



**DBG**

Development  
Bank  
Ghana



Together we grow.  
We do it different.

Annual Report 2022

Together we grow.  
We do it different.



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## Chairman's Statement

The Development Bank Ghana (DBG) was established by the Government of Ghana, in accordance with the Development Finance Institutions Act 2020 (1032) and received its licence to operate from the Central Bank of Ghana in November 2021.

DBG was set up to help relieve the severe constraints that Ghanaian businesses face in accessing medium and long-term loans, particularly in the critical sectors that have strong potential to transform Ghana's economy namely, agribusiness, manufacturing and high value services.

DBG is an important strategic vehicle to help drive Ghana's economic transformation and lessen its dependence on aid. DBG aims to be a key driver in Ghana's post-COVID-19 economic recovery and growth. The current economic environment of high inflation, high interest rates and challenges with balance of payments and sovereign debt sustainability makes DBG's role even more urgent.

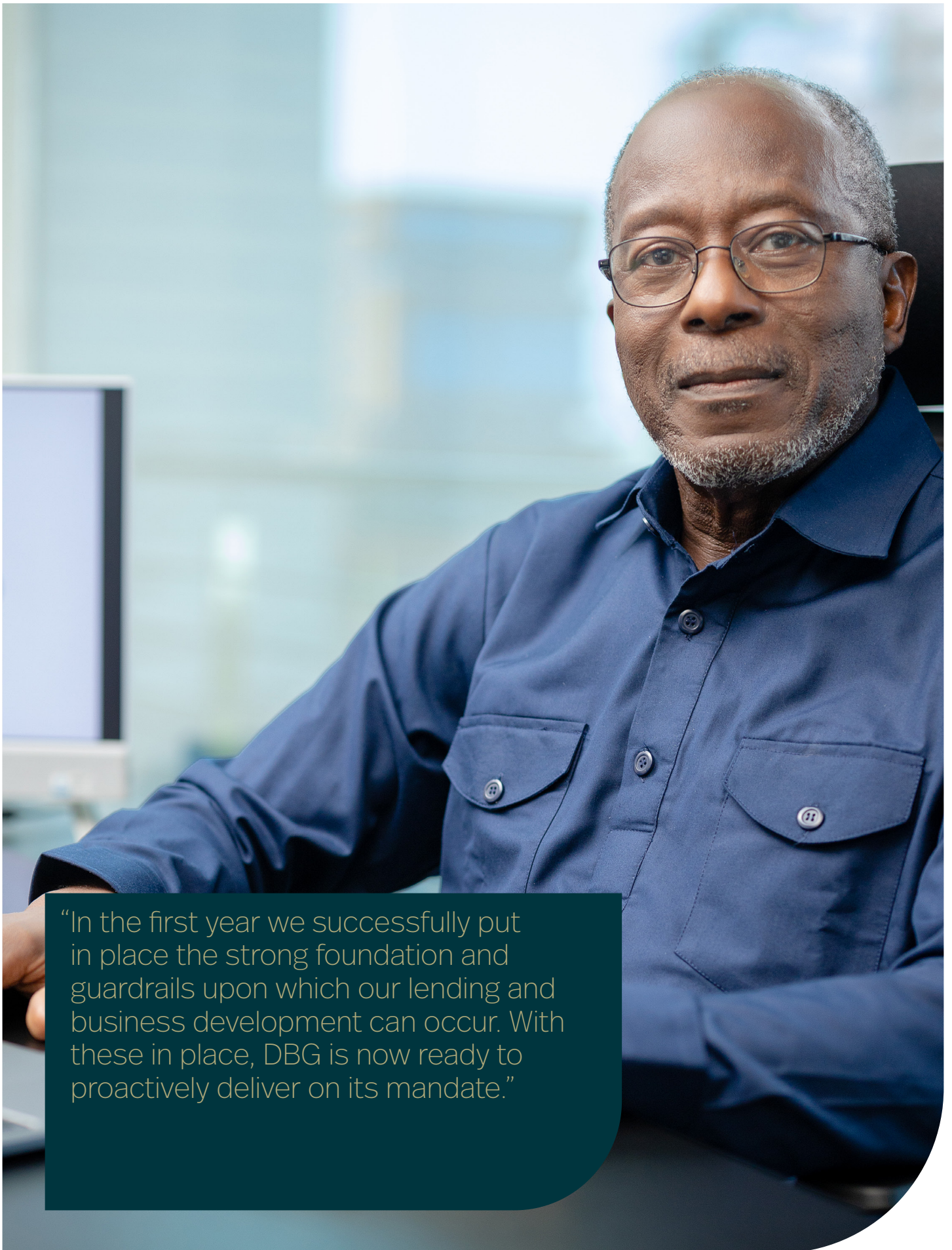
### **DBG seeks to help address these problems by:**

- Facilitating and strengthening medium and long-term credit flow to Ghanaian businesses to help drive economic growth and transformation;
- Empowering Ghanaian banks and entrepreneurs through financial innovation and capacity-building to strengthen the ecosystem in which financial institutions and private sector businesses engage with each other; and
- Promoting Environmental, Social and Governance (ESG) excellence within the businesses, banks and partners with whom DBG works.

The official launch of DBG in June 2022 was the culmination of three years of hard and persistent work to set up a professionally run and financially viable vehicle that would support financial institutions to help drive private sector-led economic transformation in Ghana.

In 2022, against a difficult economic backdrop, DBG's vision, mission pillars and five-year strategy to 2027 were developed. In the first year we successfully put in place the strong foundations and guardrails upon which our lending and business development can occur. With these in place, DBG is now ready to proactively deliver on its mandate.

**Dr. Yaw Ansu**  
**Board Chairman**



“In the first year we successfully put in place the strong foundation and guardrails upon which our lending and business development can occur. With these in place, DBG is now ready to proactively deliver on its mandate.”

# Chief Executive Officer's Statement

Together we grow. We do it different.

DBG's inaugural annual report comes at a challenging time globally and domestically. On the global front, two unprecedented global crises - the COVID-19 pandemic and its accompanying supply shocks and the Russia-Ukraine war - have slowed growth and accelerated inflation.

COVID-19 with its extended lockdowns, brought a significant loss of lives and livelihoods, with many businesses shutting down permanently. The pandemic also elevated government spending on interventions and social programmes beyond the capacity of several developing countries, including Ghana. Global supply chains were severely disrupted, with adverse consequences for trade. This also sowed the first seeds of the protracted inflationary period we are experiencing. In Ghana, the effects of the pandemic continue to reverberate, with low growth and high spending translating into economic shocks, including fiscal shortfalls, negative balance of payments and high interest rates causing unpleasant consequences for people and businesses.

The Russia-Ukraine war has compounded several of these challenges: global inflationary pressures resulting from higher prices for oil, gas, fertiliser and food, together with supply disruptions, and has further exacerbated the global macroeconomic challenges.

Ghana has felt the brunt of these effects in profound ways. The Ghana CARES 'Obaatan Pa' programme is a GHS100 billion social intervention and economic growth programme designed to cushion the impacts of the pandemic and return the economy to growth. About GHS30 billion of this amount was planned to be financed by domestic revenues. However, revenue growth fell short of expectations, with Ghana's non-oil tax revenue to GDP ratio remaining below 15%, which is below the average for sub-Saharan African peers. With growing expenditures and low revenues, the fiscal deficit continued to expand, financed by bonds and treasury bills.

Consequently, public debt grew rapidly, with the debt-to-GDP ratio increasing to more than 100%. As a result, the country's credit rating was downgraded to junk status. Inflation is currently at record levels above 50%, compared with a target range of 8% +/- 2%. The monetary policy rate is above 25%, and treasury bill rates are above 30% as of December 2022. The cedi has rapidly depreciated, an indication of the extreme levels of volatility. The country is now faced with difficulties in servicing its domestic and external debt stock.

Launched in June 2022, DBG began its operational journey in this harsh environment with the vision to '**Accelerate inclusive and sustainable economic transformation by fostering the growth of a competitive private sector.**' Given Ghana's economic and social challenges, there could not have been a more apt vision for the Bank.





The focus of Development Bank Ghana is to provide medium and long-term financing to private enterprises with clear development outcomes, including economic growth, job creation, export expansion, foreign currency savings through an emphasis on import substitution, value addition of its primary commodities, and helping to improve quality standards and creating a more enabling environment for private sector growth. Nevertheless, the current climate of high volatility and elevated risks presents significant challenges to Development Bank Ghana in balancing its long-term outlook and sustainability with relevance in the short term.

Our response has been to craft a strategy that addresses short-term challenges and builds a strong foundation for long-term sustainable growth.



“The focus of Development Bank Ghana is to provide medium and long-term financing to private enterprises with clear development outcomes, including economic growth, job creation, export expansion, foreign currency savings through an emphasis on import substitution, value addition of its primary commodities, and helping to improve quality standards and creating a more enabling environment for private sector growth.”

# Chief Executive Officer’s Statement

Strategic Partnerships			
s/n	Partner		Nature of Partnership
1		UN Global Compact Network	Signed up to the Global Compact Network
2		Association of African Development Finance Institutions (AADFI)	Membership of AADFI
3		Women's Empowerment Principles (WEPs)	Membership of WEPs
4		Sustainability Standards & Certification Initiative (SSCI)	Received an Award of Certificate of Acceptance for a 5-star green rating
SME Capacity Building			
s/n	Purpose		Participants
1	Trained 600 SMEs to be ESG Compliant	Developed a Green Taxonomy to guide PFIs to identify and lend to low carbon and climate resilient eligible projects	Ghana National Chamber of Commerce and Industry (GNCCI)
2			Participating Financial Institutions (PFIs)
3			DBG Business Development Services Team
Business Development workshops for SMEs			
DBG Partner		Purpose	Topics Covered
Ghana National Chamber of Commerce and Industry (GNCCI)		De-risk SMEs for access to funding and to scale up their business operations	<ul style="list-style-type: none"><li>Environmental and social governance</li><li>Risk Management</li><li>Financial Management</li><li>Market Development strategies</li></ul>

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## DBG's strategic response is two-pronged:

1. Focus on sectors that enable inclusive growth, economic resilience and stability in the short term, while laying solid foundations for accelerated growth in the medium to long term; and
2. Actualise its role as a catalyst to the broader financial system and de-risking through the development and operationalisation of a digital platform and schemes that accelerate system-wide capital flows to the private sector and increase access to local and international markets for local businesses.

We expect that delivery of our immediate and long-term objectives will face significant challenges in the current operating environment, amplifying the need for solid execution capabilities and risk mitigation measures.

While there are multiple risks, we consider that the following are among the most pressing:

### 1. Macroeconomic headwinds:

A combination of low growth and high inflation present fundamental and significant obstacles to economic growth and make the objectives of the Development Bank more difficult to realise. The challenges for businesses in the current environment cannot be overemphasised. In response to this, our sector prioritisation is phased to focus initially on less complex but highly transformational sub-sectors across agriculture, manufacturing and services that build economic resilience and lay solid foundations for accelerated growth in the medium to long term.

### 2. Financial system risk:

In addition to macroeconomic headwinds, the domestic debt exchange programme is expected to significantly impact the profitability and stability of financial institutions, which are the Development Bank's critical partners in delivering its interventions to the market. We are mitigating these risks in three ways. DBG will:

- Work with the most credible well-capitalised financial institutions while acknowledging that this can reduce our reach and impact. To counter this effect, we will:
- Accelerate the development of DBG's digital platform and the delivery of business development services through the platform. This intervention is critical to our role as a primary agent for de-risking the supply of finance, empowering financial institutions with improved capabilities to assess creditworthiness in an environment with high-risk factors, while simultaneously empowering businesses with the capabilities to operate as less risky enterprises with access to more growth opportunities; and
- Develop and continuously review a loan pricing framework that ensures an objective, consistent, transparent and balanced approach to our wholesale lending to ensure that we respond adequately to short-term volatilities without losing sight of our long-term focus, our development mandate and financial sustainability.

### 3. Access to capital markets:

The current fiscal conditions have made Ghana unattractive for international capital markets, as demonstrated in the lowering of credit ratings and the lockout of the country from global capital markets. As an entity operating in Ghana, with the government as a significant shareholder, we expect that this will impact DBG's access to capital markets and replenishment. Our response is to demonstrate excellence in the areas within our control, especially with strong governance in line with international best practices. The importance we ascribe to this is enshrined in our mission pillar: 'Operate as an independent, financially sustainable world-class institution.'

### 4. Operational and execution risks:

- DBG is a start-up with the challenge of rapidly building up the institutional capabilities and talent required, while executing several complex and transformational initiatives. Management has already developed a comprehensive enterprise risk management framework to guide operations and is committed to building a team of world-class talent to lead execution.
- We are taking a disciplined approach to executing our strategic priorities, with robust implementation planning and delivery mechanisms in place following global examples of best-in-class execution. Our strategic and operational partnerships will ensure that we can deliver results quickly and effectively.

# Chief Executive Officer's Statement

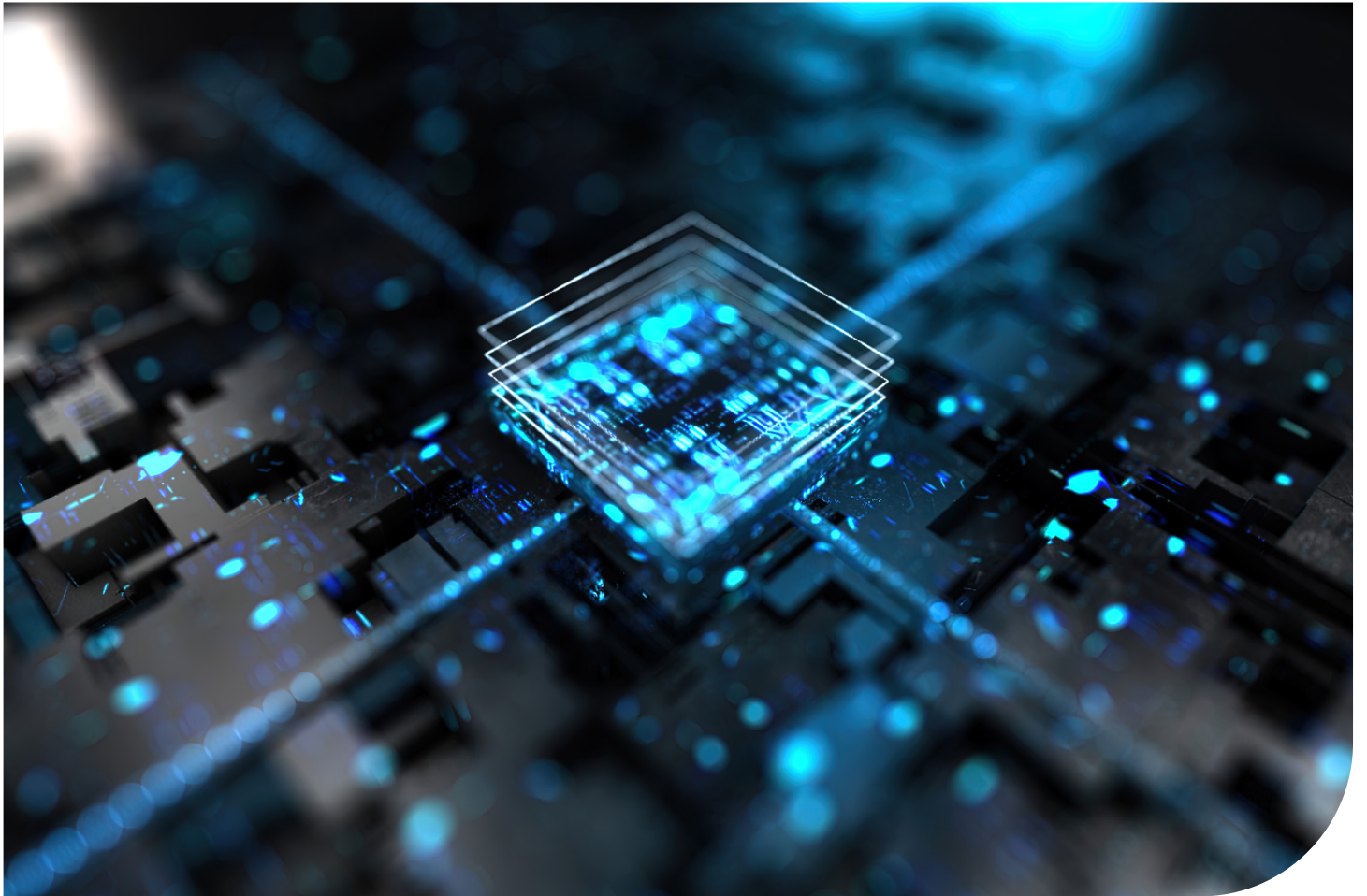
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- Finally, we fervently believe that it is time for a call to action – for a joint effort to address the finance gap and the challenges of the credit market at this critical time for Ghana's economy. We need to do things differently by collaborating to set a new standard in finance, together.
- We put our holistic and purposeful interventions into action through a strong network of partnerships – sensitive to the needs of our stakeholders – to connect the perspectives of the public and private sectors in a sustainable way.
- We employ a holistic approach that combines critical longer-term finance with capacity development and knowledge transfer, and the provision of value-added business support services as well as specialised market development solutions.
- We are independent – appointed under the regulatory oversight of the Bank of Ghana and instituted by the Development Finance Institutions Act (2020). Our Board and management are wholly focused on strong governance, ESG and diversity.
- We are leveraging innovation, technology and top talent to accelerate how we address the barriers and bottlenecks in the credit market, through new and specialised digital solutions.
- We engage directly in policy advocacy with our partners and stakeholders to create awareness and share economic research and data, to help inform the development of right-fit solutions at the policy level that will enable sustainable private sector growth.

It is only together that we can grow and build a stronger economy.

God Bless,

**K. Duker**  
**Chief Executive Officer**



“We fervently believe that it is time for a call to action – for a joint effort to address the finance gap and the challenges of the credit market at this critical time in Ghana’s economy. We need to do things differently by collaborating to set a new standard in finance.”

# 01

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## About DBG

### DBG Brief History

Development Bank Ghana (DBG) is a wholesale development finance institution. The Bank was established in accordance with the Development Finance Institutions (DFI) Act 2020 (1032) by the Government of Ghana.

DBG has been set up to support the private sector and address the lack of long-term financing for the sector as part of the Government of Ghana's broader efforts to transform the economy. The DFI Act 2020 empowers Bank of Ghana (BoG), the Central Bank, to exercise strong regulatory and supervisory oversight over the affairs of DBG.

Ghanaian small and medium-sized enterprises (SMEs) make a significant contribution to national output and economic resilience and are estimated to employ more than 80% of the workforce and generate about 70% of gross domestic product (GDP). Despite this enormous contribution they are underserved when it comes to long-term financing. In 2020, just under 10% of loans in the Banking industry went to companies in the manufacturing and agricultural sectors. Based on available data from the World Bank, it was also evident that 67% of loans in Ghana's banking sector are short term in nature (less than three years), while just 33% of loans typically have tenors of over three years.

DBG has been designed to help relieve critical bottlenecks that have hindered the availability of long-term, competitively priced loans to SMEs in industry sectors that have the potential to transform the economy namely, agribusiness, manufacturing, ICT and high value services. DBG has a catalytic role to perform: supporting the people and businesses that form the core of Ghana's economy and providing access to funding and capacity building that is currently not available.

### Mandate

DBG's mandate is to act as an enabler for businesses in Ghana and as a long-term capital provider in the market. Industry sectors of focus are agribusiness, manufacturing, ICT and high value services.

As a wholesale development finance institution, DBG's role is to help address market failures in the Ghanaian credit markets, and thereby help businesses invest long-term, and promote economic growth and job creation.

DBG's presence on the financial landscape is designed to complement rather than compete with existing banks and financial institutions to ensure more long-term finance

for firms. Under Strategy 2027, DBG's vision, mission pillars and supporting strategy have been designed to reflect this mandate.

#### Vision Statement

**DBG's vision, its true north, is to:**

“Accelerate inclusive and sustainable economic transformation by fostering the growth of a competitive private sector.”

## Mission Statement

DBG's mission pillars encompass the following:

<b>i.</b> Foster strong partnerships to finance economic growth, create jobs and build capacity for SMEs.	<b>ii.</b> Attract, develop and retain exceptional people.	<b>iii.</b> Provide long-term financing and de-risking services underpinned by technology and evidence-based research.	<b>iv.</b> Operate as an independent, financially sustainable, world-class institution.	<b>v.</b> Promote ESG Excellence within the businesses we support.
<b>i</b> a. Robust teams for the management of participating financial institution (PFI) relationships and design of financial products that are tailored to the needs of potential clients. b. Dedicated business development capabilities to manage partnerships with training institutions, incubators and advisory groups.	<b>iii</b> a. Research team that produces cutting-edge insights on prioritised value chains and designs policy interventions that could enhance the impact of financing. b. Robust IT capabilities to digitise internal DBG processes and build tech applications that will streamline interactions with clients.	<b>v</b> a. Integrate ESG teams into business domains, thus embedding ESG principles in the design of DBG's products and risk management processes. b. Integrate ESG principles into the strategic priorities of DBG.		
<b>ii</b> a. Talent management team that ensures the development of retention initiatives and manages a rigorous recruitment process. b. Learning team that develops and runs targeted talent development programmes.	<b>iv</b> a. Robust risk capabilities that assess and mitigate risks from credit processes, operations and market trends. b. Independent teams for compliance and ethics, ensuring compliance with applicable regulations and effective management of operational risk.			

## Core Values

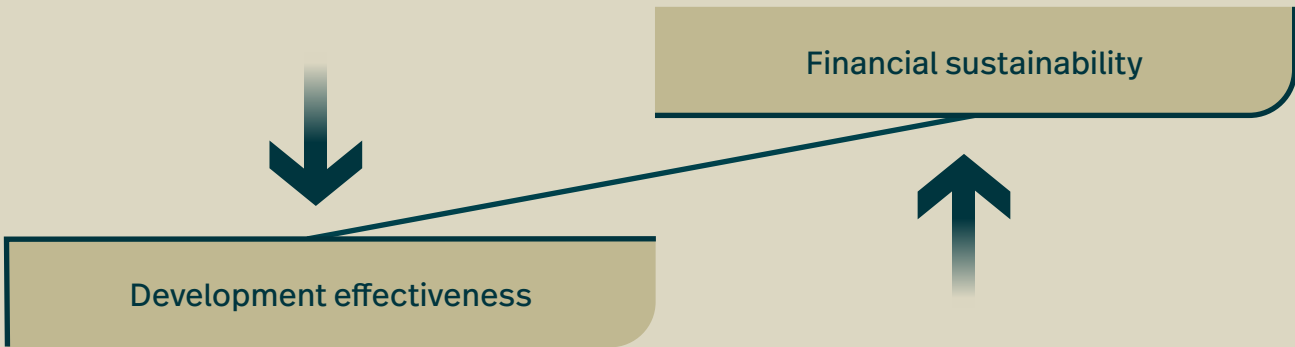
Each mission pillar is delivered in DBG's daily operations through the observance of its core values.

Transparency	Excellence	Respect	Innovation	Intensity
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# Our business model



Basic business & operation model		
Borrow from Market and Multilaterals - 10+ years Maturities	On Lend to Clients - Principal Refinance & Resource Support	Operate on Interest Spreads



Agriculture, Forestry, and Fishing sectors receive significantly less than average long-term debt but have lower than average NPLs.  
Source: Banking Sector Developments Vol.6 No.5/2021



“DBG has a catalytic role to perform; supporting the people and businesses that form the core of Ghana’s economy and providing access to funding and capacity building that is currently not available.”

# 02

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## DBG Governance Funding Partners



### The Government of Ghana

The Government of Ghana, represented by the Ministry of Finance, is the sole shareholder of DBG, with co-finance and technical assistance from the Federal Ministry for Economic Cooperation and Development of Germany through Kreditanstalt für Wiederaufbau (KfW), a German state-owned development bank, the World Bank Group (WBG), the African Development Bank (AfDB) and the European Investment Bank (EIB).

The Ministry of Finance is responsible for ensuring macroeconomic stability for the promotion of sustainable economic growth and the development of Ghana. The goal of the Ministry is to ensure efficient and effective management of the economy towards the attainment of upper middle-income status and poverty reduction.

### Kreditanstalt Für Wiederaufbau (KfW)

KfW is one of the world's leading promotional banks. KfW has been committed to improving economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the Federal States since 1948. Its financing and promotional services are aligned with the United Nations' Agenda 2030 and contribute to the achievement of the 17 Sustainable Development Goals (SDGs).

### The World Bank

The World Bank is one of the world's largest sources of funding and knowledge for developing countries. Its five institutions share a commitment to reducing poverty, increasing shared prosperity and promoting sustainable development.



### The African Development Bank (AfDB)

The African Development Bank (AfDB) Group's overarching objective is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. All RMCs have signed up to the 17 UN Sustainable Development Goals. AfDB achieves its objectives by mobilising and allocating resources for investment in its RMCs; and providing policy advice and technical assistance to support development efforts in RMCs.



**European  
Investment  
Bank**

### The European Investment Bank (EIB)

The European Investment Bank (EIB) is the lending arm of the European Union. EIB is one of the world's largest multilateral lenders and the biggest provider of climate finance. It funds projects in the European Union with the aim of fostering European integration and development. It makes investments outside Europe to support the EU's development aid and cooperation policies.

“DBG has been designed to help relieve critical bottlenecks that have hindered the availability of long-term, competitively priced loans to SMEs in industry sectors that have the potential to transform the economy namely, agribusiness, manufacturing, ICT and high value services.”

# DBG Governance

## Statement on Corporate Governance Report for the Year Ended 2022

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### The Board

The Board is constituted in line with the Directive issued under section 41 (2) of the Development Finance Institutions Act, 2020 (Act 1032) and is guided by its Board Charter, which provides a framework for governance practices and clearly sets out the Board's overall leadership responsibility and matters reserved for its consideration and approval.

For the period under review, there was an eight-member Board, headed by the Chairman and composed of seven Non-Executive Directors and one Executive Director/CEO, with the Members being as follows:

**Dr. Yaw Ansu**

Chairman of the Board

**Mr. Charles Boamah**

Member and Chair,  
Finance and Audit Committee

**Mr. Stephan Leudesdorff**

Member

**Mr. Yaw Nsarkoh**

Member

**Madam Rosemary Yeboah**

Member and Chair,  
Credit and Risk Committee

**Madam Mary Boakye**

Member and Chair,  
Governance, Nominations and  
Remuneration Committee

**Madam Nora Bannerman-Abbot**

Member and Chair,  
Technology and Cyber and Information  
Security Committee

**Mr. Kwamena Duker**

Chief Executive Officer

The roles of the Chief Executive Officer (CEO) and the Chairman are separate which, as well as being a core governance principle, is stipulated in the Corporate Governance Directive.

The separation of the roles of the CEO and the Chairman ensures that there is a balance of responsibilities, accountability and effective decision-making. The Chairman leads the Board and is responsible for its overall effectiveness, promoting and facilitating open and constructive debate. The Chairman ensures that all Directors have appropriate information and sufficient time for meaningful discussion and is supported by the Company Secretariat in the provision of timely information and good communication flows between the Executive Leadership Team and the Board.

Of the eight board members, one is an executive director/CEO who is the head of management and runs the affairs of the Bank on a delegated authority framework which details the delegation of authority from the Board, through its Committees to management.

In this reporting year, observer status was granted to Mr. Stephan Zeeb, a representative from KfW Development Bank.

Observers do not contribute at Board meetings unless specifically called upon to do so, are not remunerated by the Bank and do not vote on matters before the Board. Though the Board may solicit information from the Observer based on their expertise, the Board is not bound to act on such information. Essentially the Observers are appointed to assure their institutions that the Board and the Bank are operating in accordance with agreed objectives.

The Board currently has the right size and structure to provide a balance of the skills, backgrounds, experience and industry knowledge necessary to oversee the Bank's operations. The Board has an approved Charter which guides its operations and oversight activities.

Any membership of other Boards must be disclosed by Directors each year. Currently there are no concurrent directorships with respect to other Boards that would interfere with any Director's exercise of independent judgement or their effectiveness as Directors of DBG.

The Board has established five Committees to assist it in providing oversight, challenge and guidance to the Executive Leadership Team in the areas of Credit and Risk; Finance and Audit; Technology; Cyber and Information Security; and Governance, Nomination and Remuneration. The responsibilities of the Committees, including decision-making authority and escalation processes, are outlined in each Committee's Charter. These detail the Committees' terms of reference, membership, quorum and authorisation. All Committees are chaired by Non-Executive Directors and committee membership is comprised of a majority of Non-Executive Directors. Committee Chairs are responsible for escalating and advising the Board on matters within their remit on a quarterly basis, or more frequently if required.

The Chairman of the Board is also a member of the Governance, Nominations and Remuneration Committee.

### Governing Principles

The Board of Directors of DBG is committed to adhering to the highest standards of corporate governance practices and is responsible for the overall direction and policy of DBG and to ensure that the Bank delivers on its mandate. Together with senior management, the Board also ensures compliance with the rules and regulations of a regulated financial institution.

The Board has an approved Charter which governs its operations and activities and is guided by its terms of reference.

As corporate governance and business practices evolve over time, the Board Charter stipulates that the Board reviews its terms of reference and other governance policies and approves or updates as and when required.

The Board has delegated responsibility to formulate the Bank’s strategy to the Chief Executive Officer who formulates the Bank’s strategic objectives within the risk tolerance set by the Board; develops business plans, budgets and operating strategies; and defines financial objectives and budgets. The Board receives regular updates on the delivery of the Bank’s strategy from Management.

Directors declare any conflicts of interests prior to every Committee and Board meeting. Further, as per section 56 2a of the DFI Act, the Directors file their annual declaration of interests and offices.

As a development finance institution licensed and regulated by the Bank of Ghana, the Bank also complies with other directives such as the Cyber and Information Security Directive and the Anti-Money Laundering Act.

The Board continually seeks and strives for excellence in the governance space and continually adopts tested international best governance practices.

Code of Conduct

The Board represents the highest decision-making body of the Bank and has the ultimate responsibility for setting the tone for the highest ethical standards and zero tolerance against corruption.

Both the Board and employees are committed to the respective Code of Ethics and Business Conduct policies. Employees are encouraged to report concerns relating to business integrity and conduct through established whistleblowing processes, and any anonymised concerns are reported to the Board periodically.

The Code of Ethics and Business Conduct for the Board of Development Bank Ghana sets out the principles and ethical standards for members of the Board in relation to their status and responsibilities in DBG.

Governance Structure



## DBG Governance

### Board Of Directors



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**Dr. Yaw Ansu**  
Chairman of the Board

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Dr. Yaw Ansu is a globally respected economist. His 26 years at the World Bank focused on economic management, growth strategies and human capital development, in roles including Country Director, Sector Director for Human Development in Africa, and Network Director and Chairman of the Sector Board for the Economists Network. He was Chief Economist for the Africa Centre for Economic Transformation, leading teams researching and publishing on economic transformation, agricultural transformation and youth employment issues.

He was Senior Policy Advisor to the Minister of Finance, Ghana, and Chaired both the Task Force advising the Minister on creating a national development bank and the Working Group overseeing Development Bank Ghana's establishment.

He led the development of the Ghana CARES/Obaatanpa Programme; was a Member of the Ghana Beyond Aid Committee and lead author of its strategy document. He is a member of the National Development Planning Commission and Chairman of the Ghana Incentives-based and Risk-sharing System for Agricultural Lending.

He has a PhD and MSc in Engineering-Economic Systems, from Stanford University, and a BA in Economics from Cornell University.

DBG's Board of Directors are responsible for the overall direction and policy of DBG. Their role is to ensure that DBG delivers on its mandate. The Board was selected through an open and competitive process, overseen by PwC.



**Charles Boamah**  
Non-Executive Director

Charles Boamah is a renowned Finance Executive with over 35 years' experience in leadership roles across the world. Over the last 23 years, he served the Africa Development Bank (AfDB) in various leadership capacities including Senior Vice President, Vice President and Chief Financial Officer.

He possesses significant experience in strategic planning and implementation, business process re-engineering, finance and accounting, development transformation, corporate governance and organisational leadership.

Charles has served on various Boards including Africa50, the Eastern and Southern African Trade and Development Bank (PTA) which is now the Trade and Development Bank (TDB). He also served as a member of the Board of the African Export-Import Bank (Afreximbank), the Audit Advisory Committee of UNICEF and the Global Action Committee of the World Economic Forum.

Charles holds a B.Sc. in Business Administration and an MBA in Finance from the University of Ghana and the University of California, Los-Angeles, USA respectively. He is a Certified Public Accountant in the State of California.



**Mary Boakye**  
Non-Executive Director

Mary Boakye is a finance lawyer with over 25 years' international capital markets and investment experience, globally and across multiple sectors. She has advised corporates, investment funds, financial institutions and governments across Africa, Europe, Asia and the United States.

Mary is a dual-qualified solicitor and New York Attorney with a stellar career including in leadership roles at leading global firms in New York, London, South Africa and Hong Kong. She worked at Allen & Overy and Dentons where she was head of the firm's Africa Financial Markets Group. She also co-lead the team that advised on Ghana's 2007, 2013 and 2014 sovereign bond issues. Mary is the founder and CEO of Oriol Associates.

Mary is a Board Member of The Fore Trust and Dentons' Board Diversity Committee. She has served on numerous advisory boards including the Technical Committee of the World Bank; AfDB All-Africa Conference on Law, Justice and Development; Business Advisory Board of H.E. Kofi Annan's Africa Progress Panel; and the China Europe International Business School's Africa Foundation for Governance and Leadership.

Mary holds an LLB, Law (Hons) from Brunel University, Solicitors Final Exams from the University of Law, Guildford, and Distinctive Leadership in Organisational Leadership from Leadership College, London.



**Nora Bannerman-Abbott**  
Non-Executive Director

Nora Bannerman-Abbott is a seasoned entrepreneur with a specialised interest in the development and promotion of indigenous Ghanaian businesses. With over four decades of experience, she has successfully managed several companies including Sleek Fashion Institute, Sleek Garments Export Limited and Africa Sleek Institute of Creativity and Technology. With her rich entrepreneurial and investment exposure, she has served as a consultant for organisations in the textiles, garments, leather and related industries. Nora's areas of expertise include business management, export promotion, trade policy negotiation, business development and export marketing.

Nora also serves as a Member of the Governing Board, Ghana Investment Promotion Centre (GIPC); Member of the Governing Council, Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development (AAMUSTED); Executive Member, Association of Ghana Industries (AGI); Chairperson, Garments and Textiles Sector, AGI; and Member, Advisory Board for the Africa Centre for Economic Transformation (ACET).

Nora holds a Diploma in Business Management, Accounting, and General Principles of the English Law pertaining to Business from the Accra Technical University and a Certificate in Modern Methods of Textile Management from the Illinois State University.

# DBG Governance



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**Rosemary Yeboah**  
Non-Executive Director

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Rosemary Yeboah has 25 years' experience working for international banks in the United Kingdom, Southern Africa and Ghana.

She held several Executive Management roles in Ecobank Group and Standard Chartered Bank. Key amongst them were Chief Operating Officer, Corporate and Investment Banking; Group Head, Corporate Banking; and Group Regional Corporate and Investment Banking Head, WAMZ region.

Her experience spans corporate banking, investment project finance, risk management and compliance, strategy, business development, corporate governance and organisational leadership.

Rosemary has served as Executive Director for Corporate and Investment Banking, Ecobank Ghana Limited (EGL), and Non-Executive Director for Ecobank Investment Management Ltd (EIL), Ecobank Stockbrokers Ltd (ESL), and Hotel Investment Group.

Rosemary holds a Master of Business Administration from the Laureate University of Liverpool, United Kingdom, a License – Science Economiques, Université de Grenoble, France, and a Bachelor of Arts from the University of Kent at Canterbury, United Kingdom.



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**Stephan Leudesdorff**  
Non-Executive Director

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Stephan Leudesdorff has a wealth of experience in setting up development banks in Central and Eastern Europe. He has over 30 years' experience working with KfW and has supported the establishment of national development banks in Central and Eastern European countries such as Germany, Belarus, Bosnia and Herzegovina, and also in China.

Stephan has significant expertise in policy development, debt negotiation, and the management of financial cooperation projects, with particular emphasis on agro and investment financing.

In Africa, Stephan supported the design of the first Development Policy Operation (DPO) in Ethiopia with an intended volume of €100 million. During the elementary stages of the Development Bank in Ghana, he provided critical support to the Ministry of Finance in drafting the DBG Constitution, Shareholders Agreement and preparing the multi-year budget.

With his unique flair in the establishment of development banks across the world, Stephan was a member of the supervisory board of the Deposit Insurance Agency of Bosnia and Herzegovina.

He holds a Master of Science Oec (Diplom-Volkswirt, Economics) from the Ludwig-Maximilian-Universität, München and Johann-Wolfgang-Goethe-Universität, Frankfurt.



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**Yaw Nsarkoh**  
Non-Executive Director

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Yaw Nsarkoh is a former Executive Vice President (EVP) of Unilever Ghana and Nigeria. He has acquired extensive experience spanning over 26 years in managing market conditions at strategic levels across developing and developed economies in Asia, Africa, Central and Eastern Europe, and the United Kingdom. His areas of expertise are business development, strategic leadership, marketing and branding, corporate governance, organisational strategy and leadership.

Yaw has played several strategic roles on Boards in Ghana and Africa. Key amongst these roles are Executive Board Member, Unilever Ghana, Council Member, Trade/Employee Associations, and Strategic Private Sector committees, Nigeria. He was also the Director, Kenya Association of Manufacturers; Chairman, East African Shippers Council; and Director, Changing Lives Endowment Fund (CLEF), Ghana.

Yaw holds a Post Graduate Diploma in Management from Henley Management College, the United Kingdom, and a Bachelor of Science in Chemical Engineering from the University of Science and Technology, Kumasi, Ghana. He is also a Member of the Ghana Institute of Engineers and the Institute of Directors in Nigeria.



“DBG has a catalytic role to perform: supporting the people and businesses that form the core of Ghana’s economy and providing access to funding and capacity building that is currently not available.”

# DBG Governance

## Board Committees

### Board meetings

The Board meets quarterly, a minimum of four times per year with additional meetings scheduled, as required.

Prior to the financial year, the Board approves a board calendar detailing a schedule of activities and relevant dates for both the Board and Committees.

### Board committees

All Committees have Charters which detail their key responsibilities, and which have been approved by the Board.

To ensure that Directors can contribute and participate in all meetings effectively, board packs are uploaded on the Bank's Board portal prior to each meeting. Quarterly reports are provided by the Chairperson of each sub-Committee on significant matters discussed at the Board Committee meetings.

The Board Committees' functions and responsibilities are as follows:

### Finance and Audit Committee

The Board Finance and Audit Committee's function relates specifically to the obligations of the Board of Directors in connection with certain policies of the Bank. The policies include:

- a). Anti-Bribery and -Corruption Policy.
- b). Financial Management Policy.
- c). Internal Audit Policy.
- d). Internal Control Policy.

### Key responsibilities

- a). Make recommendations to the Board of Directors in relation to matters that require the Board to make any decision or take any action in connection with the Policies.
- b). Review any report prepared by Management under the Policies for submission to the Board of Directors and request any further information that the Committee shall need to discharge its duties and responsibilities.
- c). Provide oversight to the Internal and External Audit Functions of the Bank.
- d). Provide oversight on financial management and reporting.

### Credit and Risk Committee

The Board Credit and Risk Committee's function relates specifically to the obligations of the Board of Directors in connection with certain policies of the Bank. The policies include:

- a). Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT & P) Policy.
- b). Asset and Liability Management Policy.
- c). Business Continuity Policy.
- d). Internal Control Policy.
- e). Investment Policy.
- f). Risk Management Policy, including the Risk Appetite Statement.

### Key responsibilities

The role of the Board Credit and Risk Committee is to support the work of the Board of Directors in connection with the Policies referred herein, and includes the following:

- a). Make recommendations to the Board of Directors in relation to matters that require the Board of Directors to make any decision or take any action in connection with the Policies.
- b). Review any documents prepared by Management under the Policies for submission to the Board and request any further information that the Committee shall need to discharge its duties and responsibilities.
- c). Advise and make recommendations to the Board on the Bank's overall risk tolerance in accordance with the Risk Appetite Statement to be approved by the Board under the Risk Management Policy.
- d). In accordance with the provisions of the Investment Policy, advise and make recommendations to the Board on any risk related issues with respect to proposed investments, including whether the investment is consistent with the limits outlined in the Risk Appetite Statement and the prudential requirements established by the Bank of Ghana.

### Governance, Remuneration and Nominations Committee

The Board Governance, Nomination and Remuneration Committee's function relates specifically to the obligations of the Board of Directors in connection with the following policies of the Bank:

- a). Code of Ethics and Business Conduct (Employees).
- b). Board Code of Ethics and Business Conduct.
- c). Human Capital Management Policy.
- d). Whistleblower Policy.
- e). Transparency and Disclosure Policy.

### Key responsibilities

The role of the Board Governance, Nomination and Remuneration Committee is to support the work of the Board of Directors in connection with the Policies referred above, and includes the following:

- a). Identify and recommend to the Board of Directors nominees for membership.
- b). Effect Board performance and appraisal covering the Board structure and composition, responsibilities, processes and relationships, as well as individual member's competencies and their respective roles in the Board's performance.
- c). Oversee the design and operation of the compensation and benefits system and ensure that compensation and benefits is appropriate and consistent with the culture, long-term business interest and risk strategy of the Bank.
- d). Be consulted on issues relating to succession plans, appointments, annual performance targets and compensation of key management personnel of the Bank based on the recommendations of Management.
- e). Make recommendations on any significant events related to the Code of Ethics and Business Conduct for Employees.
- f). Consider matters under the Board Code

- of Ethics and Business Conduct, including requests for guidance concerning conflicts of interest, disclosures in the annual reports, or other ethical aspects of conduct in respect of Directors, and allegations of misconduct by Directors.
- g). Make recommendations to the Board of Directors in relation to matters that require the Board of Directors to make any decision or take any action in connection with the Policies.
- h). Review any documents prepared by Management under the Policies for submission to the Board of Directors and request any further information that the Committee shall need to discharge its duties and responsibilities.

## Technology Committee

The Board Technology Committee's function relates specifically to the obligations of the Board of Directors in connection with the Information Technology Policy.

The role of the Board Technology Committee is to support the work of the Board in connection with the Policies referred herein, and includes the following:

- a). Make recommendations to the Board of Directors in relation to matters that require the Board of Directors to make any decision or take any action in connection with the Policies.
- b). Review any documents prepared by Management under the Policies for submission to the Board of Directors and request any further information that the Committee shall need to discharge its duties and responsibilities.
- c). Review any report prepared by Management under the Policies for submission to the Board of Directors.
- d). The right to obtain independent professional advice to assist with the performance of its responsibilities, at the Bank's expense and in accordance with a Board of Directors approved procedure.
- e). The authority to make recommendations to the Board of Directors on any subject within the scope of these Terms of Reference where action or improvement is required, as deemed appropriate.

## Cyber and Information Security Committee

The Board Cyber and Information Security Committee's function relates specifically to the obligations of the Board of Directors in connection with the Cyber and Information Security Policy and any cybersecurity related matters under the Business Continuity Policy.

The Committee shall have:

- a). Reasonable access to the Bank's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- b). The responsibility to act in terms of the delegated authority of the Board of Directors as recorded in these Terms of Reference.
- c). Authority to investigate any activity within the scope of these Terms of Reference.
- d). The ability to form, and delegate authority to, Committees and may delegate authority to one or more designated members of the Committee, within clearly defined limits.

## Board evaluation

As per The Development Finance Institution Act 44 ss 1 and 2 regarding evaluation of the Board, there is a requirement to have both an annual internal evaluation of the Board and a biennial external evaluation.

## Directors' training and continuous development

For the year under review, and as per section 71 ss 7 of the DFI Act, Directors received annual certification from the National Banking College to the effect that they have successfully participated in a corporate governance programme on the responsibilities of Directors.

Regulatory training on AML/CFT and Cybersecurity was also provided during this period.

**Table 1.1 Attendance at Board and Committee Meetings - 2022**

Director	Board Meeting	Credit and Risk	Cyber and Information Security	Finance and Audit	Governance, Nominations and Remuneration	Technology
Mr. Yaw Ansu	6/6	-	-	-	3/6	-
Mr. Kwamina Duker	4/6	4/10	2/5	-	3/6	2/4
Madam Nora Bannerman-Abbott	6/6	9/10	5/5	-	6/6	2/4
Mr. Yaw Nsarkoh	5/6	6/10	5/5	-	3/6	4/4
Mr. Rosemary Yeboah	6/6	10/10	-	-	6/6	-
Madam Mary Boakye	6/6	1/10	5/5	8/8	6/6	4/4
Mr. Charles Boamah	6/6	10/10	-	8/8	-	-
Mr. Stephan Leudesdorf	6/6	6/10	2/5	7/8	-	3/4

## DBG Governance Management team



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**Kwamina Duker**  
Chief Executive Officer

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K. Duker, is the CEO of the Development Bank of Ghana. Mr. Duker brings a wealth of experience in finance and investments, particularly treasury and FX trading. With over 30 years of experience in leadership roles across different geographies including Ghana, the UK and Asia, K. Duker has particular experience in leading major FX technology platforms and treasury in Europe, the Americas and the Asia Pacific.

K. Duker was formerly the Managing Director of Dwennimmen Group Company Limited, an advisory firm that is passionate about connecting world-class expertise to Africa. Prior to this, he was the Managing Director for Asia Pacific at OANDA where he had full oversight responsibilities of the company's operations in the region.

He has previously served on various Boards including Consolidated Bank Ghana, Executive Committee member of OANDA, and Fidelity Bank Ghana. He currently serves on the Boards of Learning Skills International School, Dwennimmen Group Company Limited, and Resilient Ghana.

K. Duker holds a Masters in Business Administration from the University of California and a Bachelor of Science in Electrical and Electronic Engineering from Barking University, Essex, UK.



**Michael Mensah-Baah**  
Deputy CEO

Michael Mensah-Baah has over 25 years' experience working in financial services across Europe and Africa.

In 1998, Michael began his professional career in the United Kingdom and joined JP Morgan as an Associate on the Fund Derivatives Trading Desk. He later became Vice President, Investment Banking with Union Bank of Switzerland (UK), where he helped the bank grow Fixed Income Product Revenue, managing to increase the client base while keeping losses to a minimum.

In 2010, Michael joined Barclays Bank (now ABSA) in Africa, starting as Vice President and Head of Risk Management before subsequently becoming Director and Chief Operating Officer. Over the years, Michael has gained unique expertise in the development and implementation of strategy, the establishment of key strategic partnerships, and the development of new products and services.

Michael holds a Bachelor of Science in Statistics and Computer Science from the University of Ghana and a Master of Science in Economics from the London School of Economics and Political Science, UK. He is an Associate Member of the Chartered Global Management Accountants (CGMA) in the US and of the Chartered Institute of Management Accountants (ACMA) in the UK.



**El Farouk Umar**  
Chief Information Security Officer

El Farouk Umar has over 25 years' experience as an Information Technology Operations Professional. Over the past 15 years, he has held senior executive positions providing strategic leadership in global financial services, public sector management, e-commerce and business start-ups. He has extensive expertise in information management technology, enterprise operations management, business finance and information security.

Farouk has four years' experience in the United States Army Corps, Washington DC, where he supported technology platforms across Africa, Asia Pacific and Europe. He was the Founder and Chief Executive Officer of Board Advisory Limited. Between 2012 and 2020, Farouk also served as Chief Information Officer at Ghana Commercial Bank (GCB), where he led the Bank's technology transformation.

Farouk holds a Masters in Business Administration (Finance and Investment) from the College of William & Mary, Virginia, USA. He also holds two Bachelor of Science degrees; the first in Business Administration from the University of Ghana, and the second in Criminal Justice Planning from John Jay College, New York, USA.



**Dr. Kwabena Opuni-Frimpong**  
Chief Economist

Dr. Kwabena Opuni-Frimpong is a macroeconomist with more than 30 years' experience in providing economic and social policy counsel to developing countries globally, including Guyana, Barbados, Belize, Dominica, Haiti, Liberia and Nigeria.

He was the Senior Policy Advisor for the Office of the President, Guyana. Prior to that, he was the Chief Technical Advisor of Guyana's Minister of Finance. Dr. Opuni-Frimpong has led consultations for several global agencies including the United States Agency for International Development (USAID), the United Nations International Children's Emergency Fund (UNICEF), IDB, the United Nations Development Programme (UNDP), and the World Bank.

Dr. Opuni-Frimpong has a Doctorate in International Economics and Econometrics from George Washington University, US, and a Master's degree in Economics from York University, Toronto. He also holds a Bachelor's degree in Economics from the University of Ghana.

# DBG Governance



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**Dr. Prince J. Adjei**  
Chief Risk Officer

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Dr. Prince J. Adjei's experience spans about two decades in the areas of Risk Management, Capital Markets, Strategy Development, Market Risk and General Banking, across various jurisdictions.

Dr. Adjei held several leadership roles at Wells Fargo Bank and Company in the US. Key amongst these roles were Director & Head of Market & Counterparty Credit Risk Data Management, Vice President and Senior Market Risk Manager, Controllershship, and Vice President Leverage Finance. Prince also worked with the Royal Bank of Scotland (RBS) in the UK.

Dr. Adjei holds a Doctorate in Finance from Sacred Heart University, Connecticut, US, and a Master of Business Administration in International Banking and Finance from the University of Birmingham Business School, UK. He also holds a Bachelor's degree in Commerce (Accounting/Finance) from the University of Cape Coast.



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**Gifty Afua Sackey**  
Chief Internal Auditor

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Gifty Afua Sackey has over 20 years' experience in both internal and external auditing, internal control management, and financial management in the financial services industry. Her key areas of expertise are in the assessment of governance, risk and control processes, financial controls and fraud risk management.

She was the Chief Internal Auditor and Head of Fraud and Forensics at Universal Merchant Bank (UMB). Prior to joining UMB, Gifty worked in various assurance functions in Stanbic Bank Ghana Limited, Guaranty Trust Bank, Société Générale Ghana Limited, DFID and KPMG Ghana.

Gifty holds a Bachelor of Commerce degree from the University of Cape Coast. She is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Certified Internal Auditor, a Certified Information Systems Auditor and a Member of the Institute of Chartered Accountants Ghana (ICAG).



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**Ishmael Oku**  
Head of Internal Control

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Ishmael Oku has over 16 years' experience in risk management, process re-engineering and quality assurance management.

From 2006, Ishmael occupied various positions including Operations Officer, Head of Branch Operations, Operational Risk Manager, and Business Digitisation Manager at Ecobank Ghana Limited. From 2017, Ishmael occupied the position of Group Manager, Risk and Control Self-Assessment (RCSA), at Ecobank Transnational Incorporated (ETI), with responsibility for the RCSA Programme of the Ecobank Group, spanning multiple languages and regulatory jurisdictions and over 30 countries across the globe.

Ishmael holds an MSc in Business Administration & Economics from the Norwegian School of Economics, a CEMS Master's in International Management (CEMS MIM) degree, a joint degree from the Hong Kong University of Science and Technology (HKUST) Business School and the Norwegian School of Economics (NHH), and a Bachelor of Science degree in Economics from the University of Ghana.

Ishmael is a Certified Risk Specialist (CRS) with experience in commercial banking, operational risk management and internal control.



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**Jocelyn Emma Ackon**  
Head Human Capital & Administration

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Jocelyn Emma Ackon has over 25 years of work experience in Human Resources and Administration. Over the past 18 years, she has held senior positions in human resource management. Her experience in human resource management covers transportation, pharmaceutical and banking.

Jocelyn has managed the Human Resource functions of the following institutions, Ernest Chemists Ltd, Amalgamated Bank/Bank of Africa before joining United Bank of Africa (UBA) Ghana Ltd in 2012 until 2022. During her period at UBA, she held various positions in addition to managing the human resource function, she was Head Resources and Human Resource Business Partner for West Africa Anglophone.

Jocelyn holds an MA in Organisational Development, Post Graduate Diploma in Organisational Development from the University of Cape Coast, MBA in Human Resource Management and a B.Sc. in Administration, Human Resource from Central University.

“The Board currently has the right size and structure to provide a balance of the skills, backgrounds, experience and industry knowledge necessary to oversee the Bank’s operations.”

# 03

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## Five Year Strategic Plan

DBG's strategy has been developed to realise our true north and execute our mission pillars over the next five years. We want to emphasise two themes that we consider exceptionally fundamental to accelerating our vision to sustainably transform the economy and lives: People and Technology.

All other mission pillars rely on the excellence of these two themes for the immediate and long-term success in executing the strategy. Our conviction is that the challenges that DBG has been established to take on are not new but continue to persist because they are complex and constantly evolving.

These challenges require a combination of innovation and execution excellence to tackle effectively.

DBG's role in accelerating inclusive and transformative growth focuses on the private sector in an economy which is predominantly informal and driven by small and medium-sized businesses that account for more than 80% of all employment.

Our research has also established that the most significant market failure is not a short supply of funds to private financial institutions but an allocation of funds away from private businesses. Compared to peer countries, Ghana has 25% to 70% less of bank balance sheets allocated to the private sector. The balance sheet of banks alone is more than four times the entire SME funding gap and more than forty-five times the size of DBG's balance sheet.

**The immediate implication of these structural conditions for DBG's mission is two-fold:**

1. Interventions need to depart from traditional approaches and scale rapidly across a broad spectrum of businesses and partners to reach small and medium-sized enterprises, as they are the country's economic heartbeat.

2. Interventions need to go beyond adding to the supply of funds to address market failures and the factors that create friction in the flow of funds to the private sector.

To this end, DBG has committed to developing a digital platform that will be central to enabling DBG's deployment of innovative and scalable interventions. The platform will reduce friction throughout the end-to-end financing value chain from wholesale suppliers of funds through intermediaries (PFIs) to businesses. The platform will also address underlying challenges on the demand side, focusing on building local businesses' capabilities and enabling access to markets and growth opportunities.



“DBG has committed to developing a digital platform that will be central to enabling DBG’s deployment of innovative and scalable interventions. The platform will reduce friction throughout the end-to-end financing value chain from wholesale suppliers of funds through intermediaries (PFIs) to businesses.”

# Five Year Strategic Plan

## 4 Key Elements of the Medium-Term Strategy

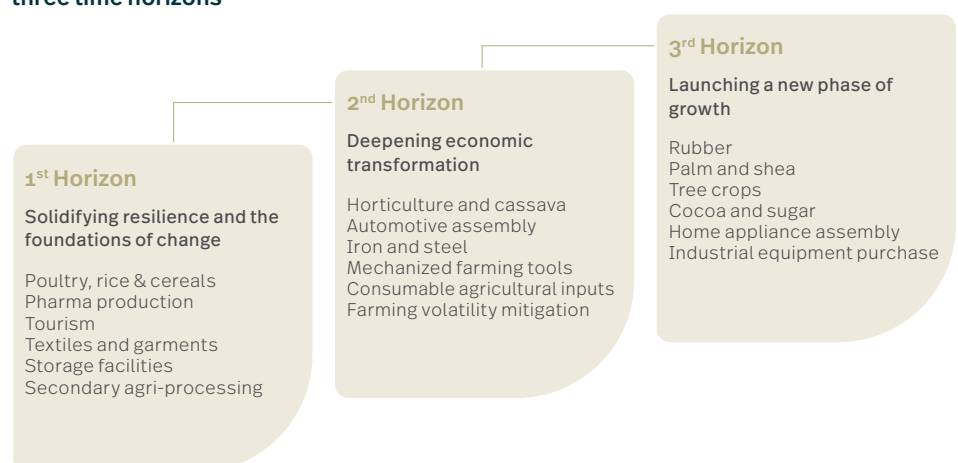
### Sector and sub-sector prioritisation

DBG aspires to catalyse sustainable and inclusive economic transformation by fostering a competitive private sector. To deploy its resources effectively and drive substantial change in Ghana's economy, DBG will need to focus its efforts on a limited range of sub-sectors.

These sub-sectors will serve as engines of economic development and establish the foundations for more advanced transformation while also unlocking additionalities such as food security, women's empowerment and climate risk mitigation.

DBG's sectoral focus will evolve over three horizons.

### DBG could phase in its support for different sub-sectors as it matures over three time horizons



Across all these horizons, DBG will remain focused on catalysing economic transformation in an inclusive and sustainable manner, driving additionalities such as food security, health protection, female empowerment and climate risk mitigation

Initially, DBG will establish the foundations of change by financing businesses in the following value chains: poultry and grains, garments and textiles, pharmaceuticals and tourism. Then, once interventions in the first horizon mature, DBG will deepen Ghana's economic transformation by pivoting towards the following: horticulture, aquaculture, automotive, iron and steel. Lastly, over the third horizon of its medium-term strategic plan, DBG will launch a new phase of growth by investing in: tree crops, rubber, home appliances, cocoa and sugar.

DBG's priority sectors result from a robust and systematic prioritisation framework that encapsulates transforming the economy and creating inclusive growth while maintaining consonance with existing economic development plans. In summary, DBG was deliberate in the process and selection of sectors. Emphasis was placed on sectors and value chains that generate quick supply responses, provide tremendous opportunities for job creation, reach and depth in several geographic locations, promote import substitution and export promotion or both. Emphasis was also placed on gender inclusivity. Sub-sectors identified as priorities by the Government of Ghana in the Ghana CARES programme and the Medium-Term Development Framework were taken as a starting point.

DBG assessed this group of sectors and sub-sectors for potential economic transformation, measured by the import substitution or export growth impact of each sector and sub-sector.

At the same time, DBG also examined the potential of these sectors to accelerate inclusive growth and sustainable growth, measured by the opportunity for job creation and alignment with the Sustainable Development Goals, respectively. Four Sustainable Development Goals constituted the basis for assessment: Zero Hunger; Gender Equality; Industry, Innovation and Infrastructure; and Climate Action.

Once sub-sectors with economic and social impact were determined, DBG proceeded to assess the feasibility and time-to-impact of delivering economic and social impact in the sector and sub-sector in the medium term.

DBG assessed the maturity of each sector as a proxy to understand the feasibility of immediate interventions. To assess time to impact, we evaluated specific interventions within the sector based on their typical implementation and impact realisation timelines.

Lastly, DBG examined the regulatory framework of high-impact sub-sectors, identifying government policies and regulations that could complement, accelerate or impede DBG's interventions. Storage facilities and secondary agri-processing for cocoa and palm oil would reduce the volatility of prices and enhance the exportability of these specialised agricultural products. This also enhances the effectiveness of investments by other government agencies and specialised institutions in these sectors, including Ghana COCOBOD, GHIRSAL and Ghana Commodities Exchange.

Facilitating agricultural inputs such as animal feed, fertilisers, seeds and rental services for mechanised agricultural tools, are a significant accelerator for improving the productivity of small-scale farmers, which account for most of the agricultural production in Ghana.

In addition to prioritised sub-sectors, DBG identified a series of cross-cutting interventions with applicability and benefits across sectors. This enabled the strategy

to capture critical enabling interventions for economic transformation given their aggregate impact across sectors, even though they may not surface when we define our priorities solely from a sectoral lens. These cross-cutting interventions also have the additional benefit of relevance across multiple time horizons of the strategy implementation period.

As a next step, DBG will conduct a further in-depth analysis of the prioritised focus areas to understand and select client segments and clients best suited to serve as catalysts of growth and agents of transformation in the sectors. This will require detailing the specifics of interventions tailored to specific groups of businesses that are representative of the target sector and sub-sector.

This analysis will unlock the design of tailored financing and support programmes, creating the blueprint for ready-to-deploy holistic interventions. The digital platform will play a significant role in enabling the effective design and scalable deployment of such cross-cutting initiatives that address beneficiaries' needs and allow them to unleash their full potential.

### Core products and go-to-market strategy

DBG will broadly provide two categories of products to address market failures: Financial and non-financial products.

### Financial Products

DBG will provide loans and alternative financial products, all of which, at least in the medium term, will be directed through financial services intermediaries or PFIs. DBG's financial products will include loans, guarantees and equity investments.

Need-based changes will be made from time-to-time to make the products and services relevant to the sector-specific demands and emerging needs of the PFIs/support institutions to serve their ultimate borrowers.

While loans will constitute the base of the portfolio, partial credit guarantees and equity investments will play a critical role in ensuring that DBG can direct its interventions to target business across the priority sectors and cross-cutting initiatives.

### Loan products: DBG will mainly provide three types of loans to clients across focus areas:

- Medium / long-term loans for sufficiently capitalised businesses with a low debt-to-equity ratio.
- Working capital loans for underbanked players with low access to liquidity and a high need for ongoing financing to cover inputs/operational needs.
- Blended Concessional Lending: Schemes to provide liquidity for viable MSMEs and small corporates to manage risks resulting from the challenging macroeconomic environment. These schemes will also preserve livelihoods by preventing job losses that would have resulted from the closure of businesses that would otherwise be viable except for the exceptional circumstances of the current operating environment. These schemes will also target sustainability outcomes aligned with our priority SDG goals through interventions such as gender financing, climate finance and food value chain financing. Concessional financing is also a critical tool for building industry capabilities and broader adoption of alternative financial instruments by private financial institutions.

### Financial products beyond wholesale loans

DBG will also expand its portfolio to include financial products that address gaps and client needs not suited to loan products. This will include clients in comparatively nascent but critical sectors requiring longer value-realisation timelines and with higher risk due to sector maturity and needs, for instance. DBG's portfolio of financial non-lending products includes:

- Credit guarantees for high-risk projects that commercial banks would not finance due to the absence of sufficient collateral or credit history.
- Equity investments and equity-like instruments (e.g. mezzanine funding) for early-stage projects with innovative products and business models that are relatively nascent or new to the Ghanaian market.
- Factoring services for clients who have long payment cycles and require quick access to working capital.

- Across these products, the digital platform will be critical to ensuring scalable, transparent and efficient delivery to market. Credit guarantees will be provided via DBG's commercial bank partners and paired with other financial products.

### Non-Financial Products

DBG will also launch a series of non-financial services, which will enhance the capabilities of target clients, thus de-risking them and making them more likely to deploy their funds effectively.

### Non-financial services will be tailored to the needs of focus areas and will include:

- Customised technical assistance and provision of mass training across topics such as supply chain management, branding and marketing, business planning, pest handling and pharma regulation. Technical assistance and training programmes will be tailored to respond directly to specific needs identified within the value chains of the sectors prioritised.
- Production and dissemination of research that would help clients enhance their productivity (e.g. through the implementation of best practices in agricultural management), mapping supply and demand for their goods and understanding emerging market trends in Ghana and abroad (e.g. eco-tourism).

“DBG will provide loans and alternative financial products, all of which, at least in the medium term, will be directed through financial services intermediaries or PFIs. DBG's financial products will include loans, guarantees and equity investments.”

# 04

## Business Review

### Our Business Environment

#### Global Context

The global economy experienced significant challenges in 2022, mainly due to policy tightening aimed at controlling high inflation, worsening financial conditions, and continued disruptions from the Russian invasion of Ukraine. Data from the IMF World Economic Output Report indicates that global growth slowed to 3.4 per cent in 2022 from 6.2 per cent in 2021 (Figure 1).

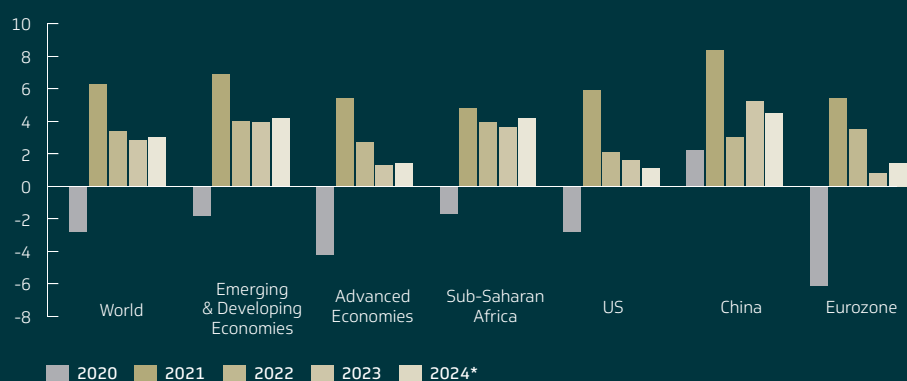
Growth in the Emerging Markets and Developing Economies (EMDEs) expanded by 4.0 per cent, while Sub-Saharan Africa was estimated to be 3.9 per cent in 2022, below the 4.8 per cent growth in 2021. The weaker outturn reflected a slowdown in trade, tighter financing and monetary policy conditions and a negative shift in commodity terms of trade.

According to the latest IMF World Economic Outlook report, risks to the outlook are squarely to the downside. Much uncertainty clouds the short- and medium-term outlook as the global economy adjusts to the shocks of 2020–22 and the recent financial sector turmoil. Recession concerns have

gained prominence, while worries about stubbornly high inflation persist. There is a significant risk that the recent banking system turbulence will result in a sharper and more persistent tightening of global financial conditions than anticipated. This may prompt further monetary tightening than currently anticipated. Moreover, the War in Ukraine could escalate and cause further supply disruptions. In contrast, higher borrowing costs and lower growth could cause systemic debt distress in emerging and developing economies and weaken financial systems.

“The Ghana cedi weakened significantly against the major trading currencies in 2022, depreciating by 29.9 per cent against the US dollar.”

**Figure 1 Global Growth Outlook**



Source: Data from the IMF World Economic Outlook (April 2023)



“The Monetary Policy Committee of the Bank of Ghana increased the policy rate in 2022 by 1,000 basis points to 27%. This was done to anchor inflation, mop up excess liquidity in the system and reduce the widening negative real interest rates.”

# Business Review

## Our Business Environment

### 2.0 The Domestic Situation

Like the global economy, 2023 presents Ghana's challenging and uncertain environment. In 2022, the macroeconomic environment deteriorated so much because of fiscal misalignment and debt overhang, a series of downgrades from global risk rating agencies, resulting in a loss of confidence in

the economy and the Government seeking a three-year external credit facility (ECF) program from the IMF. The table below shows a snapshot of macroeconomic performance and projections as announced in the 2023 Budget Statement read by the Finance Minister in November 2022.

Figure 2: Ghana – Macroeconomic Indicators, 2023 and Medium-term Target

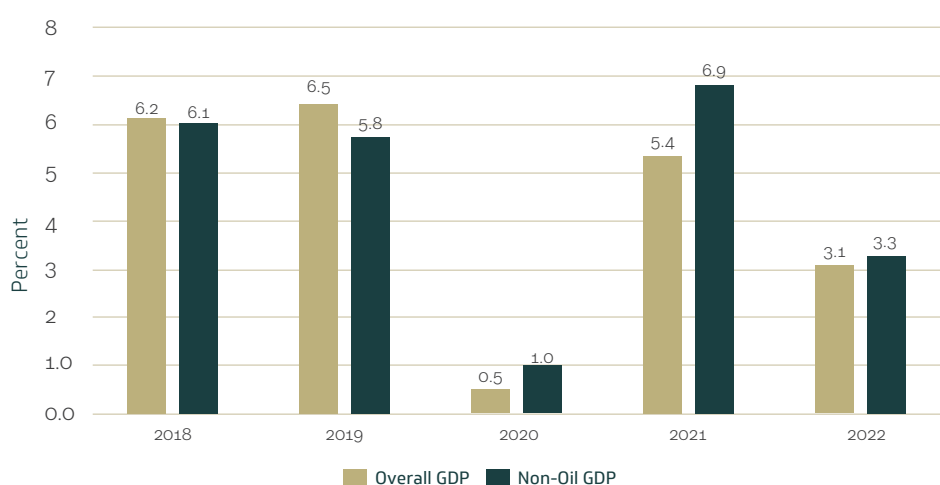
Description	2021 Actual	2022 Target	As at Sept 2022	2023 Target	Medium-term target 2023-26
Overall Real GDP Growth	5.45%	3.7%	4.8%	2.8%	4.3%
Non-Oil GDP Growth	6.9%	4.3%	6.2%	3.0%	4.0%
End of Period Inflation	12.6%	28.5%	37.2%	18.9%	
Overall Fiscal Budget Deficit (%GDP)	11.3%	6.6%	7.4%	7.7%	
Gross International Reserves	>=4.3	>=3.5	>=2.9	>=3.3	>=4.0

Source: 2023 Budget Statement; Ghana Statistical Service

## 2.1 Overall GDP Growth

The Ghanaian economy has experienced a nuanced growth path in the recent past. Figure 2.1 shows the overall as well as the non-oil GDP growth for Ghana from 2018-2022.

Figure 3: Global Inflation Outlook

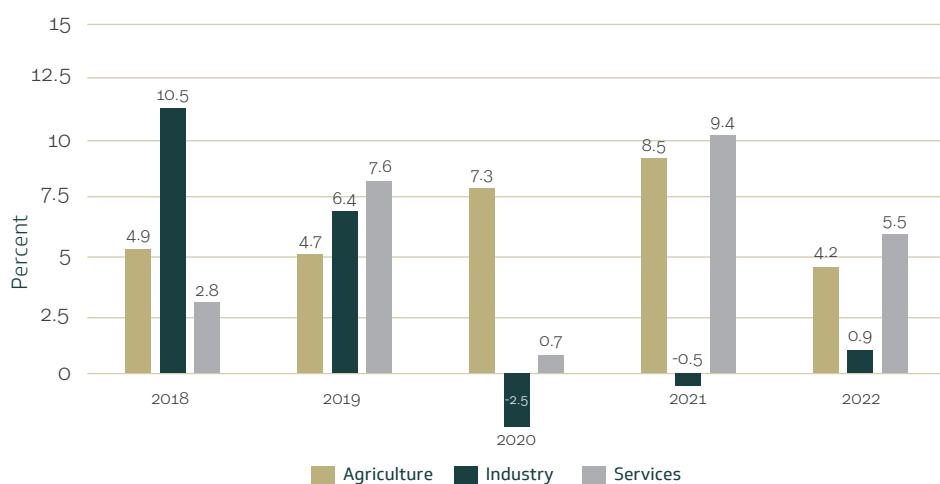


Source: Ghana Statistical Service, 2023

## Sectorial Growth

The sectors of the economy have performed differently over the years. Figure 4 shows sectoral GDP growth from 2018 to 2022.

Figure 4: Sectoral growth



In 2022, overall and non-oil GDP growth rates decreased, suggesting a slowdown in the economy and non-oil sectors. Real GDP growth slowed to 3.1 per cent in 2022 from 5.4 per cent in 2021 due to macroeconomic instability, global financial tightening, and spillover effects of Russia's invasion of Ukraine as well as domestic factors such as rising inflation, hikes in interest rates, cut in government expenditures leading to a slowdown in domestic economic activities.

The agriculture sector in Ghana exhibited overall positive growth, with some fluctuations from year to year. It experienced substantial growth in 2021 but slowed down in 2022. The industry sector faced challenges, including a contraction in 2020 due to factors such as the COVID-19 pandemic. However, it showed signs of recovery in 2021 and 2022. The services sector consistently displayed positive growth, with robust performances in 2019 and 2021.

# Business Review

## Our Business Environment

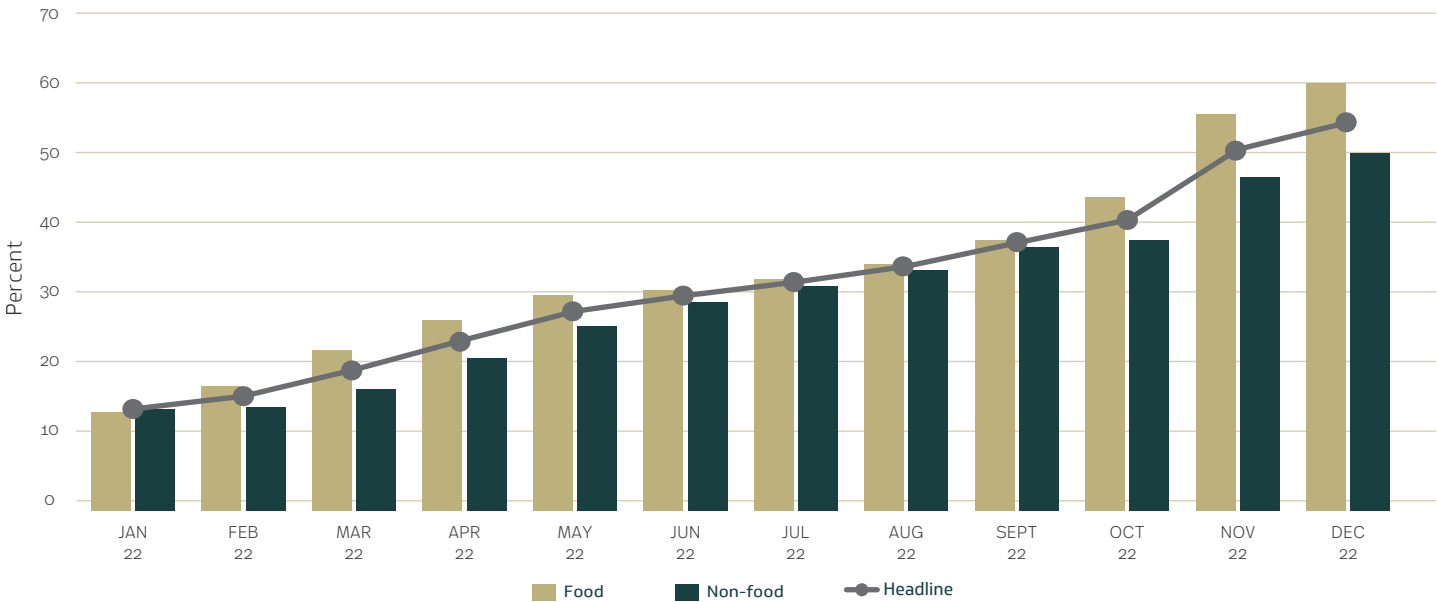
### 2.2 Inflation

In 2022, inflation skyrocketed to 54.1 per cent, the highest in over three decades. Compared to the 12.6 per cent in December 2021, inflation was more than 45 percentage points above the upper limit of the medium-term target of 8+/-2 per cent. Supply chain disruptions primarily drove this significant jump in inflation trajectory in 2022 due to the lingering effects of the COVID-19 pandemic pass-through effects of the rapid depreciation of the Ghana cedi, high export petroleum prices, increased liquidity injections, and upward adjustments in transport fares.

### Monthly Variation:

The data indicates a significant increase in inflation throughout the year. Headline and food inflation experienced significant upward trends, reaching 54.1 per cent and 59.7 per cent in December 2022, respectively. This suggests that the general price level, specifically food prices, rose significantly during this period. The monthly data shows inflation rate fluctuations for the headline, food, and non-food categories. As of the first quarter of 2022, the inflation rate was 19.4 per cent. By the end of the second and third quarters, the inflation rate was 29.8 per cent and 37.2 per cent, respectively.

Figure 5: Monthly inflation in 2022



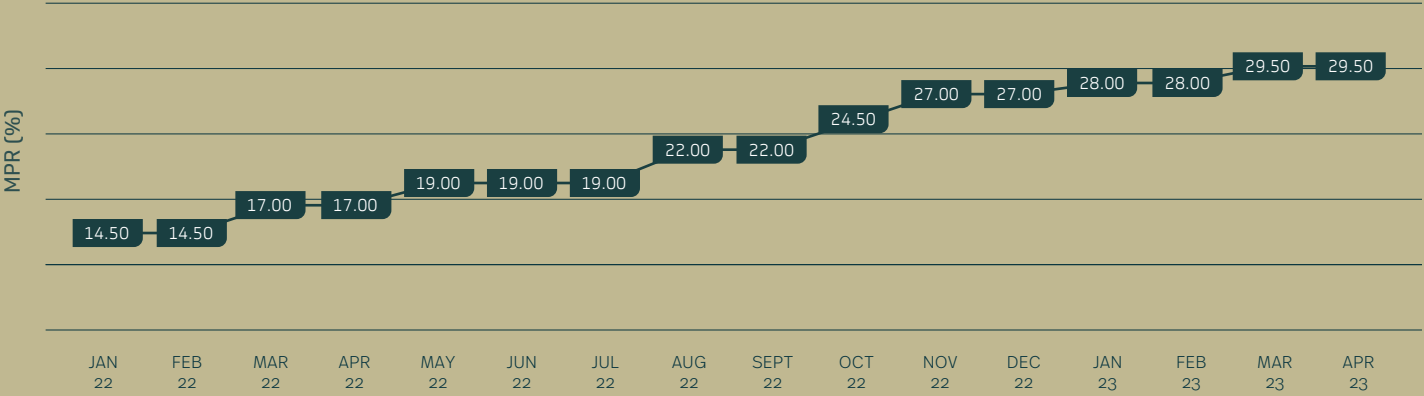
Source: Ghana Statistical Service, 2023

### 2.3 Monetary Policy Developments

The Monetary Policy Committee of the Bank of Ghana (BoG) increased the policy rate in 2022 by 1,000 basis points to 27 percent, up from 14.5 per cent in 2021. This was done

to anchor inflation, mop up excess liquidity in the system and reduce the widening negative, real interest rates.

Figure 6: Trends in Monetary Policy Rates



Source: BoG, 2023

We expect BoG to continue its tightening cycle in 2023. While the tightening pace will slow in 2023 as disinflation kicks in and growth slows further, the Central Bank will remain hawkish and leave the policy rate around 30 per cent.

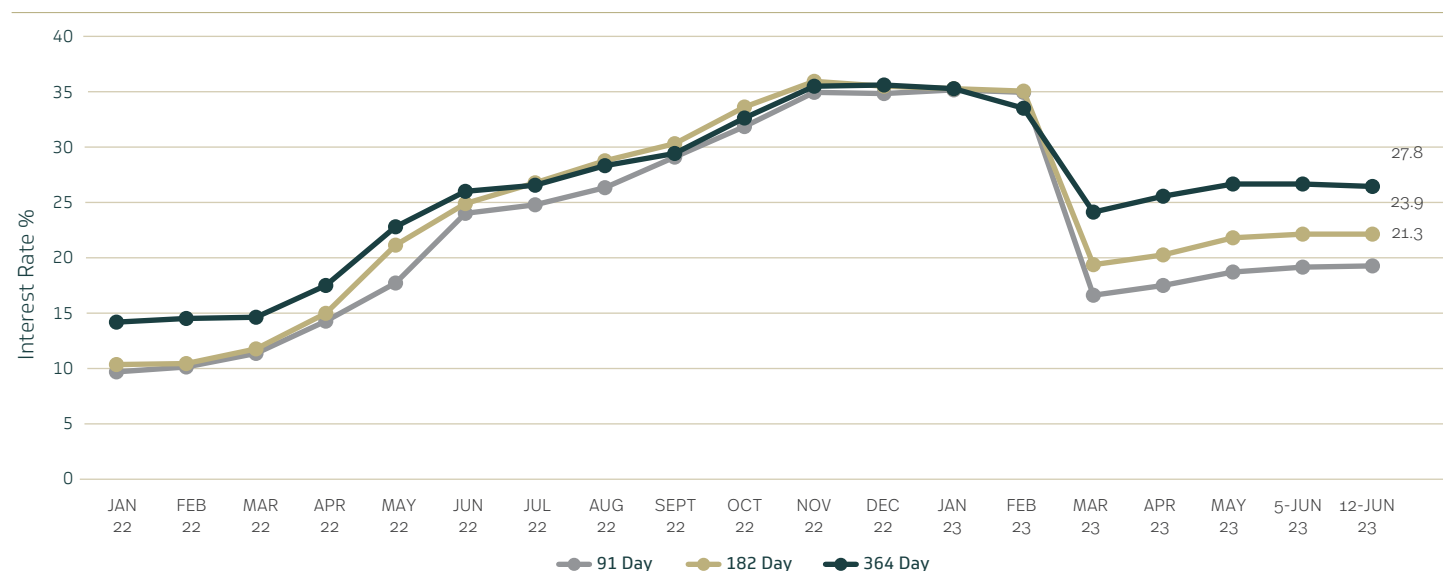
# Business Review

## Our Business Environment

### Interest Rate Developments

The interest rate in the money market increased across the full spectrum of the yield curve on a year-on-year basis. In 2022, the interest rate on government bills trended up, indicating investors' desire to reduce the widening adverse interest as inflation soared. The 91-day, 182-day and 365-day Treasury bill rates increased to 35.48 per cent, 36.23 per cent and 36.06 per cent, respectively.

**Figure 7: Interest Rate Trends**

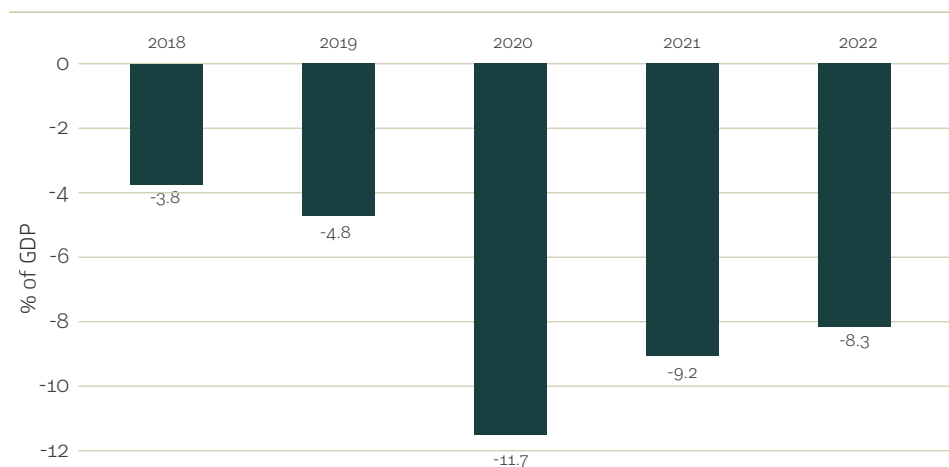


### 2.4 Fiscal Development

Ghana's fiscal deficit has been a significant concern in recent years. The government has faced challenges in managing and reducing the deficit to maintain fiscal discipline and sustainable economic growth. In 2018, Ghana recorded a fiscal deficit of 3.8 percent of GDP. This indicated that the government's total expenditure exceeded its total revenue by 3.9 per cent of the country's GDP. In 2019, the government's expenditure continued to outpace its revenue, leading to an increase in the deficit of 4.8 percent of GDP. In 2020, the fiscal deficit significantly increased to 11.7 percent of GDP. The COVID-19 pandemic and associated economic challenges contributed to a substantial rise in government spending, particularly on healthcare and economic stimulus measures. This led to a significant widening of the deficit. The government tried to address the fiscal deficit, which decreased to an estimated 9.5 percent of GDP in 2021

and 8.3 percent in 2022. Revenue-enhancing measures and expenditure rationalisation were introduced to curb the deficit.

**Figure 8: Fiscal deficit**



Source: Ministry of Finance, 2022

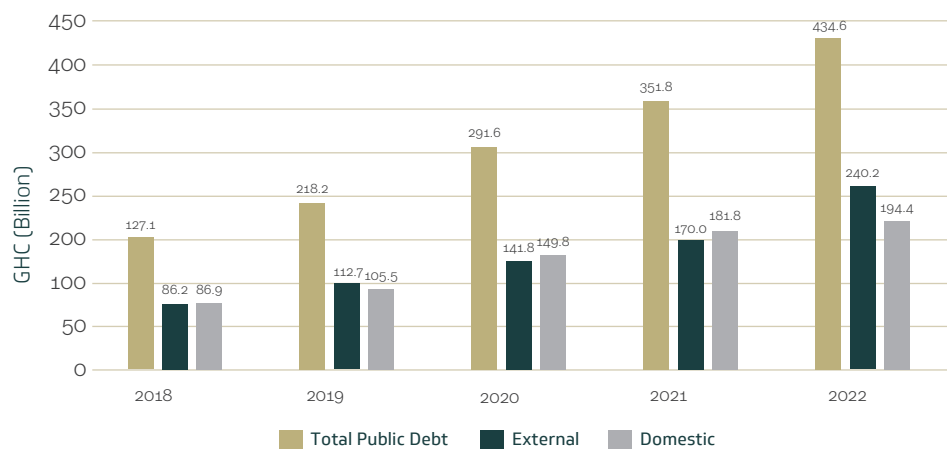
The fiscal deficit is crucial in assessing a government's fiscal health and economic impact. High and persistent deficits can lead to increased borrowing, rising public debt levels, and potential macroeconomic imbalances. Ghana has been implementing measures to address the fiscal deficit, including improving revenue collection, controlling expenditure, and implementing fiscal consolidation programs. These efforts aim to reduce the deficit, maintain fiscal discipline, and achieve sustainable economic growth in the long term.

Debt Issues

Ghana's debt situation is critical to its economic landscape, impacting fiscal stability, financial inclusion, and long-term development prospects. Ghana's total public debt has consistently increased from 2018 to 2022. The values range from 173.1 in 2018 to 434.6 in 2022.

“We expect the interest rate to decrease as inflation trends downwards.”

Figure 9: Debt situation in Ghana



Source: BoG's Summary of Economic and Financial Data, 2018-2022

# Business Review

## Our Business Environment

The external debt component of Ghana's total public debt has also increased. It ranged from Ghc 86.2 billion in 2018 to Ghc 240.2 billion in 2022. The growth rate of external debt showed significant fluctuations. It increased by 30.7 per cent in 2019, followed by a growth rate of 25.8 per cent in 2020. The growth rate decreased to 20.1 per cent in 2021 but experienced a significant jump of 59.5 per cent in 2022.

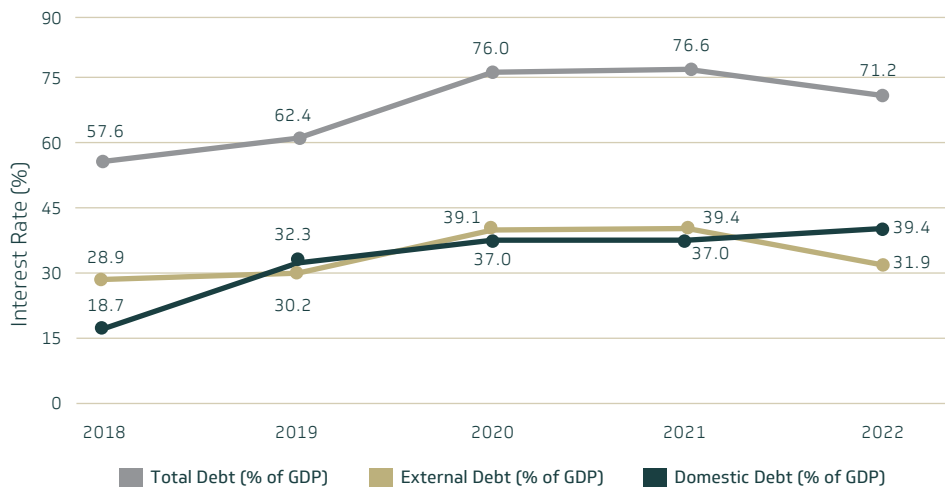
The domestic debt component of Ghana's total public debt has also experienced growth, albeit slower than external debt. It ranged from Ghc 86.9 billion in 2018 to Ghc 194.4 billion in 2022. The growth rate of domestic debt fluctuated over the period. There was a substantial increase of 21.4 per cent in 2019, followed by a higher growth rate of 41.9 per cent in 2020. The growth rate then slowed to 21.4% in 2021 and further decreased to 6.9 per cent in 2022.

### 2.5 External Sector

#### Trade Balance

This analysis focuses on Ghana's trade balance, total exports, total imports, and trade balance as a percentage of GDP over five years. These indicators provide insights into the country's trade performance, export and import activities, and economic impact. By examining these indicators' trends and values, we can better understand Ghana's trade dynamics and level of economic integration in the global market. Analysing the trade balance as a percentage of GDP also offers insights into the trade surplus or deficit relative to the size of the country's economy. Such analysis is crucial for assessing the country's trade competitiveness and efforts to achieve sustainable economic growth.

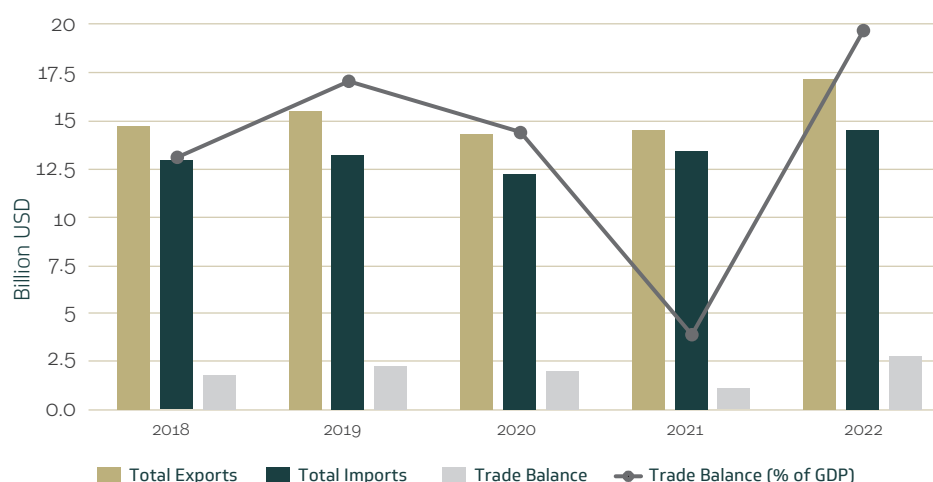
Figure 10: Debt-to-GDP ratio



Source: BoG's Summary of Economic and Financial Data, 2018-2022

The total debt-to-GDP ratio has shown an overall increasing trend, except for a slight decrease in 2022. It rose from 57.6% in 2018 to 76.6% in 2021 before decreasing to 71.2% in 2022. The data shows that Ghana's debt-to-GDP ratio has been relatively high, exceeding 70% in recent years.

**Figure 11: Total exports, total imports and trade balance**



Source: BoG's Summary of Economic and Financial Data, 2018-2022

### Balance of Payment

This section examines the financial accounts of Ghana, specifically focusing on the current account, financial and capital account, and overall balance. These indicators provide insights into the country's economic transactions with the rest of the world and shed light on its financial inclusion and stability.

Year	Current Account (Millions of USD)	Financial and Capital Account (Millions of USD)	Overall Balance (Millions of USD)
2018	-2043.9	1500.4	-671.5
2019	-1864	3067.6	1340.99
2020	-2135	2887.2	377.5
2021	-2541.4	3304	510.1
2022	-1641.9	-2177.3	-3639.5

Source: BoG's Summary of Economic and Financial Data, 2018-2022

The current account balance in Ghana has shown a mixed trend over the years. From 2018 to 2021, there has been a combination of deficit and surplus positions, indicating fluctuations in the country's trade balance with the rest of the world. However, in 2022, there was a significant deterioration in the current account balance, resulting in a more significant deficit.

The financial and capital account balance, which captures the flow of financial investments and capital transactions, has also experienced fluctuations. The positive growth rate from 2018 to 2019 suggests increased financial inflows, indicating favourable investment and capital movements. However, in 2022, a sharp negative growth rate indicated a considerable decline in financial and capital flows.

The overall balance, representing the net outcome of the current and financial/capital account balances, has shown volatility. The substantial increase in 2019 suggests an overall improvement, followed by a sharp decline in 2020. While there was a partial recovery in 2021, the negative growth rate in 2022 indicates a significant overall deficit. It is worth noting that various factors, including trade dynamics, capital flows, exchange rates, and global economic conditions, influenced the fluctuations and trends observed in these balances.

# Business Review

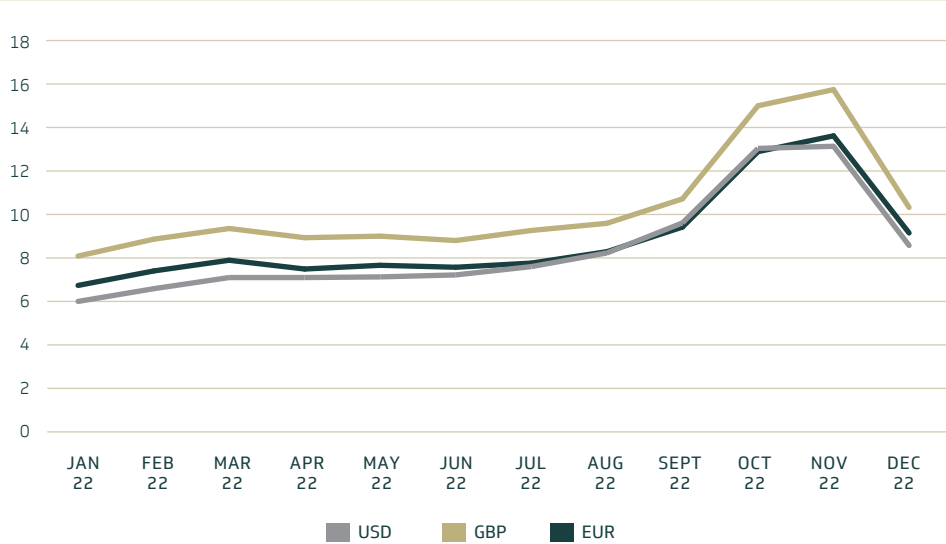
## Our Business Environment

### Exchange Rate Developments

The Ghana cedi weakened significantly against the major trading currencies in 2022, depreciating by 29.9 per cent against the US dollar, compared to a depreciation of 4.1 per cent in 2021. Similarly, it depreciated against the British pound by 21.2 per cent in 2022, compared to 3.1 per cent in the previous

year. Against the euro, the cedi depreciated by 25.3 per cent in 2022, compared to an appreciation of 3.5 per cent in 2021.

Figure 12: Exchange Rates trends



Source: Bank of Ghana, 2023

The steep rise in the exchange rates was primarily attributed to uncertainties about the country’s fiscal outlook, mainly at the back of weak sentiments caused by a delay in the approval of crucial revenue measures in the 2022 budget, multiple downgrades by the international rating agencies, portfolio flow reversals, and the lingering effects of the covid-19 pandemic and the Russia-Ukraine war.

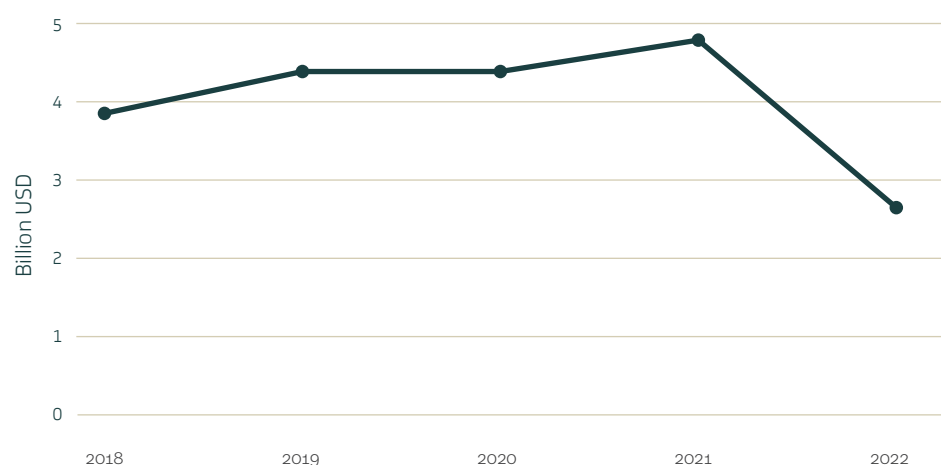
The central bank measures such as the monetary policy tightening, the gold purchase programme to shore reserve mix, the oil for gold programmes, and the government’s announcement that it had reached a staff-level agreement with the IMF for a three-year external credit facility, positively impacted the cedi and reversed most of the losses that occurred between the second and third quarters of the year.

### Reserves in Months of Import Cover

The reserves in months of import cover indicate the number of months that a country's foreign reserves can sustain its import expenditure. A higher value suggests a more remarkable ability to finance imports

and indicates a more favourable position for the country. Figure 13 represents Ghana's reserves in months of import cover over five years.

**Figure 13: Reserves in months of import cover**



Source: BoG's Summary of Economic and Financial Data, 2018-2022

In 2018, Ghana's reserves were at 3.6 months of import cover. It increased slightly to 4.0 months in 2019 and remained the same in 2020. In 2021, there was a further increase to 4.3 months, indicating an improvement in Ghana's ability to sustain its import expenditure using foreign reserves. However, in 2022, there was a significant decrease to 2.7 months, suggesting a decline in the level of reserves relative to import needs.

The fluctuations in the reserves in months of import cover indicate variations in Ghana's ability to meet its import obligations using foreign reserves. Maintaining an adequate level of reserves is essential to ensure stability in the face of external shocks, currency fluctuations, or trade disruptions.

# Business Review

## Update on Business Development Services




### Business Development Services Highlights

The performance of Ghana's small and medium-sized enterprise (SME) sector is central to the country's economic growth and development. SMEs represent over 70% of registered businesses in Ghana and employ about four-fifths of the labour force. Local businesses, of which SMEs account for the greatest majority, face several legacy challenges that have been compounded by the current economic shocks in the country.

There is therefore the need for a mindset change for these SMEs to be positioned for growth. For this reason, DBG's Business Development Services (BDS) has a mandate to build capacity and promote initiatives that will empower local businesses to become resilient and sustainable to thrive in regional and global markets. BDS works in partnership to build private sector business capacity and resilience.



**Table 5.1 Business Development Services Partners**

Partner	
	Association of Ghana Industries (AGI)
	Ghana Stock Exchange
	Ghana National Chamber of Commerce and Industry (GNCCI)



# Business Review

## Update on Business Development Services

Table 5.2 Business Development Services Partners

Partner	
	Ghana Enterprise Agency (GEA)
	Price Waterhouse Coopers (PwC)



Table 5.3 Business Development Services Partners


Partner	
	Ghana Incentive-Based Risk Sharing system of Agric Lending (GIRSAL)
	Ghana Chamber of Young Entrepreneurs (GCYE)



# Business Review



## Update on Partnerships

Table 5.4 Update on BDS Partnerships: SMEs

Partner		Update
 <p><b>Ghana National Chamber of Commerce &amp; Industry</b> GNCCI Your Business Links, Our Business</p>	GNCCI	<ul style="list-style-type: none"><li>• Organised five capacity building workshops across four regions: Greater Accra (Accra), Eastern (Koforidua), Western (Takoradi and Tarkwa) and Central region (Cape Coast).</li><li>• 510 business operators (SMEs) were trained on how to access DBG loans; environmental and social governance; risk management; financial management; and market development strategies.</li><li>• 44% of participants were women or women-led businesses.</li><li>• The representatives of the PFIs had direct engagements with the SMEs to address questions on accessing funding from the banks.</li><li>• Three PFIs participated in the workshops (Access Bank, Fidelity Bank and CBG).</li><li>• Mandatory onboarding of MSMEs on the GIFE platform.</li></ul>



**Table 5.5 Update on BDS Partnerships: SMEs**

Partner	Update	Next Steps
 <b>AGI</b> Association of Ghana Industries   <b>GSE</b> GHANA STOCK EXCHANGE	<b>AGI and GSE</b> <ul style="list-style-type: none"> <li>• Organised our maiden capacity building tripartite workshop on 6 October 2022 with AGI and GSE.</li> <li>• In attendance were representatives from all the onboarded PFIs (CBG, Cal Bank, Fidelity Bank, Access Bank and GCB).</li> <li>• Extensive engagement with all representatives of the PFIs.</li> <li>• Completed a harmonised eligibility criteria document with AGI and PFIs for the end borrowers.</li> <li>• Presentation by GSE on listing on the stock market and the alternative markets.</li> <li>• Workshop had 89 SMEs in attendance.</li> </ul>	<ul style="list-style-type: none"> <li>• SME Clinic.</li> <li>• Patient assistance.</li> <li>• Monitoring and evaluation.</li> </ul>



# Business Review





## Update on Wholesale Finance and Investment

### Lending Operations Highlights

A key goal of wholesale finance and investments is to successfully establish partnerships with the financial institutions that will ultimately lend to SMEs. This involves taking financial institutions through a screening process against DBG's eligibility criteria. Private sector loan origination is done through the PFIs. PFIs assess private sector transactions for their credit worthiness, financial viability and to ensure that they meet DBG's eligibility criteria.

Four universal banks were successfully signed on as Participating Financial Institutions (PFIs) in 2022.

**Table 5.6 DBG Participating Financial Institutions**

 CONSOLIDATED BANK GHANA LTD.	Consolidated Bank Ghana
	Access Bank
	Fidelity Bank
	Calbank

# GHS245.32million

DBG'S disbursed loans as of December 2022.

**Table 5.7 Highlights of Disbursed Loans**


Date	Amount (GHS)
30 June 2022	123,900,000
15 July 2022	5,022,000
10 August 2022	45,000,000
19 September 2022	71,400,000
<b>TOTAL</b>	<b>245,322,000</b>

**Table 5.8 Approved Loans as of December - 2022**

PFI	Amount (GHS)
Fidelity	16,747,068
CAL	14,287,285
Access	31,200,000
<b>TOTAL</b>	<b>62,234,353</b>

## Update on Women and Youth

**Table 5.6 Update on Women and Youth**

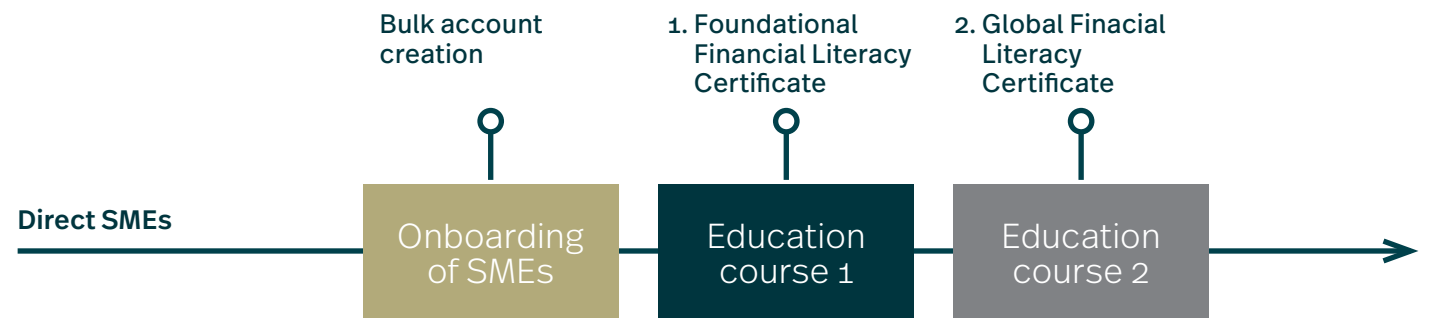
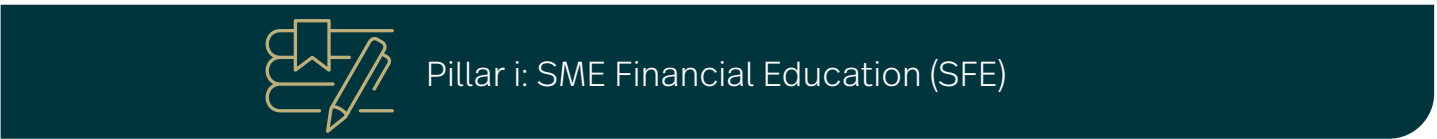
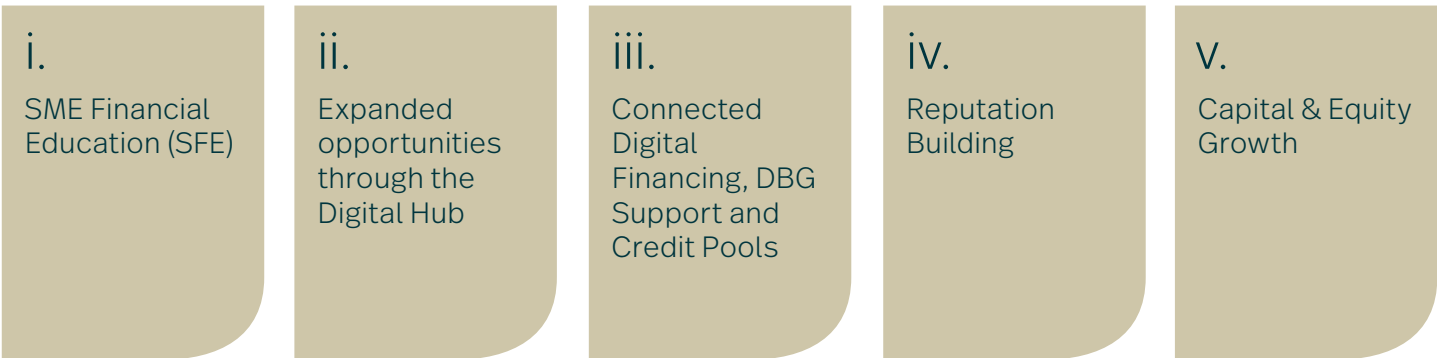
Partner	Update	Next Steps
	<p><b>GYCE</b></p> <ul style="list-style-type: none"> <li>• A total of 437 women and youth were trained by 17 December 2022.</li> <li>• Organised virtual capacity building workshop on 20-21 October 2022. There was a physical capacity-building workshop on 7-11 December 2022.</li> <li>• 176 women joined the sessions, above the target of 160.</li> <li>• 261 men joined the sessions, pushing total attendance to 437, significantly above the 240 target. Female participation was 40%.</li> <li>• All 16 regions were represented.</li> <li>• Mandatory onboarding unto the GIFE Platform. 360 onboarded.</li> </ul> <p>Training for the young entrepreneurs included introduction to websites and e-commerce; social media marketing; digital financial management; and introduction to ESG.</p>	<ul style="list-style-type: none"> <li>• SME Clinic.</li> <li>• Patient assistance.</li> <li>• Monitoring and evaluation.</li> <li>• Loan processing.</li> </ul>



# Business Review

## The Ghana Integrated Finance Ecosystem (GIFE) Digital Platform

The Ghana Integrated Financial Ecosystem project has been segmented into five pillars:



In collaboration with our partner business associations, we achieved high SME engagement and conversion onto the GIFE platform.

### Key Successes

- 828 DBG sponsored registrations.
- 527 course completions (with certificates).
- 43% of the 597 participants successfully trained in person were women and/or women-led businesses.
- 30% of the participants trained on ESG showed interest in deploying the ESG framework and will be supported under the SME Clinic initiative.
- Over 800 participants were successfully onboarded onto the GIFE platform with over 500 certified.

# DBG Economic Recovery Programme (DEEP)

In response to the economic challenges, the Board of DBG approved the Bank to set up a special credit programme with GHS500 million to support businesses in the Agribusiness value chain at a preferential rate over the next five years. The credit programme, named DBG Economic Recovery Programme (DEEP), seeks to improve food security, reduce imports and accelerate an import substitution agenda, and sustain or increase jobs in the agricultural value chain.

DEEP targets four key agribusiness segments

with the highest potential investment feasibility based on research by McKinsey & Co. These are rice, maize, soya and Poultry.

Ghana imported food and agricultural-related imports averaging US\$2.2 billion from 2017-2021. In 2021, imports of agricultural-related products were about US\$1.9 billion. The imported goods are mostly bulk, intermediate and consumer-oriented commodities such as rice, wheat, soybean meal and poultry. These cut-across DBG's focus segments. A major commodity

is poultry with Ghana importing ~300,000 MT in 2020. Ghana has huge potential to produce poultry, but it has not been able to do so due to issues such as high feed and production-related costs, cheaper and subsidised imports, evasion of import tax surcharges and a weak regulatory environment. Ghana's demand for poultry products continues to grow. The country's current annual market requirement is about 353,000 MT, which is significantly above the local production capacity of 58,000 MT.

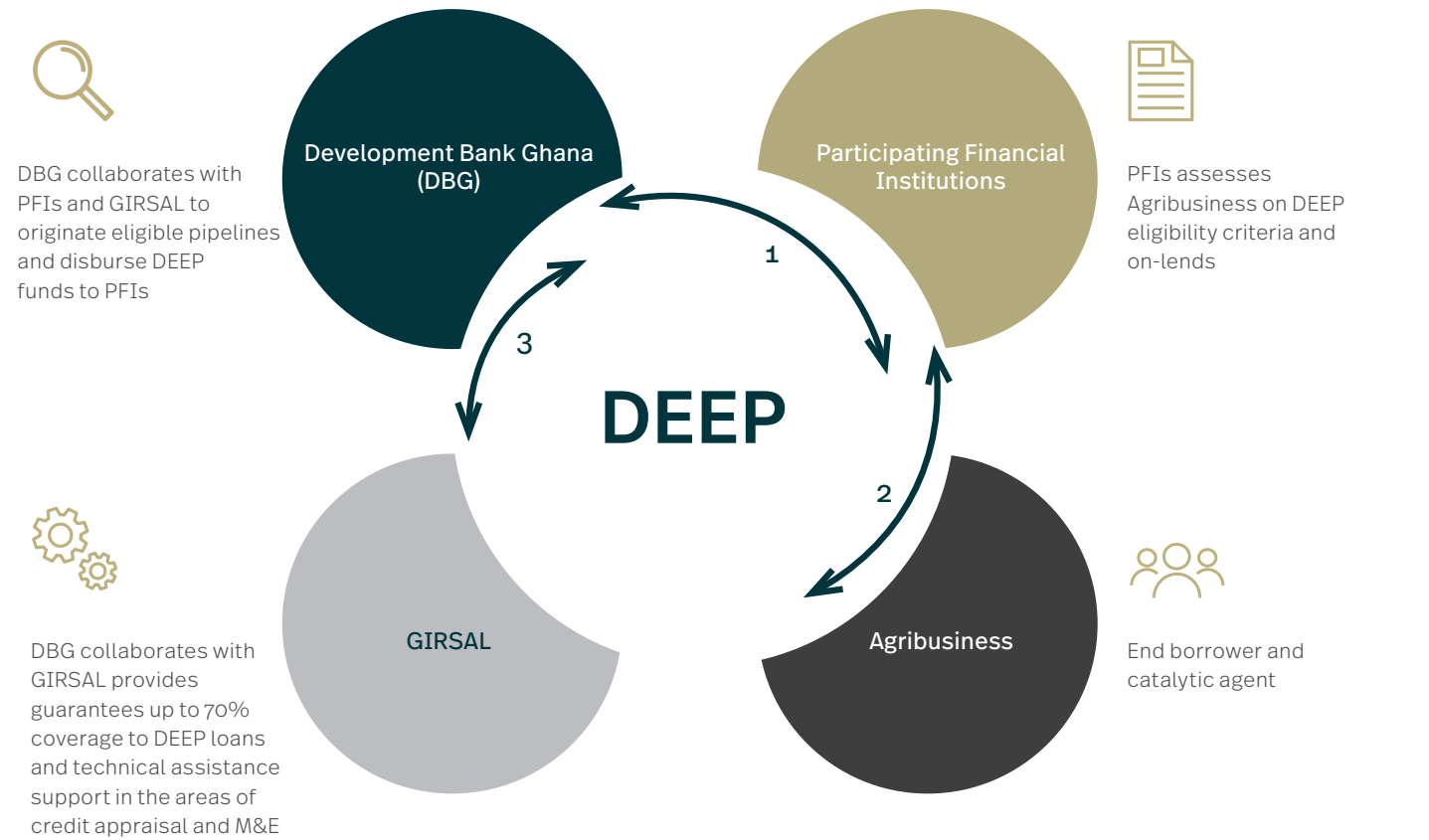
Figure 10: DBG Economic Recovery Programme (DEEP)



# Business Review

## DBG Economic Recovery Programme (DEEP)

Figure 11: Summary of DBG Economic Recovery Programme (DEEP)





Maize and soybean are two critical ingredients related to poultry farming. Maize and soybean cost about 60% of the broiler feed-formulations. Current cultivation of these two crops is predominantly by smallholders, and there are very few commercial farms to ensure the efficiency in production required by the poultry sector. Success in increasing productivity in the cultivation of maize and soybean would not only improve the availability of grains and improve food security but would also help to reduce the high cost of poultry feeds which is the bane of the poultry industry.



# 05

## Sustainability

DBG recognises that in the execution of its mandate to provide wholesale financing to its priority areas of agriculture, high value services, IT and manufacturing, there are environmental and social risk implications associated with these projects that must be factored into the credit due diligence process.

### Environmental and Social Management System (ESMS)

DBG has established an environmental and social management system (ESMS). The system is designed to identify, manage and monitor environmental and social (E&S) risk and impact arising from its activities and those of its PFIs as well as their beneficiary end-borrowers. DBG's ESMS is a framework that integrates environmental and social risk management into the Bank's wholesale financing decision-making processes. The ESMS includes sound objectives, well-defined procedures and responsibilities that will ensure that the Bank manages loan facilities that have potential environmental and social risks.

The system involves categorising risk, screening, conducting environmental and social due diligence prior to loan agreements and disbursements; and providing adequate monitoring of PFIs during the term of the loan agreement. DBG will ensure that adequate financial and human resources, as well as the technical assistance activities needed to effectively implement the ESMS, are made available within the institution.

### Certifications

**28 September 2022** - Development Bank Ghana (DBG) signed the United Nations Global Compact as part of the Bank's efforts to strengthen its commitments and operations with a sustainable business and greater governance framework.



By becoming a signatory to the United Nations Global Compact, DBG is reinforcing its commitment to uphold and protect human rights, labour, environment and anti-corruption principles through its business practices. The UN Global Compact provides DBG with a universal language for corporate responsibility and a framework to guide all businesses regardless of size, complexity or location. The UN Global Compact also positions DBG to effectively assess, define, implement, measure and communicate its sustainability strategy goals. Most importantly, the tenets of the

UN Global Compact are strategies DBG currently employs throughout its operations. By joining the Compact, the Bank is strengthening its commitment to do clean, responsible and green business.

**1 – 2 December 2022** - Development Bank Ghana (DBG) received the Award of Certificate of Acceptance under the Sustainability Standards and Certification Initiative (SSCI) at the Global Sustainable Finance Conference held in Karlsruhe, Germany, under the theme “Breaking the Ground: Building High Income Sustainable Economy through the Financial Sector.” The Bank considers its acceptance into this leading accreditation forum and its certification status, as an important milestone that will spur us on in integrating sustainability standards in our operations and importantly, advocating for the adoption of principles of sustainability within the financial environment in Ghana.





“DBG aims to accelerate an inclusive and sustainable economic transformation by fostering the growth of a competitive private sector and addressing social challenges in communities, with a particular focus on women and youth.”

# Sustainability

## Driving Sustainability and ESG Excellence

**Table 3.1 How we Implement ESG and Sustainability Excellence across the Bank**

<b>Robust ESMS Framework</b>	<ul style="list-style-type: none"> <li>• Aligned with Environmental and Social Standards of the WB, KfW, AfDB and EIB Standards requirements of WB, KfW, AfDB and EIB</li> <li>• Sustainable Banking obligatory requirements of Bank of Ghana</li> <li>• Readiness for Green Climate Fund</li> </ul>		<b>Procedure Manual</b>	<ul style="list-style-type: none"> <li>• Screening, identification, assesment, management, monitoring and reporting</li> <li>• Grievance Redress Mechanism and Stakeholder Engagements procedure</li> </ul>
<b>Upskilling and Capacity Building</b>	<ul style="list-style-type: none"> <li>• Training programmes for internal staff: Making employees ESG and Sustainability champions</li> <li>• Develop the capacity of PFIs and their SMEs</li> <li>• Developed capacity for mobilizing gender and climate financing</li> </ul>		<b>Guidelines for PFIs</b>	<ul style="list-style-type: none"> <li>• Provision of ESMS guidelines for PFIs to support in the integration of Sustainability in operations</li> <li>• Reporting and disclosures</li> </ul>
<b>Strategic Partnerships and Certifications</b>	<ul style="list-style-type: none"> <li>• Building partnerships to deliver on ESG and sustainability goals</li> <li>• Leveraging on the value of Strategic partnerships and securing Accreditations, Certifications and Recognitions</li> </ul>		<b>Expertise</b>	<ul style="list-style-type: none"> <li>• Dedicated team responsible for managing and monitoring E&amp;S Safeguards and to unlock and scale Climate Financing, Gender Finance opportunities aligned with SDGs and NDCs</li> </ul>
<b>Scaling to Mobilize Green &amp; Climate Financing and Gender Lensing linked with SDG-Co- developing Green and Gender Finance facilities</b>	<ul style="list-style-type: none"> <li>• Co-developing Green Climate Finance and Gender Lensing Finance Facilities</li> <li>• Change agent for NDCs &amp; Paris Agreement</li> <li>• Implement Green &amp; inclusivity initiatives and supporting SDG aspirations and impact target, ESG ratings</li> </ul>		<b>Capacity &amp; Competency</b>	<ul style="list-style-type: none"> <li>• Resourced for ESMS implementation</li> <li>• Technical assistance such as organisational capacity and competence, budget, training</li> </ul>
<b>Policy</b>	<ul style="list-style-type: none"> <li>• Environmental and Social (E&amp;S) Management policy</li> <li>• Specified applicable E&amp;S requirements and standards</li> <li>• Adoption of Exclusion List and for our PFIs</li> </ul>		<b>Tools &amp; Mechanisms</b>	<ul style="list-style-type: none"> <li>• Continuous Monitoring Compliance of ESMS integration internally and by PFIs</li> <li>• Stakeholder engagements and deployment of grievance mechanisms</li> </ul>

# Results and Achievement so far



## Established a robust ESMS

- 100% Screening against Exclusion List of all Credit applications
- Improved implementation of Environmental and Social Safeguards in projects
- Climate Risk assesment on portfolio level of projects in high risk sectors
- All four PFIs have a robust ESMS ie. Fidelity Bank, Consolidated Bank Ghana, Calbank and Access Bank.



## Readiness to secure Climate and Gender Finance and grants

- Exploring partnerships to mobilise Green Climate Finance and Gender Finance
- Co-creating Climate Finance products with PFIs for Climate adoption and mitigating eliable products
- Improved positioning on the cross-functionality of ESG function beyond risk and taking up the opportunities such as Climate Finance and Gender Finance in our PFIs



## Training and Upskilling programmes

- Conducted bank wide training and awareness and deployed mandatory ESG training and Sustainability training for all staff
- Co-created and trained SMEs on ESG and Sustainability with partners such as GNTC & AGI
- Built ESG knowledge and awareness of 600 SMEs

## Setting a Green, Lean and Clean Bank on the Foundation of Environmental and Social Management Systems (ESMS)



## Secured Strategic Partnerships

- Obtained acceptance Certification for 5-star ESG certification rating programme (SSCI)
- 600 MSME's trained in partnership
- Signed partnerships with three International bodies:
  - UN Global Compact Network
  - Women Empowerment Principles (WEPS)
  - Association of African Development Finance Insitutions (AADFI)

# Sustainability

## Certification & Corporate Social Responsibility



### Environmental and Social Management Policy Commitments

The Board of Directors of DBG approved the Environmental and Social Management Policy and associated Procedures on 1 December 2021. This Policy enables DBG to align itself to best international practice and local legislation governing environmental and social issues and forms the basis of DBG's ESMS. The ESMS commits the Bank to implement effective environmental and social management measures in all its activities, products and services.

DBG is committed to ensuring good environmental and social performance through the integration of sustainable development in its financial and non-financial activities and by seeking to address the E&S risks of its financing and lending activities.

"The ESMS commits the Bank to implement effective environmental and social management measures in all its activities, products and services."

## Corporate Social Responsibility

Development Bank Ghana (DBG) aligns its Corporate Social Responsibility (CSR) activities with the United Nations Sustainable Development Goals (SDGs) by focusing on community engagement, stakeholder philanthropy and charity, and partnerships with non-governmental organisations (NGOs) and other corporates to address sustainable development challenges. DBG aims to accelerate an inclusive and sustainable economic transformation by fostering the growth of a competitive private sector and addressing social challenges in communities, with a particular focus on women and youth.

Our employees' desire to be socially engaged also presented the perfect opportunity for DBG to set the levers in motion and become part of this positive change through a variety of staff owned CSR activities.

### Corporate Social Responsibility (CSR) at DBG in 2022

Throughout the year, the Bank embarked on CSR activities to positively impact the lives of people and communities, focusing on philanthropy, community engagement, and women and youth, while aligning these efforts with the SDGs.

These CSR activities aligned with several United Nations Sustainable Development Goals (SDGs). Here are a few examples:



- **No Poverty (SDG 1)** - DBG's focus on community engagement and partnerships with NGOs and other corporates to address sustainable development challenges aims to reduce poverty and support vulnerable groups.
- **Zero Hunger (SDG 2)** - DBG's support of the SWAM Programme aims to provide a livelihood for 650 widows in the Walewale Constituency in the Northern region of Ghana and seeks to eradicate hunger and malnutrition.
- **Good Health and Well-being (SDG 3)** - DBG supports women and children through pre and post-natal care, and aims to ensure healthy lives and promote well-being for all.
- **Quality Education (SDG 4)** - DBG in partnership with NGOs and other corporates, supports flagship community projects, aimed at ensuring inclusive and equitable education to promote lifelong learning opportunities for all.
- **Gender Equality (SDG 5)** - DBG's CSR offering has a women focus. Its initiatives that support women and children aims to achieve gender equality, and to empower all women and girls.



"Throughout the year, the Bank embarked on CSR activities to positively impact the lives of people and communities, focusing on philanthropy, community engagement, and women and youth, while aligning these efforts with the SDGs."

- **Partnerships (SDG 17)** - DBG's 2022 CSR activities prioritise partnerships with NGOs and other corporates to address sustainable development challenges. DBG's 2022 CSR activities align with SDG 17 by prioritising alliances with NGOs and other corporates to address sustainable development challenges, promote community engagement and stakeholder philanthropy and charity, and to revitalise global partnerships for sustainable development.

DBG's staff-owned CSR campaign encouraged staff to engage in projects or initiatives that align with the Bank's three strategic pillars, focusing on community engagement, stakeholder philanthropy and charity. Additionally, to demonstrate the Bank's commitment to partnering with organisations that aim to positively impact the lives of people and communities, DBG supported Heritage and Cultural Society of Africa (HACSA) Foundation.

# 06

## Resource Mobilisation Capital and Grant Mobilisation

Figure 12: Dashboard at 31st December - 2022



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## Funding Partners



In 2022, in the second quarter of the year, an African Development Bank (AfDB) grant of US\$36.3 million was approved and applied to DBG's equity capital.

The World Bank's Line of credit of US\$175 million became effective, of which \$26 million was accessed.

A grant of US\$50 million from the World Bank was approved as additional capital for DBG's Partial Credit Guarantee Facility which is being developed. BMZ also committed a Euro 20 million grant through KfW to be applied as capital to the Partial Credit Guarantee Facility.

# US\$50million

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Grant approved by World Bank as additional capital for DBG's Partial Credit Guarantee Facility.

# 07

## Institutional Management

### Enterprise Risk

DBG has a well-articulated Risk Governance structure under which it operates:

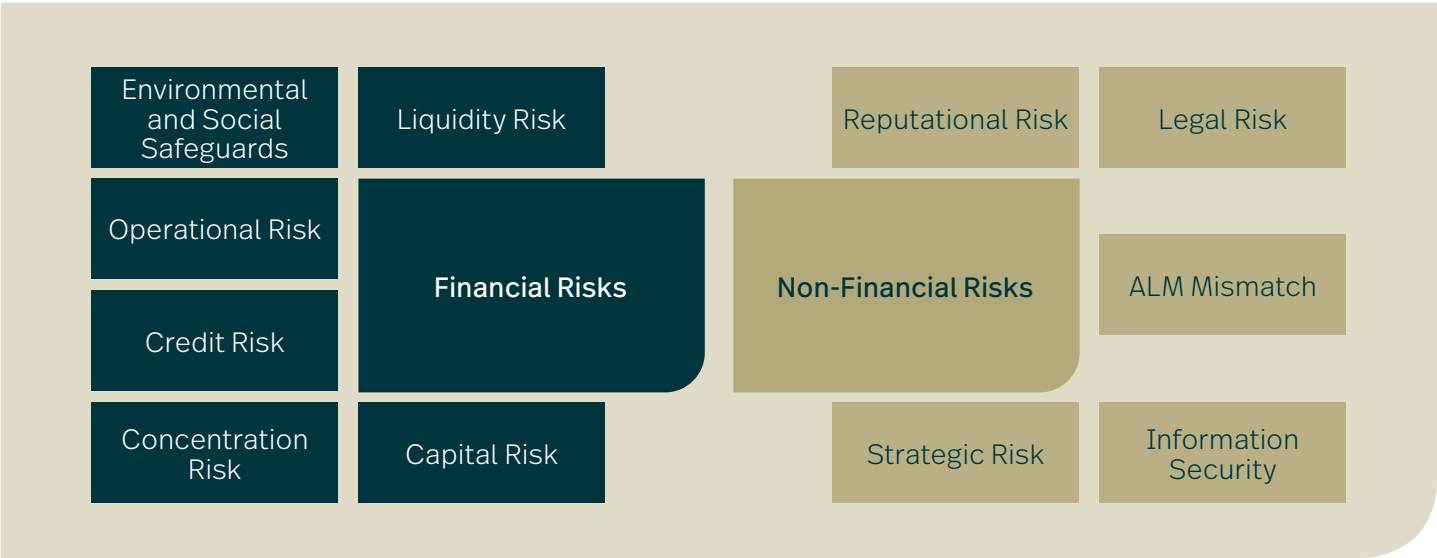
DBG is very focused on risk governance and operates a three line of defence model:

**Figure 14: DBG's Three line Defence Model**

	Description	Key Actions
1st Line of Defence	The businesses and functions engaged in or supporting revenue-generating activities of the Bank. They are customer and 3rd party facing units, and the primary generators of "transactional risks".	<ul style="list-style-type: none"> <li>Propose the risks required to undertake revenue-generating activities.</li> <li>Identify, monitor and escalate risks and issues to the second line and senior management and promote a healthy risks culture and good conduct.</li> <li>Manage risks within Risk Appetite, set and execute remedial plans and ensure compliance with laws and regulations.</li> <li>Ensure workflow and systems meet risk data aggregation, risk reporting and data quality requirements set by the second line of defence departments/units. &amp; Ensure workflow and systems meet risk data aggregation, risk reporting and data quality requirements set by the second line of defence departments/units.</li> </ul>
2nd Line of Defence	The control functions. They are independent of the first line of defence. They oversee and challenge risk management to provide confidence to the Chief Risk Officer, Exco and the Board.	<ul style="list-style-type: none"> <li>Identify, monitor, and escalate risks and issues to the Chief Risk Officer, Senior Management and the Board and promote a healthy risk culture and good conduct.</li> <li>Oversee and challenge first-line risk-taking activities and review first-line risk-taking proposals, including exceptions to Risk Appetite Limits.</li> <li>Propose Risk Appetite to the Board, monitor and report adherence to Risk Appetite. Intervene to curtail business if it is not in line with existing or adjusted Risk Appetite.</li> <li>Set risk data aggregation, risk reporting and data quality parameters and requirements.</li> </ul>
3rd Line of Defence	The independent assurance provided by Internal Audit and Compliance functions on the effectiveness of controls and risk management in the first and second lines of defence.	<ul style="list-style-type: none"> <li>Independently assess whether management has identified the key risks in the business and whether these are appropriately and adequately reported and governed in line with the established risk management processes.</li> <li>Independently assess the adequacy of the design of controls and their operating effectiveness.</li> </ul>

Risk policies and procedures are developed to manage DBG’s risk universe:

Figure 15: DBG’s Risk Universe



# Institutional Management

## Compliance, Ethics and Business Conduct

The key role of the Compliance Ethics and Business Conduct (CEBC) department is to identify, assess and monitor compliance risks faced by the Bank on an ongoing basis, and advise Executive Management and the Board on how these risks are to be effectively managed or are being managed. The functional focus of the department includes regulatory compliance, anti-money laundering compliance, ethics, data protection and compliance with statutory obligations such as the Ghana Revenue Authority, Registrar of Companies and other regulatory bodies.

The Bank seeks to establish a strong foundation with respect to Transparency, Compliance, sound Risk Management, exceptional professional talent, and being “Digitally Native”. In 2022, the first year of operations of the Bank, the department’s efforts focused on building its infrastructure to enable it deliver on its mandate. These included:

- Ensuring DBG activities meet legal, regulatory and funding partners’ requirements.
- Developing CEBC and assisting with the development of enterprise-wide Policies and Procedures.

CEBC developed its “Regulatory Universe” which captures in one document, all the compliance obligations of the Bank. These include the obligations of the Board and other regulatory agencies.

Staff had to be made aware of what is expected of them through the Policies and training, especially in the area of Anti-Money Laundering/Combating the Financing of Terrorism and Weapons of Mass Destruction (AML/CFT&P). The Financial Intelligence Centre also provided AML/

CFT&P intermediate knowledge to the Board. Training was provided for staff in AML/CFT&P, Data Protection and Ethics. These are statutory obligations. The department spent considerable time on advisory services with respect to clarifications or positions of legislation, regulations, directives etc. The Compliance Strategy (Strategic Initiatives) and Compliance (Work) Programme were also developed, approved by Executive Management, the Board and submitted to the Bank of Ghana as required by legislation. The programme incorporated the plan to provide assurance through compliance attestations starting in 2023.

The department had a review of its function by Internal Audit as required by legislation. The Bank had its first Banking Supervision Department examination, and this was coordinated by the department. CEBC also provided comments on the Bank of Ghana’s “Prudential Requirements for Development Finance Institutions Exposure Draft”.

“The Bank’s ‘clean’ value is being met by establishing a strong foundation with respect to transparency, compliance, sound risk management, developing exceptional professional talent, and being ‘Digitally Native’.”



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1 The Basel Committee on Banking Supervision defines Compliance Risk as **“the risk of legal or regulatory sanctions, material financial loss, or loss to reputation** a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities”.

### Whistleblowing

DBG as an institution is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, employees and third parties are encouraged to speak up and expose wrongdoing by DBG staff and all related persons, without fear of reprisals.

In our bid to curb unethical behaviour, corrupt practices and fraud, DBG has developed policy documents such as the Anti-Bribery and Corruption policy (ABC), Code of Conduct policy, and Conflict of Interest policy to guide behaviour. In addition, a Whistleblowing Policy was developed to provide a framework for staff and members of the public who are concerned about unacceptable behaviour to report for redress. The policy is framed to encourage complainants to feel confident in raising concerns and to question unethical acts related to DBG and be assured that the complaint will be investigated. It provides avenues to raise concerns and receive feedback on any action(s) taken. It further reassures complainants that they will be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing policy applies to all directors, employees, vendors and all who are connected to the DBG brand. DBG has also developed a Whistleblowing Procedure document which outlines the exact steps to be followed to bring closure to a complaint.

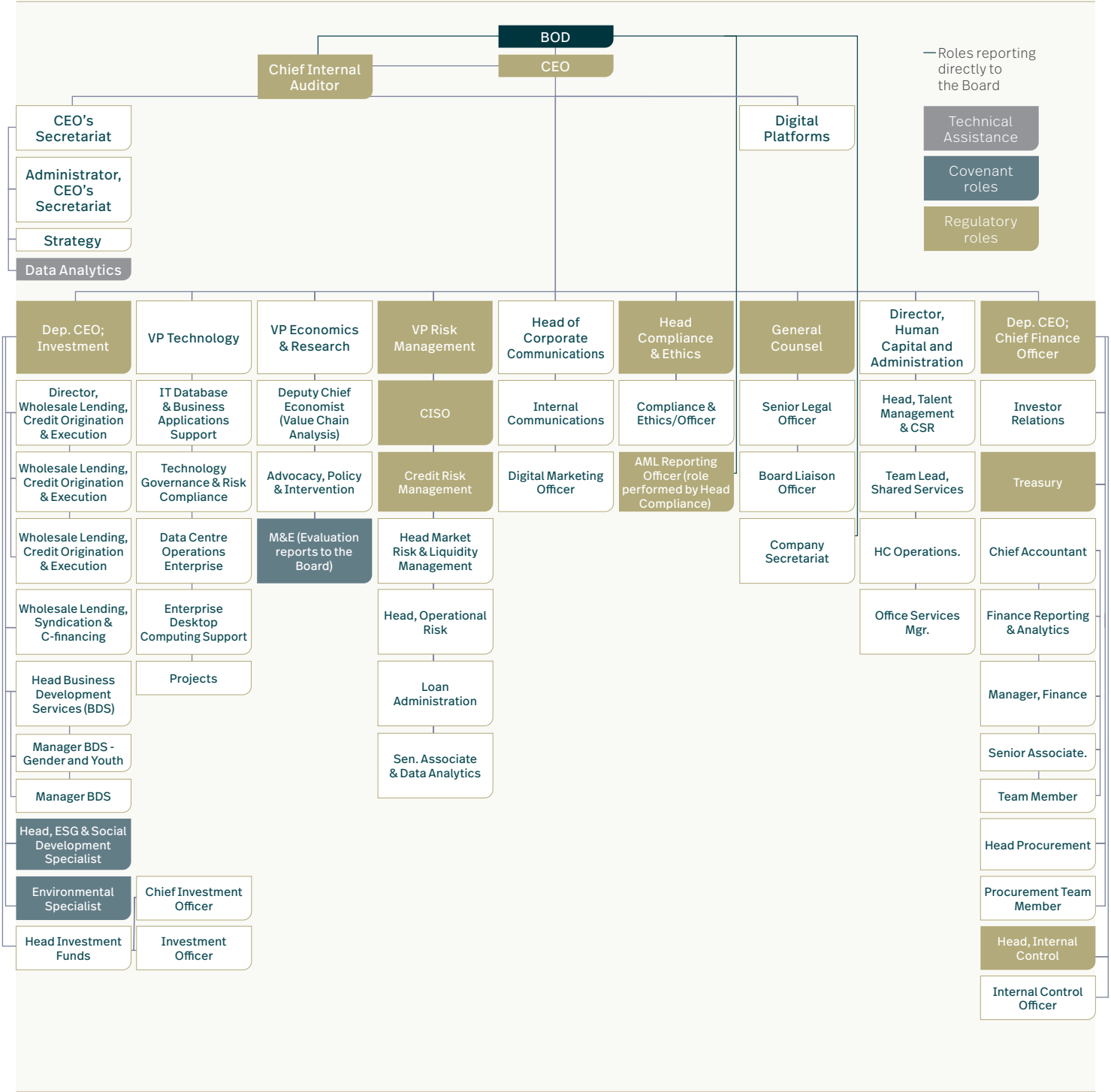
Whistleblowing can be done anonymously or otherwise through a link (<https://www.dbg.com.gh/whistleblowing/>) provided at the Bank’s website or by sending an email to [whistleblowing@dbg.com.gh](mailto:whistleblowing@dbg.com.gh).

A report can also be made directly to the Chief Compliance Officer (CCO) or via a phone call to the CCO. Efforts are far advanced to engage an independent party to manage this platform to boost confidence to complainants and avert delays in processing by complaint recipients. A dedicated toll-free number will be provided to reach the independent platform managers.

# Institutional Management

## Human Capital

Figure 16: DBG organisational structure



**Table 7.1 Departmental Breakdown by Gender as of 31 December 2022**

Department	Male	Female	Total
Audit	0	1	1
CEO Secretariat	2	3	5
Corporate Communications	0	2	2
Compliance, Ethics and Business Conduct	2	1	3
Economics and Research	2	0	2
Equity Funds	0	1	1
Finance and Treasury	4	2	6
Human Capital	1	3	4
HC – Administration	3	1	4
Partial Credit Guarantee	1	1	2
Procurement	1	0	1
Risk Management	2	4	6
Technology	5	0	5
Wholesale Financing and Investment	3	4	7
<b>TOTAL</b>	<b>26</b>	<b>23</b>	<b>49</b>

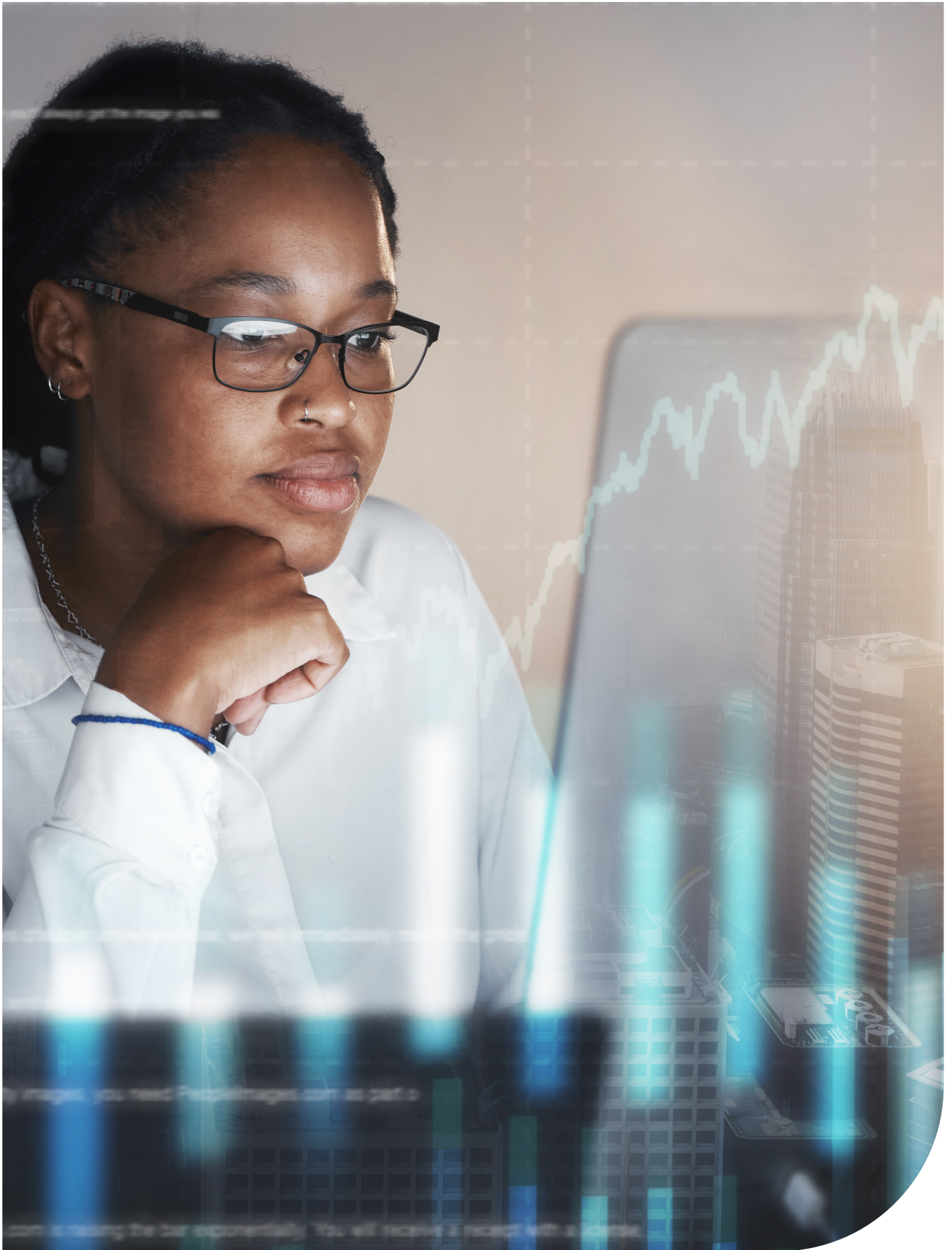
Pillar 2 of DBG's mission statement is to "Attract, Develop and Retain Exceptional People". To achieve this, DBG has crafted a Talent Management strategy that is focussed on attracting exceptional talent, building a performance driven culture and undertaking extensive capacity building of the most critical resource of the Bank, its staff. We continue to craft world class systems and processes to ensure we position staff to be able to deliver on the mandate of DBG.



# 08

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## Financial Performance



# Report of the Directors to the Members of Development Bank Ghana Limited

The Directors present their report and the financial statements of Development Bank Ghana Limited ("the Bank") for the year ended 31 December 2022.

## Directors' responsibility statement

The Directors are responsible for the preparation of financial statements that give a true and fair view of Development Bank Ghana Limited, comprising the statement of financial position at 31 December 2022, 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 Development Finance Institutions Act, 2020 (Act 1032). In addition, the Directors are responsible for the preparation of the report of the 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 misstatement, 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 to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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

## Principal activities

The Development Bank Ghana Ltd was established to provide wholesale long to medium-sized finance to participating financial institutions (PFIs) to on-lend to micro, small and medium-sized enterprises (MSMEs) in specific sectors such as manufacturing, agribusiness, ICT and high value services. The Bank also provides guarantee finance through PFIs to de-risk the MSMEs. There was no change in the nature of the Bank's business during the year.

## Shareholding structure

The Bank is wholly owned by the Government of Ghana.

## Financial statements

The financial results of the Bank for the years ended 31 December 2022 and 31 December 2021 are set out in the financial statements, highlights of which are as follows:

	2022 GH¢'000	2021 Restated GH¢'000	1 January 2021 GH¢'000
Profit before tax	120,281	80,921	9,765
Profit after tax	77,946	53,610	6,836
Total assets	2,226,980	1,586,338	418,714
Total liabilities	680,096	390,871	11,878
Total equity	1,546,884	1,195,467	406,836

The Directors do not recommend the payment of dividend for the year ended 31 December 2022 (2021: Nil).

The Directors consider the state of the Bank's affairs to be satisfactory.

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# Report of the Directors to the Members of Development Bank Ghana Limited (continued)

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### Particulars of entries in the Interests Register during the financial year

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

### Corporate social responsibility

A total of GH¢ 723,000.00 (2021: Nil) was spent under the Bank’s corporate social responsibility programme with a key focus on women and enhancing the capacity of micro, small and medium-sized enterprises.

### Capacity building of Directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the Bank’s business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the Bank operates. Strategic activities, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the Bank’s businesses. This further provides insights on industry developments that enables them to effectively fulfill their role on the Board and committees of the Board.

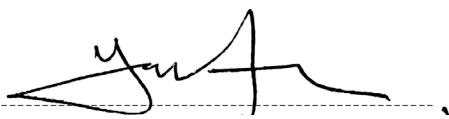
### Audit fees

The audit fee for the year is GH¢ 796,000 (2021: GH¢ 39,353).

### Approval of the report of the Directors

The report of the Directors of Development Bank Ghana Limited was approved by the board of Directors on ..... **21 June 2023** and signed on their behalf by

**Dr. Yaw Ansu**  
Director

  
Signature

**Mr. Kwamina Duker**  
Director

  
Signature

# Independent Auditor's Report

To the Members of Development Bank Ghana Limited

Report on the Audit of the Financial Statements

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## Opinion

We have audited the financial statements of Development Bank Ghana Limited ("the Bank"), which comprise the statement of financial position at 31 December 2022, 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 10 to 73.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and Development Finance Institutions Act, 2020 (Act 1032).

## 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 Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with

the ethical requirements that are relevant to our audit of the 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.

## Emphasis of Matter - comparative information

We draw attention to Note 29 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2021 has been restated. Our opinion is not modified in respect of this matter.

## Other Matter relating to comparative information

The financial statements of Development Bank Ghana Limited as at and for the years ended 31 December 2021 and 31 December 2020 (from which the statement of financial position as at 1 January 2022 has been derived), excluding the adjustments described in Note 29 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 May 2022.

As part of our audit of the financial statements as at and for the year ended 31 December 2022, we audited the adjustments described in Note 29 that were applied to restate the comparative information presented as at and for the year ended

31 December 2021 and the statement of financial position as at 1 January 2021. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2021 or 31 December 2020 (not presented herein) or to the statement of financial position as at 1 January 2021, other than with respect to the adjustments described in Note 29 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 29 are appropriate and have been properly applied.

## Key Audit Matters

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

# Independent Auditor's Report (continued)

To the Members of Development Bank Ghana Limited (continued)

## **Impairment allowance on loans and advances to customers GH¢ 28.5 million** **Refer to Note 7 to the financial statements**

Key audit matter	How the matter was addressed in the audit
<p>The expected credit losses ('ECL') calculation involves significant judgement and estimates. There is increased risk of material misstatement of ECL in the current year due to the increased judgement and estimation uncertainty.</p> <p>The impairment allowances at 31 December 2022 was GHS 28.5 million. The key areas where we identified significant levels of management judgement and therefore increased levels of audit focus in the Bank's estimation of ECL are:</p> <ul style="list-style-type: none"><li>• Economic scenarios – IFRS 9 requires the Bank to measure ECLs on a forward looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied.</li><li>• Significant Increase in Credit Risk ('SICR') – the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime provision is recorded.</li><li>• ECL estimations – Inherently judgemental modelling is used to estimate ECLs which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD models used are the key drivers of the Bank's ECL results and are therefore the most significant judgemental aspect of the Bank's ECL modelling approach.</li><li>• Adjustments to the model driven ECL results are raised by management to address known impairment model limitations, model responsiveness or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these forward looking amounts.</li><li>• Disclosure quality- the disclosures regarding the Bank's credit risks are key to understanding the key judgements and material inputs to the IFRS 9 ECL results. Given the high degree of estimation uncertainty and significance of the balance, we considered impairment allowances on loans and advances to customers to be a key audit matter.</li></ul>	<p>Based on our risk assessment and industry knowledge, we have examined the impairment allowance for loans and advances to customers and evaluated the methodology applied as well as the assumptions made according to the description of the key audit matter. Our procedures included:</p> <ul style="list-style-type: none"><li>• Assessing and testing the design, implementation and operating effectiveness of key controls over the capture, monitoring and reporting of loans and advances to customers.</li><li>• Assessing and testing the design and operating effectiveness of controls over the Bank's loan impairment process regarding management's review process over impairment calculations.</li><li>• Using impairment model specialists to independently assess and substantively validate the impairment models by re performing calculations and agreeing sample of data inputs to source documentation.</li><li>• Assessing whether key data inputs used in the ECL calculation are complete and accurate through testing a sample of relevant data elements and their aggregate amounts against data in the source system.</li><li>• Assessing the ongoing effectiveness of the SICR criteria through loan file reviews and independently determining the staging of a sample of the Bank's loans and advances portfolio.</li><li>• Sample testing over key inputs and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and PD, LGD and EAD assumptions applied.</li><li>• Selecting a sample of post model adjustments, considering the size and complexity of management overlays, including macroeconomic variable (MEV) overlays relating to recent macroeconomic challenges, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample back to source data.</li><li>• Considering the adequacy of the Bank's disclosures in relation to impairment. In addition, we assessed whether the disclosure of the key judgements and assumptions made was reasonable.</li></ul>

### **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 Corporate Information but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance

# Independent Auditor's Report

To the Members of Development Bank Ghana Limited

Report on the Audit of the Financial Statements

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with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992) and Development Finance Institutions Act, 2020 (Act 1032), 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 financial statements, the Directors are responsible for assessing the 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 Bank or to cease operations, or have no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

- 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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# Independent Auditor's Report (continued)

To the Members of Development Bank Ghana Limited (continued)

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We also provide the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the 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.

## **Compliance with the requirements of Section 137 of the Companies Act, 2019 (Act 992)**

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

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

## **Compliance with the requirements of Section 78(2) of the Development Finance Institutions Act, 2020 (Act 1032)**

- 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.
- The Bank's transactions were within its powers and the Bank generally complied with the relevant provisions of the Development Finance Institutions Act 2020 (Act 1032).
- The Bank has generally complied with the provisions of the Anti-Money Laundering Act, 2020 (Act 1044) 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 auditors' report is Frederick Nyan Dennis (ICAG/P/1426).

FOR AND ON BEHALF OF:  
KPMG: (ICAG/F/2023/038)  
CHARTERED ACCOUNTANTS  
13 YIYIWA DRIVE, ABELANKPE  
P O BOX GP 242  
ACCRA, GHANA

**21 June**  
..... 2023

# Development Bank Ghana Limited Statement of Financial Position at 31 December 2022

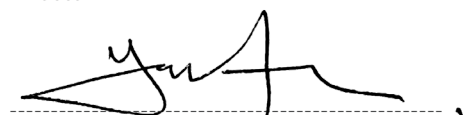
(All amounts are in thousands of Ghana cedis)

	Note	31 December 2022	Restated 31 December 2021	Restated 31 January 2021
<b>Assets</b>				
Cash and cash equivalents	17	127,512	341,860	3,067
Investment securities	16	1,813,396	1,227,032	284,038
Loans and advances to customers	14	218,235	-	-
Intangible assets	13	180	-	-
Property and equipment	12	50,237	16,665	10,987
Deferred tax asset	11(d)	7,769	319	185
Other assets	15	9,651	462	120,437
<b>Total assets</b>		<b>2,226,980</b>	<b>1,586,338</b>	<b>418,714</b>
<b>Liabilities</b>				
Current tax liability	11(c)	80,344	30,559	3,114
Other liabilities	23	40,259	31,835	135
Lease liability	24	9,207	7,937	8,629
Borrowings	22	550,286	320,540	-
<b>Total liabilities</b>		<b>680,096</b>	<b>390,871</b>	<b>11,878</b>
<b>Equity</b>				
Stated capital	18	1,135,021	1,135,021	400,000
Deposit for shares	19	273,471	-	-
Statutory reserve	20	69,196	30,223	3,418
Retained earnings	21	69,196	30,223	3,418
<b>Total equity</b>		<b>1,546,884</b>	<b>1,195,467</b>	<b>406,836</b>
<b>Total equity and liabilities</b>		<b>2,226,980</b>	<b>1,586,338</b>	<b>418,714</b>

## Approval of the financial statements

The financial statements of the Bank were approved by the Board of Directors on 21 June 2023 and signed on their behalf by:

**Dr Yaw Ansu**  
Director



Signature

**Mr. Kwamina Duker**  
Director



Signature

The notes on pages 15 to 73 form an integral part of these financial statements.

# Development Bank Ghana Limited Statement of Comprehensive Income for the Year Ended 31 December 2022

(All amounts are in thousands of Ghana cedis)

	Note	2022	2021 Restated
Interest income calculated using effective interest method	4	311,299	94,546
Interest expense	5	(41,663)	(872)
<b>Net interest revenue</b>		<b>269,636</b>	<b>93,674</b>
Other income	6	24,694	-
<b>Operating income</b>		<b>294,330</b>	<b>93,674</b>
Impairment losses on financial instruments	7	(28,531)	-
Personnel expense	8	(60,921)	(1,477)
Depreciation & amortisation	9	(4,065)	(1,480)
Other expenses	10	(80,532)	(9,796)
<b>Profit before taxation</b>		<b>120,281</b>	<b>80,921</b>
Income tax expense	11(a)	(42,335)	(27,311)
<b>Profit and total comprehensive income for the year</b>		<b>77,946</b>	<b>53,610</b>

The notes on pages 15 to 73 form an integral part of these financial statements.

# Development Bank Ghana Limited Statement of Changes in Equity for the Year Ended 31 December 2022

(All amounts are in thousands of Ghana cedis)

2021	Note	Stated Capital	Deposit for shares	Statutory Reserve	Retained Earnings	Total
Balance at 1 January as previously reported		400,000	-	3,677	3,677	407,354
Impact of correction of errors	29(ii)	-	-	(259)	(259)	(518)
<b>Restated balance at 1 January</b>						
Total comprehensive income (restated)		<b>400,000</b>	-	<b>3,418</b>	<b>3,418</b>	<b>406,836</b>
Profit for the year		-	-	-	53,610	53,610
<b>Total comprehensive income (restated)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>53,610</b>	<b>53,610</b>
<b>Transactions with owners of the Bank</b>						
Contributions and distributions						
Issue of ordinary shares		738,715	-	-	-	738,715
Transaction cost		(3,694)	-	-	-	(3,694)
<b>Total contributions and distributions</b>		<b>735,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735,021</b>
Other transfers						
Transfer to statutory reserves		-	-	26,805	(26,805)	-
<b>Balance at 31 December</b>		<b>1,135,021</b>	<b>-</b>	<b>30,223</b>	<b>30,223</b>	<b>1,195,467</b>

The notes on pages 15 to 73 form an integral part of these financial statements.

2022	Note	Stated Capital	Deposit for shares	Statutory Reserve	Retained Earnings	Total
Balance at 1 January		1,135,021	-	30,223	30,223	1,195,467
Total comprehensive income						
Profit for the year		-	-	-	77,946	77,946
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>77,946</b>	<b>77,946</b>
<b>Transactions with owners of the Bank</b>						
Contributions and distributions						
Deposit for shares	19	-	273,471	-	-	273,471
<b>Total contributions and distributions</b>		<b>-</b>	<b>273,471</b>	<b>-</b>	<b>-</b>	<b>273,471</b>
Other transfers						
Transfer to statutory reserves		-	-	38,973	(38,973)	-
<b>Balance at 31 December</b>		<b>1,135,021</b>	<b>273,471</b>	<b>69,196</b>	<b>69,196</b>	<b>1,546,884</b>

The notes on pages 15 to 73 form an integral part of these financial statements.

# Development Bank Ghana Limited Statement Of Cash Flows For The Year Ended 31 December 2022

(All amounts are in thousands of Ghana cedis)

	Note	2022	Restated 2021
Profit after tax	-	77,946	53,610
Adjustments for:			
Depreciation and amortisation	9	4,065	1,480
Interest income calculated using effective interest method	4	(311,299)	(94,546)
Interest expense	5	41,663	872
Tax expenses	11(a)	42,335	27,311
Impairment losses on financial instruments	14(b)	28,531	-
Write-off of property and equipment	12	53	-
Unrealised exchange loss	-	23,219	-
		(93,487)	(11,273)
Changes in			
Other assets		(9,189)	145,128
Loans and advances to customers		(245,323)	-
Other liabilities		(13,239)	13,256
		(361,238)	147,111
Interest received		272,017	76,431
Interest paid on lease liability	24(c)	(587)	(487)
Interest paid on borrowings	22	(339)	-
<b>Net cash (used in)/generated from operating activities</b>		<b>(90,147)</b>	<b>223,055</b>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	12	(37,600)	(7,159)
Purchase of intangible assets	13	(270)	-
Net purchase of investments securities		(548,526)	(950,032)
<b>Net cash used in investing activities</b>		<b>(586,396)</b>	<b>(957,191)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	22	190,601	338,985
Proceeds from issue of shares	18	-	738,715
Proceeds from deposit for shares	19	273,471	-
Transaction cost paid on shares issued	18	-	(3,694)
Principal lease payments	24(c)	(2,184)	(1,077)
<b>Net cash generated from financing activities</b>		<b>461,888</b>	<b>1,072,929</b>
Net (decrease)/increase in cash and cash equivalents		(214,655)	338,793
Cash and cash equivalents at 1 January		341,860	3,067
Effects on changes in exchange rate on cash and cash equivalents held		307	-
<b>Cash and cash equivalents at 31 December</b>	17	<b>127,512</b>	<b>341,860</b>

The notes on pages 15 to 73 form an integral part of these financial statements.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 1. Reporting Entity

Development Bank Ghana Limited (the “Bank”), is a limited liability company incorporated and domiciled in the City of Accra, Ghana. The address of its registered office is Accra Financial Centre, 8th Floor, Liberia Road, Accra.

The Development Bank Ghana Ltd was established to provide wholesale long to medium-term finance to participating financial institutions (PFIs) to on-lend to micro, small and medium-sized enterprises (MSMEs) in specific sectors such as manufacturing, agribusiness, ICT and high value services. The Bank also provides guarantee finance through PFIs to de-risk the MSMEs. There was no change in the nature of the Bank’s business during the year.

## 2. Basis Of Accounting

The financial statements of Development Bank Ghana Limited have been prepared in accordance with International Financial Reporting Standards (“IFRS as issued by the IASB”) and in the manner required by the Companies Act, 2019 (Act 992) and the Development Finance Institutions Act, 2020 (Act 1032). Details of the Bank’s accounting policies are included in Note 3.

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes where necessary.

### 2.1 Basis of measurement

The financial statements have been prepared on a historical cost basis.

### 2.2 Functional and presentation currency

The Bank’s functional currency is the Ghana cedi. The financial statements are presented in Ghana cedis and all financial information are rounded to the nearest thousand Ghana cedis, except when otherwise indicated.

## 2.3 Use of judgements and estimates

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

### 2.3.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 28(a)(i) – establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward looking information into the measurement of ECL and selection and approval of models used to measure ECL.

### 2.3.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 is included in the following notes:

Note 28(a)(i)- measurement of ECL, including key assumptions used.

## 3. Significant Accounting Policies

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

### a. Foreign currency transactions

Transactions in foreign currencies are translated and recorded in the functional currency of the Bank using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amount in the foreign currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amount in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was measured. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated to the functional currency at the exchange rate date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

### b. Interest

#### (i) Effective Interest Rate

Interest income and expense are recognised in the 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:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired 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.

## **(ii) 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.

## **(iii) Calculation of interest income and expense**

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or 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.

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.

## **Presentation**

Interest income calculated using the effective interest method presented in the statement of comprehensive income includes:

- interest on financial assets measured at amortised cost;

Interest expense presented in the statement of comprehensive income includes:

- Interest expense on financial liabilities measured at amortised cost;
- Interest expense on lease liabilities
- Exchange loss on borrowings; and
- Exchange loss on lease liabilities.

## **c. Leases**

At inception of a contract, the Bank 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.

### **(i) Bank acting as the lessee**

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

The Bank 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 of the lease liability, adjusted for any lease payments made at or before 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 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 re-measurements of the lease liability.

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

The Bank 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 the 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 Bank is reasonably certain to exercise, lease payments

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank 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 change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank 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.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Bank remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

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

## Short-term leases and leases of low-value assets

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

## d. Current and deferred income tax

### (i) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

### (ii) 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 the tax rates enacted or substantively enacted at the reporting date.

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

### (iii) 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.

Temporary differences in relation to a right-of-use asset or a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

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 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 the business plan for the Bank. 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 the temporary differences when they reverse, using the tax rate enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

## e. Financial Instruments

### (i) Recognition and initial measurement

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

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price. See Note 3(E)(vi) for a description of the policy if the fair value of a financial instrument at initial recognition differs from the transaction price.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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## (ii) Classification

### Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost 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:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

All other financial assets are classified as measured at FVTPL.

### Business model assessment

The Bank 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:

- 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;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- 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

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and 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 Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Bank's banking business comprises primarily of loans to customers that are held for collecting contractual cash flows. Sale of loans from the bank portfolios are very rare.

Assessment 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 Bank 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 Bank considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;

- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodic reset of interest rates).

### Reclassifications

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

### Financial liabilities

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

## (iii) Derecognition

### Financial assets

The Bank 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 Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

### Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (iv) Modifications of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, then the Bank 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:

- 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
- 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 Bank 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 does not result in derecognition of the financial asset, then the Bank 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.

Any costs or fees incurred and modification fees received 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, 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 Bank 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 the 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 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.

### Interest rate benchmark reform

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Bank updates the effective

interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met;

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Bank applies the policies on accounting for modifications set out above to the additional changes.

### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank 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.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards.

### (vi) 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 Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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When one is available, the Bank 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 Bank 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 Bank 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 difference, 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 ask price, then the Bank 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 Bank 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 Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which change has occurred.

## **(vii) Impairment**

The Bank recognises Expected Credit Loss (ECL) on financial assets that are debt instruments that are not measured at FVTPL.

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

- debt investment securities that are determined to have a low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Bank 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 Bank 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'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

## **Measurement of ECL**

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

- 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 Bank expects to receive);
- 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; and

ECLs are discounted at the effective interest rate of the financial asset.

## **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:

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

- 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.
- 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 Bank assesses whether financial assets carried at amortised cost 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:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- 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 making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- 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 financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Write-offs

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

Bank 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 an individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment loss on financial assets' 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 Bank's procedures for recovery of amounts due.

## f. Cash and cash equivalents

"Cash and cash equivalents" include unrestricted balances held with the Central Bank of Ghana, bank balances with other 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 Bank in the management of its short-term commitments. Short-term investments in investment securities are not for meeting short-term commitments.

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

## g. Loans and advances

The 'loans and advances to customers' caption in the statement of financial position are measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

## h. Investment securities

The 'investment securities' caption in the statement of financial position are measured at amortised cost; these are initially measured at fair value plus incremental

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

direct transaction costs, and subsequently at their amortised cost using the effective interest method.

## i. Borrowings

Borrowings are the Banks' source of debt funding.

Borrowings are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective interest method

## j. Property and equipment

### (i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

### (ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Useful life is the period over which an asset is expected to be available for use. The estimated useful lives of property and equipment for the current and comparative periods are as follows:

Computer accessories	5 years
Office equipment	5 years
Furniture & fitting	5 years
Motor vehicles	5 years
Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.	

## k. Intangible assets

### (i) Software

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

Expenditure on internally developed software is recognised as an asset when the Bank is able to demonstrate: that the product is technically and commercially 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.

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 recognised in profit or loss as it is 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.

## l. Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating unit (CGUs). A cash generating unit is the smallest identifiable asset that generates cash flows that are largely independent from other assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## m. Employment benefits

### (i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (ii) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

## n. Share capital

The Bank's share capital is not redeemable by holders in the normal course of business and bears an entitlement to distributions that is non-cumulative and at the discretion of the Directors. Accordingly, they are presented as a component of issued capital within equity. Proceeds from issue of equity shares are classified as equity. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

## o. New Standards and Interpretations issued not yet adopted

A number of new standards, amendments to standards, interpretations and amendments are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. Those which may be relevant to the Bank's financial statements are set out below:

### i) Classification of financial liabilities as current or non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Bank is yet to assess the effect of the standard on its financial statements.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

### (ii) Definition of accounting estimate (Amendments IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank is yet to assess the effect of the standard on its financial statements.

### (iii) Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The Bank is yet to assess the effect of the standard on its financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

## (iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Bank is yet to assess the effect of the standard on its financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

## 4. Interest Income Calculated Using the Effective Interest Method

	2022 GH¢'000	2021 GH¢'000
Loans and advances to customers	10,942	-
Investment securities at amortised cost	300,357	94,546
	<b>311,299</b>	<b>94,546</b>

Interest received in the current year amounted to GH¢ 272.02 million (2021: GH¢ 76.43).

## 5. Interest Expense

	2022 GH¢'000	Restated 2021 GH¢'000
Borrowings from World Bank through Ministry of Finance	2,418	-
Borrowings from KfW	11,659	-
Exchange loss on borrowing- KfW	23,545	-
Interest expense on lease liability	587	487
Exchange loss on lease liability	3,454	385
Financial liabilities measured at amortised cost	<b>41,663</b>	<b>872</b>

## 6. Other Income

	2022 GH¢'000	2021 GH¢'000
Foreign exchange gains	<b>24,694</b>	-

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 7. Impairment Loss on Financial Instruments

	2022 GH¢'000	2021 GH¢'000
Net measurement of loss allowance	28,531	-

## 8. Personnel Expenses

	2022 GH¢'000	2021 GH¢'000
Salaries	11,575	1,452
Employer's pension contribution	2,149	25
Other short-term employee benefits	47,197	-
	<b>60,921</b>	<b>1,477</b>

The average number of persons employed by the Company during the year to 31 December 2022 was 49 (2021: 7).

## 9. Depreciation and Amortisation

	2022 GH¢'000	Restated 2021 GH¢'000
Depreciation (Note 12)	3,975	1,480
Amortisation (Note 13)	90	-
	<b>4,065</b>	<b>1,480</b>

## 10. Depreciation and Amortisation

	2022 GH¢'000	Restated 2021 GH¢'000
Travel and Hospitality	1,439	-
IT expenses	13,778	3,659
Insurance	486	-
Audit fees	797	39
Short term lease rentals	66	-
Utilities and cleaning	365	-
Professional Fees	49,905	3,078
Corporate social responsibility	723	-
Investor Relations and Communication	2,887	-
Security Expense	61	-

# Development Bank Ghana Limited Statement Of Cash Flows For The Year Ended 31 December 2022

	2022 GH¢'000	Restated 2021 GH¢'000
Director Fees and Allowances	7,099	1,481
Licensing fee	-	379
Other expenses	2,926	1,160
	<b>80,532</b>	<b>9,796</b>

## 11. Taxation

### (a) Tax expenses

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	2022 GH¢'000	Restated 2021 GH¢'000
Corporate tax	37,757	20,364
National Fiscal Stabilization Levy (NFSL)	6,014	4,046
Financial Sector Recovery Levy (FSRL)	6,014	3,035
<b>Current tax (Note 11c)</b>	<b>49,785</b>	<b>27,445</b>
Origination and reversal of temporary differences	(7,450)	(134)
<b>Movement in deferred tax (Note 11d)</b>	<b>(7,450)</b>	<b>(134)</b>
	<b>42,335</b>	<b>27,311</b>

### (b) Reconciliation of effective tax rate

	2022 GH¢'000	Restated 2021 GH¢'000
Profit before income tax	120,281	80,921
Tax computed at the statutory income tax rate of 25%	30,070	20,230
Effect of non-deductible expenses	895	421
Effect of non-taxable incomes	(658)	(421)
National stabilisation levy	6,014	4,046
Financial sector recovery levy	6,014	3,035
<b>Income tax expense</b>	<b>42,335</b>	<b>27,311</b>
	35%	34%

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (c) Current tax

Year of assessment	At Jan 1 GH¢'000	Charged to profit or loss GH¢'000	Payments GH¢'000	At Dec 31 GH¢'000
<b>31 December 2022</b>				
<b>Corporate tax</b>				
2020	2,626	-	-	2,626
2021	20,364	-	-	20,364
2022	-	37,757	-	37,757
	<b>22,990</b>	<b>37,757</b>		<b>60,747</b>
<b>National Fiscal Stabilization Levy (NFSL)</b>				
2020	488	-	-	488
2021	4,046	-	-	4,046
2022	-	6,014	-	6,014
	<b>4,534</b>	<b>6,014</b>	-	<b>10,548</b>
<b>Financial Sector Recovery Levy (FSRL)</b>				
2021	3,035	-	-	3,035
2022	-	6,014	-	6,014
	<b>3,035</b>	<b>6,014</b>	-	<b>9,049</b>
<b>Total</b>	<b>30,559</b>	<b>49,785</b>	-	<b>80,344</b>
<b>31 December 2021 (Restated)</b>				
2020	2,626	-	-	2,626
2021	-	20,364	-	20,364
	<b>2,626</b>	<b>20,364</b>	-	<b>22,990</b>
<b>National Fiscal Stabilization Levy (NFSL)</b>				
2020	488	-	-	488
2021	4,046	4,046	-	4,046
	<b>4,534</b>	<b>4,046</b>	-	<b>4,534</b>
<b>Financial Sector Recovery Levy (FSRL)</b>				
2021	-	3,035	-	3,035
	-	<b>3,035</b>	-	<b>3,035</b>
<b>Total</b>	<b>3,114</b>	<b>27,445</b>	-	<b>30,559</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (d) Deferred tax (assets)/liabilities

The deferred tax (assets)/liabilities are attributed to the following:

	2022 GH¢'000	Restated 2021 GH¢'000
Property and equipment	434	31
Leases	(1,070)	(350)
Loan impairment	(7,133)	-
	<b>(7,769)</b>	<b>(319)</b>

The deferred tax assets were recognised on the basis that the bank will make sufficient taxable profits for the deductible temporary differences to be utilised. The profit projection was based on the Bank's five-year business plan.

Movement in deferred tax (assets)/liabilities:

	At Jan 1 GH¢'000	Charged to P&L GH¢'000	At Dec 31 GH¢'000
<b>31 December 2022</b>			
Property and equipment	31	403	434
Leases	(350)	(720)	(1,070)
Loan impairment	-	(7,133)	(7,133)
	<b>(319)</b>	<b>(7,450)</b>	<b>(7,769)</b>
<b>31 December 2021 (Restated)</b>			
Property and equipment	-	31	31
Leases	(185)	(165)	(350)
	<b>(185)</b>	<b>(134)</b>	<b>(319)</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 12. Property and Equipment

	Computer and accessories GH¢'000	Office equipment GH¢'000	Furniture & Fitting GH¢'000	Motor Vehicles GH¢'000	Capital work in progress GH¢'000	Right of Use Asset (See note 24) GH¢'000	Total GH¢'000
<b>Cost</b>							
Balance at 1 January 2021 (Restated)	-	-	-	-	2,648	8,829	11,477
Additions	265	142	-	-	6,752	-	7,159
<b>Balance at 31 December 2021 (Restated)</b>	<b>265</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>9,400</b>	<b>8,829</b>	<b>18,636</b>
Balance at 1 January 2022	265	142	-	-	9,400	8,829	18,636
Additions	1,883	1,554	592	7,572	25,999	-	37,600
Transfer	912	92	8,344	-	(9,348)	-	-
Write-off	-	-	-	-	(53)	-	(53)
<b>Balance at 31 December 2022</b>	<b>3,060</b>	<b>1,788</b>	<b>8,936</b>	<b>7,572</b>	<b>25,998</b>	<b>8,829</b>	<b>56,183</b>
<b>Accumulated Depreciation</b>							
Balance at 1 January 2021 (Restated)	-	-	-	-	-	491	491
Charge for the year	4	4	-	-	-	1,472	1,480
<b>Balance at 31 December 2021 (Restated)</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,963</b>	<b>1,971</b>
Balance at 1 January 2022	4	4	-	-	-	1,963	1,971
Charge for the year	593	176	969	765	-	1,472	3,975
<b>Balance at 31 December 2022</b>	<b>597</b>	<b>180</b>	<b>969</b>	<b>765</b>	<b>-</b>	<b>3,435</b>	<b>5,946</b>
<b>Carrying Amount At 31 December 2021 (Restated)</b>	<b>261</b>	<b>138</b>	<b>-</b>	<b>-</b>	<b>9,400</b>	<b>6,866</b>	<b>16,665</b>
<b>At 31 December 2022</b>	<b>2,463</b>	<b>1,608</b>	<b>7,967</b>	<b>6,807</b>	<b>25,998</b>	<b>5,394</b>	<b>50,237</b>

There was no indication of impairment of property and equipment held by the Bank at 31 December 2022 (2021: Nil). None of the property and equipment of the Bank had been pledged as security for liabilities and there were no restrictions on the title of any of the Bank's property and equipment at the reporting date and at the end of the previous year.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 13. Intangible Asset:

	2022 GH¢'000	2021 GH¢'000
<b>Software</b>		
<b>Cost</b>		
Balance at 1 January	-	-
Additions	270	-
Balance at 31 December	270	-
<b>Accumulated amortisation</b>		
Balance at 1 January 2021	-	-
Charge for the year	90	-
Balance at 31 December	90	-
<b>Carrying amount at 31 December</b>	<b>180</b>	<b>-</b>

## 14. Loans And Advances To Customers:

	2022 GH¢'000	2021 GH¢'000
<b>(a) Reconciliation</b>		
Loans and advances to customers	245,322	-
Accrued interest on loans and advances to customers	1,444	-
	246,766	-
Allowance for impairment losses	(28,531)	-
	<b>218,235</b>	<b>-</b>
Current	1,444	-
Non-current	216,791	-
	<b>218,235</b>	<b>-</b>
<b>(b) Impairment allowance</b>		
Reconciliation of the opening and closing balances of impairment allowance		
At January 1	-	-
Charge for the year	28,531	-
<b>At December 31</b>	<b>28,531</b>	<b>-</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 15. Other Assets:

	2022 GH¢'000	Restated 2021 GH¢'000
Prepayment	8,802	-
Staff rent advance	367	-
Security deposit	462	462
Sundry assets	20	-
<b>Total</b>	<b>9,651</b>	<b>462</b>
Current	8,822	-
Non-current	829	462
<b>Total</b>	<b>9,651</b>	<b>462</b>

## 16. Investment Securities:

	2022 GH¢'000	Restated 2021 GH¢'000
Fixed deposits	1,794,023	1,227,032
Treasury bills	19,373	-
	<b>1,813,396</b>	<b>1,227,032</b>

The balance as at year end and 31 December 2021 are current as the duration is less than 12 months.

Fixed deposits made with financial institutions were fully collateralised with assigned securities from counterparties. Although the quality of the assigned securities from counterparties are deemed to be credit-impaired as a result of the impact of the debt-exchange programme, the fixed deposits are short-term in nature and a number had matured within four months after year end with no defaults. As a result of this, no loss allowance has been recognised for the fixed deposits.

## 17. Cash and Cash Equivalents:

	2022 GH¢'000	Restated 2021 GH¢'000
Cash balances with Banks	127,462	341,860
Cash balances with the Central Bank	50	-
	<b>127,512</b>	<b>341,860</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 18. Share Capital

The authorised shares of the Bank are 50,000,000,000 equity shares (2021: 50,000,000,000) of no-par value of which 1,138,715 (2021: 1,315,021) have been issued for cash as follows:

	2022		Restated 2021	
	No. of shares	Proceeds GH¢'000	No. of shares	Proceeds GH¢'000
<b>Issued for cash</b>				
As at 1 January	1,138,715	1,135,021	400,000	400,000
Addition capital	-	-	738,715	738,715
Transaction cost paid	-	-	-	(3,694)
As at 31 December	<b>1,138,715</b>	<b>1,135,021</b>	<b>1,138,715</b>	<b>1,135,021</b>

There was no unpaid liability on shares and there are no shares in treasury. All equity shares are held by the Government of Ghana through the Ministry of Finance. The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All equity shares rank equally with regard to the Bank's residual assets.

## 19. Deposit For Shares

Deposit for shares represents payments made for the acquisition of shares by potential shareholders which were pending approval by the Bank of Ghana as at the end of the year. These shares have therefore not been issued and are yet to be registered with the Registrar General.

## 20. Statutory Reserves

The statutory reserve represents the cumulative amounts set aside from annual net profit after tax as required by Section 25 of the Development Finance Institutions Act, 2020 (Act 1032). 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. The amount transferred to statutory reserve in the current year represents 50% of the approximately GH¢ 78 million net profit after tax.

## 21. Retained Earnings

The retained earnings represents the residual of cumulative annual profits that are available for distribution to shareholders. Movements in the retained earnings account are shown in the statement of changes in equity.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 22. Borrowings

	2022 GH¢'000	Restated 2021 GH¢'000
KfW	357,606	320,540
World Bank via Ministry of Finance	192,680	-
	550,286	320,540
The movement on borrowings is as follow:		
	2022 GH¢'000	Restated 2021 GH¢'000
<b>KFW loan</b>		
Balance at 1 January	320,540	-
Additions	-	338,985
Interest expense	13,522	-
Exchange loss	23,544	-
Fair value on initial recognition	-	(18,445)
<b>Balance at 31 December</b>	<b>357,606</b>	<b>320,540</b>
<b>World Bank via Ministry of Finance loan at amortised cost</b>		
Balance at 1 January	-	-
Additions	190,601	-
Interest expense	2,418	-
Interest paid	(339)	-
<b>Balance at 31 December</b>	<b>192,680</b>	<b>-</b>
<b>Total at 31 December</b>	<b>550,286</b>	<b>320,540</b>
Current	18,169	-
Non-current	532,117	320,540
<b>Total</b>	<b>550,286</b>	<b>320,540</b>

### (a) KfW

The KfW loan was granted on 31 December 2021 and represents a subordinated long term facility of EUR 46.5 million for a period of ten (10) years at an interest rate of 4% p.a. The purpose of the loan is to support micro, small and medium-sized enterprises (MSMEs) in Ghana through the provision of tailored financing. Interest is to be calculated using the simple interest method. The principal loan amount and accrued interest are payable in Euro any time after five years up until maturity. Repayment of the principal loan amount and accrued interest are to be made in EUR. However, the total principal loan amount to be repaid in EUR is determined based on changes in the exchange rates as stated in the loan contract on the date of payment.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (b) World Bank via Ministry of Finance

Under a financing agreement dated 12 November 2020 between the Ministry of Finance (MoF) and the International Development Association, a member of the World Bank Group, the MoF entered into a subsidiary agreement with the Bank in February 2022 and on 17 July 2022, on-lent the Ghana cedi equivalent of US\$26 million to the Bank to support the establishment of a financially sustainable development bank with the purpose of increasing access to finance, in particular long-term projects for viable micro, small and medium-sized enterprises (MSMEs) and small corporates. The loan is a long-term facility for a period of thirty (30) years at an interest rate of 2% p.a. Interest is to be calculated using a simple interest method. The disbursed and outstanding amount on the on-lent facility is payable in fifty (50) semi-annual instalments after a five (5) year moratorium on the on-lent facility. Repayment of the principal loan amount and accrued interest are to be made in Ghana cedis.

## 23. Other Liabilities

	2022 GH¢'000	Restated 2021 GH¢'000
Statutory deductions payable	3,728	187
Due to directors	-	1,481
Accrued expenses	19,931	5,106
Due to Consolidated Bank Ghana	-	6,616
Deferred income	16,600	18,445
	<b>40,259</b>	<b>31,835</b>
Current	25,505	15,236
Non-current	14,754	16,599
<b>Total</b>	<b>40,259</b>	<b>31,835</b>

## 24. Leases

The Bank leases its office premises for a period of three (3) years with an option to renew the lease after the date. Payments are renegotiated periodically to reflect market rentals.

Information about leases for which the Bank is a lessee is presented below.

### (a) Right-of-use assets

Right-of-use assets relate to its leased office that are presented within the property and equipment.

	2022 GH¢'000	Restated 2021 GH¢'000
Balance at 1 January	6,866	8,338
Depreciation charge for the year	(1,472)	(1,472)
<b>Balance at 31 December</b>	<b>5,394</b>	<b>6,866</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (b) Amount recognised in profit or loss

	2022 GH¢'000	Restated 2021 GH¢'000
Depreciation of right-of-use assets	1,472	1,472
Interest expense on lease liabilities	587	487
Exchange difference on lease liability	3,454	385
Expenses relating to short term leases	66	-

## (c) Amounts recognised in cashflow

	2022 GH¢'000	Restated 2021 GH¢'000
Short term leases	(66)	-
Lease payments (Interest)	(587)	(487)
Lease payments (Principal)	(2,184)	(1,077)
<b>Total</b>	<b>(2,837)</b>	<b>(1,564)</b>

## (c) Extension options

The Bank's lease contains extension options exercisable by the Bank for additional three (3) years before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement due date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is significant event or significant changes in circumstances within its control.

The Bank has assessed that all contractual extension options will be exercised and have therefore included all potential future lease payments of GH¢ 6.8 million in the calculation of the lease liability.

## (e) Lease liability

	2022 GH¢'000	Restated 2021 GH¢'000
Balance as at 1 January	7,937	8,629
Interest expense	587	487
Interest payments	(587)	(487)
Principal lease payments	(2,184)	(1,077)
Exchange loss	3,454	385
Balance as at 31 December	<b>9,207</b>	<b>7,937</b>
Current portion	2,814	1,913
Non-current portion	6,393	6,024
	<b>9,207</b>	<b>7,937</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (f) Contractual undiscounted cashflows as at 31 December

	2022 GH¢'000	Restated 2021 GH¢'000
Less than one year	2,813	2,732
Between one and five years	7,409	10,222
	<b>10,222</b>	<b>12,954</b>

## 25. Related Parties

### A. Parent and ultimate controlling party

Development Bank Ghana Ltd is 100% owned by the Government of Ghana.

### B. Transactions with key directors and key management personnel

#### (i) Transactions with directors

Remuneration is paid to directors in the form of fees and sitting allowances to non-executive directors and salaries to the executive director of the Bank. Directors' emoluments and amount due to directors are disclosed in Note 14 and 10 respectively.

#### (ii) Key management personnel compensation

Key management personnel compensation comprised the following:

	2022 GH¢'000	Restated 2021 GH¢'000
Salaries	4,244	-
Employer's pension contribution	654	-
Other short-term employee benefits	15,657	-
	<b>20,555</b>	<b>-</b>

#### (iii) Key management personnel balances

	2022 GH¢'000	Restated 2021 GH¢'000
Rent advance	367	-

Advances to staff are granted at no interest and are repayable over an agreed period of time with the staff.

#### (iv) Transactions with related parties

	2022 GH¢'000	Restated 2021 GH¢'000
Balance at 1 January	-	-
Loans advanced during the year	146,067	-
Balance at 31 December	<b>146,067</b>	<b>-</b>
Interest earned on related party loans during the year	6,327	-

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

Transactions with related parties include a loan granted to a related party at an interest rate of 10%, which is consistent with interest rates on third party loans. The Bank's loans to customers, including related parties, are done on an unsecured basis. As at 31 December 2022, the balances with related parties are allocated to Stage 2 of the ECL model and have a loss allowance of GH¢14.2 million (2021: nil). The same amount was recognised as an impairment loss during the year (2021: nil).

## 26. Classification of Financial Assets and Liabilities

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

	Amortised cost GH¢'000	Restated 2021 GH¢'000
Cash and cash equivalents	127,512	127,512
Loans and advances to customers	218,235	218,235
Investment securities	1,813,396	1,813,396
Other assets*	849	849
<b>Total financial assets</b>	<b>2,159,992</b>	<b>2,159,992</b>
Borrowings	550,286	550,286
Lease liability	9,207	9,207
Other liabilities*	36,531	36,531
<b>Total financial liabilities</b>	<b>596,024</b>	<b>596,024</b>
<b>Restated 2021</b>		
Cash and cash equivalents	341,860	341,860
Investment securities	1,227,032	1,227,032
Other assets *	462	462
<b>Total financial assets</b>	<b>1,569,354</b>	<b>1,569,354</b>
Borrowings	320,540	320,540
Lease liability	7,937	7,937
Other liabilities*	31,648	31,648
<b>Total financial liabilities</b>	<b>360,125</b>	<b>360,125</b>

\*Other assets and other liabilities exclude prepayments and statutory deductions payable respectively.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## 27. Fair Value of Financial Instruments

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Amortised cost GH¢'000	Carrying amount GH¢'000	Fair value Level 2 GH¢'000	Fair value Level 3 GH¢'000
<b>31 December 2022</b>				
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	127,512	127,512	-	-
Loans and advances to customers	218,235	218,235	275,297	-
Investment securities	1,813,396	1,813,396	-	-
Other assets*	849	849	-	-
	<b>2,159,992</b>	<b>2,159,992</b>	<b>275,297</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Borrowings	550,286	550,286	-	302,649
Other liabilities*	36,531	36,531	-	-
	<b>586,817</b>	<b>586,817</b>	<b>-</b>	<b>302,649</b>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	341,860	341,860	-	-
Investment securities	1,227,032	1,227,032	-	-
Other assets*	462	462	-	-
	<b>1,569,354</b>	<b>1,569,354</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>				
Borrowings	320,540	320,540	-	-
Other liabilities*	31,648	31,648	-	-
	<b>352,188</b>	<b>352,188</b>	<b>-</b>	<b>-</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

\*Other assets and other liabilities exclude prepayments and statutory deductions payable respectively.

## i. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. Valuation techniques used include discounted cash flow analysis and pricing models and where appropriate, comparison with instruments that have characteristics similar to those of instruments held by the Bank.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

The Finance function is responsible for independent price verification, oversight of fair value and appropriate value adjustments and escalation of valuation issues. Independent price verification is the process of determining that the valuations incorporated into the financial statements are validated independent of the business area responsible for the product.

The Finance function has oversight of the fair value adjustments to ensure that the financial instruments are priced to exit. These are key controls in ensuring the material accuracy of the valuations incorporated in the financial statements. The market data used for price verification may include data sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and The Finance function performs a periodic review of the suitability of the market data used for price testing.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

### a. Valuation models

The Bank measures fair values using the following hierarchy, which reflects the significance of the inputs used in making the measurements.

- **Level 1** - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2** - Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3** - Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs that are not observable and unobservable inputs have significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or adjustments are required to reflect differences between the instruments.

To determine the fair value for any financial assets or liabilities the following guidelines are applied within the Bank. There are different key indicators to determine the fair value. One is the remaining maturity, if it is less than six months the fair value equals the balance sheet amount.

The fair value remains the balance sheet amount too, if the remaining maturity is more than six month and has still the same effective interest rate for newly disbursed loans at measurement date, as it can be assumed to be a market rate. The interest rate is another indicator and if the interest rate is variable the fair value is equal to the balance sheet amount. A different effective interest rate at measurement date would lead to application of discounted cash flow method in order to determine the fair value.

The fair value calculations have been determined using a discounted cash flow method. The valuation techniques use observable current market transactions and market rates for similar market transactions (e.g., yield rates, interest rates).

There were no transfers between the different levels in 2022 and 2021.

### (i) Loans and advances to customers

Loans and advances to customers are net of charges for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flows expected to be received.

### Borrowings

The estimated fair value of borrowings represents the discounted amount of estimated future cash flows expected to be received. The significant unobservable input is the risk adjusted discount rates. Where the borrowings include embedded derivatives, these instruments are valued by either observable inputs or valuation models. The Bank classifies such contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole). Where significant unobservable inputs are used, such contracts are classified as Level 3 financial instruments.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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## 28. Financial Risk Management

The risk arising from financial instruments to which the Bank is exposed are credit risk, liquidity risk and market risk. The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Risk and Credit Committee, which is responsible for approving and monitoring Bank's risk management policies.

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

The Bank Finance and Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Finance and Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management.

### a. Credit risk

Credit risk is the risk that the party to a credit transaction will be unable to meet its contractually agreed obligations towards the Bank. For the Bank, credit risk arises mainly from its Participating Financial Institution (PFI) credit exposures and to a lesser extent from interbank or other short-term placements.

The aim of the Bank's lending programme is to provide unsecured finance to Partner banks who would then on-lend to micro, small and medium-sized enterprises (MSMEs). To ensure the sustainability of its programme, the Bank has developed an approach to lending that allows it to preserve a good portfolio quality over many years.

The core principle of this approach is that credit decisions are primarily based on a thorough analysis of the PFIs' credit worthiness, i.e., the capacity of the PFIs to pay. The debt capacity is reflected in a cash flow projection, forming the basis for the decision on the loan conditions and the payment plan. By conducting an in-depth analysis of the borrower's financial status, the Bank controls the danger of over indebtedness.

As loans are primarily backed by information instead of collateral, credit risk (as well as operational cost) crucially depends on the efficiency of gathering and processing information.

All loans to PFIs are approved by the Board of the company after review of detailed analysis provided by management.

And the repayments of the loans are closely monitored by regular visits to the PFIs supported by a strong management information system (MIS) and a culture of strict adherence to procedures and rules.

The Bank measures the level of credit risk to PFIs that are in arrears with any part of their obligations i.e. above 30 days. As at 31 December 2022, there were no arrears in repayments.

### (i) Expected credit loss measurement

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

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

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

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are disclosed below.

### Significant increase in credit risk (SICR)

The Bank uses quantitative, qualitative or backstop criteria as the basis to consider whether financial instruments have experienced a significant increase in credit risk.

### Quantitative criteria

The Bank uses the probability of default (PDs) of financial instruments as the quantitative measure in assessing for impairment. A financial instrument or group of financial instruments will be determined to have experienced a SICR if the remaining lifetime PDs at the reporting date has increased by five hundred basis point compared to the residual lifetime PDs expected at the reporting date when the exposure was first recognised. The PDs are determined using multiple forward economic scenarios which have been summarised by various rating agencies based on the country's rating.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## Qualitative criteria

Currently the Bank has only two kinds of exposure grouping namely; PFI credit exposures and interbank or other short-term placements. The Bank performs an assessment of the financial asset groupings in order to identify financial assets with similar characteristics based on entity and portfolio level factors. Qualitative criteria (current and forward-looking) are then determined for the unique portfolio and sub-portfolio groupings in determining whether there has been a significant increase in credit risk for a financial asset or group of financial assets. The criteria will include factors such as:

- In short-term forbearance.
- Extension to the terms granted.
- Previous arrears within the last twelve (12) months.
- If the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:
- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower.

Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans. The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness.

## Backstop

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

## Definition of default and credit-impaired assets

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

## Quantitative criteria

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

## Qualitative criteria

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

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

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

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

The 12-month ECL is the portion of lifetime-ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

## (i) Expected credit loss measurement

**Stage 1:** A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1'. Financial instruments in this Stage have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Stage 1 includes all financial instruments, which did not exhibit a "significant increase in credit risk" and for which no signs of impairment have been observed. The reference date is the date of initial recognition. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

**Stage 2:** Consists of financial instruments that appear to have a significant increase in credit risk, but is not yet deemed to be credit-impaired. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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**Stage 3:** Includes financial instruments with objective evidence of impairment and consists of defaulted instruments.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of ECL.

The Bank's ECL calculations are based on a weighted average of different market scenarios which incorporate industry benchmarks (15% weight), regulatory requirements (20% weight), Global Credit Data (GCD) reports (15% weight), 5% probability of loss (15% weight), 10% probability of loss (15% weight) and probability of no loss (20% weight).

Elements of the ECL calculations that are considered accounting judgements and estimates include:

- The Bank's use of probability of default (PD) which is based on the average cumulative issuer-weighted global default rates by letter rating. The source of the Banks' PD is from international credit rating agencies such as Moody's or Fitch.
- The Bank's loss given default (LGD) which is based on the average corporate debt recovery rate measured by trading prices for senior unsecured bank loans.
- Development of ECL models, including the various formulas and the choice of inputs

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

## The calculation of ECL

The Bank calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD used in the current year was 47%.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

**Stage 1:** Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments. 12-month ECLs 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.

The Bank calculates the ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

## Forward looking information

The Bank's model utilises benchmarked external supplementary data which has sufficiently captured the impact of forward-looking information for modelling purposes. Key drivers of credit risk identified by the Bank are GDP growth, inflation and interest rates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## Sensitivity analysis of ECL

Given the level of uncertainty required in the determination of ECL, the Bank has conducted a sensitivity analysis in order to indicate the impact on ECL when assigning a probability weighting of 100% to each market scenario as follows:

Impact\ Scenarios	Moody's	Basel III	GCD	Specialist	Regulatory	No loss scenario	Probability-weighted
<b>2022</b>							
<b>Impact (GHS'000)</b>	61,469	52,190	27,835	5,799	25,516	-	28,531
% Change from probability-weighted ECL	115%	83%	-2%	-80%	-11%	-100%	-

There were no ECLs in 2021.

## Quality of loan portfolio

The following table shows the current quality of the loan portfolio. The risk coverage ratio puts loan loss provisions in relation to the portfolio at risk (PAR) 30 bucket.

As of 31 December 2022, the quality of the loan portfolio is as follows:

Outstanding Portfolio (Principal) GH¢'000	PAR>30 GH¢'000	%	PAR>90 GH¢'000	%	Risk Coverage Ratio %
218,235	218,235	100%	-	0%	100%

The Bank sets up allowance accounts for all loans, including loans which are not past due.

## (ii) Credit quality by class of financial assets

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

### Loans and advances to customers

	GH¢'000 Stage 1	GH¢'000 Stage 1	GH¢'000 Stage 3	GH¢'000 Total
<b>31 December 2022</b>				
Current: Low risk	-	-	-	-
Satisfactory: Fair risk	-	246,766	-	246,766
Gross carrying amount	-	246,766	-	246,766
Loss allowance	-	(28,531)	-	(28,531)
<b>Carrying amount</b>	-	<b>218,235</b>	-	<b>218,235</b>

### Investment securities

	GH¢'000 Stage 1	GH¢'000 Stage 1	GH¢'000 Stage 3	GH¢'000 Total
<b>31 December 2022</b>				
Current: Low risk	-	-	-	-
Satisfactory: Fair risk	-	387,838	-	387,838
Gross carrying amount	-	387,838	-	387,838
Loss allowance	-	-	-	-
<b>Carrying amount</b>	-	<b>387,838</b>	-	<b>387,838</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## Cash and cash equivalents

	GH¢'000 Stage 1	GH¢'000 Stage 1	GH¢'000 Stage 3	GH¢'000 Total
<b>31 December 2022</b>				
Satisfactory: Fair risk	-	1,533,697	19,373	1,553,070
Gross carrying amount	-	1,533,697	19,373	1,553,070
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>-</b>	<b>1,533,697</b>	<b>19,373</b>	<b>1,553,070</b>
<b>31 December 2021</b>				
Satisfactory: Fair risk	1,568,892	-	-	1,568,892
Gross carrying amount	1,568,892	-	-	1,568,892
Loss allowance	-	-	-	-
<b>Carrying amount</b>	<b>1,568,892</b>	<b>-</b>	<b>-</b>	<b>1,568,892</b>

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

### (iii) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis of determining transfers due to changes in credit risk is set out in the accounting policy.

The Bank commenced granting loans in June 2022.

## Loans and advances to customers

	GH¢'000 Stage 1	GH¢'000 Stage 1	GH¢'000 Stage 3	GH¢'000 Total
<b>31 December 2022</b>				
Balance at 1 January	-	-	-	-
New loans originated	-	(28,531)	-	(28,531)
<b>Balance at 31 December</b>	<b>-</b>	<b>(28,531)</b>	<b>-</b>	<b>(28,531)</b>

## Cash and cash equivalents, investment securities and other assets

A significant portion of cash and cash equivalents and investment securities relate to short-term investments in fixed deposits with maturities of less than six months. A number of these investments matured within 3 months after the financial year end. Impairments of these balances were not deemed to be material and have therefore not been disclosed. Financial assets within the 'other assets' balance is not considered material.

The table below provides an explanation of how significant changes in the gross carrying amount of financial instruments during the year contributed to changes in loss allowance.

	Stage 1 GHS'000	Stage 2 GHS'000	Stage 3 GHS'000
<b>Loans and advances to customers</b>			
Downgrade of country's credit rating impacting loss given default by participating financial institutions (PFIs)		<b>28,531</b>	

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## Credit impaired financial assets

Treasury bills totaling GHS 19.4 million (2021: nil) were considered credit-impaired at year end as a result of the impact of the Ghana Domestic Debt Exchange Programme.

## Portfolio concentration

Portfolio concentration arises when the Bank has significant credit exposures focused in a limited number of counterparties. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The bank currently has only two client exposures and the following table shows the amount of the loan portfolio concentrated on these client exposures.

Customer type	2022			2021		
	Outstanding Portfolio GH¢'000	Amount GH¢'000	%	Outstanding Portfolio GH¢'000	Amount GH¢'000	%
Banks- Government owned	146,105	146,105	59%	-	-	-
Banks- Privately owned	100,661	100,661	41%	-	-	-

## (iv) Maximum exposure to credit risk before collateral held

The maximum exposure to credit risk to financial assets are as follows:

	2022 GH¢'000	2021 GH¢'000
Cash and cash equivalents	127,512	341,860
Investment securities held at amortised cost	1,813,396	1,227,032
Loans and advances to customers	218,235	-
Other financial assets	849	462
<b>At 31 December</b>	<b>2,159,992</b>	<b>1,569,354</b>

The above represents the maximum exposure to credit risk at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached.

## (v) Collateral held and other credit enhancements, and their financial effect

The Bank's loans to customers are done on an unsecured basis. It therefore does not hold collateral against loans to customers. The Bank holds collaterals in the form of investment securities pledged to the Bank for its investment securities (See note 16).

## (b) Liquidity Risk

Liquidity risk is the danger that the Bank will no longer be able to meet its payment obligations in full, or in a timely manner. It is also the danger that additional funding can no longer be obtained or can only be obtained at significantly increased costs.

The Bank concentrates on lending to Participating Financial Institutions with excess funds being invested in short term investment securities (nearly 81% (2021: 77%) of total assets. The main sources of refinancing are borrowings from Development financial institutions (13.59% of total assets; in 2021: 21.37%), and equity (17.61%; in 2021: 28.36%). Borrowings are predominantly medium to long term and are from development finance institutions.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

In the event of a liquidity shortage, the Bank could react by reducing the speed of growth of the loan portfolio, which would lead to opportunity costs but not immediately increase funding cost. In view of these factors, the Bank uses a relatively simple liquidity management system that is based on a rolling forecast of cashflows as well as regular maturity mismatch analysis. The Bank applies a number of externally and internally set liquidity indicators and is usually well within the established limits.

Liquidity management is under the responsibility of The Finance Department. Additional oversight and control is provided by the Bank's supervisory board. Throughout the reporting period, the Bank had adequate liquidity available at all times to meet all financial obligations in a timely manner.

The Bank maintains a high level of cash and cash equivalents that can be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. Liquid assets consist of bank balances and investment securities with 3 months maturity from acquisition.

## Maturity analysis for financial assets and financial liabilities

The table that follows summarises the maturity profile of the non-derivative financial assets and financial liabilities of the Bank based on remaining undiscounted contractual obligations, including interest payable and receivable. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 December 2022 Maturity Analysis	Carrying amount GH¢'000	Contractual cash flows (undiscounted) GH¢'000	<1month GH¢'000	1- 3 months GH¢'000	3- 12 months GH¢'000	1 to 5 years GH¢'000	Over 5 years GH¢'000
<b>Financial assets</b>							
Cash and cash equivalents	127,512	127,512	127,512	-	-	-	-
Investment securities	1,813,396	1,851,508	657,236	795,409	398,863	-	-
Loans and advances to customers	218,235	361,316	2,095	4,019	18,439	188,608	148,155
Other financial assets	849	849	-	20	-	367	462
<b>Total financial assets used in managing liquidity risk</b>	<b>2,159,992</b>	<b>2,341,185</b>	<b>786,843</b>	<b>799,448</b>	<b>417,302</b>	<b>188,975</b>	<b>148,617</b>
<b>Financial Liabilities</b>							
Borrowings	(550,286)	(795,974)	(1,520)	(3,009)	(13,640)	(78,689)	(699,116)
Other financial liabilities	(36,531)	(36,531)	(154)	(308)	(21,315)	(7,380)	(7,374)
Lease liability	(9,207)	(10,222)	(349)	(579)	(1,885)	(7,409)	-
<b>Total financial liabilities</b>	<b>(576,024)</b>	<b>(842,727)</b>	<b>(2,023)</b>	<b>(3,896)</b>	<b>(36,840)</b>	<b>(93,478)</b>	<b>(706,490)</b>
<b>Net liquidity gap</b>	<b>1,563,968</b>	<b>1,498,458</b>	<b>784,820</b>	<b>795,552</b>	<b>380,462</b>	<b>95,497</b>	<b>(557,873)</b>
<b>31 December 2021 Maturity Analysis</b>							
<b>Assets</b>							
Cash and cash equivalents	341,860	341,860	341,860	-	-	-	-
Investment securities	1,227,032	1,252,821	583,557	669,264	-	-	-
<b>Other financial assets</b>	<b>462</b>	<b>462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>462</b>
<b>Total financial assets used in managing liquidity risk</b>	<b>1,569,354</b>	<b>1,595,143</b>	<b>925,417</b>	<b>669,264</b>	<b>-</b>	<b>-</b>	<b>462</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

31 December 2021	Carrying amount GH¢'000	Contractual cash flows (undiscounted) GH¢'000	<1month GH¢'000	1- 3 months GH¢'000	3- 12 months GH¢'000	1 to 5 years GH¢'000	Over 5 years GH¢'000
<b>Liabilities</b>							
Borrowings	(320,540)	(456,871)	(1,146)	(2,292)	(10,316)	(60,787)	(382,330)
Other financial liabilities	(31,648)	(31,648)	(154)	(308)	(14,587)	(7,380)	(9,219)
Lease liability	(7,937)	(12,954)	(339)	(562)	(1,831)	(10,222)	-
Total financial liabilities	(360,125)	(501,473)	(1,639)	(3,162)	(26,734)	(78,389)	(391,549)
<b>Net liquidity gap</b>	<b>1,209,229</b>	<b>1,093,670</b>	<b>923,778</b>	<b>666,564</b>	<b>(26,734)</b>	<b>(78,389)</b>	<b>(391,549)</b>

## (c) Market Risk

Market risk is the risk that changes in the market prices such as interest rate, foreign exchange rate will affect the Bank's income or the value of financial instrument.

### Interest rate risk

Interest rate risk is the danger that the Bank's interest margin will be (negatively) influenced by a change in market interest rates because of a mismatch in the maturity (period of fixed interest rates) between assets and liabilities. The Board sets limits on the level of mismatch which is monitored daily by the Bank's Treasury department.

The Bank's extends loans with maturities that are similar to that of its borrowings, whilst its investments which currently form about 75% of utilisation of funds are very short term. Therefore, the Bank does incur an interest rate risk. However, given the imperfect nature of the financial markets in the country, it is uncertain to which extent changes in international or domestic interest rate levels will impact the interest rate level of loans to PFIs.

The Bank's Finance Team monitors interest rate risk at least on a monthly basis.

Profit or loss is sensitive to higher/lower interest income and expense from the following financial assets and liabilities as a result of changes in interest rates.

At the reporting date the interest rate profile of the Bank's interest-bearing financial instruments was:

### Fixed rate instruments

	2022 GH¢'000	2021 GH¢'000
<b>Financial assets</b>		
Cash and cash equivalents	127,512	341,860
Investment securities held at amortised cost	1,813,396	1,227,032
Loans and advances to customers	218,235	-
	2,159,143	1,568,892
<b>Financial liabilities</b>		
Borrowings	(550,286)	(320,540)
Lease liability	(9,207)	(7,937)
	<b>1,599,650</b>	<b>1,240,415</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

The above fixed-rate financial assets are not measured at fair value through profit or loss. Therefore, a change in interest rates at the reporting date does not affect profit or loss or equity.

There were no variable rate instruments at year end (2021: nil).

## Exposure to interest rate risk

The following is a summary of the Bank's interest rate gap position on non-trading portfolios. The interest rate repricing gap analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on the maturity date for fixed rate instruments.

	Carrying amount GH¢'000	<1month GH¢'000	1- 3 months GH¢'000	3- 12 months GH¢'000	1 to 5 years GH¢'000	Over 5 years GH¢'000
<b>31 December 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	127,512	127,512	-	-	-	-
Investment securities	1,813,396	648,188	777,370	387,838	-	-
Loans and advances to customers	218,235	1,265	2,427	11,138	113,919	89,486
<b>Total financial assets</b>	<b>2,159,143</b>	<b>776,965</b>	<b>779,797</b>	<b>398,976</b>	<b>113,919</b>	<b>89,486</b>
<b>Financial liabilities</b>						
Borrowings	550,286	1,051	2,081	9,430	54,401	483,323
Lease liability	9,207	314	522	1,698	6,673	-
<b>Total financial liabilities</b>	<b>559,493</b>	<b>1,365</b>	<b>2,603</b>	<b>11,128</b>	<b>61,074</b>	<b>483,323</b>
<b>Interest rate gap</b>	<b>1,563,650</b>	<b>775,600</b>	<b>777,194</b>	<b>387,848</b>	<b>52,845</b>	<b>(393,837)</b>
<b>31 December 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	341,860	341,860	-	-	-	-
Investment securities	1,227,032	568,591	658,441	-	-	-
<b>Total financial assets</b>	<b>1,568,892</b>	<b>910,451</b>	<b>658,441</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2021</b>						
<b>Liabilities</b>						
Borrowings	(320,540)	(612)	(1,212)	(5,493)	(31,689)	(281,534)
Lease liability	(7,937)	(208)	(344)	(1,121)	(6,264)	-
<b>Total financial liabilities</b>	<b>(328,477)</b>	<b>(820)</b>	<b>(1,556)</b>	<b>(6,614)</b>	<b>(37,953)</b>	<b>(281,534)</b>
<b>Interest rate gap</b>	<b>1,240,415</b>	<b>909,631</b>	<b>656,885</b>	<b>(6,614)</b>	<b>(37,953)</b>	<b>(281,534)</b>

## Currency risk

Currency risk arises when assets and liabilities of the Bank are denominated in more than one currency and the assets and liabilities in one currency do not match in amount and maturity (open foreign currency positions, OCP). In Ghana foreign currencies (mainly USD and to a lesser extent EURO) play an important role in the economy. A significant portion of the company's borrowings are payable in EURO (64%), therefore, foreign currencies play an important role for the business of the Bank.

The Bank manages its OCP on a monthly basis and does not allow any violation of externally and internally set limits.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

The table below summarises the Bank's exposure to currency risk on financial assets and financial liabilities denominated in US dollars and other currencies other than the Ghana cedis as at 31 December 2022 and the effect of a 15% change in the exchange rates.

	US \$'000		EURO '000		GBP'000	
	2022	2021	2022	2021	2022	2021
<b>Financial Assets</b>						
Cash and cash equivalents	1,157	-	-	-	-	-
	1,157	-	-	-	-	-
<b>Financial Liabilities</b>						
Borrowings	-	-	(13,065)	(12,563)	-	-
Lease liability	(1,074)	(1,321)	-	-	-	-
Other financial liabilities	(191)	-	-	-	(39)	-
	(1,265)	(1,321)	(13,065)	(12,563)	(39)	-
<b>Net Exposure</b>	<b>(108)</b>	<b>(1,321)</b>	<b>(13,065)</b>	<b>(12,563)</b>	<b>(39)</b>	<b>-</b>

## Currency risk

The following exchange rates were applied:

	2022		2021	
	Average	Year end	Average	Year end
USD	8.5760	8.5717	6.0061	6.0031
EURO	9.1457	9.1412	6.8281	6.8247
GBP	10.3118	10.3058	8.1272	8.1228

A reasonably possible strengthening (weakening) of the Ghana cedis (GHS) against all other currencies as at 31 December 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening		Weakening	
	Profit or loss GH¢'000	Equity GH¢'000	Profit or loss GH¢'000	Equity GH¢'000
<b>31 December 2022</b>				
USD (15% movement)	139	139	(139)	(139)
EURO (15% movement)	17,914	17,914	(17,914)	(17,914)
GBP (15% movement)	60	60	(60)	(60)
<b>31 December 2021</b>			(1,190)	(1,190)
USD (15% movement)	1,190	1,190	(12,858)	(12,858)
EURO (15% movement)	12,858	12,858		

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (d) Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the Bank of Ghana; and
- to maintain a strong capital base to support the development of its business.

The Bank complied with all of the externally imposed capital requirements to which it is subject to.

### Minimum capital requirement

The Bank of Ghana's directive on license and capital requirements for development finance institutions pursuant to the Development Finance Institutions Act, 2020 (Act 1032) requires Development Financial Institutions with wholesale and guarantee licenses to maintain a minimum capital of GH¢1,000,000,000 (One Billion Ghana cedis).

### Capital adequacy

The exposure draft on prudential guidelines for Development Financial Institutions issued by the Bank of Ghana sets out the Bank of Ghana's proposed prudential requirements for Development Finance Institutions will require such institutions to maintain at all times a risk-based Capital Adequacy Ratio (CAR) of not less than 10%. It is the Bank's aim to always meet the minimum of 10% and therefore the Bank has put arrangements in place to monitor this KPI on a monthly basis to be able to meet this requirement once it is implemented by the Bank of Ghana.

The Bank's capital adequacy ratio as at 31 December 2022 was 151% (2021: 182%).

## 29. Correction of Prior Period Errors

The following tables summarise the adjustments arising on the correction of certain prior year errors to the Bank's statement of comprehensive income for the year ended 31 December 2021 and statement of financial position as at 1 January 2021 and 31 December 2021.

### (i) Impact of corrections on statement of comprehensive income for the year ended 31 December 2021

	Note	31 December 2021 (As previously stated) GH¢'000	Impact of correction of errors GH¢'000	31 December 2021 Restated GH¢'000
Interest income calculated using effective interest method		94,546	-	94,546
Interest expense	A(i,ii),E(i)	-	(872)	(872)
<b>Net interest income and revenue</b>		94,546	(872)	93,674
Personnel expense		(1,477)	-	(1,477)
Depreciation & amortisation	A(iii)	(1,663)	183	(1,480)
Other expenses	A(iv),D,E(i)	(13,478)	3,682	(9,796)
<b>Profit before taxation</b>		<b>77,928</b>	<b>2,993</b>	<b>80,921</b>
Income tax expense	B(i,ii)	(23,378)	(3,933)	(27,311)
<b>Profit and total comprehensive income for the year</b>		<b>54,550</b>	<b>(940)</b>	<b>53,610</b>

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## (ii) Impact of corrections on statement of financial position as at 1 January 2021

	Note	1 January 2021 (As previously stated) GH¢'000	Impact of correction of errors GH¢'000	1 January 2021 Restated GH¢'000
<b>Assets</b>				
Bank balances		3,067	-	3,067
Investment securities	E(ii)	277,000	7,038	284,038
Other assets	A(vi.), E(ii)	127,925	(7,488)	120,437
Property and equipment	A(iii,v,vi,vii)	7,311	3,676	10,987
Deferred tax assets	B(iii)	-	185	185
<b>Total assets</b>		<b>415,303</b>	<b>3,411</b>	<b>418,714</b>
<b>Liabilities</b>				
Current tax liability	B(iv)	3,152	(38)	3,114
Other liabilities		135	-	135
Lease liability	A(iv,viii)	4,663	3,966	8,629
<b>Total liabilities</b>		<b>7,9450</b>	<b>3,928</b>	<b>11,878</b>
<b>Equity</b>				
Stated Capital		400,000	-	400,000
Statutory reserve	C(i)	3,677	(259)	3,418
Retained earnings	C(i)	3,677	(259)	3,418
<b>Total equity</b>		<b>407,354</b>	<b>(518)</b>	<b>406,836</b>
<b>Total equity and liabilities</b>		<b>415,303</b>	<b>3,411</b>	<b>418,714</b>

## (iii) Impact of corrections on statement of financial position as at 31 December 2021

	Note	31 December 2021 (As previously stated) GH¢'000	Impact of correction of errors GH¢'000	31 December 2021 Restated GH¢'000
<b>Assets</b>				
Bank balances		341,860	-	341,860
Investment securities	E(iii)	1,201,879	25,153	1,227,032
Other assets	A(iv,vi),E(iii)	25,615	(25,153)	462
Property and equipment	A(iii,v,vi,vii)	12,808	3,857	16,665
Deferred tax assets	B(ii,iii)	-	319	319
<b>Total assets</b>		<b>1,582,162</b>	<b>4,176</b>	<b>1,586,338</b>
<b>Liabilities</b>				

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

	Note	31 December 2021 (As previously stated) GH¢'000	Impact of correction of errors GH¢'000	31 December 2021 Restated GH¢'000
Current tax liability	B(i,iv)	26,528	4,031	30,559
Other liabilities	C(iii)	13,390	18,445	31,835
Lease liability	A(i,ii,iv,v,viii)	2,638	5,299	7,937
Borrowings	C(iii)	338,985	(18,445)	320,540
Deferred tax liability	B(ii,iii)	2	(2)	-
<b>Total liabilities</b>		<b>381,543</b>	<b>9,328</b>	<b>390,871</b>
<b>Equity</b>				
Stated capital		1,138,715	(3,694)	1,135,021
Statutory reserve	C(i,ii)	30,952	(729)	30,223
Retained earnings	C(i,ii)	30,952	(729)	30,223
<b>Total equity</b>		<b>1,200,619</b>	<b>(5,152)</b>	<b>1,195,467</b>
<b>Total equity and liabilities</b>		<b>1,582,162</b>	<b>4,176</b>	<b>1,586,338</b>
Profit after tax	A(i-iv), D, B(i,ii), E(i)	54,550	(940)	53,610
Adjustments for:				
Depreciation and amortisation	A(iii)	1,663	(183)	1,480
Interest income calculated using effective interest method	E(iv)	-	(94,546)	(94,546)
Interest expense	E(iv)	-	872	872
Tax expense	E(iv)	-	27,311	27,311
		56,213	(67,486)	(11,273)
Changes in				
Other assets	A(iv,vi), E(ii)	102,310	42,818	145,128
Other liabilities	C(iii)	34,608	(21,352)	13,256
		193,131	(46,020)	147,111
Interest received	E(iv)	-	76,431	76,431
Interest paid on lease liability	E(iv)	-	(487)	(487)
<b>Net cash generated from operating activities</b>		<b>193,131</b>	<b>29,924</b>	<b>233,055</b>
<b>Cash flow from investing activities</b>				
Purchase of property and equipment		(7,159)	-	(7,159)
Net purchase of investment securities	E(ii,iii)	(924,879)	(25,153)	(950,032)
<b>Net cash used in investing activities</b>		<b>(932,038)</b>	<b>(25,153)</b>	<b>(957,191)</b>
<b>Cash flow from financing activities</b>				

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

	Note	31 December 2021 (As previously stated) GH¢'000	Impact of correction of errors GH¢'000	31 December 2021 Restated GH¢'000
Proceeds from borrowings		338,985	-	338,985
Proceeds from issue of shares		738,715	-	738,715
Transaction costs paid on shares issued	D	-	(3,694)	(3,694)
Principal lease payments	A (ix)	-	(1,077)	(1,077)
<b>Net cash generated from financing activities</b>		<b>1,077,700</b>	<b>(4,771)</b>	<b>1,072,929</b>
<b>Net increase in cash and cash equivalents</b>		<b>338,793</b>	<b>-</b>	<b>338,793</b>
Cash and cash equivalents at 1 January		3,067	-	3,067
<b>Cash and cash equivalents at 31 December</b>		<b>341,860</b>	<b>-</b>	<b>341,860</b>

## Explanations to the notes:

**A. The Bank entered a lease arrangement in 2020 in respect of their office premises. The lease arrangement meets the definition of a lease in line with IFRS 16 - Leases. There were errors in the determination of lease liability and right of use asset at the date of inception. The correction comprises the following:**

- (i) Recognition of an additional interest expense of GH¢ 268,029 to correct understatement of interest expense on lease liability for the year ended 31 December 2021.
- (ii) Recognition of an amount of GH¢ 385,111 representing exchange loss on lease liabilities wrongly omitted from statement of comprehensive income for the year ended 31 December 2021.
- (iii) Recognition of an additional depreciation expense of GH¢ 183,193 to correct understatement of depreciation on right of use asset for the year ended 31 December 2021.
- (iv) Correction of understatement of lease liability of GH¢ 680,254 by correcting operating expense and other assets of GH¢ 230,558 and GH¢ 449,696 respectively as at and for the year ended 31 December 2021.

- (v) Recognition of additional lease liability and right of use asset of GH¢ 3.7million in 2020 to correct understatement of lease liability and right of use asset as at 1 January 2021.
- (vi) Reclassification of rent prepaid in 2020 of GH¢ 449,696 wrongly classified as other assets to correct understatement and overstatement of right of use asset and other asset respectively as at 1 January 2021.
- (vii) Recognition of an amount of GH¢ 490,516 representing depreciation expense omitted from the books to correct overstatement of right of use asset as at 1 January 2021.
- (viii) Recognition of an amount of GH¢ 160,443 and GH¢ 89,134 representing interest expense and exchange loss respectively on lease liability omitted from the books to correct overstatement of lease liability as at 1 January 2021.
- (ix) Recognition of lease payments made during the year amounting to GH¢ 1,564,000.

## B. The correction comprises the following:

- (i) Correction of an amount of GH¢ 4.1million representing an undercharge of Corporate Tax of GH¢ 881,993 and National Fiscal Stabilization Levy of GH¢ 149,668 and omission of Financial Sector Recovery Levy charge of GH¢ 3.03million from the books to correct understatement of tax expenses for the year ended 31 December 2021.
- (ii) Correction of understatement of deferred tax asset amounting to GH¢ 133,653 as at 31 December 2021.
- (iii) Recognition of deferred tax asset amounting to GH¢ 185,023 omitted from the books as at 1 January 2021.
- (iv) Correction of overstatement of current tax liability amounting to GH¢ 38,005 as at 1 January 2021.
- (v) Reversal of full interest income (accrued and earned) earned during the year to only recognise interest income earned during the year.

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# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

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## C. The correction comprises the following:

- (i) Correction of understatement of transfer to statutory reserves amounting to GH¢ 259,032 as at 1 January 2021 as a result of impact of correction of errors on profit for the year ended 31 December 2020. The corresponding entry for this adjustment impacts retained earnings as 50% of the net profit is transferred to the statutory reserve fund.
- (ii) Correction of understatement of transfer to statutory reserves amounting to GH¢ 469,606 as at 31 December 2021 as a result of impact of correction of errors on profit for the year ended 31 December 2021. The corresponding entry for this adjustment impacts retained earnings as 50% of the net profit is transferred to the statutory reserve fund.
- (iii) Correction of day-1 fair value gain of GH¢ 18,445,326 on valuation of loan from KfW on initial recognition. Inputs used for the fair valuation are not market observable. As such, the corresponding fair value gain has been deferred and included in other liabilities.

## D. Transaction costs amounting to GH¢

3.7 million were wrongly accounted for as part of “other expenses” in the statement of comprehensive income for the year ended 31 December 2021. This departs from the requirement of Section 68(1) of the Companies Act, 2019 (Act 992). The amounts have been adjusted to the stated capital as at 31 December 2021.

## E. In addition to the corrections above, certain reclassifications were made as follows:

- (i) Interest expense on lease liabilities amounting to GH¢ 219,124 was wrongly classified as “other expenses” in the statement of comprehensive income for the year ended 31 December 2021. This has been reclassified to “interest expense”.

- (ii) Interest receivable on investment securities amounting to GH¢ 7.03million were wrongly classified as “other assets” in the statement of financial position as at 1 January 2021. This has been reclassified to “investment securities”.

- (iii) Interest receivable on investment securities amounting to GH¢ 25.2million were wrongly classified as “other assets” in the statement of financial position as at 31 December 2021. This has been reclassified to “investment securities”.

- (iv) Recognition of adjustments and changes in balances which were omitted from the statement of cash flows.

## 30. Ghana Domestic Debt Exchange Program

Ghana is facing a very challenging economic situation amid an increasingly difficult global economic environment. These adverse developments have exposed Ghana to a surge in inflation, a significant exchange rate depreciation and increased stress on the financing of the government's budget. The latest debt sustainability analysis demonstrated that Ghana is faced with a significant financing gap over the coming years and that the country's public debt is unsustainable. The country was downgraded by rating agencies several times in 2022. During the last quarter of 2022, negotiations took place between the government of Ghana and the International Monetary Fund (IMF) to establish a support programme. According to the IMF's press release No. 22/427, a staff level agreement was reached in mid-December of 2022. However, the execution of this support programme is contingent on the implementation of a debt restructuring plan, which is intended to restore Ghana's macroeconomic stability. In response, the Government of Ghana on 5 December 2022 launched the Ghana Domestic Debt Exchange Programme (GDDEP).

The GDDEP is an arrangement through which registered bondholders in Ghana exchanged their eligible domestic bonds (all locally issued bonds and notes of the Government and E.S.L.A. Plc and Daakye Trust Plc bonds excluding Treasury bills (T-bills)) for new benchmark bonds with the same aggregate principal amount (plus applicable capitalised accrued and unpaid interest).

The Government in a public statement (through an FAQ related to the GDDEP) also announced its intention to exchange domestic non-marketable debt and Cocoa bills, under comparable terms at a later stage. The Government also intends to exchange USD denominated local notes at a later stage. External debt restructuring parameters will be renegotiated in due course.

On 19 December 2022, the Ministry of Finance suspended debt service on external debt until renegotiations take place. External debts include Euro Bonds and other external foreign currency denominated debts. On 23 January 2023, the Bank of Ghana unilaterally rolled over cocoa bills that were due to mature. These events, in addition to the announcement of the GDDEP and the downgrade of the country, provide evidence that other government exposures are credit impaired.

# Development Bank Ghana Limited Notes to the Financial Statements for the Year Ended 31 December 2022

## Other direct government exposures held at amortised cost

Instrument Type	Gross Carrying Amount at 31 Dec 2022	Impairment Allowance at 31 Dec 22 GH¢	Carrying Amount at 31 Dec 2022 GH¢	Impairment Charge for the year end 31 Dec 22 GH¢
Treasury Bills	19,373	-	19,373	-

The Bank did not determine any impairment allowance for treasury bills issued in local currency that have reached maturity at the date of authorisation of these financial statements and which have been settled by the Government of Ghana, having observed a 100% recovery rate (See note 16).

## 31. Contingencies and commitments

### (a) Contingent liabilities

There were no contingent liabilities at year end (2021: nil).

### (b) Capital commitments

The Bank had commitments for capital expenditure at year end (2021: nil).

## 32. Events after the reporting date

Except for matters described under note 30 regarding the GDDEP, there were no other material events after the reporting date and at 31 December 2021 that require an adjustment or disclosure in the financial statements.

# Glossary

<b>AADFI</b> Association Africa Development Finance Association	<b>EMDEs</b> Emerging Markets and Developing Economics	<b>LGD</b> Loss Given Default
<b>ABC</b> Anti-Bribery and Corruption policy	<b>ESG</b> Environmental, Social and Governance	<b>MEV</b> MacroEconomic Variable
<b>ACET</b> Africa Centre for Economic Transformation	<b>ESMS</b> Environmental and Social Management System	<b>MSMEs</b> Micro-Small and Medium Enterprises
<b>AfDB</b> African Development Bank	<b>ESRM</b> Environment and Social Risk Management	<b>NGOs</b> Non-Governmental Organisations
<b>Afreximbank</b> African Export-Import Bank	<b>Fis</b> Financial Institutions	<b>NPLs</b> Non-Performing Loans
<b>AGI</b> Association of Ghana Industries	<b>GCEYE</b> Ghana Chamber of Young Entrepreneurs	<b>PCG</b> Partial Credit Guarantees
<b>AML/CFT</b> Anti-Money Laundering and Countering and Financing of Terrorism	<b>GDDEP</b> Ghana Domestic Debt Exchange Programme	<b>PD</b> Probabilities of Default
<b>BDS</b> Business Development Services Team	<b>GDP</b> Gross Domestic Product	<b>PFI</b> Participating Financial Institutions
<b>BoG</b> Bank of Ghana	<b>GDP</b> Gross Domestic Product	<b>PwC</b> PricewaterhouseCoopers
<b>CAR</b> Capital Adequacy Ratio	<b>GEA</b> Ghana Enterprise Agency	<b>SDGs</b> Sustainable Development Goals
<b>CCO</b> Chief Compliance Officer	<b>GIFE</b> Ghana Integrated Finance Ecosystem	<b>SDGs</b> Sustainable Development Goals
<b>CEBC</b> Compliance Ethics and Business Conduct	<b>GIPC</b> Ghana Investment Promotion Centre	<b>SFE</b> SME Financial Education
<b>CEO</b> Chief Executive Officer	<b>GIRSAL</b> Ghana Incentive-Based Risk Sharing System of Agric Lending	<b>SICR</b> Significant Increase in Credit Risk
<b>CGUs</b> Cash Generating Unit	<b>GNCCI</b> Ghana National Chamber of Commerce and Industry	<b>SMEs</b> Small and medium-sized enterprises
<b>CSR</b> Corporate Social Responsibility	<b>GSE</b> Ghana Stock Exchange	<b>SSCI</b> Sustainability Standard Certification Initiative
<b>DBG</b> Development Bank Ghana	<b>ICT</b> Information Communication Technology	<b>TDB</b> Trade and Development Bank
<b>DEEP</b> DBG Emergency Economic Programme	<b>IESBA Code</b> International Ethics Standards Board for Accountants' International Code	<b>UN</b> United Nations
<b>DFI</b> Development Finance Institution	<b>ISAs</b> International Standards on Auditing	<b>UNICEF</b> United Nations International Children's Emergency Fund
<b>EAD</b> Exposures at Default	<b>KfW</b> Kreditanstalt Für Wiederaufbau (Credit Institute for Reconstruction)	<b>WBG</b> World Bank Group
<b>ECL</b> Expected Credit Losses		<b>WEPs</b> Women Empowerment Principles
<b>EIB</b> European Investment Bank		



# DBG

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