropriate capital commensurate for unexpected losses that may arise from business through capital transactions, credit, operational and market risks.

The CRD has been formulated to determine the availability of eligible capital and for the measurement of risks to capital in accordance with Basel II framework.

The minimum Capital Adequacy Ratio is 10% and a required Capital Conservation Buffer of 3%. As at December 31, 2019, the Bank's Capital Adequacy Ratio using the new CRD framework was 27.41% (2018: 27.77%).

The Directive which was implemented from 1 July 2018 was effective in 2019.

48. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	2019		2018	
	Bank	**Group**	**Bank**	**Group**
Profit attributable to the equity holders	**62,557**	**78,279**	37,440	27,461
Weighted average number of ordinary share issued	**851,966**	**851,966**	544,569	544,569
Bonus shares issued included in right issues	-	-	293,636	293,636
Total Weighted average number of shares outstanding	**851,966**	**851,966**	838,205	838,205
Basic earnings per share (expressed in GH Pesewas)	**7.34**	**9.19**	6.88	5.04
Diluted earnings per share (expressed in GH Pesewas)	**7.34**	**9.19**	4.47	3.28

49. Fair value of assets and liabilities

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

a. Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of Bank of Ghana's securities and other investments which are valued by reference to Bank of Ghana rates and the use of discounted cash flow techniques.
- 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 observation market data when available. The Group considers relevant and observable market prices in its valuation when possible.

The Group invests in Unit trust,, which are not quoted in an active market and The Group considers the valuation techniques and inputs used in valuing these investments as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the NAV of unit trust may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the unit trust is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the Trust.

REPUBLIC BANK (GHANA) LIMITED
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49. Fair value of assets and liabilities (continued)

In Thousands of GH¢

Bank

2019	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial assets				
Non-pledged trading assets		13,591		13,591
Pledged trading assets		72,019		72,019
Investments - Unit trust	-	32,477	-	32,477
Investments - Ebenkese Fund	-	-	3,854	3,854
	-	118,087	3,854	121,941

2018

Bank	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial assets				
Non-pledged trading assets		-		-
Pledged trading assets		65,856		65,856
Investments - Unit trust	-	30,740	-	30,740
Investments - Ebenkese Fund	-	-	4,329	4,329
	-	96,595	4,329	100,925

2019

Group	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial assets				
Non-pledged trading assets	-	13,591	-	13,591
Pledged trading assets	-	72,019	-	72,019
Investments - Unit trust	-	36,755	-	36,755
Investments - Ebankese Fund	-	-	3,854	3,854
	-	122,365	3,854	126,219

2018

Group	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢
Financial assets				
Non-pledged trading assets	-	-		-
Pledged trading assets	-	65,856	-	65,856
Investments - Unit trust	-	30,740	-	30,740
Investments - Ebankese Fund	-	-	4,329	4,329
	-	97,596	4,329	35,069

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49. Fair value of assets and liabilities (continued)

b. Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value. The carrying amounts of these financial assets approximate their fair values.

In Thousands of GH¢

2019

Bank	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢	Fair Value GH¢
Financial assets					
Cash and cash equivalents	-	1,136,749	-	1,136,749	1,136,749
Non-pledged trading assets	-	13,591	-	13,591	13,591
Pledged trading assets	-	72,019	-	72,019	72,019
Investments securities	-	504,539	-	504,539	504,539
Loans and advances to customers	-	1,411,342	-	1,411,342	1,411,342
	-	3,138,240	-	3,138,240	3,138,240
Financial liabilities					
Deposits from banks	-	45,551	-	45,551	45,551
Deposits from customers	-	2,525,003	-	2,525,003	2,525,003
Borrowings	-	64,715	-	64,715	64,715
Other liabilities	-	69,288	-	69,288	69,288
	-	2,704,557	-	2,704,557	2,704,557

2018

Bank	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢	Fair Value GH¢
Financial assets					
Cash and cash equivalents	-	1,136,749	-	1,136,749	1,136,749
Non-pledged trading assets	-	-	-	-	-
Pledged trading assets	-	65,856	-	65,856	65,856
Investments securities	-	554,344	-	554,344	554,344
Loans and advances to customers	-	1,175,066	-	1,175,066	1,175,066
	-	2,932,015	-	2,932,015	2,932,015
Financial liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers		2,161,420	-	2,161,420	2,161,420
Borrowings	-	108,285	-	-	108,285
Other liabilities	-	63,447	-	63,447	-
	-	2,333,152	-	2,224,867	2,269,705

REPUBLIC BANK (GHANA) LIMITED
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For the year ended 31 December 2019

49. Fair value of assets and liabilities (continued)

In Thousands of GH¢

2019

Group	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢	Fair Value GH¢
Financial assets					
Cash and cash equivalents	-	1,136,757	-	1,136,757	1,136,757
Non-pledged trading assets	-	13,591	-	13,591	13,591
Pledged trading assets	-	72,019	-	72,019	72,019
Investments securities	-	532,535	-	532,535	532,535
Loans and advances to customers	-	1,401,224	-	1,401,224	1,401,224
	-	3,156,126	-	3,156,126	3,156,126
Financial liabilities					
Deposits from banks	-	45,551	-	45,551	45,551
Deposits from customers	-	2,516,130	-	2,516,130	2,516,130
Borrowings	-	64,715	-	64,715	64,715
Other liabilities	-	69,288	-	69,288	69,288
	-	2,695,684	-	2,695,684	2,695,684

2018

Group	Level 1 GH¢	Level 2 GH¢	Level 3 GH¢	Total GH¢	Fair Value GH¢
In Thousands of GH¢					
Financial assets					
Cash and cash equivalents	-	905,652	-	905,652	905,652
Non-pledged trading assets	-	-	-	-	-
Pledged trading assets	-	65,856	-	65,856	65,856
Investments securities	-	554,344	-	554,344	554,344
Loans and advances to customers	-	1,175,066	-	1,175,066	1,175,066
	-	2,700,918	-	2,700,918	2,700,918
Financial liabilities					
Deposits from banks	-	-	-	-	-
Deposits from customers	-	2,161,420	-	2,161,420	2,161,420
Borrowings	-	108,285	-	108,285	108,285
Other liabilities	-	63,447	-	63,447	63,447
	-	2,333,152	-	2,333,152	2,333,152

REPUBLIC BANK (GHANA) LIMITED
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49. Fair value of assets and liabilities (continued)

(a) 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.

(b) Investment securities

The fair value for investment securities and held-to-maturity financial assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(c) Deposits from banks and due to customers

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

REPUBLIC BANK (GHANA) LIMITED
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50. Segment analysis

The Group has four main reporting segments on a worldwide basis:

Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and consumer loans;

Mortgage banking – incorporating mortgage services

Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loans, and foreign currency; and Microfinance banking – incorporating savings account, deposits, loan and other credit facilities

Other Group's operations comprise fund management, institutional finance and providing computer services, none of which constitutes a separately reportable segment and business activities from head office.

As the Group's segment operations are all financial with a majority of revenues deriving from interest and the Board of Directors relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis.

There were no changes in the reportable segments during the year.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Board of directors is measured in a manner consistent with that in the profit or loss.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Bank's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue-sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

REPUBLIC BANK (GHANA) LIMITED
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For the year ended 31 December 2019

50. Segment analysis (continued)

The Bank

SEGMENT REPORTING

At 31 December 2019	Corporate	Mortgage	Consumer & retail	Microfinance	Total
Income					
Interest income	316,511	28,314	45,941	10,738	**401,504**
Interest expenses	(145,751)	(12,766)	(9,928)	(12,587)	**(181,032)**
Net interest income	170,760	15,548	36,013	(1,849)	**220,472**
Fee and commission income	35,326	5,432	3,746	-	**44,504**
Fee and commission expenses	(1,154)	-	-	-	**(1,154)**
	34,172	5,432	3,746	-	**43,350**
Net Trading Income	22,338	-	-	-	**22,338**
Net income from investments at fair value thru. P&L	-	-	-	-	-
Other Operating Income	10,505	-	-	-	**10,505**
Other Income	13,701	-	-	-	**13,701**
Total	251,476	20,980	39,759	(1,849)	**310,366**
Segment assets					
Loans and advances	759,609	255,902	360,891	34,940	**1,411,342**
Unallocated assets					**1,914,900**
Total assets					**3,326,242**
Segment liabilities					
Total deposits					**2,570,554**
Unallocated liabilities					**199,078**
Total Liabilities					**2,769,632**
Segment Equity					
Total shareholders' funds					**556,610**
Total liabilities and shareholders' fund					**3,326,242**
Impairment charge for credit losses					**32,000**

REPUBLIC BANK (GHANA) LIMITED
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50. Segment analysis (continued)

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2018 is as follows:

The Bank

SEGMENT REPORTING

At 31 December 2018	Corporate	Mortgage	Consumer & retail	Microfinance	Total
Income					
Interest income	258,462	25,972	16,501	13,867	**314,802**
Interest expenses	(111,388)	(18,585)	(1,376)	(6,766)	**(138,115)**
Net interest income	147,074	7,387	15,125	7,101	**176,687**
Fee and commission income	27,505	4,015	1075	-	**32,595**
Fee and commission expenses	(902)	-	-	-	**(902)**
	26,603	4,015	1,075	-	**31,693**
Net Trading Income	31,743	-	-	-	**31,743**
Net income from investments at fair value thru. P&L	3,103	-	-	-	**3,103**
Other Operating Income	8,229	-	-	-	**8,229**
Other Income	9,375	-	-	-	**9,375**
Total	226,127	11,402	16,200	7,101	**260,830**
Segment assets					
Loans and advances	668,197	233,631	238,298	34,940	**1,175,066**
Unallocated assets					**1,682,922**
Total assets					**2,857,988**
Segment liabilities					
Total deposits					**2,161,420**
Unallocated liabilities					**198,859**
Total Liabilities					**2,360,279**
Segment Equity					
Total shareholders' funds					**497,709**
Total liabilities and shareholders' fund					**2,857,988**
Impairment charge for credit losses					**42,680**

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

50. Segment analysis (continued)

GROUP **SEGMENT REPORTING**

At 31 December 2019	Corporate	Mortgage	Consumer & retail	Microfinance	Total
Income					
Interest income	328,892	28,314	45,941	10,738	**413,885**
Interest expenses	(145,751)	(12,766)	(9,928)	(12,492)	**180,937)**
Net interest income	183,141	15,548	36,013	(1,754)	**232,948**
Fee and commission income	55,547	5,432	3,746	-	**64,725**
Fee and commission expenses	(1,154)	-	-	-	**(1,154)**
	54,393	5,432	3,746	-	**63,571**
Net Trading Income	22,338	-	-	-	**22,338**
Net income from investments at fair value thru. P&L	-	-	-	-	-
Other Operating Income	10,505	-	-	-	**10,505**
Other Income	15,795	-	-	-	**15,795**
Total	286,172	20,980	39,759	(1,754)	**345,157**
Segment assets					
Loans and advances	749,491	255,902	360,891	34,940	**1,401,224**
Unallocated assets					**1,943,321**
Total assets					**3,344,545**
Segment liabilities					
Total deposits					**2,561,681**
Unallocated liabilities					**203,187**
Total Liabilities					**2,764,868**
Segment Equity					
Total shareholders' funds					**579,677**
Total liabilities and shareholders' fund					**3,344,545**
Impairment charge for credit losses					**19,112**

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50. Segment analysis (continued)

GROUP **SEGMENT REPORTING**

At 31 December 2018	Corporate	Mortgage	Consumer & retail	Microfinance	Total
Income					
In thousands of GH¢					
Interest income	269,996	25,972	16,501	13,867	**326,336**
Interest expenses	(111,388)	(18,585)	(1,376)	(6,766)	**(138,115)**
Net interest income	158,608	7,387	15,125	7101	**188,221**
Fee and commission income	50,632	4,015	1,075	-	**55,722**
Fee and commission expenses	(902)	-	-	-	**(902)**
	49,730	4,015	1,075	-	**54,820**
Net Trading Income	31,743	-	-	-	**31,743**
Net income from investments at fair value thru. P&L	3,103	-	-	-	**3,103**
Other Operating Income	8,229	-	-	-	**8,229**
Other Income	11,552	-	-	-	**11,552**
Total	**262,965**	**11,402**	**16,200**	**7,101**	**297,668**
Segment assets					
Loans and advances	668,197	233,631	238,298	34,940	**1,175,066**
Unallocated assets					**1,703,968**
Total assets					**2,879,034**
Segment liabilities					
Total deposits					**2,161,420**
Unallocated liabilities					**213,140**
Total Liabilities					**2,374,560**
Segment Equity					
Total shareholders' funds					**504,474**
Total liabilities and shareholders' fund					**2,879,034**
Impairment charge for credit losses					**57,755**

Operating segments are reported in a manner consistent with internal reporting provided to ALCO and the Board of Directors. All transactions between business segments are conducted on arm's length basis, with intra - segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance.

REPUBLIC BANK (GHANA) LIMITED
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51. Maturity analysis of assets and liabilities

Bank 2019 — At 31 December

	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	1,136,749	1,136,749	-
Non-pledged trading assets	20	13,591	-	13,591
Pledged assets	20	72,019	-	72,019
Investments securities	21	553,202	173,467	379,735
Loans and advances to customers	22	1,411,342	713,394	697,948
Current income tax	23	14,828	14,828	-
Deferred tax assets	23	12,881	-	12,881
Intangible assets	24	8,236	2,396	5,840
Other assets	25	13,321	13,321	-
Property, plant and equipment	26	90,073	-	90,073
Total assets		3,326,242	2,054,155	1,272,087
Liabilities				
Deposits from Banks	28	45,551	45,551	-
Deposits from customers	29	2,525,003	2,006,776	518,227
Borrowings	30	64,715	64,715	-
Other liabilities	31	134,363	65,075	69,288
Total liabilities		2,769,632	2,182,117	587,515

Group 2019 — At 31 December

	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	1,136,757	1,136,757	
Non-pledged trading assets	20	13,591	-	13,591
Pledged assets	20	72,019	-	72,019
Investments securities	21	568,866	161,135	407,731
Loans and advances to customers	22	1,401,224	703,276	697,948
Current income tax		15,059	15,059	-
Deferred tax assets	23	12,892	-	12,892
Intangible assets	24	8,242	2,404	5,838
Other assets	25	22,849	22,849	-
Property, plant and equipment	26	93,046	-	93,046
Total assets		3,344,545	2,041,480	1,303,065
Liabilities				
Deposits from Banks	28	45,551	-	-
Deposits from customers	29	2,516,130	1,997,903	518,227
Borrowings	30	64,715	64,715	-
Other liabilities	31	138,472	69,184	69,288
Total liabilities		2,764,868	2,131,802	587,515

REPUBLIC BANK (GHANA) LIMITED
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51. Maturity analysis of assets and liabilities

Bank 2018 **At 31 December**

	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	903,213	903,213	-
Non-pledged trading assets	20	-	-	-
Pledged assets	20	65,856	-	65,856
Investments securities	21	599,796	75,839	523,957
Loans and advances to customers	22	1,175,066	550,122	624,944
Current income tax	23	5,559	5,559	-
Deferred tax assets	23	12,599	-	12,599
Intangible assets	24	7,819	2,326	5,493
Other assets	25	26,737	26,737	-
Property, plant and equipment	26	61,343	-	61,343
Total assets		**2,857,988**	**1,563,796**	**1,294,192**
Liabilities				
Deposits from Banks	28	-	-	-
Deposits from customers	29	2,161,420	1,778,451	382,969
Borrowings	30	108,285	105,072	3,213
Other liabilities	31	90,574	27,127	63,447
Total liabilities		**2,360,279**	**1,910,650**	**449,629**

Group 2018 **At 31 December**

	Note	Total	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	19	905,652	905,652	-
Non-pledged trading assets	20	-	-	-
Pledged assets	20	65,856	-	65,856
Investments securities	21	604,772	65,456	539,316
Loans and advances to customers	22	1,175,066	550,122	624,944
Current income tax	23	5,772	5,772	-
Deferred tax assets	24	12,478	-	12,478
Intangible assets	25	7,833	2,334	5,499
Other assets	26	36,697	36,697	-
Property, plant and equipment		64,908	-	64,908
Total assets		2,879,034	1,566,033	1,313,001
Liabilities				
Deposits from Banks	28	-	-	-
Deposits from customers	29	2,161,420	1,778,451	382,969
Borrowings	30	108,285	105,072	3,213
Other liabilities	31	104,855	41,408	63,447
Total liabilities		**2,374,560**	**1,924,931**	**449,629**

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

52. Events after the reporting period

There was no event after reporting date that required adjustments or disclosure.

53. Analysis of Shareholding as at 31 December 2019

FROM	TO	MEMBERS	SHARES	CAPITAL%
1	1,000	1,736	524,492	0.06
1,001	5,000	407	945,798	0.11
5,001	10,000	81	590,532	0.07
10,001	50,000	97	2,044,927	0.24
50,001	9,999,999,999	48	847,860,624	99.52
TOTAL		**2,369**	**851,966,373**	**100.00**

Analysis of Shareholding as at 31 December 2018

FROM	TO	NO. OF SHAREHOLDERS	NO. OF SHARES	% OF HOLDING
1	1,000	1,723	517,716	0.06
1,001	5,000	412	956,965	0.11
5,001	10,000	84	619,948	0.07
10,0019	999,999,999	144	849,871,744	99.76
TOTAL		**2,363**	**851,966,373**	**100.00**

MAJOR SHAREHOLDERS AS AT 31 DECEMBER 2019 (TOP 20)

NAME OF SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED CAPITAL
Republic Financial Holdings Limited	566,922,389	66.54
Social Security & National Ins. Trust	220,379,810	25.87
Ghana Union Assurance Co. Ltd.	42,334,167	4.97
SCGN/Ghana International Bank Plc	9,221,968	1.08
Ace Medical Insurance Limited	1,204,200	0.14
STD Noms TVL Pty/Heritage Fund Ltd	899,976	0.11
United Master Trust Provident	880,407	0.10
Capital And Equity Ltd.	625,000	0.07
Mr. Zwennes Charles	317,273	0.04
Prestige Capital Limited	295,297	0.04
HFCN/CDH Balanced Fund Limited	292,769	0.03
Dr. Boateng Daniel A. Dameh	257,288	0.03
Regimanuel Gray Ltd.	220,266	0.03
Nsia Ghana Limited	219,389	0.03
Mr. Amoako-Atta Charles	200,808	0.02
Databank Brokerage Limited	200,000	0.02
Mr. Al-Hassan Abdul-Rahman	196,932	0.02
Mr. Duku Kwadwo	193,351	0.02
Fanel Limited	165,000	0.02
Mr. Asafo-Adjei Osei	160,000	0.02
Reported Totals	**845,186,290**	**99.20**
Not Reported	6,780,083	0.80
Grand Totals	**851,966,373**	**100.00**

Republic Bank

THE POWER TO MAKE A DIFFERENCE

Commissioning of an Ultra-Modern School Classroom Block at Berase, a suburb of Cape Coast.

Before

Berase A.M.E Zion School in 2018

After

Berase A.M.E Zion School in 2020 (6 Classroom Block fully furnished with Dual Desks, furnished Headmaster's Office, Teachers' Common Room, Library, Sports Changing Room and Toilet Facilities)

"We have the Power to make a difference and we will always go out there to make that difference."

- Farid Antar, MD, Republic Bank Ghana

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REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

EXPLANATORY NOTES TO SPECIAL RESOLUTIONS

The notes below provide an explanation to the proposed Special Resolutions set out in the Notice and Agenda of the 29th Annual General Meeting of the Company. For these Resolutions to be passed, 75% of the votes of members present are required. The Resolutions are proposed to enable the Company to be compliant with, and to align its Regulations (Constitution) to, statutory and regulatory requirements. Below are the specific items for consideration and Regulations for which amendments are proposed.

RESOLUTION 7 - CHANGE OF NAME REPUBLIC BANK (GHANA) LIMITED (LTD) TO REPUBLIC BANK (GHANA) PUBLIC LIMITED COMPANY (PLC)

I INTRODUCTION

The registered name of the Company and the name under which it trades is "Republic Bank (Ghana) Limited". The Company is a public company limited by shares listed on the Ghana Stock Exchange. At the end of 2019, the new Companies Act, 2019 (Act 992) came into force providing a new company law framework and repealing the previous Companies Act, 1963 (Act 179).

Section 21(1) of the Companies Act, 2019 (Act 992) provides as follows:-

"The last words of the name of a

(a) private company limited by shares shall be "Limited Company" or the abbreviation "LTD"

(b) public company limited by shares shall be "Public Limited Company" or the abbreviation "PLC"."

Section 21(4) of the Companies Act, 2019 (Act 992) further provides that:-

"A company may in writing change its name by special resolution and with the written approval of the Registrar."

II RATIONALE

Since the coming into force of the new Companies Act 2019 (Act 992) the Company's name has now become misleading. In accordance with the provisions of the new Act, the proper name of the Company should be "Republic Bank (Ghana) Public Limited Company" or as abbreviated, "Republic Bank (Ghana) PLC".

The Registrar Generals' Department has also indicated that its systems have been calibrated to note the names of all listed companies as public companies.

The change of name is therefore critical to enable the Company's name to be aligned to the philosophy of the new Companies Act and be compliant with current legislation.

III REQUIRED APPROVALS

The Company would be required, pursuant to the Companies Act, 2019 (Act 992), to apply and seek the prior written approval of the Registrar of Companies, Ghana before it can have its name changed from Republic Bank (Ghana) Limited to Republic Bank (Ghana) Public Limited Company.

The Company would also be required, pursuant to the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930), to apply and seek the approval of the Bank of Ghana before it can have is current name changed from Republic Bank (Ghana) Limited to Republic Bank (Ghana) Public Limited Company. The Bank of Ghana has by letter dated 27th May 2010 granted approval for the Bank to change its name as proposed, subject to Shareholders' approval.

IV FINANCIAL IMPLICATION

Although there will be financial implications for the proposed name change, due however to prudent cost management, the Bank currently has low stock of stationery. The Bank will also continue to utilize current stock wherever possible in order to avoid waste.

The main cost that will be incurred due to the proposed name change will be related to changing of signage and the Bank's letterheads and the associated costs can be absorbed in 2020.

V CONCLUSION

The rationale behind the name change is to ensure that the Company is compliant with current legislation, in particular the Companies Act, 2019 (Act 992).

VI DIRECTORS' RECOMMENDATION

In view of the above, the Board of Directors recommends that Shareholders vote in favour of the resolution to effect a change in the Company's name from "Republic Bank (Ghana) Limited" to "Republic Bank (Ghana) Public Limited Company" (or in using the abbreviated legal suffix, "Republic Bank (Ghana) PLC") to be compliant with section 21(1)(b) of the Companies Act, 2019 (Act 992).

RESOLUTIONS 8 & 9 - VIRTUAL/HYBRID GENERAL MEETINGS
RESOLUTION 10 - CIRCULATION OF REPORTS
I INTRODUCTION
VIRTUAL/HYBRID GENERAL MEETINGS

Since March 2020 the world has been hit with a pandemic due to the outbreak of the new corona virus disease (Covid 19). As a result, the President of the Republic of Ghana, pursuant to Article 21 of the 1992 Constitution of the Republic of Ghana, caused to be enacted the "Imposition of Restrictions Act, 2020 (Act 1012)" which, among others, imposed restrictions on public gatherings in Ghana.

The Registrar-General, pursuant to Sections 378(2) of the Companies Act, 2019 (Act 992) and the Securities & Exchange Commission (SEC), pursuant to Sections 3 and 209 of the Securities Industry Act, 2016 (Act 929) have issued Guidelines (dated 14th May and 22nd May 2020 respectively) to enable companies and issuers and other capital market operators to

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

fulfil their corporate governance and statutory obligations of holding Annual General Meetings electronically or virtually instead of physically, in light of the restrictions in force. The SEC Guidelines (SEC/GUI/003/05/2020) further advise Companies to amend their Regulations (Constitutions) where necessary, to accommodate electronic or virtual Annual General Meetings (going forward).

It is impossible to determine when another pandemic or similar adverse situation may arise. It is the Board of Directors' view that the Company should always be prepared and adequately equipped to meet its statutory obligations, including the holding of Annual General Meetings, irrespective of the prevailing circumstances.

The Regulations (Constitution) of the Company, which contain provisions guiding the conduct of General Meetings, do not currently cater for electronic or other non-physical presence at General Meetings.

Accordingly, the Board of Directors of the Company (after seeking relevant professional advice) and subject to regulatory approval, has determined that the Regulations (Constitution) of the Company be amended to allow for General Meetings of the Company to be held by non-physical presence /participation where necessary.

It is anticipated that the holding of virtual or hybrid General Meetings will offer shareholders enhanced opportunities to participate regardless of their locations, making meetings far more accessible to the majority of shareholders, particularly those who would otherwise not be able to attend physically.

CIRCULATION OF REPORTS

Additionally, Section 128 of the Companies Act, 2019 (Act 992) requires companies to cause to be prepared and sent to members of the company and debenture holders, at least once in every calendar year, a copy each of the Financial Statements and, the Directors' and Auditors' Reports. The Ghana Stock Exchange, after consultation with the Registrar-General, in February 2016 issued guidelines providing new approaches to reach out to shareholders regarding year-end annual reports. This required companies to choose to adopt as many as possible of the following to satisfy the requirement for circulation:-

(a) sending electronic versions by email

(b) publishing in a widely circulating daily newspaper, after prior notice of publication (date and newspaper) having been given

(c) publishing full electronic version of the annual report on the website of the company and informing members of the same

(d) making a limited number of hard copies of the annual report available at the grounds of the Annual General Meeting.

The Company has since 2016, as with other listed companies ceased the wholesale distribution of hard copies of the annual reports and has instead been circulating annual reports to members using all four channels proposed. The Board of Directors however considers it prudent to formally adopt the Stock Exchange's approach by enshrining these options in the Company's Regulations.

II PROPOSALS

SPECIAL RESOLUTION – 8

Regulations 48 and 49 of the Company's Regulations read as follows:-

> "48) Annual General Meetings shall be held in accordance with section 149 of the Code.
>
> 49) Extraordinary General Meetings may be convened by the Directors whenever they think fit in accordance with Section 150 of the Code and shall be convened by the Directors on a requisition of members in accordance with section 297 of the Code."

In order to enable the Company hold General Meetings without the need for physical presence at any one location, (and to allow for the insertion of a new paragraph in the Regulations (Constitution)), it is proposed as follows:-

(i) that Regulations 48 and 49 be merged to read as a new Regulation 48(1) and 48(2) respectively.

(ii) that a new Regulation 49 be inserted to read as follows:

"49) General Meetings may be held by physical participation or virtual participation to include telephonic or electronic or other online communication means ("virtual meeting") or by a combination of physical participation and virtual participation ("hybrid meeting") and a member who establishes a virtual communication link to a virtual or hybrid meeting in the manner prescribed in the notice convening the meeting shall be deemed to be present at that meeting."

SPECIAL RESOLUTION – 9

In order to facilitate effective and easy voting at virtual or hybrid meetings, it is also proposed as follows:-

(i) that Regulation 59 of the Regulations be renumbered as Regulation 59(1)

(ii) that a new Regulation 59(2) be inserted in the Regulations (Constitution) to read:-

"59(2)...Where the meeting is a virtual or hybrid meeting, voting shall be in accordance with the procedures for voting as described in the notice convening the meeting."

SPECIAL RESOLUTION – 10

Regulation 45 of the Company's Regulations, which refers to accounts of the Company reads:-

"45) The Board of Directors of the Company shall cause proper books of accounts to be kept and a profit and loss account and balance sheet to be prepared audited and circulated in accordance with Sections 123 to 133 of the Code."

In order to facilitate the requirement to "send to every member of the company, and to every holder of debentures of the company", the financial statements and reports as required under section 128 of the Companies Act 2019, (Act 992), it is

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

proposed that Regulation 45 be extended by appending to the end of the paragraph the following:-

"45) … Provided always that the requirement for circulation of the financial statements and reports shall be satisfied by adopting any of the following modes, namely:-

(a) Sending electronic versions by electronic means

(b) Publishing in a widely circulating daily newspaper after giving prior notice of publication (date and newspaper)

(c) Publishing the full electronic version of the annual report on the Company's website and informing members and debenture holders of the same

(d) Making a limited number of hard copies of the annual report available at the grounds of the Annual General Meeting."

III REQUIRED APPROVALS

Section 30(1)(b) of the Companies Act, 2019 (Act 992) provides that:-
"The shareholder or members of a company may, by special resolution… alter or revoke the constitution of the Company subject to this Act."

Section 27(1) of the Banks & Specialised Deposit-Taking Institutions Act, 2016 (Act 930) also provides that:-
"A bank or specialized deposit-taking institution shall, before making an amendment to the company name, company regulations or other instrument under which that bank or specialized deposit-taking institution was established, furnish the Bank of Ghana with particulars of the proposed amendment for approval."

Accordingly, the Company will make formal application to the Bank of Ghana for the Regulator's consent to the proposed amendments to the Regulations.

The Company will also issue formal notices of the proposed amendments to the Registrar-Generals Department and the Securities & Exchange Commission after Shareholders' approval has been obtained.

IV FINANCIAL IMPLICATION

The main cost to be incurred will be in relation to the engagement of a third party IT Consultant to facilitate virtual/hybrid meetings and a sign language interpreter.

V DIRECTORS' RECOMMENDATION

In view of the above, and subject to Regulatory Approval, the Board of Directors recommends that Shareholders vote in favour of these Special Resolutions.

It is intended that the foregoing, if approved, will more sufficiently equip the Company to fulfil its statutory obligations in this digital age.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO SHAREHOLDERS

RESOLUTIONS

ORDINARY RESOLUTIONS

1. That the Financial Statements of Republic Bank (Ghana) Limited and its Subsidiaries for the financial year ended 31st December 2019 together with the Auditors' Report thereon be received and adopted.

2. That the Directors' Report for the year ended 31st December 2019 be received and adopted.

3. That Mr. Michael Addotey Addo be and is hereby re-elected as a Director of the Company under Regulation 63 of the Company's Regulations and Section 325(d) of the Companies Act 2019 (Act 992).

4. That Mr. Ebenezer Tetteh Tagoe be and is hereby re-elected as a Director of the Company under Regulation 64 of the Company's Regulations and Section 325(d) of the Companies Act 2019 (Act 992).

5. That Mr. Paul King Aryene be and is hereby re-elected as a Director of the Company under Regulation 64 of the Company's Regulations and Section 325(d) of the Companies Act 2019 (Act 992).

6. That the Directors be and are hereby authorized to fix the remuneration of the Company's Auditors for the financial year 2020.

SPECIAL RESOLUTIONS

All Subject to Regulatory Approval:-

7. (i) That the name of the Company be changed from "Republic Bank (Ghana) Limited" to "Republic Bank (Ghana) Public Limited Company" (or in using the abbreviated legal suffix, "Republic Bank (Ghana) PLC") to comply with Section 21(1)(b) of the Companies Act 2019 (Act 992).

(ii) That Regulation 1 of the Regulations of the Company which reads, "The name of the Company is Republic Bank (Ghana) Limited" be deleted and replaced with the following as a new Regulation 1:-
"The name of the Company is Republic Bank (Ghana) Public Limited Company."

(iii) That Regulation 53 be amended by deleting the name, "Republic Bank (Ghana) Limited" and replacing it with the name:-
"Republic Bank (Ghana) Public Limited Company".

8. (i) That Regulations 48 and 49 be merged to read as a new Regulation 48(1) and 48(2) respectively.

(ii) That a new Regulation 49 be inserted to read as follows:
"49) General Meetings may be by physical participation or virtual participation to include telephonic or electronic or other online communication means ("virtual meeting") or by a combination of physical participation and virtual participation ("hybrid meeting") and a member who establishes a virtual communication link to a virtual or hybrid meeting in the manner prescribed in the notice convening the meeting shall be deemed to be present at that meeting."

9. (i) That Regulation 59 of the Regulations be renumbered as Regulation 59(1)

(ii) That a new Regulation 59(2) be inserted in the Regulations (Constitution) to read:-
"59(2)…Where the meeting is a virtual or hybrid meeting, voting shall be in accordance with the procedures for voting as described in the notice convening the meeting."

10. That Regulation 45 be extended by appending to the end of the paragraph the following:-
"45) …..Provided always that the requirement for circulation of the financial statements and reports shall be satisfied by adopting as many as possible of the following modes, namely:-

(a) sending electronic versions by electronic means;

(b) publishing in a widely circulating daily newspaper after giving prior notice of publication (date and newspaper);

(c) publishing the full electronic version of the annual report on the Company's website and informing members and debenture holders of the same;

(d) making a limited number of hard copies of the annual report available at the grounds of the Annual General Meeting."

REPUBLIC BANK (GHANA) LIMITED

PROXY

I/We ....

of .... being members of

Republic Bank (Ghana) Limited hereby appoint ....or failing him, MR. CHARLES ZWENNES, Chairman of Republic Bank (Ghana) Limited, as my/our proxy to vote for me/us on my/our behalf at the virtual Annual General Meeting of the Company to be streamed live from Accra City Hotel, Barnes Road, Accra at 14:30GMT (2.30pm) on the 23rd day of April 2020 and at any adjournment thereof.

Please indicate with a tick in the space below how you wish your votes to be cast

ORDINARY RESOLUTIONS

		For	Against	Abstain
1. To receive and adopt the Financial Statements of Republic Bank (Ghana) Limited & Auditors Report thereon.	1.			
2. To receive and adopt the Directors' Report.	2.			
3. To re-elect Mr. Michael Addo as a Director.	3			
4. To re-elect Mr. Ebenezer Tetteh Tagoe as a Director.	4.			
5. To re-elect Mr. Paul King Aryene as a Director.	5.			
6. To authorise Directors to fix the Auditors' fees.	6.			
SPECIAL RESOLUTIONS				
7.(i) That the name of the Company be changed from "Republic Bank (Ghana) Limited" to "Republic Bank (Ghana) Public Limited Company" (or in using the abbreviated legal suffix, "Republic Bank (Ghana) PLC") to comply with Section 21(1)(b) of the Companies Act 2019 (Act 992). (ii) That Regulation 1 of the Regulations of the Company which reads, "The name of the Company is Republic Bank (Ghana) Limited be deleted and replaced with the following as a new Regulation 1:- "The name of the Company is Republic Bank (Ghana) Public Limited Company." (iii) That Regulation 53 be amended by deleting the name, "Republic Bank (Ghana) Limited" and replacing it with the name:- "Republic Bank (Ghana) Public Limited Company".	7.			
8. (i) That Regulations 48 and 49 be merged to read as a new Regulation 48(1) and 48(2) respectively. (ii) That a new Regulation 49 be inserted to read as follows: "49) General Meetings may be by physical participation or virtual participation to include telephonic or electronic or other online communication means ("virtual meeting") or by a combination of physical participation and virtual participation ("hybrid meeting") and a member who establishes a virtual communication link to a virtual or hybrid meeting in the manner prescribed in the notice convening the meeting shall be deemed to be present at that meeting."	8.			
9. (i) That Regulation 59 of the Regulations be renumbered as Regulation 59(1) (ii) That a new Regulation 59(2) be inserted in the Regulations (Constitution) to read:- "59(2)...Where the meeting is a virtual or hybrid meeting, voting shall be in accordance with the procedures for voting as described in the notice convening the meeting."	9.			
10. That Regulation 45 be extended by appending to the end of the paragraph the following:- "45) .....Provided always that the requirement for circulation of the financial statements and reports shall be satisfied by adopting as many as possible of the following modes, namely:- (a) sending electronic versions by electronic means; (b) publishing in a widely circulating daily newspaper after giving prior notice of publication (date and newspaper); (c) publishing the full electronic version of the annual report on the Company's website and informing members and debenture holders of the same; (d) making a limited number of hard copies of the annual report available at the grounds of the Annual General Meeting	10.			

This .... day of .... 2020 / Signed ....

THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE SENDER WILL BE ATTENDING THE MEETING

Provision has been made on the form for MR. CHARLES ZWENNES, the Chairman of the Meeting, to act as your Proxy; but if you so wish, you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman

In the case of joint holders, each holder must sign. In the case of a company, the Proxy Form must be signed by a Director or its Common Seal appended.

If you intend to sign a Proxy, please sign the above Proxy Form and post it to reach the Secretary, Republic Bank (Ghana) Limited, Ebankese, P.O. Box CT4603, Cantonments, Accra, Ghana or via email to email@republicghana.com at any time prior to the commencement of the meeting in accordance with the Company's Regulations.

REPUBLIC BANK (GHANA) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

THIRD FOLD HERE

SECOND FOLD HERE

FIRST FOLD HERE

THE SECRETARY
REPUBLIC BANK (GHANA) LIMITED
EBANKESE
P.O. BOX CT4603
CANTONMENTS
ACCRA, GHANA

BEFORE POSTING THE ABOVE FORM, TEAR OFF AND RETAIN THE PART BELOW

BRANCH NETWORK

NETWORK OF REPUBLIC BANK (GHANA) LIMITED OFFICES AND BRANCHES

HEAD OFFICE "EBANKESE"
Tel: +233-302-242090-4
Email: email@republicghana.com

ABOSSEY OKAI BRANCH
Tel: +233 302 673181 / 673475
Email: abosseyokai@republicghana.com

ACCRA CENTRAL BRANCH
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Email: accracentral@republicghana.com

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Email: adjiringanor@republicghana.com

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Email: ashaiman@hfcbank.com

ASOKWA BRANCH
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Email: asokwa@republicghana.com

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Email: bolga@republicghana.com

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Email: juaboso@republicghana.com

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Email: koforidua@republicghana.com

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Email: madina@republicghana.com

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Email: postofficesquare@republicghana.com

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Email: privatebanking@republicghana.com

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Email: bekwai@republicghana.com

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Email: takoradi@republicghana.com

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TUDU BRANCH
Tel: +233 302 666203, 675114
Email: tudu@republicghana.com

WINNEBA BRANCH
Tel: +233 3323 20578
Email: winneba@republicghana.com

Republic Bank

THE POWER TO MAKE A DIFFERENCE

Commissioning of an Ultra-Modern School Classroom Block at Berase, a suburb of Cape Coast.

Before

Berase A.M.E Zion School in 2018

After

Berase A.M.E Zion School in 2020 (6 Classroom Block fully furnished with Dual Desks, furnished Headmaster's Office, Teachers' Common Room, Library, Sports Changing Room and Toilet Facilities)

"We have the Power to make a difference and we will always go out there to make that difference."

- Farid Antar, MD, Republic Bank Ghana

030-2242090-4 email@republicghana.com
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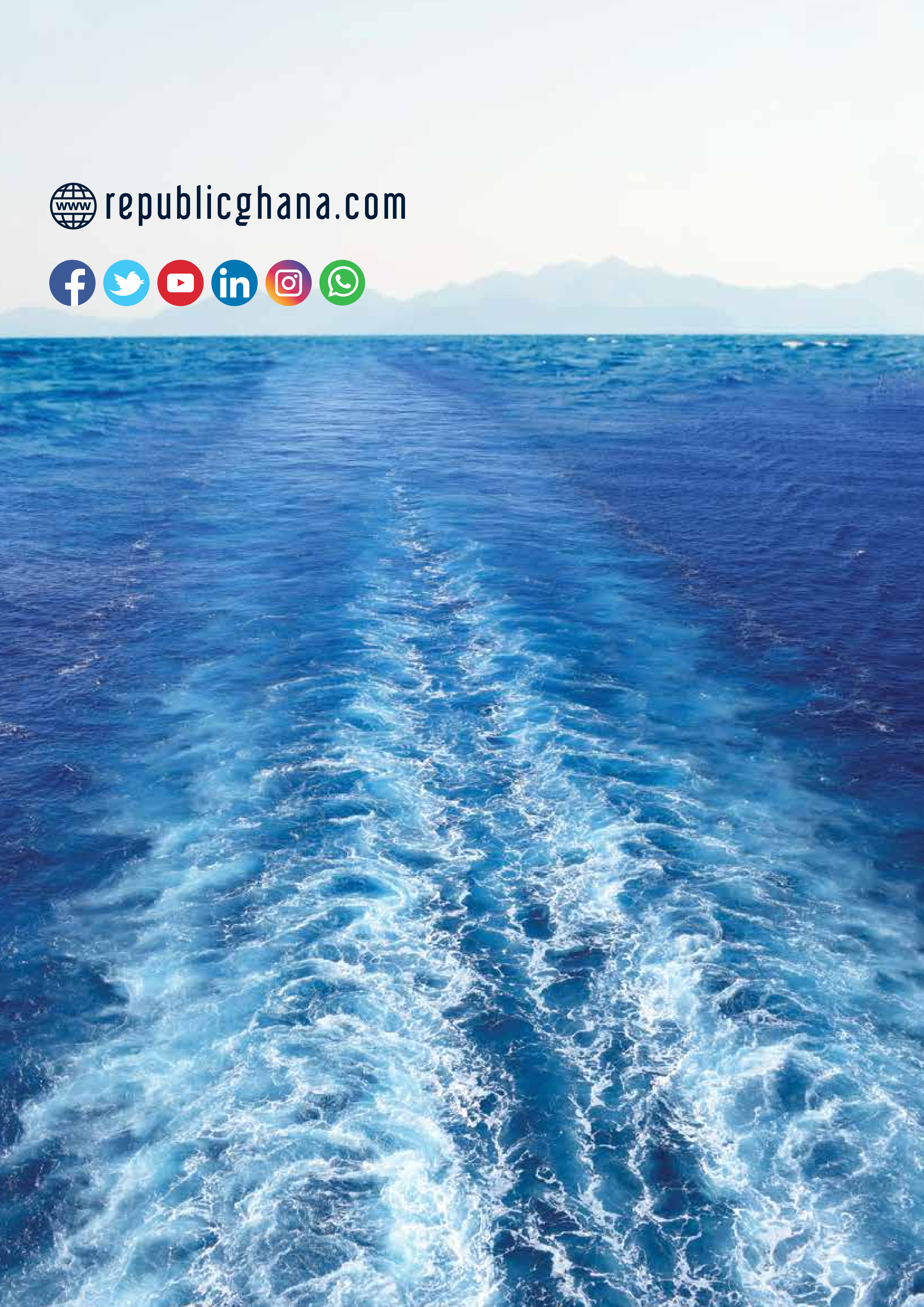
ESINAM ASARE TORI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